DOING THE RIGHT THING...

INTEGRATED ANNUAL REPORT 2017

Interwaste Holdings Limited

...OPENS UP A NEW WORLD OF INNOVATION
AND PROFITABILITY

INTRODUCTION

REPORTING APPROACH

We are pleased to present our Integrated Annual Report to our stakeholders. The report is primarily written for our shareholders but is helpful to other interested stakeholders including our people, suppliers, customers and communities in determining our ability to ensure a sustainable business into the future. The report provides a review of our financial, economic, social and environmental performance on matters material to our strategy and our ability to create and sustain value.

REPORT SCOPE

Interwaste's integrated reporting is guided by various codes and standards, which include:

- The King Report on Corporate Governance for South Africa together with the Code on Corporate Governance for South Africa (King IV);
- The South African Companies Act 71 of 2008 (as amended); and
- The JSE Listing Requirements.

The report covers the performance of Interwaste Holdings Limited (Interwaste) for the financial year 31 December 2017 in all geographic regions in which Interwaste and its subsidiaries operate. The consolidated data incorporates the Company and all entities controlled by Interwaste as if they were a single economic entity. There are no other entities included in this report over which the Group has significant influence that it believes should be included in this report. Both financial and non-financial data are aligned to the same financial reporting period allowing for comparative analysis.

Our consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

FINANCIAL STATEMENTS

The full set of consolidated annual financial statements, including the report from our Audit and Risk Committee and Directors' Report, are available online.

BOARD APPROVAL

The Board, assisted by the Audit and Risk Committee, is ultimately responsible for overseeing the preparation, presentation and integrity of the Integrated Annual Report. This was achieved through the setting up of a sub-committee of the Audit and Risk Committee to oversee the reporting process. The Directors confirm that they have collectively reviewed the output of the reporting process and the content of the Annual Report and believe that this Integrated Annual Report addresses the material issues and is a fair presentation of the performance of the Group. The Directors approve the report for release.

FORWARD LOOKING STATEMENTS

We seek to report transparently. Certain statements in this document may constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Interwaste and its subsidiaries to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. The Company undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

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> SECTION 1

GROUP OVERVIEW

Who we are

Established in 1989, Interwaste has become one of the largest waste management organisations in Southern Africa. We remain one of the few service providers that offer holistic waste management solutions, managing waste from point of generation to final destination. The foundation of the business was built on a strong desire to provide our clients with the services and solutions they require, maximise value for our stakeholders, create sustainable employment, continually innovate and play a meaningful role in environmental stewardship. The Group provides a diversified range of waste management services to various market sectors and operates through 36 Operational Centres throughout South Africa as well as neighbouring countries. Interwaste was listed on the JSE on the AltX in 2007, moving to the Main Board in 2014.

OUR YEAR IN NUMBERS

Financial

Revenue[1]
R1 033.1 million
+12%

Profit before tax[1]
R78.8 million
+13%

Share buy-backs (number of shares)
25.8 million

Gross profit[1]
R434.9 million
+10%

Net asset value per share[2]
127.22 cents
+10%

Maiden dividend per share
2.00 cents

Operating profit[1]
R109.3 million
+11%

HEPS[1]
10.70 cents
+8%

Earnings per share[3]
10.40 cents
+11%

Operational

Return on net operating assets
14.0%
(2016: 12.5%)

Return on equity
8.6%
(2016: 8.5%)

Net debt
R156.5 million
(2016: R258.1 million)

Group debt to equity
48.1%
(2016: 53.4%)

Net debt to EBITDA
0.74
(2016: 1.26)

Cash and cash equivalents
R116.1 million
(2016: R30.9 million)

Cash inflow before financing[4]
R192.6 million
(2016: R99.0 million)

Net operating assets[5]
R714.7 million
-9%

Total assets
R1 082.1 million
+6%

Human

Number of employees
1 916
(2016: 2 084)

African employees
78%
(2016: 75%)

Total days lost due to injuries
220 days
(2016: 241 days)

Granted certification for Klinkerstene and FG[8]
OHSAS: 18001

LTIFR[7]
2.28
(2016: 1.99)

Skills programme 760 people
Promotions 35 people

Environmental

Diesel usage in litres
6.63 million
(2016: 6.51 million)

Granted certification[6]
ISO 14001: 2015

Greenhouse gas emissions reductions through gas flaring
57 557 tonnes

Total tonnes to owned landfills
666 842 tonnes
-11%

Social

B-BBEE rating
Level 4
(2016: Level 3)

30 Learnerships for the unemployed completed

30 Adult Education and Literacy Programmes for the unemployed completed

CSI spend
R0.69 million
(2016: R0.55 million)

113 wheelchairs donated

[1] Continuing operations
[2] Excludes treasury shares
[3] Continuing and discontinued operations
[4] 2016 cash flows restated
[5] Excludes cash
[6] SUV(ISO)
[7] Includes medical treatment cases
[8] TUV Rhineland (OHSAS)

OUR VISION

Interwaste aims to lead in the sustainable preservation of the environment through integrity, passion, innovation and a relentless spirit to always do the right thing.

OUR VALUES

The values that underpin the way in which we do business are set out below:

Integrity underpins how we work, behave and build relationships with all our stakeholders. Trust and honesty are key ingredients in integrity. We live integrity by doing what we say we are going to do, delivering on our promises and operating ethically and in accordance with the laws and regulations of the countries in which we operate.

Innovation is something we strive for in all we do. We are passionate about continuous improvement, exploring new technologies, learning, knowledge sharing, problem solving and ensuring we find the best solutions for our clients.

Excellence should be shown in everything we do. Our clients expect it and we strive to deliver on this promise at every touch point of the business, every day.

As an organisation and as individuals we take **Accountability** for our activities. We accept our responsibilities and we operate throughout the business with transparency.

Sustainability is the essence of our business. We consider and integrate social, economic and environmental factors to deliver solutions that meet the goals of our clients, our own business and the communities in which we operate. Our solutions are focused on being socially conscious, economically sound and leading in environmental stewardship.

OUR GROUP STRUCTURE

AS AT 31 DECEMBER 2017

- INTERWASTE HOLDINGS LIMITED
  - INTER-WASTE (PTY) LTD 100%
    - GREEN'S SCRAP RECYCLING (PTY) LTD 100%
    - MOZ ENVIRONMENTAL LIMITADA 99% (MOZAMBIQUE)
    - INTERWASTE ENVIRONMENTAL SOLUTIONS (T) (PTY) LTD 99% (TANZANIA)
    - PLATINUM WASTE RESOURCES (PTY) LTD 100%
    - MASAKHANE INTERWASTE (PTY) LTD 65%
    - INTERWASTE ENVIROMENTAL SOLUTIONS LTD 100% (DORMANT) (ZAMBIA)
    - INTERWASTE ONSITE (PTY) LTD 49%
    - DRAKENSTEIN ENERGY (PTY) LTD 50% (DORMANT)
    - LIMPOPO PLATINUM WASTE (PTY) LTD 70% (DORMANT)
    - INTERWASTE INDUSTRIAL CLEANING (PTY) LTD 50% (DORMANT)
    - EARTH 2 EARTH (PTY) LTD 100% (DORMANT)
    - IWE FLEET SALES (PTY) LTD 100% (DORMANT)
    - EAST GAUTENG ENERGY (PTY) LTD 100% (DORMANT)
  - INTERWASTE PROPERTIES (PTY) LTD 100%
    - MOZ ENVIRONMENTAL LIMITADA 1%
  - ENVIROWASTE SA (PTY) LTD 100% (DORMANT)

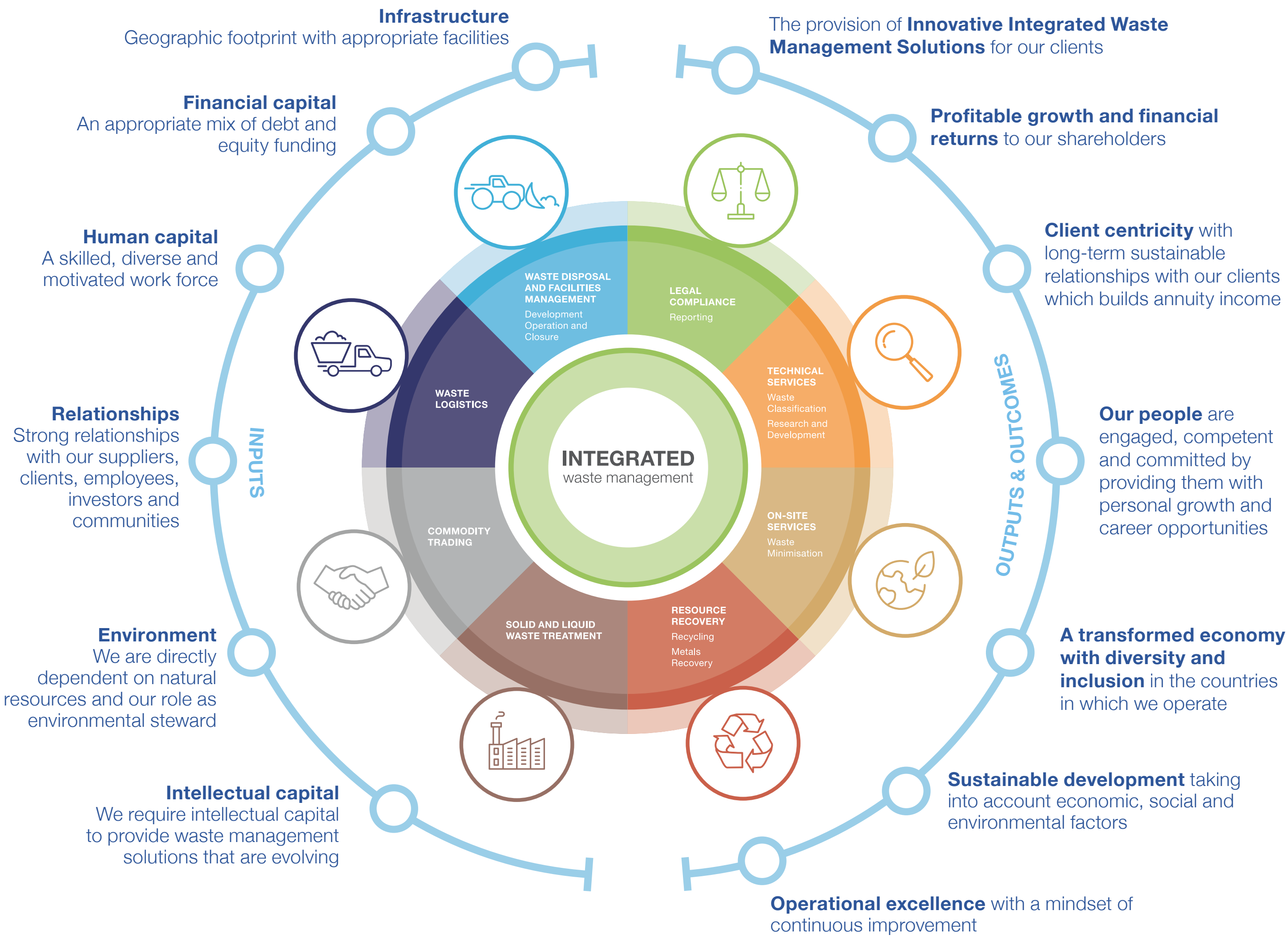
OUR BUSINESS MODEL

How do we create long-term sustainable value?

The South African waste management industry is in constant flux with legislative changes impacting various operational and administrative aspects of our business. In order to respond to an evolving environment, Interwaste continuously engages with relevant authorities on impending legislation aligning ourselves to the long-term strategic objectives of such legislation. In line with the hierachy of waste management, which prioritises waste handling methologies in order to reduce waste volumes to landfill facilities, Interwaste has developed an Integrated Waste Management Model closely aligned to the hierarchy which forms the cornerstone of our service offering.

OUR BUSINESS MODEL

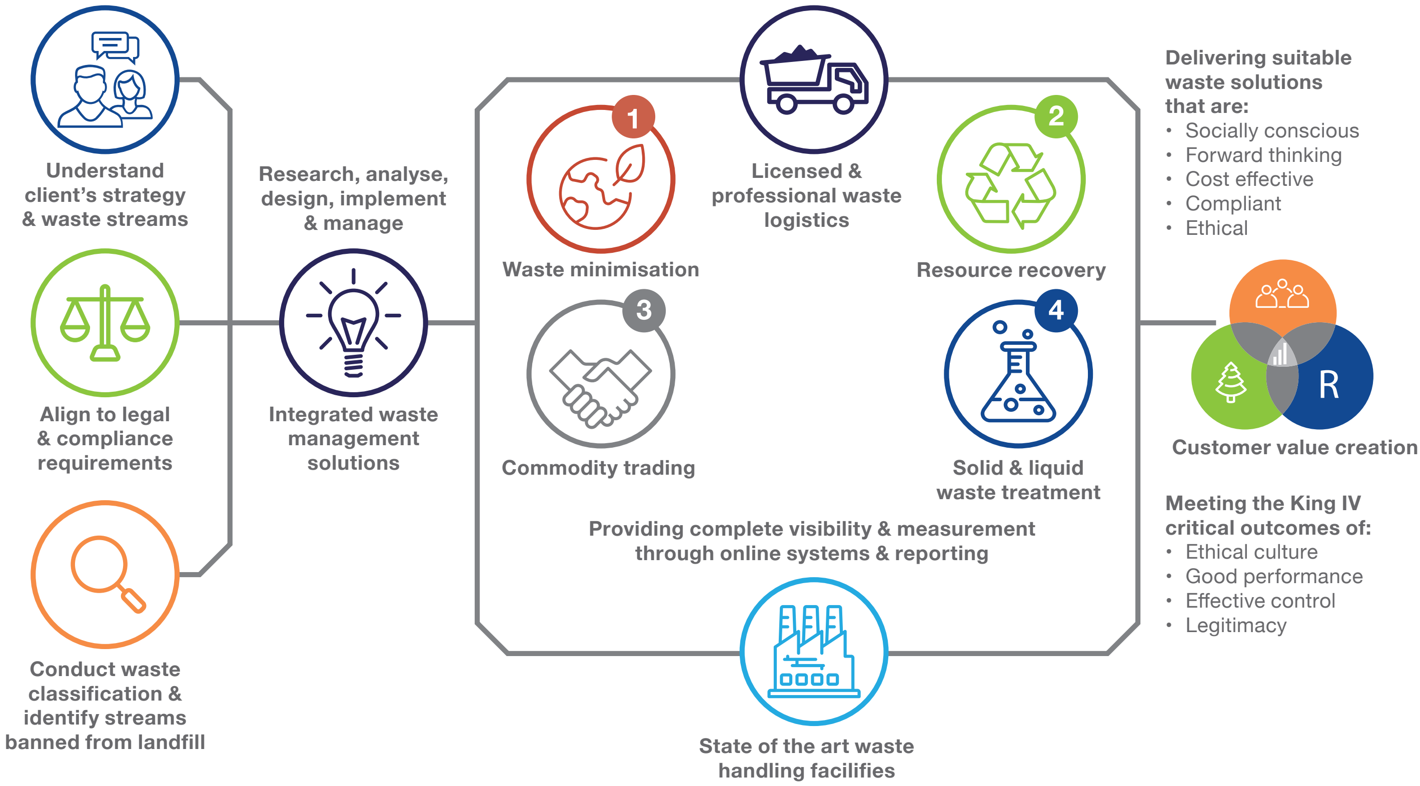
Operating through our Logistics and Facility segments, using the resources and relationships that we rely on to sustain our operations and underpinned by our values, we provide Integrated Waste Management.



This creates sustainable value for our stakeholders

By leveraging our Intergrated Service Offering and diverse range of skills and capabilities across the business, we assist our clients to meet their sustainability goals by understanding their strategies and waste streams, aligning these to current and future legislation requirements and conducting full classifications where needed in order to determine the types of solutions available.

We then research, analyse, design, implement and manage fully Integrated Waste Management Solutions for our clients ultimately achieving sustainable development in line with the King IV outcomes of an ethical culture, good performance, effective control and legitimacy.



Integrated Waste Management

Seeks to.....	Has the following elements....	Involves the following steps...
• Improve waste management practices • Create opportunities that move away from landfills and focus on alternative waste management solutions • Highlight efficiencies and deficiencies in current systems of waste management • Institute processes that minimise waste at source and prevent pollution • Manage the impact of waste on the receiving environment • Manage waste in a holistic manner	• Minimising waste generation • Separation of waste enabling efficient recycling • Storage and collection of waste • Transfer and transportation of waste • Re-using and recycling of waste • Disposal of waste as a last resort • Stringent management of landfill (general and hazardous waste)	1. Analysing the client's current waste process and legal framework 2. Making projections of future requirements 3. Setting objectives 4. Developing projects and programmes to reach set objectives underpinned by solid environmental compliance 5. Developing and implementing an integrated waste management plan 6. Periodically evaluating and reviewing the plan to ensure objectives are being met and new strategies are put in place where needed

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

OUR SEGMENTS

Our core segments are Logistics and Facilities.

FINANCIAL PERFORMANCE

The segmental performance of our Logistics and Facilities segments for the year ended 31 December 2017 are detailed below:

Rm	Revenue			Operating profit			Net segmental assets		
	2017	2016	%	2017	2016	%	2017	2016	%
Logistics	924.5	803.9	15	93.7	64.6	45	442.6	434.3	2
Facilities	108.6	120.1	(10)	15.6	33.9	(54)	124.0	107.0	16
Total	**1 033.1**	**924.0**	**12**	**109.3**	**98.5**	**11**	**566.6**	**541.3**	**5**

The Logistics segment performed well due to an increase in volumes from new operations, a strong focus on asset utilisation and efficiencies and the consolidation and relocations of non-performing depots.

The Facilities segment underperformed due to lower volumes arising from a stagnant economy within South Africa and the legal dispute regarding the FG license impacting disposal volumes. With the commissioning of the Klinkerstene Landfill effective 1 July 2016, the operating costs of the Facilities segment was further impacted by the operating costs of two landfills for an entire year together with increased legal and compliance costs.

Factors influencing profitability between Logistics and Facilities management segments

Logistics

Segment Overview

Low Barriers to Entry • Low Capital Requirements
Highly competitive

Performance Drivers

Logistical Efficiencies • Area Density

Facilities Dependant

CAPEX Requirements

Financed

Facilities

Segment Overview

High Barriers to Entry • High Capital Requirements
Regulated Enviroment • Few Market Players

Performance Drivers

Legislation • Tonnages

Logistics Dependant

CAPEX Requirements

Internally Funded

LOGISTICS

Logistics remains an essential component of our Integrated Waste Management Strategy and is a critical element in the delivery of our services. Revenues within the Logistics segment are, however, reflective of a holistic range of services incorporated into the Logistics reporting framework including the following:

- Transportation;
- Waste classification and laboratory services;
- On-site waste management services;
- Waste recycling and commodity trading; and
- Legal consulting

The segment provided services to over 2 300 customers, employs over 1 650 staff and operates a fleet in excess of 550 specialised waste collection vehicles. Our competitive advantage is largely dependent on our ability to integrate each element of our Waste Management Offering into a seamless service, providing clients with a single point of contact for the management of their environmental footprint. As a result, Interwaste has developed bespoke management systems in order to manage the delivery of these services, in an increasingly complex operating environment.

Vehicle utilisation and routing efficiencies are key drivers of financial performance and remain an ongoing focus area. Continuous improvements and investments in systems and processes, as well as enhanced use of information technology, will assist in ensuring the sustainability of the segment in an increasingly competitive environment.

Migrating from Full Maintenance Leases to vehicle ownership coupled with improvements to operating practices in the segment has allowed the Group to extend the lifecycle of its vehicles from four to six years. The benefits of which are being realised in the performance of the segment with increased competitiveness, improved returns and increased cash flows. Additionally, the current average fleet age is approximately three years and it is expected that major fleet replacement initiatives will not be required for the following three years reducing capital requirements of the segment in the short to medium-term. The fleet requirements at all operations are, however, constantly reviewed and optimised to ensure we maximise asset utilisation. This process further mitigates the need for investment in additional fleet. New contracts and growth in revenue and volumes may, however, require the procurement of additional assets.

FACILITIES

Interwaste prides itself on owning and operating some of the most advanced waste management facilities in South Africa and continues to invest in the development of modern infrastructure to facilitate the delivery of Integrated Waste Management Solutions in order to meet the demands of our clients.

Being a holistic waste management company, Interwaste constantly endeavours to find innovative and improved ways to divert waste from landfill. To this end, Interwaste owns and operates a number of waste recycling, recovery, treatment and disposal facilities throughout South Africa, each of which has been detailed below.

Alternative Disposal Technologies – Blending Platform

With the ever-decreasing landfill airspace and new legislation prohibiting the disposal of certain waste streams to landfill, the need to facilitate alternatives to landfill is of increasing importance.

The Lafarge/Interwaste Blending Platform, situated in Kaalfontein, Gauteng, allowed for the blending and production of waste derived fuels, however, the facility performed below expectations in 2016 due to less than expected off-take volumes. As a result, a decision was made to exit the facility which was sold to Lafarge effective 30 June 2017.

During the financial year, with the disposal of the Lafarge/Interwaste Blending Platform and in order to provide for the on-going and growing client need of implementing alternatives to landfill strategies, a wholly owned blending facility was subsequently commissioned at our Germiston site where waste derived fuels are blended in a safe, environmentally acceptable manner. These fuels are utilised as an alternative to coal in modern, permitted, cement production plants.

The facility accepts solid, liquid and sludge waste streams from a variety of sources. The waste streams are blended, in accordance with strict chemical and physical specifications, into an homogenous waste derived fuel. The primary objective for the facility is to treat industrial waste so that it can be used as a source of energy (fuel) in the production of cement.

This facility has the ability to produce up to 20 000 tons of waste derived fuel per annum, with the associated diversion of waste from landfills.

Hazardous Waste Treatment Facility

Interwaste's hazardous waste treatment and transfer facility (Maluti) in Germiston, Gauteng, offers simple, safe and cost-effective treatment of hazardous solid, liquid and sludge waste streams. The facility offers a wide range of treatment methodologies allowing us to provide our clients with innovative waste treatment solutions. Our treatment processes convert hazardous waste streams into low risk solids and minimises the long-term risks associated with disposal.

In order to safely manage and treat approximately 60 000 tons of waste per annum in accordance with applicable regulatory requirements, the facility operates under stringent approval and waste handling procedures. Our safety standards demonstrate our commitment to providing quality environmental services to our transport operating divisions, which service a range of clients across South Africa.

The Maluti Treatment Facility is equipped with its own analytical laboratory, which is supported by our head office based, SANAS accredited waste laboratory, for specific waste testing or assistance to meet waste classification needs.

The Treatment Facility can manage waste water containing metals, acids, suspended soils, hydrocarbon/petroleum contaminated water and effluent, water-based paints, industrial process water or tank rinse waters, to name a few.

Transfer Stations and Refuse Derived Fuel (RDF) Facility

Transfer Station facilities in key locations where we operate form a part of Interwaste's strategy to utilise these facilities as a mechanism for the optimisation of costs and consolidation of loads associated with the transportation of waste to landfill or alternative disposal facilities. In addition to transport savings, this strategy reduces risks and provides our clients with more cost effective solutions. It has become evident that, due to land-use pressures, future landfills will have to be regional facilities located some distance from city centres which will accommodate waste from numerous municipalities and other waste generators covering large geographic areas.

Refuse derived fuels are also produced providing alternative fuels from dry industrial and commercial waste streams which may be used as a substitute for fossil fuels in boilers, cement kilns and power stations.

Interwaste produces in the order of 300 to 400 tonnes of RDF per month, which is currently exported while the South African market develops capacity to utilise this alternative energy source. Although the volumes produced are currently relatively low, the manufacture of RDF constitutes diversion of waste from landfill and contributes significantly towards Interwaste's alternative fuels portfolio and provides its clients with a zero-waste-to-landfill option for certain waste streams which are currently not recyclable.

Conventional Disposal Facilities

The strategic objective of the hierarchy of waste management is to divert waste from landfills, not only in South Africa but internationally. The reality is that diversion from landfill is largely dependent on the availability of alternative technology, as well as the financial viability of these alternatives when compared to legally compliant disposal to landfill. As a result, landfill facilities will continue to play an important role within the industry. For example, research suggests that 70% of domestic waste is still disposed of to landfill in first world countries.

In line with local and international trends, disposal facilities will increasingly become stores of energy as the demand for alternative fuels increases and energy from landfill gas extraction becomes more prevalent. As part of our long-term strategy, Interwaste continues to investigate technologies which will enable the conversion of gas to energy and maximise the stored value within its own landfill facilities.

FG Landfill

The facility is equipped with an advanced, engineered Class B-lined containment barrier system prescribed for landfills in South Africa, as well as the largest landfill gas extraction and flaring capability in South Africa. Together with providing a legally compliant solution for most of the waste managed by Interwaste in Gauteng, the FG Landfill also serves the Johannesburg and Ekurhuleni Metropolitan Municipalities including the areas surrounding the facility.

Klinkerstene Landfill

With a 32 million cubic meter capacity, Klinkerstene Landfill was developed to increase the long-term availability of available airspace in the region. With the rapid rise in urbanisation and permitting restrictions the development of the Klinkerstene site will provide much needed capacity for the region's future demands. Klinkerstene Landfill is one of the latest landfill facilities to be licenced that complies with legislation applicable to class B landfills.

Third Party Facilities Management

The Facilities Management segment also manages landfill sites on behalf of a few selected utility corporations and municipalities. Although medium to long-term management and operation of third-party landfills initially formed the foundation for Interwaste's facilities management, it is no longer our core focus due to an increasingly competitive landscape and associated pressures on operating margins.

Public Private Partnerships

With an imminent airspace crisis looming in South Africa, Interwaste is participating and competing strongly in the Public Private Partnership arena for the development of new waste disposal facilities, as well as alternatives to landfill such as integrated waste-to-energy facilities. South Africa has approximately 1 000 landfills, the majority of which are non-compliant and in a very poor environmental state. This, coupled with the fact that stringent waste management regulations now prescribe expensive containment barrier systems, means that municipalities will be forced to consider the consolidation of landfills into regional facilities as well as the development of alternatives such as waste to energy plants. Interwaste is at the forefront of such innovative development and hold this as a core focus going forward.

The business is proud to realise our vision to be a leading service provider in the solid waste to energy market in South Africa. The granting of our permit in Gauteng for the development of a 20 MW or 1 000 tonne per day thermal waste to energy facility is a key and unique asset which we intend leveraging off in the medium-term and which will have a fundamental impact on continued organic growth.

› SECTION 2

LEADERSHIP REVIEWS

CHAIRMAN'S REVIEW

Board of Directors for 2017

On behalf of the Board of Directors (Board), it is my privilege to present the 2017 Interwaste Integrated Report and inform you on progress made by the Operations during the period under review. One of the objectives of this Integrated Annual Report is to provide you with an overview of Interwaste's efforts in ensuring that it is a responsible Corporate Citizen, particularly with respect to environmental and societal issues. I trust that this report will provide you with the information necessary to inspire confidence in the Group's efforts to ensure its long-term sustainability.

ECONOMIC AND REGULATORY ENVIRONMENT

Overall demand for Waste Management Services is underpinned by economic factors. The Interwaste Management team continued to demonstrate resilience under operating conditions characterised by high levels of uncertainty.

On the home front, South Africa was adversely impacted by political uncertainty with two cabinet reshuffles and a sovereign ratings downgrade to junk status. This resulted in business confidence falling to its lowest point in a number of years. The results of the ANC leadership election conference in December 2017 and recent political changes have created more certainty with a hopeful improvement in business confidence to follow. The country's economic growth prospects remain low with the World Bank projecting a very subdued 1.1% growth in 2018. Globally, 2017 remained challenging due to China's lower growth rate and continued low commodity prices. The improvements in business confidence in South Africa, as well as improved commodity prices bode well for industrial businesses especially in the Manufacturing, Mining and Resources Sectors. Apart from the aforementioned, volumes with respect to waste streams from other clients, remain under pressure.

The regulatory framework governing the Waste Management Industry in our domestic and global markets is constantly evolving, and the supervisory capacity of regulators is increasing significantly. We remain abreast of these changes and actively contribute to the development of national policy and legislation through formal submissions and advisory input addressed to policymakers and regulatory authorities. The Department of Environmental Affairs continues to introduce a host of new environmental legislation which will create additional opportunities for Interwaste in the form of added service offerings to our clients.

We approach 2018 with both caution and optimism as the political and economic landscape changes.

FINANCIAL RESULTS

The Group's results are detailed on pages 67 to 124. Revenue increased by 12% year-on-year on the back of price increases in the Logistics and Facilities segments, as well as growing volumes from new Operations mainly in the Mining and Resources Sector. Volumes with respect to waste streams from other clients, especially municipalities, remain under pressure. It is pleasing to note that for the first time we exceeded R1 billion of revenue.

Profit before tax (PBT) for the year ended 31 December 2017 was R78.8 million, up 13% compared to last year through improved asset utilisation and consolidations, relocations and disposals of non-performing depots and businesses.

Headline earnings per share for the year was 10.70c per share up 16% on a continuing and discontinued basis and up 8% on a continuing basis.

The Group generated cash flow before financing of R192.6 million (2016: R99.0 million) for the financial year with cash and cash equivalents at 31 December 2017 growing to R116.1 million (2016: R30.9 million).

From the Board's perspective, we believe that the robust sustainable increase in cash generation in a highly competitive market under continued tough trading conditions, underscores the strength of our Integrated Waste Management Services, the capability of our management team and the commitment of our workforce.

SOCIAL CORPORATE INVESTMENT

Our country has many marginalised individuals in need of social and economic upliftment. The need is too great for any one company to address, but we believe that our contribution together with the efforts of many other organisations, result in the tangible upliftment of the most needy in society. We are therefore involved in several corporate social initiatives that address the needs of our society. These are outlined later in the report.

LEADERSHIP CHANGES

The following leadership changes took place during the 2017 financial year:

- Mr Funani Mojono was appointed as Independent Non-Executive Chairperson following the resignation of Ms Andisiwe Kawa
- Mr Charles Boles and Mr David Rosevear were appointed as Independent Non-Executive Directors following the resignation of Mr Gavin Tipper, a Non-Executive Director
- Mr Robert Lumb was appointed the Chief Financial Officer following the resignation of Mr Andre Broodryk
- Mr Allen De Villiers, the Company Secretary, resigned and was replaced by Ms Amanda Fairley acting as Company Secretary in an outsourced capacity
- Following the appointment of Mr Jason McNeil to that of Chief Operating Officer, Ms Kate Stubbs was appointed as Group Sales and Marketing Director.

GOVERNANCE

In the coming year, the Board will ensure that high standards of governance continue to be adhered to in all areas of the Group and that governance structures and process strengthen and evolve to support the Group's development and growth. In 2017, significant work was performed in reviewing the Group's strategy and aligning the Group's activities to attain short, medium and long-term goals.

The Group continues to enhance its Risk Management Process as outlined in the Integrated Report on page 28 to 30. The Organisation employed a number of staff with in-depth experience in order to grow the business while implementing a new remuneration policy in order to retain appropriate skills and talent which forms the backbone of our Integrated Employee Management Systems.

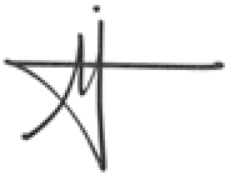
To further strengthen compliance, during 2018, an Internal Audit department is currently being established and will set a basis for providing further combined assurance. Furthermore, an outsourced service provider has been engaged to assess the Company's IT infrastructure and assist in the longer-term IT requirements of the Company. The Company remains committed to reduce on-road risk by driver training as well as the installation of drive cams in the fleet in order to improve compliance.

With regards to Transformation, Diversity and Inclusion, we remain committed to create a more diverse and equitable workforce by implementing a roadmap to further enhance our B-BBEE rating.

APPRECIATION

On behalf of the Board, I extend my gratitude to all our shareholders and stakeholders for your continued support and confidence in Interwaste. On a similar note, I wish to thank our clients and strategic partners for their support of our Operations.

Lastly and most importantly, I would like to thank our Executive Team and our employees for their unwavering commitment and willingness to go beyond the expected.



Funani Mojono
Chairperson

CHIEF EXECUTIVE OFFICER'S REVIEW

Revenue R1 033.1 million + 12%

Operating profit R109.3 million + 11%

RONA 14.0% (2016: 12.5%)

OVERVIEW

It gives me pleasure to update you on the performance of the Group for the year ended 31 December 2017, and to inform you of the progress made by the Operations during the year under review.

Despite subdued growth and business confidence in South Africa, the year ended 31 December 2017 delivered overall revenue growth of 12% and for the first time revenue from continuing operations exceeded R1 billion. Demand for services in the waste management industry directly correlates with economic activity. Despite an environment with minimal growth in Gross Domestic Product (GDP), revenue from continuing operations increased on the back of price increases in the Logistics and Facilities segments, as well as growing volumes from new operations mainly in the Mining and Resources sector. Volumes with respect to waste streams from other clients, especially from municipalities, remain under pressure. The trading environment is competitive. Interwaste's strategy of providing Integrated Waste Management Solutions and controlling the entire value chain continues to afford us a competitive advantage. Our internationally accredited operating standards and growing service offerings enable Interwaste to be the supplier of choice for many local and multinational companies.

STRATEGIC FOCUS AREAS

The Group remains committed to realising value for all our stakeholders through our Strategic Focus Areas:

Innovative Integrated Waste Management Solutions

The Group continues to innovate and remain at the forefront of technology and solutions within the Waste Management industry. The number of waste management solutions and client needs continue to grow especially in light of more stringent environmental legislation and a focus on zero waste to landfill strategies. Effective 30 June 2017, we exited the non-performing Blending Plant business with Lafarge and replaced the capability at our operation in Germiston which provides greater flexibility for the business. We continue to grow this capability in-house with a wider ranging client base to accept offtake.

The Klinkerstene Landfill which was commissioned in July 2016 provides flexibility through an additional Company owned disposal facility. Cell 2 at the landfill was completed during the year providing additional airspace in order to meet the Group's short to medium-term demands.

Our Laboratory at our site in Germiston was awarded full SANAS accreditation with Interwaste now having one of the most advanced and fully certified environmental laboratories in South Africa.

Profitable Growth and Financial Returns

The Group remains focused on growing shareholder value through long-term sustainable cash generation, improved operational efficiencies and prioritising capital investment expected to generate the highest return. In line with the strategy of migrating from operating leases to that of fleet ownership, our truck fleet replacement which commenced during 2013 was completed during the third quarter of 2017. Interwaste now has ownership of a modern and young fleet of vehicles.

The Group was highly cash generative with an inflow of R192.6 million (2016: R99.0 million) of cash before financing driven by improved profitability, lower investment in working capital and a reduction in cash utilised in investing activities. Cash and cash equivalents held at 31 December 2017 were R116.1 million compared to R30.9 million at the end of the prior year. With the improved cash flows, Debt to Equity reduced to 48.1% from 53.4% in the prior year.

Operating profit from continuing operations for the year ended 31 December 2017 was R109.3 million, up 11% on the prior year. The Logistics segment performed well due to an increase in volumes from new operations, a strong focus on asset utilisation and efficiencies and the consolidation and relocation of non-performing depots. The Facilities segment underperformed due to lower volumes arising from stagnant economic growth within South Africa and the legal dispute regarding the FG license impacting disposal volumes. With the commissioning of the Klinkerstene Landfill effective 1 July 2016, the operating costs of the Facilities segment was further impacted by operating costs of two landfills for an entire year together with increased legal and compliance costs.

During 2017, Interwaste Holdings' share price traded below the net asset value and the Company used the opportunity to buy back their own shares. 25.8 million shares at an average price of 87c per share were acquired during the financial year. A total of 29.5 million shares were held at 31 December 2017.

Our focus on returns delivered an improved return on net operating assets (RONA) of 14.0% (2016: 12.5%) this financial year due to improved profitability together with a lower operating asset base. The impact of additional profits earned by minority shareholders negatively impacted both Headline Earnings per share (HEPS) and Return on Equity (ROE). HEPS for the year was 10.70c per share, up 16% compared to the prior year and was up 8% on a continuing basis. ROE was 8.6% for the year, similar to last year. We remain committed in the long-term to improving ROE to in excess of the Company's weighted average cost of capital.

Client Centricity

Interwaste has a proud history of building sustainable relationships with our clients founded on mutual respect and trust. The Group remains focused on forming long-term partnerships with key clients, growing market share and renewing profitable contracts at their end date. Client retention, service levels and new client acquisitions remain key. Our service offering coupled with high operational standards enabled the Group to secure new clients in a number of sectors during the year resulting in revenue increasing 12% year-on-year, despite volume reductions within our existing client base.

Our Business Development team continues to focus on organic growth, diversifying our client base and achieving greater market share in the regions and industries in which we operate. Interwaste's team of specialists and our integrated offering positions us well to service new opportunities arising from increased waste regulations, our clients' zero waste to landfill strategies and a heightened awareness of the value sustainable waste management solutions created for business.

Our People

Our people remain core to achieving our strategic objectives. We maintained sustainable employment for over 1 900 people throughout the Group during the 2017 financial year. The Group is focused on attracting, recruiting, developing and retaining appropriate skills and talent. During the year under review, significant steps were undertaken in this area. The organisation has employed a number of staff with deep experience from similar industries in order to grow the business. The Group also implemented a new remuneration policy for 2018 including job grading, a short-term incentive scheme and is reviewing the long-term incentive scheme to meet the objective of retaining appropriate skills and talent. This policy will form the back bone of an integrated employee management system.

Transformation, Diversity and Inclusion

In alignment with our people focus, Transformation, Diversity and Inclusion remains key to achieving our Group objectives. We are striving to create a more diverse and equitable workforce to not only mirror the diversity of the countries in which we operate, but to enhance our competitiveness. Interwaste is a B-BBEE Level 4 contributor and is currently implementing its roadmap to further enhance the rating. We are committed to be involved in a range of initiatives supporting gender diversity, entrepreneurship, localisation and industrialisation in South Africa.

Operational Excellence

In order to remain competitive and provide sustainable solutions, operational excellence is a fundamental strategic driver for the business. We are building a culture and mindset of continuous improvement and innovation to ensure we leverage our skills, capabilities, investments and assets to extract maximum value for all. From Operations, Logistics and Facilities to Administrative and Servicing teams, each has measures and programmes to proactively track progress towards achieving our targets.

The Group evaluates ongoing investments to enhance operational efficiencies which will deliver value in the short, medium and long-term. Proactive steps have been taken to right size certain areas of our operations to ensure unproductive assets are re-allocated to areas which are able to generate the required returns. During the year under review, the Group embarked on the consolidation, relocation and disposal of various non-performing depots and businesses to more effectively utilise the assets of the Group. In line with our strategy of profitable growth, the non-performing Blending Plant's assets, which are included in the Facilities segment, were sold to Lafarge effective 30 June 2017 with losses having ceased from that date. The overall activities of our cross-border investments continue to perform well with healthy returns being generated.

Sustainable Development

Sustainable development is the very essence of our business. We strive to operate and create solutions which take into consideration economic, social and environmental factors. We aim to reduce the environmental footprint of our own business, as well as the activities of our clients. We care about our planet and aim to preserve it now and for future generations.

Many initiatives across the business support our sustainable development goals. Socially, we support the communities surrounding us through education, employment, Enterprise Development and other programmes. To ensure our operational processes are of the highest environmental standards, we implemented and achieved the latest ISO 14001 accreditation in December 2017. The health and safety of our employees and those with whom we work is critical and supported by a team of experienced SHEQ officers.

Given the extensive focus on the FG Landfill, the site's license and compliance came under scrutiny from both the National and Provincial Regulators. The Company was engaged in legal proceedings with regards to the license for the site. The matter was heard in December 2017 and on the 13th of February 2018, the Court ruled in Interwaste's favour confirming the validity of the FG Landfill's license. GDARD and DEA together with the Greater Midstream Forum applied for Leave to Appeal, which was granted by the Court on 11 April 2018. The Minister of Environmental Affairs is also considering submissions regarding the landfill's environmental impact.

2018 OUTLOOK

The economy in South Africa is projected to grow by 1.1% in 2018. The foreign exchange markets were impacted positively by the results of the December 2017 ANC elective conference and the subsequent political changes. Based on the forecasts of economic growth, it is reasonable to presume relatively flat growth in the year that lies ahead, with some optimism. It is hopeful that there will be an improvement of business confidence following the political changes which will drive higher economic growth. The provision of integrated waste solutions together with increasing levels of compliance should assist in retaining clients, as well as acquiring new clients providing opportunities for sustained growth. We continue to drive returns by managing costs and improving efficiencies. Resources will be applied to investments that generate the required returns.

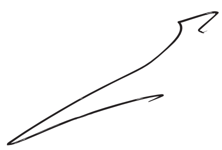
While the road ahead remains challenging, we believe that our Group is well positioned in meeting the Group's objectives of maximising value for all our stakeholders.

APPRECIATION

We would like to take this opportunity to thank our fellow Board members for their counsel, direction, support and oversight of Interwaste. We welcome the new members who have joined us in this financial year.

To the executive management team, we would like to extend our appreciation for your dedication and determination under challenging circumstances.

To our stakeholders, thank you for your ongoing support of Interwaste and we continue to look forward to taking you with us along our journey.



WAH Willcocks
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

Cashflow before financing R192.6 million (2016: R99.0 million)

Net debt to EBITDA 0.74 (2016: 1.26)

Maiden dividend 2.00 cents per share

OVERVIEW

This report should be read in conjunction with the Consolidated Annual Financial Statements for the year ended 31 December 2017 as set out on pages 54 to 124.

TRADING PERFORMANCE

Revenue from continuing operations exceeded R1 billion for the first time and grew 12% year-on-year on the back of price increases in the Logistics and Facilities segments and growing volume from new Operations mainly in the mining and resources sectors. Through improved asset utilisation, consolidations, relocation and disposal of non-performing depots and businesses, the Group improved profitability resulting in a 11% increase in operating profit.

Revenue from the Logistic's segment increased 15% year-on-year in a competitive environment with profit from operating activities in that segment increasing 45%. Logistics operating margins improved from 8.0% in 2016 to 10.1% in 2017 impacted by an increase in volumes from new operations, a strong focus on asset utilisation and efficiencies and the consolidation and relocation of non-performing depots. The Facilities segment underperformed with a decrease of 10% in year-on-year revenue impacted by lower volumes arising from stagnant economic growth within South Africa and the legal dispute regarding the FG license impacting disposal volumes. With the commissioning of the Klinkerstene landfill effective 1 July 2016, the operating costs of the Facilities segment was further impacted by operating costs of two landfills for the entire financial year together with increased legal and compliance costs. The non-performing Blending Plant assets, which was included in the Facilities segment, was sold to Lafarge effective 30 June 2017 with losses ceasing from that date.

Operating expenses increased by 9% year-on-year as a result of the establishment of a business development department to bolster sales. Further expenditure was also incurred in improving financial controls with the appointment of additional finance staff at a regional level.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) of R212.1 million improved compared to last year while the profit before tax (PBT) increased to R78.8 million, a 13% increase year-on-year.

The net fair value charge relating to financial instruments was R3.6 million (2016: R7.1 million) mainly due to the translation gains and losses on US Dollar denominated monetary assets and liabilities in Mozambique.

Total depreciation for the year ended 31 December 2017 was R102.8 million (2016: R106.6 million). This was in line with the capital expenditure incurred for the year ended 31 December 2017 of R100.8 million, with R18.9 million being applied to the Facilities segment and R81.9 million being applied to the Logistics segment.

Net finance costs at R30.5 million were up 6% on the prior year impacted by the Group embarking on a strategy in 2013 to replace the four year Full Maintenance Operating Leases with Finance Leases in order to reduce the cost of fleet ownership. The roll out of the strategy was finally completed in August 2017, with the bulk of debt reduction occurring in the fourth quarter of 2017. Interest income increased year-on-year with higher average cash and cash equivalent balances which ended the financial year on R116.1 million (2016: R30.9 million).

The taxation charge increased by 14% to R25.0 million in line with the increase in profit before taxation. The effective tax rate for the year was 31.7%, a similar percentage to last year.

Overall, profit after tax from continuing operations for the year ended 31 December 2017 increased to R53.8 million, up 13% on the prior year. HEPS was 10.70c per share compared to 9.22c per share in the prior year, up 16% on a continuing and discontinued basis. On a continuing basis, HEPS was up 8% on the prior year. HEPS was negatively impacted by higher minority earnings this year compared to last year.

CASH FLOW

The 2016 Consolidated Statement of Cash Flows was restated to more accurately reflect additions of property, plant and equipment through instalment sales agreements as a non-cash flow item as required by IAS7: Cash flows statements and the restatement effect is included as a note to the Consolidated Annual Financial Statements.

Generating free cash flows is a strategic focus area of the Group. It is pleasing to note that for the year ended 31 December 2017, R192.6 million (2016: R99.0 million) of free cash flow was generated.

Cash inflow from operating activities for the year ended 31 December 2017 was R209.1 million (2016: R140.7 million), up 49% compared to last year with higher cash being generated from operating activities and lower net investment in working capital. Cash utilised in investing activities for the year was R16.4 million (2016: R41.8 million). Cash utlilised in investing activities was also offset by the sale of the non-performing blending plant assets for R14.3 million to Lafarge effective 30 June 2017.

As at 31 December 2017, cash and cash equivalents were R116.1 million (2016: R30.9 million).

During the year, a total of 25.9 million of Interwaste Holdings shares at an average price of 87c per share (R22.6 million) were acquired in line with the authorisations for the Company to buy-back its own shares.

In total 29.5 million shares of Interwaste Holdings shares were held by the Group as at 31 December 2017.

FINANCIAL POSITION

Total assets employed in the Group as at 31 December 2017 were R1.082 billion (2016: R1.017 billion), up 6%, with the majority of the increase being the improved cash balances within the Group.

Net asset value per share (excluding Treasury shares) as at 31 December 2017 was 127.22c per share, up 10% compared to the prior year.

Return on net operating assets for the year was 14.0% (2016: 12.5%) impacted by higher profitability coupled with a lower net operating asset base. The return on equity for the year was 8.6%, a similar amount to last year impacted by higher minority earnings this year compared to last year.

DEBT

As at 31 December 2017, total debt was R272.6 million down on the prior year total debt of R289.0 million. Due to the higher cash and cash equivalent balances, net debt as at 31 December 2017 was R156.5 million, down on last year's net debt of R258.1 million, with net debt to equity decreasing to 27.6% (2016: 47.7%). Net debt to EBITDA was 0.74 compared to 1.26 in 2016.

DIVIDEND

With strong cash generation for the year ended 31 December 2017, the Board declared a maiden dividend of 2.0c per share amounting to R9.34 million. We remain committed to future dividends by applying a policy of between 4.5 to 5.0 times cover of income attributable to Interwaste shareholders bearing in mind the balance between capitalising on opportunities and delivering on short, medium and long-term value for shareholders.

2018 OUTLOOK

Based on forecasts of economic growth, it is reasonable to presume relatively flat growth in the year that lies ahead. The provision of Integrated Waste Solutions together with increasing levels of compliance, should assist us in retaining as well as acquiring new clients. We remain committed to drive returns by managing costs and improving efficiencies. Resources will be applied in investments generating the required returns. Generating free cash flows remains a strategic focus area.

Rob Lumb
Chief Financial Officer

OUR BOARD OF DIRECTORS

ALAN WILLCOCKS
CHIEF EXECUTIVE OFFICER
(50)

Alan Willcocks co-founded Inter-Waste (Pty) Ltd with Bronwyn in 1989 and was instrumental in listing the business in 2007. Over the past 28 years Alan has acquired an in-depth knowledge of the Waste Management Sector. He is renowned for Innovative Waste Management Solutions and his drive to continually provide better service levels to customers. He is respected and well known in the waste management industry. In addition to being CEO of Interwaste Holdings Limited, Alan sits on the Boards of a number of companies within the Interwaste Group.

FUNANI MOJONO
INDEPENDENT NON-EXECUTIVE CHAIRPERSON (48)

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

Funani was appointed as the Company's Board Chairperson on 31 March 2017.

LEON GROBBELAAR
GROUP FACILITIES MANAGEMENT DIRECTOR (57)

Leon Grobbelaar obtained a National Diploma in soil conservation in 1983 and obtained a National Higher Diploma in Irrigation. In 1989, he joined Fraser Alexander Waste as Operations Manager responsible for the operation and management of landfills. In 1995, he obtained a Diploma in Road Transportation through the Rand Afrikaans University. He has extensive experience in landfill management and is currently the Group's Facilities Management Director with 20 years of service. Leon sits on a number of Boards within the Interwaste Group. He is Vice President of the Institute of Waste Management of South Africa.

BRONWYN WILLCOCKS
NON-EXECUTIVE DIRECTOR
(47)

Bronwyn Willcocks is a co-founder of Inter-Waste (Pty) Ltd and currently serves as a Non-Executive Director of Interwaste Holdings Limited. She has extensive hands on experience in the Waste Management Industry and has attained over 20 years of services at Interwaste.

LANDIWE JACKIE MAHLANGU
INDEPENDENT NON-EXECUTIVE DIRECTOR (54)

Landiwe Mahlangu is an economist by training and holds B.Admin and B.Admin Honors (Economics) degrees. He completed a Higher Certificate in Financial Markets and Instruments (Academy of Financial Markets and Instruments) and the Executive Development Programme (EDP) at the University of the Witwatersrand in 2001 and 2003, respectively. Landiwe has extensive experience and knowledge in local government, infrastructure development and financing. Landiwe was appointed as the Company's Audit and Risk Committee chairperson on 31 March 2017. Landiwe is Director of Amazwe Holdings (Pty) Ltd and Chairman of Esteq Konsult (Pty) Ltd. He serves as a member of the Appeals Authority of Emfuleni Planning Tribunal and a Chief Economic Advisor to the National African Chamber of Commerce and Industry (Nafcoc).

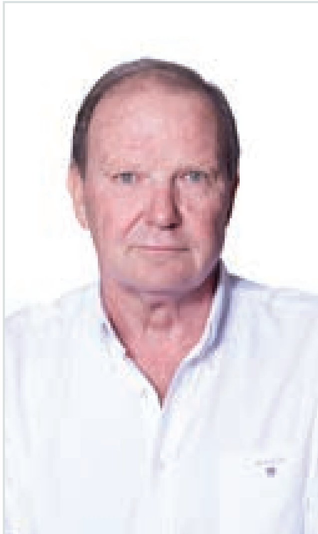
ROBERT LUMB
CHIEF FINANCIAL OFFICER (48)

Robert Lumb obtained his Bachelor of Commerce and Post Graduate Diploma in Accounting at the University of Port Elizabeth in 1989 and 1990, respectively. Robert is a member of the Institute of Chartered Accountants of South Africa as well as the Chartered Institute of Management Accountants having the designation CA(SA) and FCMA, respectively.

His experience spans over 23 years of global financial management experience in a number of sectors including Construction, FMCG, Banking, IT, Manufacturing, Automotive, Logistics and Waste Management. He commenced employment as Chief Financial Officer for Interwaste Holdings Limited on 1 May 2017.

CHARLES BOLES
INDEPENDENT NON-EXECUTIVE DIRECTOR (49)

Charles Boles is a qualified Chartered Accountant. He also has an MBA. Charles was formerly a partner at PriceWaterhouseCoopers Inc in the Corporate Finance division. He then worked for Investec Bank Limited before establishing his own business. He has experience in finance, investments and private equity. Charles is on the Board of Hulamin Limited.



DAVID ROSEVEAR
INDEPENDENT NON-EXECUTIVE DIRECTOR (62)

David Rosevear is a qualified Chartered Accountant (SA) and a former director of The Bidvest Group Limited. He has 40 years of experience in the operational, financial and corporate finance environment and has held numerous directorships on Boards of JSE listed companies as well as acting as a Director of a company listed on the London Stock Exchange.

OUR EXECUTIVE MANAGEMENT TEAM

JASON MCNEIL
CHIEF OPERATING OFFICER
(40)

Jason McNeil has been employed by Interwaste for 22 years and holds an MBA (GIBS). He has spent the last 22 years in operational management mainly in environmental solutions business. Jason is the Chief Operating Officer for Interwaste (Pty) Ltd and a Director of Masakhane Interwaste (Pty) Ltd.

DAN NKOMO
DIRECTOR
(54)

Dan Nkomo has been employed by Interwaste for 25 years. He has extensive knowledge of waste management, operations and logistics operations. Dan possesses qualifications in Management and Road Transport from the Wits Technikon and the Rand Afrikaans University, respectively. Dan is a Director of a number of Interwaste Group companies.

RAJASPREE PILLAY
GROUP HUMAN RESOURCES DIRECTOR (46)

Rajas Pillay holds the following qualifications: BA, BProc, Advanced Diploma and Master's Degree (Labour Law and Employee Relations) and has passed the Attorneys Board Exam. Rajas is the Group's Human Resources (HR) Executive. Her responsibilities include HR, Payroll and Transformation. She joined the Group in March 2010 in the capacity of Group HR Manager, and was subsequently appointed as the HR Executive in October 2010. She has more than 19 years experience in human resource strategy, transformation, corporate legal and employee relations matters.

KATE STUBBS
GROUP SALES AND MARKETING EXECUTIVE (43)

Kate Stubbs joined Interwaste Holdings in July 2017 prior to which she worked both locally and internationally. Over the last 15 years, she worked in the Logistics and Supply Chain Management Industry for Barloworld Logistics where she held various positions in the Marketing and Sales teams as well as spending some time in operations. In her current role she oversees the Marketing and Sales activities for Interwaste across the Group. Kate is driven by a passion to make connections between people, ideas and concepts come alive. She has a degree in Business Management and her areas of specialisation include: Marketing, Strategy, Business Development, Client Services and Corporate Communication.

› SECTION 3

STRATEGY AND RISK MANAGEMENT

CONTEXT

The context in which we operate is informed by global macro-economic, industry and geographic trends placing emphasis on the three primary forces of disruption, being technology, globalisation and demographics.

Global waste trends and impact on SA industry

The drivers of waste and resources management globally, include:

- Population growth and urbanisation
- Increasing quantity and complexity of waste
- Climate change
- Carbon economics
- Resource scarcity
- Commodity prices
- Globalisation
- Tightening regulation

South Africa's Waste Sector has the potential to grow from
0.51% to 1% of GDP

South Africa is recognised as
one of five
emerging markets globally
with exciting waste management opportunities

Around 70%
of the municipal waste produced worldwide is disposed of at landfills

11% is treated in thermal and Waste-to-Energy (WtE) facilities

19% is recycled or treated by Mechanical and Biological Treatment (MBT), including compositing.* (ISWA, 2012)

Source: SA Department of Science and Technology 2014

STRATEGIC FOCUS AREAS

The strategic focus areas and performance highlights of the Group are summarised below:

Strategic Focus Areas	Performance Highlights (as at 31 December 2017)
Innovative Integrated Waste Management Solutions • Developing innovative, environmentally sensitive waste management solutions for our clients • Extending service offerings into new applications to drive a zero-waste economy • Continuing to innovate and remain at the forefront of technology in the industry • Pursuing Solid Waste to Energy opportunities	**Growing capabilities in the following areas:** • Transfer Stations and Refuse Derived Fuel • Alternative Disposable Technologies - Blending Platform • Hazardous Waste Treatment Facility • Conventional Disposable facilities • Legal Consulting, Waste Classification and Laboratory services, On-site waste management services, waste recycling and commodity trading • SANAS accreditation of our Germiston based laboratory

Strategic Focus Areas	Performance Highlights (as at 31 December 2017)
Profitable Growth and Financial Returns • Delivering growing shareholder value • Delivering long-term sustainable cash generation • Improving operational efficiencies • Optimising resources and prioritising capital to highest returns • Growing pipeline through Business Development • Fixing or exiting business units not meeting required returns • Assessing potential industry related acquisitions	• Improved Logistics operating margins: 10.1% (2016: 8.0%) • Return on net operating assets: 14.0% (2016: 12.5%) • Cash generated before financing of R192.6 million (2016: R99.0 million) • Cash and cash equivalents: R116.1 million (2016: R30.9 million) • Net debt to EBITDA: 0.74 times (2016: 1.26 times) • Debt to equity: 48.1% (2016: 53.4%) • 25.8 million Interwaste shares were bought back during 2017 • Exited non-performing Lafarge/Interwaste Blending Platform effective 30 June 2017 • Consolidations, relocations and disposals of various non-performing depots during the year • Migration from Full Maintenance Leases to Finance Leases completed in August 2017 • Maiden dividend of 2c per share declared
Client Centricity • Maintaining long-term partnerships with clients • Renewal of key contracts • Growing market share • Diversifying customer base	• Revenue exceeded R1 billion for first time • Digital transformation strategy commenced • Long-term partnership with key clients • Renewal of profitable contracts at end date • Business Development team focus on organic growth
Our People • Retaining an engaged and competent workforce • Driving performance management • Training and developing staff • Sharing of knowledge	• Strengthened management team • Sustainable employment for 1 916 (2016: 2 084) full time employees • Remuneration policy reviewed and improved • Total days lost due to injuries improved by 9%
Transformation, Diversity and Inclusion • Transforming the business • Understanding stakeholder needs • Building strong relationships with all stakeholders • Driving Corporate Social Investment and Enterprise Development	• Level 4 B-BBEE Contributor • African employees: 78% (2016: 75%) • CSI spend of R0.69 million (2016: R0.55 million)
Sustainable Development • Complying with regulations • Putting safety first • Being an environmental steward • Retaining relevant accreditations	• Extension of the horizontal gas network at FG Landfill • Cell 2 completed at Klinkerstene Landfill • FG OHSAS 18001 certification from German based TUV Rheinland for FG and Klinkerstene • Granted ISO 14001:2015 certification • Enhanced Enterprise Risk management processes • Implementation of SHEQX system

MATERIAL RISKS AND OPPORTUNITIES

MANAGING RISK

Identifying risks and opportunities remains key to our strategic planning process. Interwaste considers a risk and/or opportunity to be material if it substantially affects the Group's ability to create and sustain value in the short, medium and long-term. A comprehensive risk management policy is in effect throughout the Group and aligned to our Risk Management Philosophy. The Board determines the levels of risk tolerance for the Group as a whole.

Risk assessments, as set out in a register, are continually performed in line with the risk tolerance levels as set by the Board. Risks are assessed based on their probability, severity and the quality of the existing control environment. Risks are continually managed through either accepting, transferring, avoiding or reducing risk. Residual Risk scores provide a method for prioritising key risks and monitoring the actions taken to address risk.

An Internal Audit department is currently being established and Internal Audit will play a part in reviewing the process, procedures and controls to provide independent assurance on the effectiveness of risk management in the future.

Interwaste Group's top risks are as follows:

Ranking 2017	Key Risk	Response and Mitigation	Strategic Focus Areas
1	**Occupational health and safety risks** Interwaste regards the health and safety of its employees, the communities in which it operates and all other stakeholders with whom we work, of utmost importance. Proactive and extensive steps are taken to prevent the risk that a person / persons may be harmed if exposed to a hazard in the workplace or on-road.	• Minimise exposure through ongoing monitoring and root cause analysis of safety incidents and accidents • Integrated health and safety plans and systems in place • Communication, training and safety awareness programmes in place • Use of protective clothing and equipment • Fleet monitoring	• Our people • Sustainable development
2	**Delivery of operational plans** Achieving the operational plans and targets is essential to Interwaste's sustained profitability and ability to create value for all its stakeholders.	• Regular monitoring of all internal and external variables that may have an adverse impact on Interwaste's ability to meet operational targets • Regular assessment of the individual operational units to ensure financial viability and achievement of investment hurdle rates	• Profitable growth and financial returns
3	**Reputational risk arising from the management of waste** The risk that the handling of a waste stream may result in damage to the Group's image which may further impair the ability of the Group to retain and generate business.	• Minimise exposure through building trust and credibility with our stakeholders • Facilities are maintained and operated at world class standards as accredited • Allaying misconceptions about waste management through positive public relations campaigns	• Sustainable Development • Innovate Integrated Waste Management Solutions
4	**Environmental stewardship** Interwaste regards its stewardship of the environment as key to the sustainability of the business. There is however a risk that our activities could impact the environment through unintentional contamination. The Company could incur reputational damage, fines and penalties, and possible site closure. (Refer environmental risks and opportunities - on page 39).	• Integrated health and safety plans and systems in place • Facilities are maintained and operated at world class standards as accredited • Communication, training and safety awareness programmes in place	• Sustainable Development • Our people

Ranking 2017	Key Risk	Response and Mitigation	Strategic Focus Areas
5	**Political Instability** As the Company is domiciled in South Africa, operates in SADC countries and waste volumes are aligned to the growth in the GDP of that country, political uncertainty and volatility in macro-economic conditions could have a negative impact on financial results.	• Optimise spread of operations • Optimise capital expenditure with excess assets being sent to head office for redeployment on other contracts • Reviewing business and operational plans in line with trends • Closely monitoring macro-economic trends in determining likely impact	• Profitable growth and financial returns • Sustainable Development
6	**Regulatory environment** The Group's activities are governed by regulations. Due to the complexity and changing nature of these regulations across industries and jurisdictions, there are significant challenges in staying up-to-date of all developments in order to maintain full compliance.	• Management is responsible for the on-going monitoring of all pending and actual changes in the Group's regulatory environment. • The Group attempts to influence any proposed changes to the regulatory environment (especially environmental legislation) where the Group believes that the proposed change is contrary to its values	• Sustainable Development • Transformation, Diversity and Inclusion
7	**Strategic employee skills** Interwaste regards its employees as a key asset in the implementation of its strategies. This requires ongoing management and risks associated with recruitment, skills retention, skills development and succession planning.	• Performance management systems are in use to identify employees' roles, functions and responsibilities. • Competency based assessments are used to regularly review employees in terms of performance, career development, training and equitable reward. • Investments in training resources and coaching are used to assist employees to enhance their performance levels.	• Our People
8	**Currency volatility** The movement of foreign currencies against the Rand creates risks arising from the translation of non-Rand profits, the mark-to-market of financial instruments and cost of imports into South Africa. In addition, there are constraints on the repatriation of funds to South Africa from SADC countries in which the Group operates.	• Preventative measures are implemented in terms of structuring of commercial contracts in SADC countries with US Dollar Based contracts • The functional currency with SADC countries is USD • Repatriation of funds into South Africa is administrated in terms of contracts approved by the local Reserve Banks	• Profitable growth and financial returns
9	**Underperformance of an acquisition and/or joint venture** The risk that an acquisition and/or joint venture will fail to realise the future cash projections upon which the initial transaction value was based with a need to impair any related goodwill or assets.	• A Business Acquisition policy and procedure is in place setting out a structured approach to be used when acquisitions and/or joint ventures are being made or entered into • Following acquisitions and/or the formation of joint ventures, an integration team is required to be established to focus on integration aspects and realisation of synergies	• Profitable growth and financial returns

Ranking 2017	Key Risk	Response and Mitigation	Strategic Focus Areas
10	**IT and information security related risks** Technology remains key in providing waste management solutions and delivering productivity benefits to clients. To this end, the information security risks in terms of possible cybercrime attempts increases as a result of being connected to external parties. Solutions continue to be dependent on data resulting in increased risk relating to the protection of confidential information.	• Data Recovery Procedures are in place and have been successfully tested • An IT Strategic Assessment is underway of all systems and infrastructure within the Group	• Innovative Integrated Waste Management Solutions • Sustainable development • Profitable growth and financial returns
11	**Client or Industry Concentration risks** Interwaste is exposed to certain large client and industries which results in a concentration risk	• Long-term relationships with client • Ownership of the customer's waste stream and developing innovative solutions for the client to differentiate ourselves from that of our competitors	• Client centricity • Profitable growth and financial returns
12	**Competitor actions** There remains a risk that Competitor actions will erode the Group's competitive position	• Continual reduction of costs to remain competitive • Continual improvement of service through technology improvements and innovative waste management solutions	• Profitable growth and financial returns • Sustainable development
13	**Loss of a major facility** There remains a risk that one of our facilities could be lost due to an Act of God	• Emergency response plans in operation • Insurance programme is in place • A centrally located control centre monitors sites for any risks	• Profitable growth and financial returns

KEY RELATIONSHIPS

We create value through our relationships with our stakeholders. Building trust, mutual respect and credibility with our stakeholders remains key to our long-term sustainability. All interactions with our stakeholders are based on our values which guide our behaviour ensuring our stakeholders know what to expect from us. An overview of our key stakeholders groups, their interest and concerns and how we engage with them is provided in the table below.

Stakeholder group	Why it is important to engage?	How do we engage?	Key interests
Investors and funding institutions	Investors and funding institutions provide capital in order to grow the business. Transparent communication is necessary to understand any potential concerns	• JSE news service • Media releases and published results • Integrated Annual Reports and financial statements • Annual General Meetings • Dedicated analysts and investor presentations • One-on-one meetings • Interwaste website	• Sustainable growth and returns on investment • Dividends • Risks and opportunities • Liquidity and gearing • Corporate Governance and Ethics • Transparent executive remuneration

Stakeholder group	Why it is important to engage?	How do we engage?	Key interests
Government and regulatory bodies	Government provides us with various licenses to trade as well as the regulatory framework within which we operate. We need to ensure that we comply as well as understand the broader economic, environmental and social issues.	• Establish constructive relationships • Comment on developments in legislation • Forum participation • Presentation and feedback sessions • Regulatory reporting and interaction • Membership of industry bodies	• Tax revenues • Compliance with legislation • Compliance with licensing conditions • Job creation • Investment in infrastructure • Investment in disadvantaged communities • Social impacts • Transformation • Environmental stewardship
Clients	We need to understand the needs, perceptions and behaviours of our clients in order to deliver solutions relevant to them. This will enhance the reputation of our brand creating sustainable growth.	• Satisfaction surveys • Client relationship management • Website and social media engagement • One-on-one interaction	• Effective waste management solutions • Efficient processes • Long-term relationships • Environmental stewardship
Communities	Engagement with our communities assists us to understand and focus our efforts on contributing to long-term sustainability.	• Meetings • Events • Media channels • Corporate Social Investment initiatives	• Investment in disadvantaged communities • Employment opportunities • Sponsorships • Environmental stewardship
Employees and unions	Our people are core to delivering our long-term strategies. To that end, we need to understand their needs, challenges and aspirations to ensure alignment.	• Communication • Ongoing training and education • Employee surveys • Performance management programmes • Anti-fraud and ethics hotline • Trade union representative meetings	• Job security • Engagement • Performance management • Clear understanding of reward structures • Health and safety performance • Career planning and skills development
Suppliers and business partners	Our suppliers and business partners enable delivery of our client's needs and our business model.	• One-on-one meetings • Tender processes • Anti-fraud and ethics hotline • Supplier forums	• Timely payment • Fair terms and treatment • Broad Based Black Economic Empowerment compliance

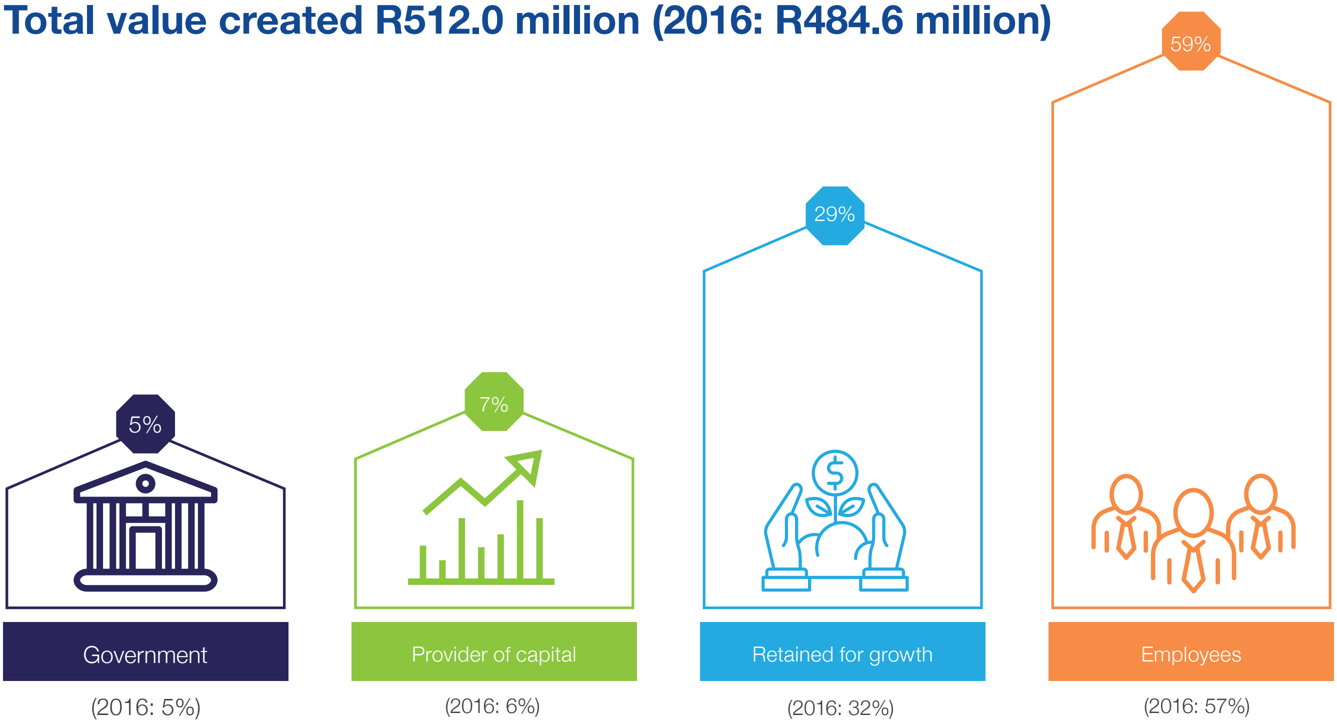
VALUE ADDED STATEMENT

For the year ended 31 December

A measure of the value created by the Group (from continuing and discontinued operations) by its activities to the cost of services purchased. This statement shows the total value created and how it was distributed.

	2017	%	2016	%
	R'000		R'000	
Revenue from continuing operations	1 033 085		924 003	
Paid to suppliers for products and services	(524 046)		(441 603)	
Value added	**509 039**		**482 400**	
Income from investments	2 974		2 162	
Total value created	**512 013**		**484 562**	
Value distributed				
To employees: benefits and remuneration	302 682	59%	276 926	57%
To governments: taxation	24 985	5%	21 999	5%
To providers of capital	33 907	7%	31 142	6%
Finance costs	33 480		30 882	
Non-controlling interest	427		260	
Retained for growth	150 439	29%	154 495	32%
Depreciation	102 783		106 769	
Profit for year attributable to shareholders of the Company from continuing operations	47 656		47 726	
Value distributed	**512 013**	**100%**	**484 562**	**100%**

Total value created R512.0 million (2016: R484.6 million)



OUR CAPITALS

The value of a business is the present value of the future cash flows that can be generated by the assets and other capitals utilised by the business. The capitals that generate these cash flows include physical and intangible assets supported by adequate financial capital to pursue growth opportunities and are underpinned by quality relationships with key stakeholders. Execution of a robust strategy informed by and responding to material risks and opportunities will lead to optimal utilisation of capitals and generation of cash flow and value. We have identified the most important capitals as set out below:

Capitals	Utilisation of capitals	Reference
Financial	Ability to generate cash flows and access to well-priced debt and equity funding determines our ability to fund growth.	Our Business Model (Page 7) Our Segments (Page 9) Chief Financial Officer's Review (Page 20)
Social	Quality relationships with our key stakeholders is vital to long-term sustainability. Building trust and credibility with our stakeholders is key.	Key Relationships (Page 30) Corporate Social Investment (Page 38)
Physical or Manufactured	Significant focus is placed on the quality of the facilities.	Our Business Model (Page 7) Our Segments (Page 9)
Intellectual	Our intellectual capital is largely dependent on our people and the development of Integrated Waste Management Solutions.	Our Business Model (Page 7) Our Segments (Page 9)
Human	People are core to delivering our strategies. A pool of qualified, trained and talented people is required to deliver expectations supported by empowered management and support staff. Employment development and engagement remain focus areas to ensure we attract and retain highest calibre of people to drive our strategy.	Our Board of Directors (Page 22) Our Executive Management Team (Page 24) Human Resources (Page 35) Transformation (Page 37) Health, Safety and Environment (Page 39)
Natural	Utilisation of natural capital is predominately driven by our requirements for optimally located facilities upon which we have instituted environmental management systems.	Our Business Model (Page 7) Our Segments (Page 9) Health, Safety and Environment (Page 39)

> SECTION 4

INTEGRATED GOVERNANCE REVIEW

HUMAN RESOURCES

OUR PEOPLE

People are at the core of delivering an Interwaste experience. Every aspect of our business requires an interaction with people of the Group. A pool of qualified, trained and talented people is required to deliver these experiences, supported by empowered management of relevant support services. At the leadership level, the Group is reliant on Executives and Managers who can identify and manage both risks and opportunities and implement appropriate responses. These individuals need to apply long-term strategic thinking and remain core to providing Innovative Waste Management Solutions for our clients.

HUMAN CAPITAL MANAGEMENT

To sustain a high performance culture, we continuously work with our employees to ensure we have a common sense of purpose and are aligned in how we do things together. The Group invests in high performance management and employee developmental programmes for this purpose.

Our Human Resources solutions are driven by the importance of our employees, their contribution and the organisational value system. Our employment policies are designed to empower and develop employees and create an environment in which each employee can perform to his or her fullest potential. We strive to attract and retain the highest callibre of staff while at the same time redressing historical imbalances where they exist.

JOB CREATION AND EMPLOYMENT STABILITY

As at 31 December 2017, the Group's headcount amounted to 1 916 employees across our South African and SADC Operations. The total headcount reduced by 168 compared to the prior year due to the consolidation of various depots and business units.

	2017	2016
Employee Head Count	1 916	2 084
Female Employees	423	436
African Employees*	78%	75%
Employees with Disabilities	1.1%	2.1%

*South African employees only

EMPLOYEE WELLBEING

The wellbeing of our people remain core to our business. Employee wellbeing has a direct impact on productivity and enhances employee engagement resulting in a high performance culture which in turn promotes organisational success. Entry medicals and exit medicals are conducted for all new employees and all employees leaving the organisation respectively.

Health requirements are regularly monitored as part of the Company's risk management framework with legislative compliance being treated as a minimum requirement. The Company also has implemented a Broad Based Employee Assistance Programme (EAP) which includes annual Health Risk Assessments. Disease Management programmes are used if required which includes the management of HIV/AIDS, Tuberculosis and Diabetes. Surveillance medicals allow for individualistic lifestyle management leading to a reduction in employee health risks and are supported by clinical data, health risk information and action plans designed to cater for an individual employee's needs. In addition to the above, the EAP extends to psycho–social, as well as, financial wellbeing programmes.

EMPLOYEE ENGAGEMENT AND DEVELOPMENT

The Group operates under a single engagement programme reflecting the values, culture and behaviours common to the Group. The Group's ability to attract and retain skilled human capital is underpinned by the provision of an employee value proposition that specifically highlights career pathing coupled with succession planning. The HR Managers together with line management are responsible for attracting, developing and retaining high calibre employees which is achieved by bi-annual appraisals with regular feedback by Supervisors and Management to employees in order to acknowledge good performance and/or to identify skills gaps. Skills gaps are addressed by personalised development plans which have a bias towards previously disadvantaged individuals to ensure that the Group meets the planned Employment Equity targets. The appraisal process allows for succession planning. During the year, a total of 35 people were promoted in the Group, of which 95% were black.

The Skills Development Committee meets bi-annually to establish whether the Group's Skills Development targets, which are aligned with legislation and broad based transformation requirements, are met. The Committee comprises of all relevant stakeholders and has a registered Skills Development Facilitator (SDF) to ensure that the

Workplace Skills Plan and Annual Training Report are submitted with actual training monitored against planned training.

The Training Co-ordinator and HR Managers work together with the SDF to ensure that training planned is achieved. Training Interventions include Adult Education and Training (AET), Supervisory and Management Development and Leadership Development Programmes and also includes Legislative and Environmental Compliance, Artisan Training and Client service.

ADULT EDUCATION AND TRAINING (AET) PROGRAMME

For the seventh year in succession the Company embarked on an AET Programme for our employees. Accredited providers were used to ensure that the employees we trained acquired communication, literacy and life skills necessary in order to prepare them for further skills programmes. In addition, during the year an initiative was implemented to progress AET employed graduates into integrated workplace programmes to ensure that the employees reach their full potential.

During the year, in line with a directive from the Social, Ethics and Transformation Committee, the Company embarked on a literacy drive and extended the AET Programme to unemployed people mainly within or near to the communities in which we operate. The beneficiaries of this programme were all Previously Disadvantage Individuals situated in rural communities, a summary of which is shown below:

	Total	Female	Black	Disabled
Employed	5	2	5	0
Unemployed	30	19	30	2
Total	35	21	35	2
Total%	100%	60%	100%	6%

OTHER SKILLS DEVELOPMENT INITIATIVES

Our skills development strategy is aligned with the South African Government's focus on learnerships, integrated workplace learning and skills development programmes. Our strategy aims to develop our employees within the Group, as well as, unemployed people within the communities in which we operate. These skills development initiatives have the objective of transforming our workforce into a pool of scarce and critical skills needed to enhance the sustainability of the Company and that of our industry.

Learnerships that we embarked on in 2016 that were completed in 2017 comprise:

Employed
Total 13
Total Black 100%

Unemployed
Total 20
Total Black 100%

Learnerships that we embarked on in 2017 comprise:

Employed
Total 18
Total Black 72%

Unemployed
Total 10
Total Black 100%

Other bursaries and skills programmes embarked on in 2017 comprise:

Bursaries
Total 24
Total Black 75%

Skills Programmes
Total 760
Total Black 95%

EMPLOYEE RELATIONS

All Employee and Industrial Relations matters are dealt with in an inclusive manner. Participation is invited for all matters that may potentially have an effect on sound Industrial relations and/ or employment conditions. During 2017, only 6 hours were lost as a result of industrial action primarily due to a misunderstanding between the employees and a manager at one of our sites.

TRANSFORMATION

Interwaste Holdings is committed to complying with the Broad Based Black Economic Empowerment (B-BBEE) Codes. We strive to create a more diverse and equitable workforce to not only mirror the diversity of the countries in which we operate, but to enhance our competitiveness. Interwaste's transformation practices are aligned to best practice and our transformation policies have been developed to ensure that measurable progress is made towards genuine black economic empowerment. Our approach is intrinsically collaborative with the business working together with all of our stakeholders.

Interwaste's transformation is driven by the Executive Management team, who ensures that its initiatives are implemented across all levels within the Group. The Company's Social and Ethics Committee actively monitor the Company's progress to ensure that meaningful progress is made.

The Company's B-BBEE rating is verified annually by an external verification agent. In July 2017, the Company achieved a Level 4 B-BBEE rating in line with the Department of Trade and Industry's Transport Sector Codes, the detail of which is shown below:

	Weighting	Score
Ownership	20.0	5.9
Management Control	10.0	1.0
Employment Equity	15.0	9.4
Skills Development	15.0	10.6
Preferential Procurement	20.0	18.8
Enterprise Development	15.0	15.0
Socio-Economic Investment	5.0	5.0
	100.0	65.7
Level		4

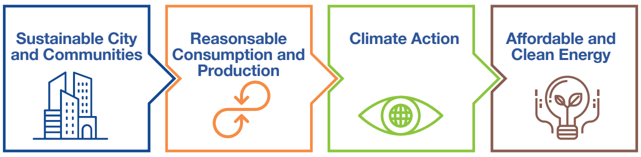
Interwaste is currently implementing a roadmap to further enhance this rating.

THE GROUPS OVERARCHING OBJECTIVES

The Group's overarching transformation objectives are aligned to the Global Goals for Sustainable Development as follows:

- Contribute to the Growth and Development of the SADC economies by aligning to best practice in Transformation and Sustainability.
- Contribute to business growth by leveraging transformation for commercial purposes.
- Drive positive internal and external stakeholder relationships through meaningful collaboration on targeted shared value initiatives.

Interwaste's Core Operational Strategy Contribution to:



Interwaste's transformation Strategy Contribution to:

OWNERSHIP

Interwaste continues to strive towards the improvement of black ownership through securing the appropriate voting rights and economic interest for black people within Interwaste Holdings Limited, our JSE listed Holding Company. Direct black ownership amounted to 7.8%. While direct black ownership within Interwaste Holdings Limited is considered low, Interwaste does have a number of subsidiaries where empowerment takes place on a local subsidiary level which is considered broad based and aligned with local communities. Interwaste is in the process of implementing a roadmap to further enhance black ownership.

MANAGEMENT CONTROL AND EMPLOYMENT EQUITY

During the year, the Company has experienced challenges pertaining to the Management Control and Employment Equity elements of the scorecard with a combined score of 10.4%. However, a number of its initiatives in the form of leadership development programmes and succession planning for Executives that were embarked on in prior years are expected to bear fruit going forward. Management believes that this will fundamentally change the scoring with respect to these elements. With respect to senior black management, the Company achieved 70% with 44% being female. Overall the Group's equitable representation in 2017 has increased to 78% (2016: 75%). The HR Managers and Line Management strive to work together in order to meet the economically active population targets that are set in line with the national agenda.

ENTERPRISE AND SUPPLIER DEVELOPMENT

Interwaste remains committed to the development of small, medium and micro enterprises (SMMEs) as a solution to creating employment as well as growing the South African economy. With regards Enterprise Development and Corporate Social Investment (CSI), the Company scored full points for these elements and aims to sustain the levels of scoring going forward. The Company has already embarked on a number of Enterprise Development initiatives in order to meet the requirements of the amended B-BBEE codes and continues to increase spend from designated suppliers to support business operations. A growing proportion of our procurement is centrally managed which allows for enhanced consistency in standards and pricing and a closer relationship with our suppliers. We ensure that, as far as is practically and commercially possible, our Operations procure products and services from vendors who are located where they are situated.

With regards to CSI, a widely accepted benchmark for CSI spend is 1% of net profit after tax. Interwaste strives to make a positive impact with respect to the communities in the areas in which the Company operates and our CSI initiatives are focused on these communities.

The Group's CSI spend for the year amounted to R0.69 million (2016: R0.55 million)

TOPS AND TAGS

In 2011, we launched the well-known, eco-friendly, Tops and Tags, as part of the Company's larger strategy using our business model in innovative ways in order to give back to the comminities in which we operate. The initiative is run through corporates, schools, non-profit organisations and communities who encourage students, employees and members of the public to collect waste in the form of plastic bread tags and bottle tops for recycling. Tops and Tags collected are then rewarded by offering wheelchairs to a registered recipient of their choice if certain thresholds are reached. The project has generated an awareness of both social and environmental issues.

The project has achieved the following in 2017:

Total kg's of Tags collected	Total kg's of Tops collected	Total wheelchairs handed over
1 931 kg	**49 629 kg**	**113**

DUKATHOLE GOGOS

The Group continued with its legacy project, Dukathole Gogos, of providing food supplies and infrastructure comprising health, security, water and sanitation requirements to the senior citizens of the Dukathole informal settlement in Germiston.

CASA CARITAS NON-PROFIT ORGANISATION

The Group continued with its support to Casa Caritas, a home for mentally and physically disabled people, situated in Ekurhuleni.

PAIGE PROJECT

The Group continued its support with the Paige Project, whose primary objective is the care of children with physical and mental disabilities. The Paige Projest is a charity organisation whose main objectives are to raise funds to benefit disadvantaged children.

ACTION FOR THE BLIND

During 2017, the Company pledged its support to Action for the Blind, a non-profit organisation, by funding the education of a blind child from a previously disadvantaged background.

HEALTH, SAFETY AND ENVIRONMENT

In keeping with our motto of "doing the right thing", the health and safety of our people, the communities and the environment which within we operate, remain of paramount importance. It is pleasing to note that during 2017, no employee fatalities were recorded. The Group maintained an average lost-time injury frequency rate (LTIFR) of 2.28 (2016: 1.99) which increased mainly due to a reduction in headcount during 2017 through the consolidation of various depots and business units.

The Group Health, Safety and Environment (HSE) department focuses on instilling a strong culture of HSE awareness within all levels of the Organisation, so that all HSE policies and procedures are strictly adhered to. The HSE department is responsible for investigating and reporting on all related incidents to the relevant workplace Committees and regulatory authorities where required. Incidents are elevated to management, in line with the incident notification procedures, using the newly implemented SHEQX system. Where required, and in terms of the incident notification procedures, the Social and Ethics Committee, as well as the Board also receive reports on the relevant incidents.

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

ENVIRONMENTAL RISKS AND OPPORTUNITIES

Interwaste recognises its corporate responsibility in terms of the natural environment within which it operates. The Company accordingly ensures that our waste facilities undergo rigorous environmental authorisation processes, including the development of Environmental Impact Assessments (EIA) and Environmental Management Plans (EMP), prior to the commencement of operations, which are then subject to continuous monitoring and auditing for the life-cycle of all activities.

The activities of Interwaste are underpinned by its role as an environmental steward. Risks and opportunities are quantitatively assessed using established methodologies whereby risks and opportunities are identified, monitored and adequately addressed. Key risks and opportunities relating specifically to the environment are outlined below:

Health and Safety Environmental Risk and Opportunities	Risk/Opportunity addressed
Excessive consumption of natural resources The Company could incur reputational damage arising from cumulative impacts of execessive consumption of natural resources.	• Administrative and Engineering controls are in place to optimise the use of natural resources • Programmes in place for responsible usage of natural resources • Water recirculation plants are in place
Non-compliance to legislative requirements The Company could incur fines, penalties and site closure due to non-compliance to legislative requirements.	• Interwaste has a HSE legal register that is updated by an external consultant on an annual basis • HSE Managers are regularly trained as to changes in legislative requirements • Internal HSE Audits are regularly conducted throughout the Group • Independent external Audits are conducted by various parties on a regular basis

Health and Safety Environmental Risk and Opportunities	Risk/Opportunity addressed
Unintentional pollution caused by waste management activities The Company could incur reputation damage, fines, penalties and possible site closure due to unintentional pollution of the environment.	• Administrative, Operational Management and Engineering controls are in place to reduce the probability and significance of incidents • Environmental monitoring is in place • Internal and external environmental audits are in place • Section 30 NEMA investigation submitted to authorities when required • Corrective action implemented
The use of off-takers that are unlicensed or that do not conduct their activities in an environmentally friendly manner The Company could incur reputation damage, fines, penalties and possible site closure due to using off-takers that are unlicensed or do not conduct their activities in an environmentally friendly manner.	• Legal compliance audits on all off-takers are conducted before sending the waste to them • The Company does not use unlicensed off-takers and off-takers that do not conduct activities in an environmentally responsible manner
Review of licenses, permits and registrations The Company could incur reputation damage, fines, penalties and possible site closure due to licenses and permits becoming outdated in terms of new legislation, or required reviews or renewals not taking place in time.	• The SHEQX system identifies well in advance the dates for review of all site licenses and permits
The reduction in the usage of non-renewable resources The Company is focused on its environmental stewardship by lowering dependence on electricity and lowering carbon footprint resulting in long term savings for that of its own Operations and that of its clients' operations.	• Implementation of resource lowering technologies for the Company and its clients • Pipeline projects that reduce South Africa's carbon footprint including Waste-to-Energy projects • Commercialisation of gas derived from Company owned landfills • Recycling of waste • Partnering with clients on zero waste- to-landfill strategies • Effluent treatment plant treats hazardous liquid waste

ENVIRONMENTAL CONTROLS

Environmental controls are embedded in our management system and are vigorously controlled and monitored in order to reduce the risk and/or to make use of the opportunities in order to provide a positive outcomes. We strive to reduce the impact that the business has on the environment.

Our efforts to manage the business sustainably serves the interest of the Company and the communities in achieving our objectives as follows:

- Ensure that we identify, evaluate and comply with local, regional and national environmental laws and regulations applicable to our Operations within the areas where we conduct business;
- Continually evaluate and manage our environmental risks and objectives;
- Actively seek to minimise pollution, emissions and effluents emanating from our operations;
- Work towards minimising waste by reducing, reusing and recycling programmes in our Operations and that of our clients in line with the hierarchy of waste management;
- Strive to reduce consumption of natural resources by responsible use of energy, gas and water with the implementation of sustainable energy solutions;
- Communicate and collaborate with our suppliers and business partners to actively reduce the environmental impact of our business activities;
- Continually improve on our environmental performance standards; and
- Provide support, where possible, for the sustainable development of our communities.

To ensure that the objectives of our environmental programme are met, during March 2017, an Integrated Risk Management System, SHEQX, was customised and implemented throughout the Group. The system allows for all HSE related document and statistics for each site to be managed. The system now forms the backbone of our Integrated Risk Management Processes and Procedures fostering greater transparency and accountability.

Scope Emissions Measurement

With the implementation of SHEQX, scope 1 and scope 2 emissions will be reported on in 2018. Almost all of our scope 1 and 2 emissions arise through consumption of electricity and diesel and will be monitored and consolidated using the SHEQX system.

Reduction in Consumption of Natural Resources

Various projects are underway in order to reduce the consumption of natural resources and our impact to the environment which include:

- Greenhouse gas emissions reductions of 57 556 t CO^2 emissions were recorded during 2017 as a result of flaring of the gasses from our horizontal gas extraction facility at FG. Future commercial opportunities are being investigated in respect of the gas currently being flared;
- Even though revenue increased by 12% in 2017, diesel usage was 6.63 million litres (2016: 6.51 million litres), up only 1.8% impacted by a strong focus on asset utilisations and efficiencies within our fleet;
- Our Germiston site currently makes use of 5 electric vehicles using solar energy for transportation of people and goods around our site;
- A number of sites currently store and recycle rainwater for re-use in operations;
- The Company continues to drive key waste-to-energy projects including the use of our permit in Gauteng for the development of a 20 MW thermal waste-to-energy facility. The sector does, however, require significant capital investment with various business models being investigated in order to minimise risk, maximise returns and leverage off both our existing permit and access to alternative fuels in the form of waste volumes;
- The Integrated Waste Management Solutions that we offer to clients are aligned to the hierarchy of waste management which has the overriding objective of reducing and/or eliminating waste to landfill operations. A number of clients have embarked on a zero-waste-to-landfill strategy which is gathering momentum; and
- Making use of the offtake at our new blending facility in Germiston, industrial waste derived fuels are currently being used as an alternative fuel in the production of cement.

HSE AUDITING

Interwaste's activities are closely monitored using internal and external audits as one of the main mechanisms to ensure that environmental compliance is achieved. Additionally, internal and external audits serve as proof of Interwaste's compliance with HSE legislative requirements. During 2017, average external and internal compliance scores compared to the prior year were as follows:

+3% improvement

External audit compliance scores

2017: 93% compliance
2016: 90% compliance

1% improvement

Internal audit compliance scores

2017: 81% compliance
2016: 80% compliance

PREVENTION OF HARM TO EMPLOYEES

Interwaste conducts regular Occupational Hygiene Surveys to ensure that our employees work in an environment that is not harmful to their health. All employees undergo HSE inductions and are regularly trained. HSE training includes tool box talks, risk assessments as well as training regarding the handling and conveyance of dangerous goods. During 2017 significant improvements were made in the Company's health and safety performance indicators ss follows:

Total days lost due to injuries	Avg. days lost due to injury per 100 employees or 200 000 hours earned	Average days taken to return to work after injury
+9% improvement	+19% improvement	+19% improvement
2017: 220 2016: 241	2017: 8.33 2016: 10.29	2017: 3.82 2016: 4.72

MANAGEMENT SYSTEMS

Interwaste operates in accordance with structured HSE management systems. It is pleasing to note that during the year, the Company was recertified for the following accreditations:

- OHSAS 18001 in respect of Klinkerstene and FG landfills, recertification audit performed by TUV Rheinland.
- ISO 14001:2015, a Group umbrella certification, recertification audit conducted by SGS.

During the year, the Company's HSE Department also redesigned its internal Environmental Management System to meet the requirements of the updated ISO 14001:2015 International Standard. SGS, an international certification company based in Geneva, Switzerland, conducted the audit which took place in December 2017 at three of the Company's sites which included Germiston, Nelspruit Ngodwana and the Cape Town depot. Subsequent to the audit, Interwaste successfully passed the recertification and was awarded the ISO 14001: 2015 International Standard certification. This International Standard is highly regarded as it places significant emphasis on waste management from cradle to grave and also takes into account interested and affected parties, thereby improving transparency and Corporate Social Responsibilty.

The Logistics division successfully completed a third party verification in line with the South African Safety Quality Assessment Audit (SA SQAS) requirements for Road Transport of Dangerous Goods, which is equivalent to the ISO 39001 Road Traffic Management System. Interwaste is accordingly also a member of Responsible Care and CAIA (Chemical and Allied Industries Association) and the Institute of Waste Management.

INTERESTED AND AFFECTED PARTIES

Interwaste recognises that its activities may affect the environment and surrounding communities and that the needs and views of various stakeholders accordingly need to be considered in order to operate in a socially responsible manner. To achieve this goal Interwaste has various mechanisms to record and capture the views of interested and affected parties which are dealt with through meaningful stakeholder engagement.

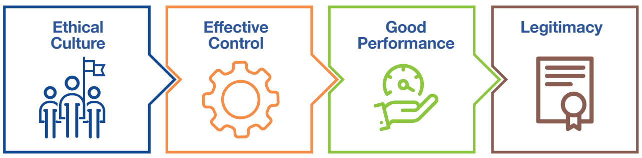
GOVERNANCE

Interwaste is committed to the highest standards of governance, ethics and integrity. Excellent corporate governance is key to ensuring we deliver on our commitments to our stakeholders through enhanced accountability, rigorous risk and performance management and transparency.

Although King IV will only apply to the Group from the 2018 financial year, this report contains the majority of the disclosure requirements contained within King IV.

An assessment of King IV has been completed which includes a gap analysis to review the Company's application of the various principles. Work is required on a number of practices as the Company's Board of Directors continue to recognise its responsibility to ensure that the Company is governed in an ethical, prudent and sustainable manner in accordance with the King Code, as well as the Companies Act and the JSE Listing requirements.

The report below will detail the progress made on the four governance outcomes reflected in King IV.



EFFECTIVE AND ETHICAL LEADERSHIP

Ethics

The Board has ultimate responsibility for the ethical culture of the business. Executive Management is responsible for establishing and implementing a robust ethics management process. We are committed to doing business ethically while building a sustainable company that recognises the impact of its activities on the economy, society and the environment. The Social and Ethics Committee has oversight over the Group's ethical matters and the roles and responsibilities are set out in the terms of reference of the Committee.

The Company has an independent whistle blowing line and all reported matters are investigated by appropriate employees and the results are to be reported to the Audit and Risk Committee. The Company subscribes to its various ethics related policies such as anti-bribery and corruption, fraud and conflicts of interest.

The Group is seeking to formalise its ethics policy which will reinforce the Company's related policies and practices by providing clarity on expectations and underlying matters of principle. The revised code of conduct will provide guidance on matters such as conflict of interest in accordance with the Group's policy, the acceptance and giving of donations and gifts, compliance with laws and the dissemination of confidential information. The policy will also seek to create sustainable procurement by ensuring that we engage with accredited business partners who subscribe to our code of conduct. The implementation of this policy will include the required awareness training and declarations to further entrench the ethical culture.

Responsible Corporate Citizenship

The Social and Ethics Committee has oversight over the Group's social responsibility towards the workplace, the economy, society as a whole and toward the environment and these are defined in the Committee's terms of reference. The Board oversees and monitors the activities that affects the status of the Company as a responsible corporate citizen.

Refer to the Human Resources report on pages 35 to 36 for feedback on employment equity, pages 28 to 30 for the risk management environment, pages 39 to 42 for health and safety practices and environmental information as to how the Group manages its social outcomes.

Value creation and reporting

The formulation of the Group strategy is developed by the management with oversight and approval by the Board. The highlights of our strategy can be seen on pages 26 to 27. A comprehensive assessment of our risks and opportunities, as reflected on pages 28 to 30, and the impact it has on executing the strategy is considered on a regular basis. Our commitment to robust governance principles underpins this strategy and our performance against the strategy outcomes.

Our commitment extends to the transparency and integrity of reporting used by stakeholders through various reporting processes although external assurance needs to be further formalised.

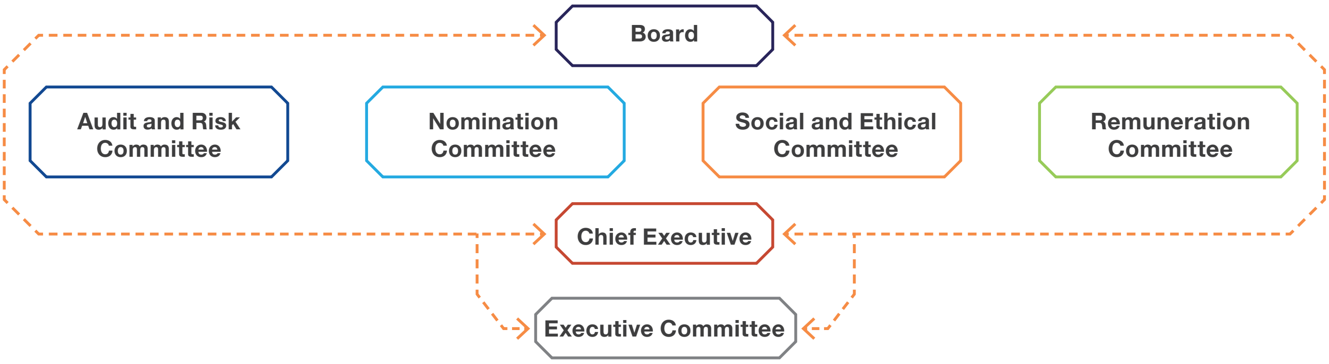
BOARD COMPOSITION, STRUCTURE AND PERFORMANCE

Governance Structure

The Board serves as the focal point and custodian of corporate governance in the Company and is accountable and responsible for its performance and compliance. As mentioned, the Board delegates the planning and formulation of the objectives and policies as approved by the Board. The Board monitors compliance with policies and achievement against objectives by holding management accountable for its activities through regular performance reporting.

The Board Charter defines the Board's composition, appointment, authorities, responsibilities and processes and sets out the fiduciary duties of the Directors of the Company.

The Board governs through various Board Committees and each Committee has specific written terms of reference approved by the Board and adopted by the Committee. Feedback on the progress and focus areas is presented to the Board by the relevant Committee chairperson, and the Board is satisfied that it has fulfilled its responsibilities in accordance with the Board Charter during the year.



Six Board meetings and two operational working sessions were held during the year. Individual directors' attendance at the Board and Board Committee meetings and at the AGM for the financial year ended 31 December 2017 is set out in the table below:

	Board	Audit and Risk Committee	Remuneration Committee	Social and Ethics Committee	Nominations Committee	AGM
Executive Directors						
Alan Willcocks	6/6	2/2	2/2	–	2/2	1/1
Rob Lumb[1]	4/6	1/2	–	–	–	1/1
Leon Grobbelaar	6/6	2/2	–	–	–	1/1
Andries Cronje[2]	2/6	1/2	–	–	–	–
Chairperson						
Funani Mojono[3]	6/6	2/2	2/2	–	2/2	1/1
Andiswe Kawa[4]	3/6	1/2	1/2	–	1/2	–
Independent						
Landiwe Mahlangu	6/6	2/2	2/2	2/2	2/2	1/1
Charles Boles[5]	6/6	1/2	–	–	–	1/1
David Rosevear[6]	6/6	0/2	–	–	–	1/1
Non-independent						
Bronwyn Willcocks	6/6	2/2	–	–	–	1/1

(1) Appointed 1 May 2017
(2) Acting Chief Financial Officer from 23 January to 1 May 2017
(3) Appointed as Chairman 1 April 2017
(4) Resigned from the Board 31 March 2017
(5) Appointed to the Board 1 April 2017
(6) Appointed to the Board 31 March 2017

Board Composition

The Company's Memorandum of Incorporation sets out the general powers of the Board and the Directors. The roles and functions of the Chairperson and the Chief Executive Officer (CEO) are formalised in the Company's Board Charter which is reviewed annually. There is a clear division of responsibilities at Board level to ensure a balance of power, with the functions of the Chairperson and CEO being separate and independent. The Chairperson is responsible for providing overall leadership of the Board and ensuring that the Board performs effectively. The CEO is responsible for the execution of the strategic direction, which is approved by the Board.

The Board's diverse backgrounds ensure a wide range of skills and experience to make judgements, independent of management, on areas such as strategy, performance, business development, transformation, diversity, ethics and environmental management.

The Board profile as at 31 December 2017 comprise:

Designation:

Executive	Non-executive	Independent non-executive
3	**1**	**4**

Tenure:

0-3 years	4-8 years	>9 years
3	**2**	**3**

Nationality:

South African
8

Race:

Black	White
2	**6**

Gender:

Female	Male
1	**7**

Age:

40-50	51-60	>60
5	**2**	**1**

During the year under review, Ms Andiswe Kawa resigned as Non-Executive Director and Board Chairperson with effect from 31 March 2017 and Mr Funani Mojono was appointed to Chair the Board in her stead.

On 1 April 2017 the Board appointed an additional Independent Non-Executive Director, Mr Charles Boles, who was also appointed to the Audit and Risk Committee.

The position of CEO is occupied by Mr Alan Willcocks, who is a co-founder of the Company. The remaining directors are Mr Robert Lumb (Chief Financial Officer appointed with effect from 1 May 2017), Mr Charles Boles (Independent Non-Executive Director appointed with effect from 1 April 2017), Mrs Bronwyn Willcocks (Non-Executive Director), Mr Funani Mojono (Independent Non-Executive Chairman), Mr Landiwe Mahlangu (Independent Non-Executive Director), Mr David Rosevear (Independent Non-Executive Director appointed with effect from 31 March 2017) and Mr Leon Grobbelaar (Group Facilities Management Director). Refer pages 22 to 23 detailing experience and qualifications of our Board members.

One third of the Non-Executive Directors retire by rotation each year in line with the Memorandum of Incorporation. Ms Bronwyn Willcocks and Mr David Rosevear retire by rotation at the forthcoming Annual General Meeting, but being eligible, offer themselves for re-election. Brief curriculum vitae of the directors of the company are provided on pages 22 to 23.

Evaluation of the Board is stipulated in the Board Charter and terms of reference and is carried out as required.

Appointments to the Board are made in a formal and transparent manner in accordance with the Appointments to the Board Policy is a matter for the Board. The Nominations Committee assists the Board in discharging this function.

In terms of the Appointments to the Board Policy, the Nominations Committee, when determining the composition of the Board as well as any new appointments, strives to promote equal opportunity, including gender diversity. The Committee considers compliance with the Board gender diversity policy which was recently adopted with each new appointment and termination, to strive towards a more equitable representation in terms of both race and gender. Although no new appointments have taken place since adopting the policy, the Board intends to further improve the representation of the Board in the coming year and are in the process of considering various options.

The Board functions in accordance with the requirements of King IV and within the context of the Companies Act, the JSE Listings Requirements and other applicable laws, rules and codes of governance. The Board is satisfied that it fulfilled all its duties and obligations in the 2017 financial year.

Sub-committee structure and performance

The Board remains accountable for all matters where it has delegated responsibility to its sub-committees. These Committees have formal terms of reference that have been approved by the Board and that reflect, where appropriate, the Company's application of the principles contained in King IV and the statutory requirements of the Companies Act. The terms of reference set out, inter alia, the Committees' purposes, membership requirements, duties and reporting procedures and all Committees are satisfied that they have fulfilled their responsibilities in accordance with their terms of reference during the year.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee currently consists of Mr Landiwe Mahlangu (Committee Chairperson), Mr Funani Mojono, Mr Charles Boles and Mr David Rosevear.

Mr Landiwe Mahlangu was appointed to the Committee to replace Mr Gavin Tipper, who resigned as a Non-Executive Director with effect from 3 March 2017. Mr Charles Boles was appointed to the Committee with effect from 1 April 2017 to fill the vacancy left by Ms Andiswe Kawa's resignation. Mr David Rosevear was appointed to the Committee on the 29 June 2017 at the AGM.

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

The Audit and Risk Committee is responsible in providing independent oversight including the following:

- The effectiveness of the Company's assurance functions, including external assurance service providers, internal audit and the finance function; and
- The integrity of the financial statements and other applicable external reports issued by the Company.

On 5 October 2017, Deloitte & Touche was appointed as the Company's external auditors who replaced KPMG, due to concerns raised regarding the firm during the year. On the recommendation of the Audit and Risk Committee, the Board has resolved that the external auditor is independent of the organisation. In accordance with the requirements of the Companies Act, all non-audit services provided by the external auditor are dealt with in terms of the policy for non-audit services performed by the external auditors.

The Audit and Risk Committee, which met twice during the current year, discharged the functions ascribed to it in terms of the Companies Act and the JSE Listings Requirements, as reported in the Audit and Risk Committee Report. It also complied in all material respects with its mandate and fulfilled its responsibilities as set out in its terms of reference.

The report of the Audit and Risk Committee is set out on pages 56 to 58.

REMUNERATION COMMITTEE

The Remuneration Committee currently consists of Mr Landiwe Mahlangu (Committee Chairperson) and Mr Funani Mojono. The Committee met twice during the year. The CEO and the Group's Human Resources Director attend the meetings as permanent invitees, except when issues relating to their own compensation are discussed.

The Committee assists the Board in the determination of the Group remuneration philosophy and the remuneration policies applicable to all levels in the Company. The Committee ensures that the Group's Executives and Managers are remunerated in a manner that is competitive and appropriate to their individual contributions and that there is an effective remuneration and reward framework in order that all employees are fairly remunerated and retention levels are as targeted.

Further details on the Group's remuneration policy and the work of the Remuneration Committee can be found in the remuneration section on pages 49 to 51.

NOMINATIONS COMMITTEE

The Nominations Committee provides input to the Board on Senior Executive appointments, appointments of Non-Executive Directors, succession planning and evaluation of the Board performance. During 2017, the Company's Nominations Committee consisted of Mr Funani Mojono (Committee Chairperson) and Mr Landiwe Mahlangu. The CEO attends the Committee meetings as an invitee. The Committee met twice during 2017.

SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee is tasked with discharging the functions set out in the Companies Act for Social and Ethics Committees, including monitoring the Company's activities relating to social and economic development, good corporate citizenship, ethics, the environment, occupational health and public safety, consumer relations, labour and employment and the Group's sustainable business practices.

During 2017, the Company's Social and Ethics Committee was chaired by Mr Landiwe Mahlangu (Independent Non-Executive Director) and consisted of Mrs Rajas Pillay, Mr Dan Nkomo and Mr Jason McNeil.

Focus areas for the Committee during 2017 included alignment of the Company's practices to the requirements of the revised B-BBEE codes, as well as compliance with regulations and job creation, employee health and safety, management of diversity and employment equity, as well as the management of stakeholder engagements.

Sub-committee structure and performance

The independence of Non-Executive Directors is assessed with reference to Non-Executive Directors' declarations of interest and the applicable provisions of King IV. To assess the Board's effectiveness and that of its committees, we conduct an external

Board evaluation every two years and internal assessments in the intervening years. Due to the appointment of new Non-Executive Directors during the year, the Board decided to postpone the next assessment to 2018. This will allow sufficient time for the changes to bed down and allow for a more effective and meaningful evaluation.

The Board is satisfied with the competence of the Group's Chief Financial Officer as set out in the report of the Audit and Risk Committee on pages 56 to 58 of the Consolidated Annual Financial Statements for the year ended 31 December 2017.

The Company Secretary ensures that the Board procedures and relevant regulations are fully adhered to. The Directors have unlimited access to the services of the Company Secretary. Mr Allen De Villiers resigned as Company Secretary effective 6 October 2017 and Optimal Finance (Pty) Ltd, represented by Ms Amanda Fairley CA(SA) was appointed in his place effective 19 October 2017. The Board is satisfied that the Company Secretary demonstrates the requisite level of knowledge and experience to carry out her duties and maintains an arm's length relationship with individual directors. Furthermore, she is neither a Director nor a Public Officer of the Company or any of its subsidiaries. The Company Secretary also acts as Secretary for the Committees of the Board.

Sub-committee structure and performance

The Board delegates responsibility for determining and implementing the Group's strategy and managing the Group to the CEO who is supported by the Executive Committee. The Committee meets monthly, participates in the determination of the strategy, coordinates operational execution of the strategy, ensures effective internal controls are functioning and that there is effective risk management process throughout the Group. The members of the Executive Committee can be found on page 24.

GOVERNANCE FUNCTIONAL AREAS

Oversight of the Company's governance of its functional areas is maintained by the Board and its sub-Committees as reflected in the report below.

Risk management and assurance process

The Board is cognisant of the strategic and operational risks associated with creating sustainable value for our stakeholders and addresses these risks through an integrated risk management philosophy.

The Audit and Risk Committee are mandated by the Board to establish, coordinate and drive the risk process throughout the Group. It has overseen the establishment of a comprehensive risk management policy and plan to identify and manage significant risks in all areas of the organisation. Internal financial and other controls ensure a focus on critical risk areas, are closely monitored and are subject to management oversight and internal reviews and assessments. The systems are designed not to eliminate risk, but to rather identify and manage the risks involved in all Interwaste's activities.

Core to this Risk Management Philosophy is the process where the Group Executive Committee identifies, quantifies and evaluates the Group's risks annually utilising a facilitated risk assessment workshop. The severity of risks is measured in qualitative as well as quantitative terms, guided by the Board's risk tolerance and risk appetite measures. The scope of the risk assessment includes risks that impact shareholder value or that may lead to a significant loss or loss of opportunity. Appropriate risk responses to each individual risk are designed, implemented and monitored.

The risk profiles, with the risk responses, are reviewed by the Audit and Risk Committee at least once every six months. This methodology ensures that identified risks and opportunities are prioritised according to the potential impact on the Group and cost-effective responses are designed and implemented to counter the effects of risks and take advantage of opportunities.

Further to this the Board has conducted an overview of the key stakeholder groups, their interest and concerns, and our dependence on these resources and relationships. A summary of these key relationships can be found on pages 30 to 31.

See pages 28 to 30 for our material risks and opportunities identified and the Board's key focus areas during 2017. It is noted that there were no undue, unexpected or unusual risks and no risks taken outside of the risk tolerance levels.

As we continue to embed our Risk Management Philosophy within the organisation, the Board intends to focus on the establishment and implementation of business continuity arrangements that allow the company to operate under conditions of volatility and to recover from these incidents in a sustainable manner.

Technology and information governance

The Board is accountable for IT governance and its Executive acknowledge the critical role technology plays in business in terms of competitiveness, information and security. The Company appointed an IT Steering Committee to establish an IT Governance Charter over the coming year which will take all aspects of governance into account as well as the performance and sustainability objectives of the Group. The Charter will define the decision-making rights and accountability framework for IT. Oversight of technology and information management is currently exercised by the Chief Financial Officer, reporting to the CEO.

A number of key projects were completed during the year which included security enhancements to the exchange server to protect the Company against spam and malware. Offsite disaster recovery has been implemented and tested which will reduce recovery time should a disaster occur. SHEQX was implemented in the first half of 2017 in order to manage risks associated with health, safety and the environment and forms the backbone of reporting of risks and incidents.

The Company has also appointed a third-party service provider to help develop the Company's IT strategy and management. Areas of focus include integration of technology and information across multiple platforms and processes, business intelligence, information security and appropriate technology architecture. Although key IT risks are integrated into the enterprise-wide risk governance and management process, further assessments to be done include risks related to business continuity, information, statutory compliance, management of third party providers and sourcing of technology.

Regulatory compliance

The Board assumes responsibility for the governance of compliance with applicable laws and standards in a highly regulated industry. Policies have been developed to ensure compliance with these laws and standards as well as ensuring an ethical culture is established when operating in these environments.

The Company has proceeded with the appointment of Ms Sally Downing as Head of Legal, replacing Mr De Villiers who resigned in October 2017. Ms Downing will exercise oversight of compliance and ensure that compliance is understood through various awareness campaigns. The anti-bribery and corruption and anti-fraud policies are currently being reviewed.

Due to the nature of the waste and environmental industry, our management includes industry experts and technical advisors to ensure compliance with appropriate technical laws and standards.

The CEO report on pages 17 to 18 includes an update regarding the recent scrutiny regarding the FG landfill site's licence and compliance.

ASSURANCE

The objectives of assurance is the responsibility of the Board and has been delegated to the Audit and Risk Committee to oversee the implementation of an effective internal control environment and to support the integrity of both the internal and external information used by various decision makers.

The Company uses various bodies to provide assurance for both internal and external reporting in the risk management, control environment, compliance and financial reporting areas. These include ISO, SANAS, OHSAS, Internal Audit and External Audit.

Although there is an internal review of all external reporting, non-financial information contained in external reports is currently not independently assured. Based on the internal review process during the preparation and review of the Integrated Report, the Board is satisfied with the integrity of the information contained within the report.

The Directors are responsible for the Group's systems of internal control. The systems of internal control are designed to manage rather than eliminate risk, and provide reasonable assurance as to the integrity and reliability of the financial statements, the compliance with statutory laws and regulations and to safeguard and maintain accountability of the Group's assets. This is achieved through the various systems and standards in place. The Directors have satisfied themselves that adequate systems of internal control are in place to mitigate significant risks identified to an acceptable level.

The Internal Audit function has been sourced and reports to the Chairman of the Audit and Risk Committee and independently to the Audit and Risk Committee. The Committee approves the approach and scope of the Internal Audit plan and scoring on an annual basis.

Other planned areas of future assurance focus include the development of the combined assurance process and philosophy for the assurance of externally reported non-financial information.

STAKEHOLDER RELATIONSHIPS

The Board has assumed responsibility for the governance of stakeholder relationships. The Board has determined the material stakeholders, based on the extent to which they affect, or are affected by, the activities, outputs and outcomes of the Company. This will be then used to develop a formal stakeholder relationship management framework, which together with the various applicable policies and a revised code of ethics, will be incorporated into the Group's governance framework, in accordance with the King IV practices.

REMUNERATION

REMUNERATION COMMITTEE

The Group's remuneration philosophy is to pay packages, benchmarked against comparable positions in the market, that facilitate the employment and retention of talented people, whose levels of integrity are high, who subscribe to the Group's culture and values and who have the ability and motivation to achieve the Group's strategic goals. The objectives of the Remuneration Policy are to:

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

REMUNERATION POLICY

The Remuneration Committee considers each element of remuneration relative to the market and considers the performance of the Group and the individual Executive in determining both quantum and design. The remuneration committee also considers the total remuneration (fixed pay plus short-term and long-term incentives) that may be earned at various levels of performance.

Interwaste's reward philosophy has three primary objectives. These objectives are to:

- Attract a qualified workforce through a competitive remuneration programme;
- Retain and motivate a qualified workforce by recognising and rewarding individual and group achievement, contribution and excellence; and
- Provide a non-discriminatory merit-based remuneration programme.

To accomplish these objectives, Interwaste aims to provide a remuneration programme that establishes and maintains competitive salary levels within relevant markets and available resources, which is consistent with job content, responsibilities and requirements. The programme will emphasise and encourage excellence by rewarding individual, team and group contributions.

The Board acknowledges the importance of fair and defensible reward practices which necessitates a formal reward management process. The Committee appointed the services of a third-party service provider to assess the current policies in place and develop a robust programme which would include an appropriate reward philosophy, strategy, updated policies and overall management programme. The programme will include a job grading system across the organisation, bench marked pay lines for salary reviews and equal pay compliance and a revised short-term and long-term incentive scheme. The process is well under way and once finalised, will be presented to the Board for approval.

Composition of remuneration

The composition of remuneration packages of Executive and Non-Executive Directors and Senior Managers are:

- A guaranteed remuneration package which provides a fixed level of earnings appropriate to the requirements of the role;
- A short-term incentive plan based on appropriate combinations of annual divisional, group and individual strategic priorities;
- A long-term incentive plan in the form of the Interwaste share scheme to reward long-term sustainable Group performance improvement and for the purposes of key talent retention; and
- Fees paid to Non-Executive Directors for their responsibilities and time commitment.

The composition structure will be amended in the coming year based on the updated remuneration programme.

Guaranteed remuneration

The Remuneration Committee reviews the salaries of Executive Directors and Senior Management annually. As part of this process the remuneration paid by the Group is benchmarked against remuneration levels in relevant sectors of the South African market. This will be further validated through the bench marking exercise currently underway.

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

Short-term incentive scheme

Annual bonuses are based on a combination of the performance of the division to which an employee is attached and their individual performance. The more the employee is able to influence the financial performance of the division, the greater the extent to which the employee's bonus is aligned to the performance of the division. The bonuses payable to Executive Directors are based on a combination of the Group's financial performance and their individual performance. Executive Management recommends annual bonuses to the Remuneration Committee for approval. The Committee retains final discretion over the incentives.

The new short-term incentive scheme, once approved will be introduced on a contractual basis on a scale that is competitive with the labour market in South Africa. Performance metrics will be developed for each group of employees which will ensure that bonuses paid in 2018 will be self-funding.

Financial objectives will make up 70% of the potential incentive and will include targets such as return on net assets (RONA) and/or return on Equity (ROE), growth in headline earnings per share (HEPS), cash flow generated before financing and operational efficiency assessed by a productivity ratio aligned with the approved budget. Personal objectives would make up 30% of the potential incentive and will be based on the employee's individual scorecard which needs to be substantially achieved to qualify for the incentive scheme.

Interwaste Share Scheme

The Interwaste Share Scheme was approved by shareholders during 2012 and the first allocations were made in terms of the scheme in that year. The document proposing the Scheme stated that the objectives of the scheme are to incentivise selected employees through an opportunity to participate in the company's equity. Current options are allocated at the discretion of the Remuneration Committee, which takes account of market practices in determining the frequency and scale of allocations. Where appropriate, the Remuneration Committee may attach performance conditions to the options it allocates. The options vest over two to five years and are required to be exercised within two years of the date of their vesting.

The Board have determined that the existing share scheme has become outdated and does not achieve the desired objectives in terms of employee retention. Most of the share awards are out of the money at the current share price.

As part of the reward philosophy review, it was recommended that the current scheme be replaced with a 'full value' share award scheme, being either a restricted share scheme (RSS) or a forfeitable share plan (FSP). Under either scheme, performance vesting conditions will need to be defined in respect of any shares to be awarded to Executive Directors and prescribed officers. These conditions will need to be approved by the Remuneration Committee.

REMUNERATION REPORT

The remuneration for Executive, Non-Executive and Key Management for the year ended 31 December 2017 is set out below:

R'000	Basic remuneration	Fees	Benefits	Short-term incentives	Share options expense	2017 Total
Executive						
Alan Willcocks	3 224	–	–	190	–	3 414
Leon Grobbelaar	2 098	–	169	149	100	2 516
Rob Lumb[1]	1 898	–	35	97	89	2 119
Andre Broodryk[2]	2 385	–	20	–	–	2 405

R000's	Basic remuneration	Fees	Benefits	Short-term incentives	Share options expense	2017 Total
Non-Executive						
Funani Mojono	–	244	–	–	–	244
Landiwe Mahlangu	–	222	–	–	–	222
Bronwyn Willcocks	–	178	–	–	–	178
Charles Boles[3]	–	118	–	–	–	118
David Rosevear[4]	–	93	–	–	–	93
Andiswe Kawa[5]	–	74	–	–	–	74
Gavin Tipper[6]	–	16	–	–	–	16
Key Management						
Dan Nkomo	1 136	–	–	57	–	1 193
Jason McNeil	2 115	–	147	178	103	2 543
Rajas Pillay	1 626	–	51	109	68	1 854
Kate Stubbs[7]	1 138	–	62	60	–	1 260

(1) Appointed 1 May 2017.

(2) Resigned 28 Feb 2017. Basic remuneration includes payment in respect of loss of office of R1.849m.

(3) Appointed 1 April 2017.

(4) Appointed 31 March 2017.

(5) Resigned 31 March 2017

(6) Resigned 3 March 2017

(7) Appointed 10 July 2017.

Non-Executive Directors

Non-Executive Directors receive fees for services to the Board and Board Committees. Non-Executive Directors do not receive any short-term incentives. Increases are presented to the shareholders at the Company's AGM and reflect the market dynamics and requirements of the individuals.

NOTES

› SECTION 5

CONSOLIDATED AND COMPANY ANNUAL FINANCIAL STATEMENTS

CONTENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Section 5: Annual Financial Statements

for the year ended 31 December 2017

The annual financial statements were prepared under the supervision of Robert Lumb CA (SA), Chief Financial Officer.

The annual financial statements of Interwaste Holdings Limited have been audited in compliance with section 30 of the Companies Act (71 of 2008, as amended) of South Africa.

Section 6: Notice to Shareholders

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Interwaste Holdings Limited, comprising the statements of financial position at 31 December 2017, and the statements of profit/loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

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

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

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

Approval of the consolidated and separate annual financial statements

The consolidated and separate annual financial statements of Interwaste Holdings Limited, as identified in the first paragraph, were approved by the Board of Directors on 19 April 2018 and are signed by:

Alan Willcocks
Chief Executive Officer
Authorised Director

Funani Mojono
Chairperson
Authorised Director

CERTIFICATE BY COMPANY SECRETARY

In my capacity as Company secretary, I hereby certify that, to the best of my knowledge and belief, Interwaste Holdings Limited has lodged with the Registrar of Companies and Intellectual Property Commission all such returns and notices as required of a public company in terms of the Companies Act. Further, I certify that such returns and notices are true, correct and up to date.

AC Fairley
Company Secretary
Germiston, 19 April 2018

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee discharged its obligations in accordance with the Committee's terms of reference approved by the Board as set out in the Integrated Report and is pleased to present its report in terms of the Companies Act for the financial year ended 31 December 2017.

The Committee is satisfied that it has performed both the statutory requirements for an Audit and Risk Committee as set out in the Companies Act, the Listings Requirements, as well as the functions set out in the terms of reference, and that it has therefore complied with its legal, regulatory or other responsibilities.

COMMITTEE STRUCTURE

During the year under review the Committee consisted of Mr Landiwe Mahlangu (Chairperson) and Mr Funani Mojono with Mr Charles Boles and Mr David Rosevear being appointed to the Committee on the 3 March 2017 and the 1 April 2017, respectively. Two meetings were held in the year and details of attendance are included in the Integrated Report.

The Chief Executive Officer, Chief Financial Officer, Company Secretary, External and Internal Auditors and Finance Executives also attended meetings of the Audit and Risk Committee as invitees.

EXTERNAL AUDIT

Deloitte & Touche were appointed as the Company's External Auditors after the termination of the appointment of KPMG Inc., given the recent concerns raised regarding the outgoing firm. Mr. David Uys was appointed as the designated audit partner for Deloitte & Touche for the year ended 31 December 2017.

In accordance with the requirements of the Companies Act, all non-audit services provided by the external auditor, and previously KPMG Inc, was pre-approved in terms of the non-audit services policy approved by the Committee.

The Committee requested from the External Auditors such information to assess the suitability of the audit firm and designated audit partner for their first appointment as auditor and considered the quality control processes of the External Auditors. The Committee reviewed and confirmed the proposed External Audit fees for the Group in consultation with Group Management and approved the External Audit engagement letter. The Committee considered to its satisfaction the independence, objectivity and effectiveness of the External Auditors and ensured that the scope of their additional non-audit services, which only included the outsourced tip-offs line, were in compliance with the Group's policies in this regard.

SIGNIFICANT MATTERS

The Committee has considered the following significant matters in relation to the financial statements for the year ended 31 December 2017:

Valuation of goodwill

The Committee spent time understanding the significant estimates and judgements applied in management's valuation and assessments and challenged these where necessary. We are satisfied that the goodwill values have sufficient headroom to support their carrying values, supported by reasonable estimates and sound judgements.

Provision for site rehabilitation

A provision for site rehabilitation is made in respect of Interwaste's obligation to rehabilitate the owned landfill facility (Klinkerstene) and the leased site (FG) after the sites will be decommissioned in the future. In accordance with the South African National Environmental Management: Waste Act, 2008 (Act No 59 of 2008), the waste licence issued to the Company in respect of its landfill sites requires that the Company performs on-going post-closure monitoring and remediation of the sites at least one year prior to the intended closure of the sites.

A calculation has been used, consistent with the prior periods, to determine the current cost of rehabilitation of the cells at FG and the Klinkerstene Landfill. The Audit and Risk Committee has considered management's compliance with the policies of the Group and determined that the provisions raised have been fairly stated in compliance with IAS 16: Property, Plant and Equipment and IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

INTERNAL AUDIT

The Internal Audit function is currently being set up with the appointment of an Internal Audit Manager, who reports to the Chairperson of the Committee. An Internal Audit charter has been adopted and an Internal Audit plan presented and approved. The Committee approves the approach and scope of the Internal Audit plan and scoring on an annual basis.

INTERNAL CONTROLS

The Board is ultimately responsible for the Group's system of internal control, which is designed to ensure:

- effectiveness and efficiency of operations;
- safeguarding, verification of and accountability for assets;
- detection and minimisation of fraud and losses;
- reliability of financial and operational information and reporting; and
- compliance with applicable laws, regulations, policies and procedures.

The Board delegates responsibility for the implementation and maintenance of the control framework to management. The Board, Audit and Risk Committee and management, while the Internal Audit function is being established, actively monitor implementation and maintenance of control framework to achieve effectiveness and adequacy of the control environment.

The Committee reports that during the period under review:

- internal control procedures were represented by management as having been substantially effective and appropriate;
- no material breach of internal controls and procedures was brought to its attention;
- key risks appeared to be adequately documented and appropriately monitored and reported on by management;
- policies and authority levels were represented by management as having been enforced and adhered to; and
- material challenges linked to validity of licences and stakeholder relations were reported and the Group was found to be compliant.

The current systems of internal control are designed to manage the associated risk and provide reasonable assurance as to the integrity and reliability of the financial statements, the compliance with statutory laws and regulations and to safeguard and maintain accountability of the Group's assets. The Committee is satisfied that adequate systems of internal control are in place to mitigate significant risks identified to an acceptable level.

EXPERTISE AND EXPERIENCE OF CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

The Committee reviewed the performance and confirmed the suitability and expertise of the Chief Financial Officer and considered the appropriateness of the expertise and adequacy of resources of the Group's financial function and the effectiveness of the senior members of management responsible for the financial function.

FINANCIAL STATEMENTS

The Audit and Risk Committee considered the consolidated and separate financial statements for the year ended 31 December 2017. The Committee has also considered the External Auditor's report and is satisfied that the information is reliable and consistent with the financial results. The financial statements have been prepared using appropriate accounting policies which conform to International Financial Reporting Standards.

At its meeting held on 16 March 2018, the Committee recommended the provisional condensed consolidated financial statements for the year ended 31 December 2017 for approval to the Board.

On 19 April 2018, the Committee recommended the consolidated and separate financial statements for the year ended 31 December 2017 for approval to the Board.

APPROVAL OF THE REPORT

The Committee confirms that it has functioned in accordance with its charter for the reporting period and that its report to shareholders was approved by the Board.

Mr Landiwe J Mahlangu
Chairperson
19 April 2018

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors have pleasure in submitting their report for the year ended 31 December 2017.

NATURE OF BUSINESS

Interwaste Holdings Limited (the Company) is the holding company of a group of environmentally conscious waste management companies. The Group's business activities include waste collection, management of landfills, responsible disposal of waste, sale of recyclable waste and recovery of previously worked metals. Operations are based primarily in South Africa and other Southern African Development Community countries and the Company is listed on the Johannesburg Stock Exchange (JSE).

FINANCIAL RESULTS

The financial results for the year ended 31 December 2017 are set out in detail in the financial statements and are discussed in the Chairperson, the Chief Executive Officer's review and the Chief Financial Officer's review.

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, for at least 12 months from the date of approval of the financial statements.

SUBSEQUENT EVENTS

FG Landfill - License dispute

On 13 February 2018, judgement was delivered in the North Gauteng High Court ('the Court') in the dispute with regards to the validity of the operational license of the FG Landfill site with the Gauteng Department of Agriculture and Rural Development (GDARD) and the Department of Enviromental Affairs (DEA).

The North Gauteng High Court ruled in the company's favour together with a cost order, confirming that the FG Landfill license is valid. GDARD and DEA together with the Greater Midstream Forum applied for Leave to Appeal, which has been granted by the Court on 11 April 2018.

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

AUTHORISED AND ISSUED SHARE CAPITAL

Alterations to authorised share capital

During the financial year under review, the Company made no changes to authorised share capital.

Issue of shares

Apart from shares issued under the Group's share-based payment scheme for its employees, no general or specific shares were issued during the year under review. The Company continued buying back its shares as per the approved mandate.

BORROWING LIMITATIONS

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

SHARE INCENTIVE SCHEME

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

NON-CURRENT ASSETS

There were no major changes to the nature of the non-current assets of the Group during the year, details of which are disclosed in the financial statements.

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

Interwaste Holdings Limited

Maiden dividend

A dividend amounting to 2 cents per ordinary share was declared on 19 March 2018 and is payable on 16 April 2018.

The salient dates of the declaration and payment of the dividend are as follows:

Last date to trade ordinary share "cum dividend"	Tuesday, 10 April 2018
Ordinary shares trade "ex dividend"	Wednesday, 11 April 2018
Record date	Friday, 13 April 2018
Payment date	Monday, 16 April 2018.

SUBSIDIARIES

Platinum Waste Resources Proprietary Limited, a Group subsidiary, paid no dividends (2016: R0.26 million) to non-controlling shareholders. Interwaste Onsite Proprietary Limited, a Group subsidiary, paid dividends of R0.427 million (2016: Rnil) to non-controlling shareholders.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act (71 of 2008, as amended) of South Africa. The accounting policies applied are consistent with those applied in the prior year. New and revised standards and interpretations effective in the current year, had no material impact on amounts included or disclosures made in the financial statements.

DIRECTORS

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

PF Mojono	(Chairperson)	(Independent Non-Executive)	(appointed Chairperson on 31 March 2017)
WAH Willcocks	(Chief Executive Officer)		
RA Lumb	(Chief Financial Officer)		(appointed on 1 May 2017)
LC Grobbelaar	(Facilities Management Director)		
L Mahlangu		(Independent Non-Executive)	(appointed on 1 May 2017)
CA Boles		(Independent Non-Executive)	(appointed on 1 April 2017)
DK Rosevear		(Independent Non-Executive)	(appointed on 31 March 2017)
BL Willcocks		(Non-Executive)	

SECRETARY AND REGISTERED ADDRESS

The secretary of the Company is:	Amanda Fairley, CA (SA). Post grad tax.
The Company's registered address is:	2 Brammer Street, Industries East, Germiston South
	PO Box 382, Germiston, 1400

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

At 31 December 2017, 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:

	2017			2016		
Number of shares	**Beneficial direct**	**Beneficial indirect**	**Total**	**Beneficial direct**	**Beneficial indirect**	**Total**
Executive Directors						
Alan Willcocks	–	74 432 911	74 432 911	100 000	74 432 911	74 532 911
Leon Grobbelaar	–	1 855 007	1 855 007	–	2 190 007	2 190 007
Rob Lumb	145 000	–	145 000	–	–	–
Non-Executive Directors						
Bronwyn Willcocks	–	74 432 911	74 432 911	–	74 432 911	74 432 911
Charles Boles	–	9 000 000	9 000 000	–	8 850 000	8 850 000
	145 000	**159 720 829**	**159 865 829**	**100 000**	**159 905 829**	**160 005 829**
Prescribed Officers						
Dan Nkomo	50 000	–	50 000	50 000	–	50 000
Jason McNeil	159 548	–	159 548	279 548	–	279 548
	209 548	**–**	**209 548**	**329 548**	**–**	**329 548**

No official has any non-beneficial interest in the ordinary shares of the Company. No changes in Directors' and Prescribed Officers' shareholding have taken place between the end of the financial year and the date of approval of the financial statements.

MAJOR SHAREHOLDERS

Details of the interests of shareholders who hold, directly or indirectly, beneficial interests of 5% or more of the Company's share capital, are reflected in the shareholder analysis set out on page 125.

INTERESTS IN SUBSIDIARIES

Interests in subsidiaries are disclosed in note 5 to the financial statements.

SPECIAL RESOLUTIONS

No special resolutions were passed during the financial year ended 31 December 2017, other than those tabled and passed at the AGM in June 2017.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INTERWASTE HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Interwaste Holdings Limited (the Group) set out on pages 67 to 124, which comprise the statements of financial position as at 31 December 2017 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 December 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTERS

The consolidated and separate financial statements of Interwaste Holdings Limited for the year ended 31 December 2016, was audited by another auditor who expressed an unmodified opinion on those statements on 26 May 2017.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters apply to the consolidated financial statements. There are no key audit matters for the separate financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

IMPAIRMENT OF GOODWILL

Key audit matter	How the matter was addressed in our audit
As disclosed in note 4, the carrying value of goodwill is R64 million (2016: R64 million). No impairment of goodwill was recorded for the year. The Directors have identified three cash generating units. Significant judgement is required by the Directors in assessing the impairment of goodwill, which is determined with reference to the value in use, based on the cash flow forecast for each cash generating unit. Accordingly, for the purposes of our audit, we identified the impairment of goodwill as a key audit matter. The assumptions with the most significant impact on the cash flow forecasts were: • The growth rate applied to forecasts, which is highly subjective, since it is based on the Directors' experience and expectations rather than observable market data. The growth rates are estimated for the various cash generating units. • The discount rate is subjective and the calculation is complex.	In evaluating the impairment of goodwill, we assessed the value in use calculations prepared by the directors, with a particular focus on the growth rates and discount rates. We performed various procedures, including the following: • Assessing and challenging the Directors' determination of the cash generating units based on our understanding of the nature of the business and the economic environment in which the business operates; • Testing the design and implementation of the controls relating to the preparation and review of the cash flow forecasts and the annual impairment test; • Testing of inputs into the cash flow forecasts against historical performance and in comparison to the directors' strategic plans and budgets in respect of each cash generating unit; • Comparing the growth rates for the respective cash generating units to historical growth rates; • Involving our Corporate Finance expert to assist with the testing of the discount rates. The expert's procedures included evaluating the Group's current funding rates, funding structures and risk profile against relevant market data and the re-computing of the discount rates; • Re-computation of the value in use of each cash generating unit; • Performing sensitivity analyses on the growth rates and discount rates to evaluate the extent of impact on the value in use; and • Considering the appropriateness of goodwill disclosure in the consolidated financial statements. The discount rates used in the calculation of the value in use were appropriate. The growth rates in respect of the cash generating units were considered optimistic, but reasonable. We considered the goodwill impairment disclosures to be appropriate.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

REVENUE RECOGNITION

Key audit matter	How the matter was addressed in our audit
Included in the consolidated statement of profit or loss and other comprehensive income, and disclosed in note 17, is Revenue of R1,033 million (2016: R924 million) for the year. The accounting policy is disclosed in note 1.6. As a result of the nature of the operations of the Group, the Revenue is split between the sale of goods, which is evidenced by delivery and services, which is evidenced by waybill and/or customer acknowledgement. Due to the significant volume of revenue transactions and the significant audit effort required, the recognition of revenue was considered a key audit matter. .	To address the key audit matter, we performed various procedures, including the following: • Comparing the revenue recognition policies in accordance with the Group's stated accounting policies against IAS 18: Revenue; • Testing controls over the revenue process and test of detail which included verification of changes to customer master file data and inspection of contracts and proof of delivery (sale of goods) and way bill and/or customer acknowledgements (services) to assess whether the Group's revenue recognition policies was being applied consistently throughout the year; • Performing various substantive analytical procedures for both sale of goods and services; • Performing revenue cut-off procedures through inspection of invoices raised close to year-end and corresponding proof of delivery and/or customer acknowledgement to confirm that transactions were recorded in the correct period; • Inspecting post year-end credit notes for sale of goods and services to re-affirm revenue was accounted for in the correct period; • Testing the appropriateness of journal entries recorded to revenue during the year; and • Considering the appropriateness of revenue disclosure in the consolidated financial statements. The results from the procedures performed were satisfactory. We considered the Revenue disclosures to be appropriate.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

VALUATION OF PROVISION FOR SITE REHABILITATION

Key audit matter	How the matter was addressed in our audit
Included in the consolidated statement of financial position, and disclosed in note 14, is a provision for site rehabilitation of R38 million (2016: R34 million) related to landfill sites owned and/or leased by the Group. The Directors apply a high degree of judgement, which is based on assumptions, in the valuation techniques used in the determining the provision for site rehabilitation. Experienced independent waste management engineers engaged by the Group are used in the determination of the estimate site rehabilitation cost. The key assumptions with the most significant impact on the calculation of the provision are: • Discount and inflation rates; • Size of the area to be rehabilitated; • Period to commencement of rehabilitation; and • Expected costs of rehabilitation materials and labour Accordingly, for the purposes of our audit, we identified the valuation of the provision for site rehabilitation as a key audit matter.	In assessing the appropriateness of the valuation of the provision for site rehabilitation, we performed the following procedures: • Assessing the process followed by the Directors in the determination of the provision for site rehabilitation based on our understanding of the nature of the business and applicable environmental rehabilitation laws and regulations; • Considering the competence, objectivity, independence, qualifications and experience of the experienced independent waste management engineers used by the Directors in the determination of the provision; • Obtaining relevant reports from Executive Management and their experienced independent waste management engineers and assessing the key assumptions used in the calculation of the provision for reasonableness through comparing them with corroborating internal and external data; • Using our own environmental experts to assess the appropriateness of the key assumptions related to the closure cost assessment and assessing the accuracy and completeness of inputs used to estimate the closure cost assessment; • Assessing the impact of current litigation on the recorded provision; and • Considering the appropriateness of the disclosure of the provision for site rehabilitation in the consolidated financial statements. The assumptions used in the calculation of the site rehabilitation provision were considered prudent, but reasonable. We considered the provision for site rehabilitation disclosures to be appropriate.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the Directors' Report, the Audit and Risk Committee's Report and the Certificate by Company Secretary as required by the Companies Act of South Africa, and the Integrated Report which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Interwaste Limited for 1 year.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: David H. Uys
Partner
19 April 2018
Deloitte Place, The Woodlands, 20 Woodlands Drive,
Woodmead, Sandton.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2017

		CONSOLIDATED		COMPANY	
Figures in R'000s	*Notes*	**2017**	**2016**	**2017**	**2016**
ASSETS					
Non-current assets					
Property, plant and equipment	*3*	687 919	713 290	–	–
Goodwill	*4*	64 008	64 008	–	–
Investments in subsidiaries	*5*	–	–	79 364	79 167
Deferred taxation assets	*6*	1 314	1 616	271	233
Loan to subsidiary company	*7*	–	–	268 142	267 457
		753 241	**778 914**	**347 777**	**346 857**
Current assets					
Inventories	*8*	9 213	8 143	–	–
Current taxation receivable		7 597	6 066	279	195
Trade and other receivables	*9*	195 938	193 223	25	–
Cash and cash equivalents	*10*	116 095	30 851	17	12
		328 843	**238 283**	**321**	**207**
TOTAL ASSETS		**1 082 084**	**1 017 197**	**348 098**	**347 064**
EQUITY AND LIABILITIES					
Equity					
Stated capital	*11*	292 974	315 558	318 784	318 784
Share-based payment reserve	*12*	4 564	5 402	4 564	5 402
Foreign currency translation reserve		(11 694)	(8 061)	–	–
Retained earnings		273 466	225 007	18 835	18 108
Equity attributable to owners of the Company		**559 310**	**537 906**	**342 183**	**342 294**
Non-controlling interests	*5*	7 272	3 437	–	–
		566 582	**541 343**	**342 183**	**342 294**
Liabilities					
Non-current liabilities					
Interest-bearing borrowings	*13*	162 079	183 579	–	–
Provision for site rehabilitation	*14*	37 808	34 347	–	–
Deferred taxation liabilities	*6*	64 378	56 120	–	–
		264 265	**274 046**	**–**	**–**
Current liabilities					
Interest-bearing borrowings	*13*	110 546	105 386	–	–
Trade and other payables	*15*	140 025	92 262	5 915	4 770
Current taxation payable		666	4 160	–	–
		251 237	**201 808**	**5 915**	**4 770**
TOTAL LIABILITIES		**515 502**	**475 854**	**5 915**	**4 770**
TOTAL EQUITY AND LIABILITIES		**1 082 084**	**1 017 197**	**348 098**	**347 064**

STATEMENTS OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

		CONSOLIDATED		COMPANY	
Figures in R'000s	*Notes*	**2017**	**2016**	**2017**	**2016**
CONTINUING OPERATIONS					
Revenue	*17*	1 033 085	924 003	–	4 916
Cost of sales		(598 232)	(527 953)	–	–
GROSS PROFIT		**434 853**	**396 050**	**–**	**4 916**
Operating expenses		(325 541)	(297 591)	(16 358)	(12 735)
Administrative expenses		(296 717)	(270 431)	(16 358)	(12 735)
Selling and distribution expenses		(22 336)	(17 964)	–	–
Research and development expenses		(6 488)	(9 196)	–	–
RESULTS FROM OPERATING ACTIVITIES	*18*	**109 312**	**98 459**	**(16 358)**	**(7 819)**
Net finance (costs)/income	*19*	(30 506)	(28 720)	17 047	16 481
Finance costs		(33 480)	(30 882)	–	(25)
Finance income		2 974	2 162	17 047	16 506
PROFIT BEFORE TAXATION		**78 806**	**69 739**	**689**	**8 662**
Taxation (expense)/credit	*20*	(24 985)	(21 999)	38	(1 148)
PROFIT FROM CONTINUING OPERATIONS		**53 821**	**47 740**	**727**	**7 514**
DISCONTINUED OPERATIONS					
Loss from discontinued operations, net of taxation	*16*	–	(3 961)	–	–
PROFIT FOR THE YEAR		**53 821**	**43 779**	**727**	**7 514**
Profit attributable to:					
Non-controlling interests		6 165	14	–	–
Owners of the Company		47 656	43 765	727	7 514
Other comprehensive, net of tax items that may be reclassified subsequently to profit or loss:					
Foreign currency translation reserve movement on foreign operations		(3 633)	(5 434)	–	–
Total comprehensive income for the year		**50 188**	**38 345**	**727**	**7 514**
Total comprehensive income attributable to:					
Non-controlling interests		6 165	14	–	–
Owners of the Company		44 023	38 331	727	7 514
CONTINUING AND DISCONTINUED OPERATIONS					
Earnings per share (cents)	*25*	**10.40**	**9.36**		
Diluted earnings per share (cents)	*25*	**10.35**	**9.29**		
CONTINUING OPERATIONS					
Earnings per share (cents)	*25*	**10.40**	**9.95**		
Diluted earnings per share (cents)	*25*	**10.35**	**9.88**		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated	Stated capital (note 11)	Share-based payment reserve (note 12)	Foreign currency translation reserve*	Retained earnings	Total	Non-controlling interests (note 5)	Total equity
Figures in R'000s							
BALANCE AT 1 JANUARY 2016	**317 619**	**4 246**	**(2 627)**	**181 242**	**500 480**	**3 683**	**504 163**
Total comprehensive income							
Profit for the year	–	–	–	43 765	43 765	14	43 779
Other comprehensive income	–	–	(5 434)	–	(5 434)	–	(5 434)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to shareholders							
Share-based payment expense	–	1 500	–	–	1 500	–	1 500
Share options exercised	1 165	(344)	–	–	821	–	821
Treasury shares acquired	(3 226)	–	–	–	(3 226)	–	(3 226)
Changes in ownership interests in subsidiaries							
Dividends paid to non-controlling interests	–	–	–	–	–	(260)	(260)
BALANCE AT 31 DECEMBER 2016	**315 558**	**5 402**	**(8 061)**	**225 007**	**537 906**	**3 437**	**541 343**
Total comprehensive income							
Profit for the year	–	–	–	47 656	47 656	6 165	53 821
Other comprehensive income	–	–	(3 633)	–	(3 633)	–	(3 633)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to shareholders							
Share-based payment expense	–	243	–	–	243	–	243
Share options exercised	–	(1 081)	–	–	(1 081)	–	(1 081)
Treasury shares acquired	(22 584)	–	–	–	(22 584)	–	(22 584)
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interest without a change in control (note 21.4)	–	–	–	803	803	(1 903)	(1 100)
Dividends paid to non-controlling interests	–	–	–	–	–	(427)	(427)
BALANCE AT 31 DECEMBER 2017	**292 974**	**4 564**	**(11 694)**	**273 466**	**559 310**	**7 272**	**566 582**

**The foreign currency translation reserve comprises of foreign currency differences arising from the translation of the financial statements of foreign operations.*

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

Company	Stated capital (note 11)	Share-based payment reserve (note 12)	Retained earnings	Total equity
Figures in R'000s				
BALANCE AT 1 JANUARY 2016	**317 619**	**4 246**	**10 594**	**332 459**
Total comprehensive income				
Profit for the year	–	–	7 514	7 514
Transactions with owners, recorded directly in equity				
Contributions by and distributions to shareholders				
Share-based payment – expense	–	332	–	332
Share-based payment – investment in subsidiary	–	1 168	–	1 168
Share options exercised	1 165	(344)	–	821
BALANCE AT 31 DECEMBER 2016	**318 784**	**5 402**	**18 108**	**342 294**
Total comprehensive income				
Profit for the year	–	–	727	727
Transactions with owners, recorded directly in equity				
Contributions by and distributions to shareholders				
Share-based payment – expense	–	46	–	46
Share-based payment – investment in subsidiary	–	197	–	197
Share options exercised	–	(1 081)	–	(1 081)
BALANCE AT 31 DECEMBER 2017	**318 784**	**4 564**	**18 835**	**342 183**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

		CONSOLIDATED		COMPANY	
Figures in R'000s	*Notes*	**2017**	**2016 Restated***	**2017**	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(utilised by) operations	*21.2*	258 582	177 526	(16 273)	(7 758)
Finance costs paid		(31 237)	(29 525)	–	(25)
Finance income received		2 974	2 206	17 047	16 506
Taxation paid	*21.3*	(21 256)	(9 470)	(84)	(1 534)
Net cash inflow from operating activities		**209 063**	**140 737**	**690**	**7 189**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	*3*	(33 286)	(52 129)	–	–
Proceeds on disposal and scrapping of property, plant and equipment		18 073	4 725	–	–
Disposal of subsidiary, net of cash disposed of	*21.4*	(1 209)	–	–	1 904
Disposal of discontinued operations, net of cash disposed of	*16.2*	–	8 560	–	–
Acquisition of business, net of cash acquired		–	(2 926)	–	–
Net cash (outflow on)/inflow from investing activities		**(16 422)**	**(41 770)**	**–**	**1 904**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds on issue of share capital	*11*	–	1 165	–	1 165
Treasury shares acquired	*11*	(22 584)	(3 226)	–	–
Loan advanced to subsidiary company		–	–	(685)	(10 259)
Net movement in interest-bearing borrowings		(83 868)	(112 783)	–	–
Interest-bearing borrowings raised		33 988	–	–	–
Interest-bearing borrowings repaid		(117 856)	(112 783)	–	–
Acquisition of non-controlling interests	*21.4*	(1 100)	–	–	–
Dividends paid to non-controlling interests	*32*	(427)	(260)	–	–
Net cash outflow on financing activities		**(107 979)**	**(115 104)**	**(685)**	**(9 094)**
Total cash movement for the year		84 662	(16 137)	5	(1)
Effect of exchange rate fluctuations on cash held		582	(6 166)	–	–
Cash and cash equivalents at beginning of year		30 851	53 154	12	13
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	*10*	**116 095**	**30 851**	**17**	**12**
Cash flow before financing per share		**26.39**	**1.66**		

**See note 21.1.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Interwaste Holdings Limited is a Company domiciled in South Africa.

The address of the Company's registered office is 2 Brammer Street, Industries East, Germiston South. The consolidated financial statements as at and for the year ended 31 December 2017, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group's activities range across a broad spectrum of sectors (see the segment report and the directors' report).

The financial statements include the following principal accounting policies, which are consistent with those used in the previous financial year. New and revised standards and interpretations effective in the current year, had no material impact on amounts included or disclosures made in the financial statements. The accounting policies are applicable both to the Group and Company financial statements unless the context indicates otherwise.

Statement of compliance

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

Basis of measurement

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

Functional and presentation currency

These financial statements are presented in thousands of South African Rands (R'000s), which is the Company's functional currency. All financial information is presented in thousands of South African Rands (R'000s).

1.1 Significant judgements

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

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

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

- Note 1.2 – Property, plant and equipment;
- Note 1.4 – Measurement of the recoverable amounts of cash generating units containing goodwill;
- Note 1.4 – Trade receivables.
- Note 1.8 – Taxation;
- Note 1.10 – Provisions; and
- Note 1.11 – Share-based payments.

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

Impairment of assets

The Group tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 1.4. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. Estimates are based on Management's interpretation of market forecasts. Disclosure of these estimates relating to goodwill with an indefinite useful life is provided in note 4.

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

- saleability;
- excessive quantity;
- age;
- sub-standard quality and damage; and
- historical and forecast sales demand.

Trade receivables

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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

1.1 Significant judgements (continued)

- age;
- credit terms;
- customer's current and anticipated future financial status; and
- disputes with the customer.

Property, plant and equipment

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

Taxation

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

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

Share-based payments

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

Provisions

Management makes assumptions on the recognition and measurement of provisions and contingencies which include key assumptions about the likelihood and magnitude of an outflow of resources related to rehabilitation provisions as per note 14.

1.2 Property, plant and equipment

Recognition and measurement

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

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

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

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

Assets under construction

Assets under construction are not depreciated until these assets are available for use. Assets under construction are considered for impairment on an ongoing basis.

Borrowing costs

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

Depreciation

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

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

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

1.2 Property, plant and equipment (continued)

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

Depreciation commences when an asset is available for use.

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

Item	Average useful life
Buildings	4 – 25 years
Leasehold improvements	Remaining lease term
Landfill assets	Based on utilised capacity
Vehicles	2 – 8 years
Plant and equipment	3 – 20 years
Computer, furniture and office equipment	3 – 6 years

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

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

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

Subsequent expenditure

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

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

1.3 Investment in subsidiaries

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

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

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

Loss of control

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

1.4 Impairment

Non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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

1.4 Impairment (continued)

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

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

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

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

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

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

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

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

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

Financial assets

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

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

All impairment losses are recognised in profit or loss.

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

1.5 Leases

Finance leases – lessee

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

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

Operating leases – lessee

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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

1.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the sale of goods provided in the normal course of business and for services rendered, net of trade discounts and volume rebates, and value added tax. The Group's Revenue streams have been disclosed in note 17.

Sale of goods

Revenue from the sale of goods which primarily comprises of the sale of recycled products, is recognised when all of the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods. This happens when goods are either collected by or delivered to the customer dependent on the terms of transaction;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be estimated reliably.

Services

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

For Landfill management revenue, revenue is recognised on a straight line basis over the management contract.

Company

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

1.7 Finance income and finance costs

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

Financing costs comprise interest payable on borrowings calculated using the effective interest method. Financing costs are recognised in profit or loss. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method. The unwinding of the effect of discounting of provisions for site rehabilitation is classified as part of finance costs in the profit or loss.

1.8 Taxation

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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

1.8 Taxation (continued)

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

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

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

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

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

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

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

Tax expenses

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

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

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

Dividend withholding tax

The Company withholds dividends tax on behalf of its shareholders at a rate of 20% on dividends declared. Amounts withheld are not recognised as part of the company's tax charge, but rather as part of the dividend paid, recognised directly in equity.

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

1.9 Translation of foreign currencies

Foreign currency transactions

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

At each reporting date:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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

1.9 Translation of foreign currencies (continued)

Foreign operations

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

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

Foreign exchange gains and losses that arise from a net investment in a subsidiary with a different functional currency (a foreign operation) can be deferred in equity until disposal or substantial partial disposal of the foreign operation. Only monetary items for which settlement is neither planned nor likely to occur in the foreseeable future can form part of the net investment in a foreign operation.

1.10 Provisions

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

Site rehabilitation

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site rehabilitation in respect of contaminated land, and the related expense, is recognised when the land is contaminated. A site rehabilitation provision is recognised as part of the cost of the related asset if damage to the land is done before the asset is ready for use. In cases where the damage occurs as a result of the ongoing activities of the Group, a site rehabilitation provision is recognised to the statement of comprehensive income immediately based on the extent of the damage as no future economic benefits will flow to the Group.

1.11 Employee benefits

Short-term employee benefits

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

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

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

Share-based payments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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

1.11 Employee benefits (continued)

Defined contribution plans

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

1.12 Financial instruments

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

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

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

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

Non-derivative financial instruments

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

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

Loans to related parties

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

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

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

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

Trade and other payables

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

Trade and other receivables

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

Interest-bearing borrowings

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

Share capital

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

1.13 Cash and cash equivalents

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

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

1.14 Inventories

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

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

1.15 Segment reporting

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

1.16 Goodwill

Goodwill arises on the acquisitions of business combinations.

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

Goodwill is measured at cost less accumulated impairment losses.

2. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of the financial statements of Interwaste Holdings Limited for the year ended 31 December 2017, the following new Standards and Interpretations, relevant to the Group, were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after
IFRS 15	Revenue from contracts with customers	May 2014	1 January 2018
IFRS 9	Financial Instruments	July 2014	1 January 2018
IFRS 16	Leases	January 2016	1 January 2019

The directors are of the opinion that the impact of the application of the following Standards and Interpretations will be as follows:

IFRS 15 Revenue from contracts with customers

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

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

The Group has done a preliminary assessment of the potential impact of the adoption of IFRS 15.

For revenue from the sale of goods, management does not expect a significant impact on the measurement or timing of revenue recognition as:

1) There is no material right of return; and
2) The date when control passes in terms of IFRS 15 is likely to be materially the same as the date revenue is currently recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

2. NOTE ON STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

For Revenue from the rendering of services, Management does not expect a significant impact on the measurement or timing of revenue recognition due to the nature and short length of the services rendered.

Disclosures relating to revenue are expected to be expanded significantly on the adoption of IFRS 15.

The standard is effective for annual periods beginning on or after 1 January 2018 and will be adopted in the year ending 31 December 2018.

IFRS 9 Financial Instruments

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

IFRS 9 eliminates the current IAS 39 categories and contains three principle classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through profit and loss.

Management has performed a preliminary assessment of the impact of IFRS 9. Given the nature of the Group's financial instruments, the Group does not believe that the new classification requirements will significantly impact on the measurement of these instruments. The impairment model for trade receivables will change from an "incurred loss" model to an "expected loss" model.

Extensive additional disclosures will be required, specifically relating to credit risk and expected credit losses

The standard is effective for annual periods beginning on or after 1 January 2018 and will be adopted in the year ending 31 December 2018.

IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position.

The entity has a number of operating leases for equipment and vehicles that may be recognised on the statement of financial position as a result of the adoption of IFRS 16. Management has identified specific contracts where an impact is expected and is in the process of determining:

1) Whether these contracts meet the definition of lease contracts per IFRS 16;
2) Whether any scope exemptions apply; and
3) The quantitative impact of recognising these leases on balance sheet, where relevant.

At the end of the financial year the Group had lease commitments of R5.7 million (2016: R6.1 million) for premises and R0.3 million (2016: R5.8 million) for vehicles and equipment.

Additional information regarding the impact of adopting IFRS 16 will be disclosed before adoption, once the Group has completed a more detailed assessment.

The standard is effective for annual periods beginning on or after 1 January 2019 and will be adopted in the year ending 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Land, buildings and improvements	Landfill assets	Vehicles	Plant and equipment	Computers, furniture and office equipment	Assets under construction	Total
Figures in R'000s							
COST							
BALANCE AT 1 JANUARY 2017	**133 955**	**136 279**	**362 819**	**391 081**	**38 610**	**40 042**	**1 102 786**
Additions	3 286	6 036	50 055	19 486	2 649	19 302	100 814
– to enhance existing operations	1 108	–	38 342	14 441	1 200	–	55 091
– to expand operations	2 178	6 036	11 713	5 045	1 449	19 302	45 723
Reclassification of property, plant and equipment	(216)	–	–	216	–	–	–
Transfer from assets under construction	419	8 749	–	1 884	64	(11 116)	–
Disposal of business	–	–	–	(14)	–	–	(14)
Disposals and scrapping	(10 119)	–	(5 186)	(12 461)	(2 131)	–	(29 897)
Effect of movements in exchange rates	(2 647)	–	(794)	(813)	(156)	(200)	(4 610)
BALANCE AT 31 DECEMBER 2017	**124 678**	**151 064**	**406 894**	**399 379**	**39 036**	**48 028**	**1 169 079**
ACCUMULATED DEPRECIATION							
BALANCE AT 1 JANUARY 2017	**(14 786)**	**(45 067)**	**(131 947)**	**(173 871)**	**(23 825)**	**–**	**(389 496)**
Current year charge	(3 463)	(17 814)	(41 184)	(33 821)	(6 501)	–	(102 783)
Reclassification of property, plant and equipment	18	–	–	(18)	–	–	–
Disposals and scrapping	871	–	2 578	5 149	1 142	–	9 740
Effect of movements in exchange rates	863	–	215	198	103	–	1 379
BALANCE AT 31 DECEMBER 2017	**(16 497)**	**(62 881)**	**(170 338)**	**(202 363)**	**(29 081)**	**–**	**(481 160)**
CARRYING VALUE AT 31 DECEMBER 2017	**108 181**	**88 183**	**236 556**	**197 016**	**9 955**	**48 028**	**687 919**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Consolidated	Land, buildings and improvements	Landfill assets	Vehicles	Plant and equipment	Computers, furniture and office equipment	Assets under construction	Total
Figures in R'000s							
COST							
BALANCE AT 1 JANUARY 2016	**114 947**	**93 324**	**321 645**	**367 113**	**31 581**	**47 260**	**975 870**
Additions	13 154	7 887	44 728	43 500	6 382	41 888	157 539
– to enhance existing operations	12 125	7 887	10 631	30 192	3 206	–	64 041
– to expand operations	1 029	–	34 097	13 308	3 176	41 888	93 498
Transfer from assets under construction	8 743	31 518	1 160	5 907	1 335	(48 663)	–
Disposal of business	–	–	(30)	(16 821)	(523)	–	(17 374)
Site rehabilitation cost	–	3 550	–	–	–	–	3 550
Disposals and scrapping	(196)	–	(4 079)	(7 950)	(107)	–	(12 332)
Effect of movements in exchange rates	(2 693)	–	(605)	(668)	(58)	(443)	(4 467)
BALANCE AT 31 DECEMBER 2016	**133 955**	**136 279**	**362 819**	**391 081**	**38 610**	**40 042**	**1 102 786**
ACCUMULATED DEPRECIATION							
BALANCE AT 1 JANUARY 2016	**(11 970)**	**(26 700)**	**(90 835)**	**(154 155)**	**(17 406)**	**–**	**(301 066)**
Current year charge	(3 868)	(18 367)	(42 968)	(34 914)	(6 652)	–	(106 769)
Disposal of business	–	–	14	10 537	167	–	10 718
Disposals and scrapping	69	–	1 539	4 378	21	–	6 007
Effect of movements in exchange rates	983	–	303	283	45	–	1 614
BALANCE AT 31 DECEMBER 2016	**(14 786)**	**(45 067)**	**(131 947)**	**(173 871)**	**(23 825)**	**–**	**(389 496)**
CARRYING VALUE AT 31 DECEMBER 2016	**119 169**	**91 212**	**230 872**	**217 210**	**14 785**	**40 042**	**713 290**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Security

The following property, plant and equipment has been pledged as security against borrowings:

	CONSOLIDATED	
Figures in R'000s	**2017**	**2016**
Year-end balance for assets under instalment sale agreements		
Carrying value of capitalised assets	275 680	302 673
Cost	403 232	409 751
Accumulated depreciation	(127 552)	(107 078)
Classification of carrying value of assets committed as security for debt	275 680	302 673
Land, buildings and improvements	5 977	9 389
Landfill assets	3 748	4 168
Vehicles	217 468	188 081
Plant and equipment	46 565	95 926
Computers, furniture and office equipment	1 922	5 109
Current year additions to assets under instalment sale agreements/mortgage bonds	63 211	86 305
Cost of capital assets	67 528	93 342
Accumulated depreciation	(4 317)	(7 037)

Assets under construction

Assets under construction relate primarily to costs incurred up to the reporting date for the construction and development of business premises, landfill cells at the Group's landfill sites and the customisation of vehicles and equipment for the Group's business operations.

	CONSOLIDATED	
Figures in R'000s	**2017**	**2016**
Buildings and improvements construction	10 919	1 600
Landfill construction and development	35 687	37 064
Vehicles and equipment customisation	1 422	1 378
	48 028	**40 042**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant judgements and assumptions

In the determination of the useful lives and residual value of property, plant and equipment, the following factors are taken into account which form the basis of management's judgements and assumptions:

- past experience regarding the period over which an asset will be economically viable;
- periods over which similar asset classes are depreciated in the industry;
- market values and second hand market conditions;
- experience from recent disposals of property, plant and equipment; and
- the specific application of the asset, its current condition and the environment in which it operates.

4. GOODWILL

Consolidated	Cost	Accumulated impairment	Carrying value
Figures in R'000s			
2017			
Goodwill	66 371	(2 363)	64 008
2016			
Goodwill	66 371	(2 363)	64 008

RECONCILIATION OF GOODWILL – 2017

Figures in R'000s	Balance at 1 January	Acquisitions through business combination	Balance at 31 December
Goodwill	64 008	–	64 008

RECONCILIATION OF GOODWILL – 2016

Goodwill	61 082	2 926	64 008

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

4. GOODWILL (CONTINUED)

IMPAIRMENT REVIEW OF GOODWILL		
Cash generating units		
Figures in R'000s	**2017**	**2016**
– Facilities	11 853	11 853
– Logistics	47 042	47 042
– Green's Scrap Recycling Proprietary Limited	5 113	5 113
	64 008	**64 008**

During a Group restructuring in the prior year, the business of Envirowaste SA Proprietary Limited, a subsidiary, was transferred into Inter-Waste Proprietary Limited, a subsidiary, resulting in goodwill amounting to R8.97 million being transferred to the Logistics business of Inter-Waste Proprietary Limited. The Logistics business is highly integrated and, consequently, a single cash generating unit (CGU) was formed due to the inability to separately identify and monitor cash flows related to the transferred Envirowaste SA Proprietary Limited business and the acquired business. Accordingly, a single goodwill impairment assessment has been performed for the Logistics CGU.

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

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

The value in use calculations use cash flow projections based on 2018 budgeted figures, escalated at 6% (2016: 6%) per annum for four years with a perpetual growth rate 4.5% (2016: 4.5%) per annum. These cumulative cash flows were discounted using a weighted average cost of capital.

The discount rate was estimated as the Company's weighted average cost of capital (WACC) which was based on a cost of debt and a required rate of return on equity estimated from the risk free rate based on the R186 bond rate of 8.55% (2016: R186 bond rate of 8.91%), and adjusted for market and small stock premiums.

Possible debt leveraging of 32.00% (2016: 32.00%) has been used in computing the WACC for the Logistics and Facilities CGUs, while 32.00% (2016: 35.29%) was used for the Green's Scrap Recycling Proprietary Limited CGU.

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

	Weighted average cost of capital	Cost of debt	Required rate of return on equity	Weighted average cost of capital	Cost of debt	Required rate of return on equity
	2017			2016		
Facilities	**15.9%**	**8.64%**	**19.22%**	15.15%	7.56%	18.74%
Logistics	**14.8%**	**8.64%**	**17.62%**	14.81%	7.56%	18.24%
Green's Scrap Recycling Proprietary Limited	**16.9%**	**8.64%**	**20.72%**	15.61%	7.56%	20.00%

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

4. GOODWILL (CONTINUED)

Sensitivity analysis

An analysis of the recoverable amounts (in thousands of Rands) relating to goodwill, of the CGUs for changes in the key valuation assumptions is presented below:

		2017				2016		
FACILITIES								
		WACC				**WACC**		
		14.9%	**15.9%**	**16.9%**		14.15%	15.15%	16.15%
Growth rate	5%	**92 686**	**71 741**	**54 170**	5%	143 801	123 191	105 842
	6%	**105 118**	**82 876**	**64 223**	6%	169 853	145 854	124 156
	7%	**117 879**	**94 303**	**74 538**	7%	201 934	171 019	145 911
LOGISTICS								
		WACC				**WACC**		
		13.8%	**14.8%**	**15.8%**		13.81%	14.81%	15.81%
Growth rate	5%	**209 306**	**136 390**	**76 346**	5%	48 460	(3 112)	(46 300)
	6%	**267 570**	**187 758**	**122 084**	6%	123 384	63 075	6 899
	7%	**327 753**	**240 807**	**169 309**	7%	216 353	135 549	70 428
GREEN'S SCRAP RECYCLING PROPRIETARY LIMITED								
		WACC				**WACC**		
		15.9%	**16.9%**	**17.9%**		14.61%	15.61%	16.61%
Growth rate	5%	**35 408**	**32 325**	**29 702**	5%	11 634	10 166	8 923
	6%	**36 547**	**33 363**	**30 644**	6%	13 501	11 990	10 255
	7%	**37 743**	**34 429**	**31 611**	7%	15 777	13 607	11 828

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

5. INVESTMENTS IN SUBSIDIARIES

Company	Issued share capital	Percentage holding 2017	Carrying value of investment 2017	Share of net profit
	R		R	R
2017				
Direct				
– Inter-Waste Proprietary Limited	**900**	**100%**	**79 363 722**	**32 158 840**
– Cost of investment	900	100%	75 375 128	32 158 840
– Share-based payment allocation	–	–	3 988 594	–
– Envirowaste SA Proprietary Limited	**1 000**	**100%**	**100**	**–**
– Interwaste Properties Proprietary Limited	**100**	**100%**	**100**	**–**
			79 363 922	**32 158 840**
Indirect				
– Interwaste Onsite Proprietary Limited*	**100**	**49%**	**49**	**1 618 014**
– Platinum Waste Resources Proprietary Limited	**1 000**	**100%**	**–**	**815 471**
– Moz Environmental Limitada (Mozambique)	**4 285**	**100%**	**4 285**	**11 989 435**
– Green's Scrap Recycling Proprietary Limited	**120**	**100%**	**358 753**	**976 667**
– Interwaste Industrial Cleaning Proprietary Limited	**100**	**50%**	**50**	**–**
– IWE Fleet Sales Proprietary Limited	**100**	**100%**	**100**	**–**
– Limpopo Platinum Waste Proprietary Limited	**100**	**70%**	**70**	**–**
– Masakhane Interwaste Proprietary Limited	**100**	**65%**	**650**	**8 120 203**
– Interwaste Enviromental Solutions (T) Limited (Tanzania)	**101 441**	**99%**	**–**	**(321 394)**
– Interwaste Enviromental Solutions Proprietary Limited (Zambia)[1]	**–**	**100%**	**–**	**–**
– Earth 2 Earth Proprietary Limited[1]	**100**	**100%**	**–**	**–**
Cost of investments			**363 957**	
Impairment recognised			–	
Carrying value			**363 957**	

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

[1] Impaired in the prior year.

During the prior year, Envirowaste SA Proprietary Limited was divisionalised into Inter-Waste Proprietary Limited.

During the current year, Karee Investments Six Seven (Proprietary) Limited (Namibia) was disposed of (see note 21.4).

During the current year, the Group acquired the remaining 26% of the non-controlling interests in Platinum Waste Resources Proprietary Limited.

There is no impairment against direct investments in subsidiaries in the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Company	Issued share capital	Percentage holding 2016	Carrying value of investment 2016	Share of net profit
	R		R	R
2016				
Direct				
– Inter-Waste Proprietary Limited	900	100%	79 167 163	26 416 138
– Cost of investment	900	100%	75 375 128	26 416 138
– Share-based payment allocation	–	–	3 792 035	–
– Envirowaste SA Proprietary Limited	1 000	100%	100	2 889 955
– Interwaste Properties Proprietary Limited	100	100%	100	–
			79 167 363	**29 306 093**
Indirect				
– Interwaste Onsite Proprietary Limited	100	49%	49	614 919
– Platinum Waste Resources Proprietary Limited	1 000	74%	433 392	1 358 203
– Moz Environmental Limitada (Mozambique)	4 285	100%	4 285	8 895 653
– Green's Scrap Recycling Proprietary Limited	120	100%	358 753	1 237 302
– Interwaste Industrial Cleaning Proprietary Limited	100	50%	50	–
– IWE Fleet Sales Proprietary Limited	100	100%	100	9 380
– Limpopo Platinum Waste Proprietary Limited	100	70%	70	–
– Masakhane Interwaste Proprietary Limited	100	65%	650	118 067
– Interwaste Enviromental Solutions (T) Limited (Tanzania)	101 441	99%	86 549	(1 173 528)
– Karee Investments Six Seven (Proprietary) Limited (Namibia)	100	100%	100	628 880
– Interwaste Enviromental Solutions Proprietary Limited (Zambia)[1]	7 095	100%	100	–
– Earth 2 Earth Proprietary Limited[1]	100	100%	611 290	–
Cost of investments			**1 495 388**	
Impairment recognised			(698 039)	
Carrying value			**797 349**	

[1] Impaired

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Subsidiaries with non-controlling interests

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

Figures in R'000s	Interwaste Onsite Proprietary Limited	Masakhane Interwaste Proprietary Limited	Other individually immaterial subsidiaries	Total
2017				
NCI percentage	**51%**	**35%**		
Non-current assets	341	52		
Current assets	8 723	21 799		
Non-current liabilities	-	-		
Current liabilities	(4 112)	(9 176)		
Net assets (100%)	**4 952**	**12 675**		
NCIs share of net assets	**2 526**	**4 436**	**310**	**7 272**
Revenue	**75 688**	**70 400**		
Profit for the year	**3 302**	**12 493**		
Total comprehensive income	**3 302**	**12 493**		
NCIs share of total comprehensive income	**1 684**	**4 372**	**109**	**6 165**
Cash flows from operating activities	106	14 109		
Cash flows from investing activities	-	-		
Cash flows from financing activities	(98)	(13 993)		
- before dividends to NCI	742	(13 993)		
- cash dividends to NCI	(840)	-		
Net increase in cash and cash equivalents	**8**	**116**		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Subsidiaries with non-controlling interests (continued)

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

Figures in R'000s	Platinum Waste Resources Proprietary Limited	Interwaste Onsite Proprietary Limited	Interwaste Industrial Cleaning Proprietary Limited	Enbitec Environmental Solutions Proprietary Limited	Other individually immaterial subsidiaries	Total
2016						
NCI percentage	**26%**	**51%**	**35%**	**50%**		
Non-current assets	210	345	11	-		
Current assets	7 501	7 046	2 064	-		
Non-current liabilities	-	(271)	(1 655)	-		
Current liabilities	(804)	(4 631)	(238)	-		
Net assets (100%)	**6 907**	**2 489**	**182**	-		
NCIs share of net assets	**1 795**	**1 269**	**63**	-	**310**	**3 437**
Revenue	**24 271**	**68 695**	**5 115**	**13 904**		
Profit for the year	**1 835**	**1 255**	**182**	**(8 232)**		
Total comprehensive income	**1 835**	**1 255**	**182**	**(8 232)**		
NCIs share of total comprehensive income	**477**	**640**	**64**	**(1 174)**	**7**	**14**
Cash flows from operating activities	629	3 082	1 180	(362)		
Cash flows from investing activities	-	-	(1)	476		
Cash flows from financing activities	498	(2 844)	(1 655)	(1 104)		
- before dividends to NCI	758	(2 844)	(1 655)	(1 104)		
- cash dividends to NCI	(260)	-	-	-		
Net increase/(decrease) in cash and cash equivalents	**1 127**	**238**	**(476)**	**(990)**		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

6. DEFERRED TAXATION LIABILITIES/(ASSETS)

Figures in R'000s	2017	2016
CONSOLIDATED		
Reconciliation of deferred taxation (liabilities)/assets		
Net balance at 1 January	(54 504)	(45 620)
Exchange rate differences on foreign subsidiary	154	225
Current year temporary differences recognised in the statement of comprehensive income (note 20)	(8 714)	(9 109)
Net balance at 31 December	**(63 064)**	**(54 504)**
Deferred taxation (liabilities)/assets comprise:		
– capital allowances	(66 116)	(57 776)
– doubtful debt allowance	1 603	1 341
– leave pay accrual	2 473	2 421
– prepayments	(17)	(393)
– available tax losses	160	–
– unrealised foreign currency exchange rate differences	(1 167)	(97)
Net balance at 31 December	**(63 064)**	**(54 504)**
Disclosed as follows in the statement of financial position:		
Deferred taxation assets	1 314	1 616
Deferred taxation liabilities	(64 378)	(56 120)
Net balance at 31 December	**(63 064)**	**(54 504)**
COMPANY		
Reconciliation of deferred taxation asset		
Balance at 1 January	233	219
Current year temporary differences	38	14
Balance at 31 December	**271**	**233**
Deferred taxation asset comprises:		
– leave pay accrual	111	233
– available tax losses	160	–
Balance at 31 December	**271**	**233**

The Directors have assessed the likelihood of future taxable income, based on latest approved budgets, which supports the recognition of a deferred taxation asset for assessable taxation losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

7. LOAN TO SUBSIDIARY COMPANY

Figures in R'000s	2017	2016
COMPANY		
Inter-Waste Proprietary Limited	**268 142**	**267 457**

The loan is unsecured, bears interest at 4% below the prime bank lending rate per annum, and is repayable on demand, but has to be settled by no later than 31 December 2022. The loan was first made during the 2007 financial year to fund operational activities. The loan is unsecured as it is to a wholly owned subsidiary of the Company. The Company has opted not to require settlement of the loan within the foreseeable future and therefore the loan has been classified as a non-current asset.

8. INVENTORIES

	CONSOLIDATED	
Figures in R'000s	2017	2016
Raw materials	952	566
Consumables	4 646	4 318
Fuel	3 615	3 259
	9 213	**8 143**

There were no inventory write-downs to net realisable value for the current or prior year as the carrying amounts were higher than the net realisable values.

No inventory has been pledged as security for liabilities of the Group during the current or prior year.

9. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		COMPANY	
Figures in R'000s	**2017**	**2016**	**2017**	**2016**
Trade receivables	185 702	175 991	–	–
Other receivables - Sundry debtors	8 966	15 974	25	–
Financial assets	**194 688**	**191 965**	**25**	**–**
Prepayments	557	1 258	–	–
Value Added Taxation	713	–	–	–
	195 938	**193 223**	**25**	**–**

Trade and other receivables were ceded as security for banking facilities provided to the Group during the current or prior year. Refer to note 10. Refer to note 24 where credit risk and financial instrument disclosures have been included.

As of 31 December 2017, trade and other receivables are stated after an impairment adjustment of R8.72 million (2016: R6.52 million).

10. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		COMPANY	
Figures in R'000s	**2017**	**2016**	**2017**	**2016**
Cash and cash equivalents consist of:				
– Cash on hand	688	602	–	–
– Bank balances	115 407	30 249	17	12
	116 095	**30 851**	**17**	**12**

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

The following facilities and guarantees have been provided to Inter-Waste Proprietary Limited by ABSA Bank Limited:

- Primary lending facility of R30 million.
- Credit card facility of R0.5 million.
- Fleet card facility of R0.8 million.
- Vehicle and Commercial Asset Finance of up to R120 million (utilised R64.76 million).
- Financial guarantees in favour of various customers of R0.1 million.
- Term loan of R46 million (utilised R37.57 million).

The ABSA Bank Limited facilities have been secured by the following:

- Cession of book debts (trade and other receivables) by Inter-Waste Proprietary Limited.
- First continuing covering bond over Portion 2 Erf 13 – South Germiston for an amount of R10 million.
- Second continuing covering bond over Portion 2 Erf 13 – South Germiston for an amount of R54 million.
- Cession of Fire and Sasria Insurance Policy in respect of Portion 2 Erf 13 – South Germiston.
- The assets financed in terms of the Vehicle and Commercial Asset Facility serve as collateral for this facility.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

10. CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

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

The following facilities and guarantees have been provided to the Group by Standard Bank Limited:

- Vehicle Asset Finance Facility of R36 million (utilised R27.26 million).
- Overdraft facility of R1.5 million

The assets financed serve as collateral for borrowings.

The following facilities and guarantees have been provided to the Interwaste Group by Mercedes-Benz Financial Services South Africa Proprietary Limited:

- Revolving asset based finance facility of R320 million (utilised R143.04 million).

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

The assets financed serve as collateral for borrowings.

Other:

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

11. STATED CAPITAL

	CONSOLIDATED		COMPANY	
Figures in R'000s	**2017**	**2016**	**2017**	**2016**
Authorised				
1 000 000 000 ordinary shares of no par value				
Issued				
At 1 January	315 558	317 619	318 784	317 619
Treasury shares acquired	(22 584)	(3 226)	–	–
Shares issued	–	1 165	–	1 165
At 31 December	**292 974**	**315 558**	**318 784**	**318 784**

During the year the Group repurchased 25 841 899 (2016: 3 610 219) of Interwaste Holdings Limited shares at an average price of 87c per share (2016: 89c per share).

At year-end, 469 092 877 (2016: 469 092 877) ordinary shares of no par value were issued of which 29 452 118 (2016: 3 610 219) were held in treasury, by Inter-Waste Proprietary Limited, a subsidiary of the Company.

Holders of these shares are entitled to dividends as declared from time-to-time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are re-issued.

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.

Number of shares in issue				
	2017	**2016**	**2017**	**2016**
At 1 January	469 092 877	467 627 877	469 092 877	467 627 877
Share-based payment scheme issues	–	1 465 000	–	1 465 000
At 31 December	**469 092 877**	**469 092 877**	**469 092 877**	**469 092 877**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

12. SHARE-BASED PAYMENTS

12.1 Previous Share Option Scheme

The share-based payment expense included in the profit or loss for the year amounts to Rnil (2016: Rnil) for the Group and Company. The share-based payment reserve for this scheme amounts to Rnil (2016: R0.39 million). The expense includes amounts relating to share options issued to a director. The options vest after 3 years, and are required to be exercised within 5 years of the date of grant, failing which they will lapse. All options under this scheme had vested by 1 June 2015. Disclosures relating to these share options are as follows:

	NUMBER OF SHARE OPTIONS		WEIGHTED EXERCISE PRICE	
Figures in R'000s	**2017**	**2016**	**2017**	**2016**
Outstanding at 1 January	1 600 000	2 400 000	0,50	0,48
Exercised during the year	(1 600 000)	(800 000)	0,82	0,45
Outstanding at 31 December	**–**	**1 600 000**	**–**	**0,50**

12.2 Current Share Option Scheme

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

Information on options granted – Current scheme

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

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

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

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

The Black-Scholes-Merton model is used to value the share options under both schemes.

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

	2017	**2016**
	%	**%**
Expected volatility	28,67% – 31,56%	28,67% – 31,56%
Risk-free interest rate	7,71% – 8,26%	7,71% – 8,26%

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

12. SHARE-BASED PAYMENTS (CONTINUED)

12.2 New Share Option Scheme (continued)

Information on options granted

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

	NUMBER OF SHARE OPTIONS		WEIGHTED EXERCISE PRICE	
	2017	2016	2017	2016
			R	R
At 1 January	21 540 000	18 095 000	0.85	0.87
Granted				
– June 2016	–	4 210 000	–	0.85
– June 2017	2 000 000	–	0.91	–
Exercised				
– June 2016	–	(665 000)	–	0.80
– June 2017	(5 656 500)	–	0.82	–
Forfeited	(595 000)	(100 000)	0.95	0.87
Outstanding at 31 December	**17 288 500**	**21 540 000**	**0.88**	**0.85**

The weighted average share price at the date of exercise for the options was R0.83 (2016: R0.80).

	NUMBER OF SHARE OPTIONS	
	2017	2016
Vesting date for share options		
15 June 2015	–	2 307 500
15 June 2016	2 910 000	3 804 500
15 June 2017	3 740 000	4 814 500
15 June 2018	2 902 500	3 482 500
15 June 2019	2 742 000	3 387 000
15 June 2020	3 986 000	2 481 000
15 June 2021	1 008 000	1 263 000
	17 288 500	**21 540 000**

12.3 Amounts recognised in respect of share-based payments

The total expense for both schemes is R0.24 million (2016: R1.5 million) for the Group and R0.04 million (2016: R0.3 million) for the Company. Movements in the Company's share-based payment reserve include an amount of R0.2 million (2016: R1.17 million) which relates to share options awarded to employees of its subsidiary, Inter-Waste Proprietary Limited.

Total number of share options exercised amounted to 5 656 500 (2016: 1 465 000), note 11, resulting in a decrease of R1.08 million (2016: R0.34 million) in the share-based payment reserve.

The share-based payment reserve at year-end for both the Group and Company amounted to R4.56 million (2016: R5.4 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

13. INTEREST-BEARING BORROWINGS

Figures in R'000s	2017	2016
Consolidated		
Various institutions		
Instalment sale agreements	235 058	276 698
Instalment sale obligations capitalised at rates ranging between prime and 1% below the prime interest rate per annum and are repayable over a period of three to five years. The liabilities are secured by instalment sale agreements over property, plant and equipment as per note 3.		
ABSA Bank Limited		
Term loan	37 567	12 267
The term loan bears interest at a rate equal to the Johannesburg Interbank Agreed Rate (JIBAR) plus 2.86% and is repayable over a period of 5 years. The security for this liability is detailed in note 10.		
Total	**272 625**	**288 965**
Less: Portion payable within one year included in current liabilities	(110 546)	(105 386)
Portion included in non-current liabilities	**162 079**	**183 579**
Additional disclosure for interest-bearing borrowings:		
Minimum future payments due		
– within one year	132 069	129 472
– in second to fifth year inclusive	180 649	205 658
TOTAL	**312 718**	**335 130**
Less: Future finance charges	(40 093)	(46 165)
Present value of minimum future payments	**272 625**	**288 965**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

14. PROVISION FOR SITE REHABILITATION

Consolidated	Balance at 1 January	Capitalised to property, plant and equipment	Interest expense (note 19)	Expensed to cost of sales in profit or loss	Balance at 31 December
Figures in R'000s					
2017					
FG Landfill Cell 1	16 085	–	965	1 218	18 268
FG Landfill Cell 2	14 852	–	1 040	–	15 892
Klinkerstene Landfill Cell 1	3 410	–	238	–	3 648
	34 347	**–**	**2 243**	**1 218**	**37 808**
2016					
FG Landfill Cell 1	14 179	–	908	998	16 085
FG Landfill Cell 2	13 752	242	858	–	14 852
Klinkerstene Landfill Cell 1	–	3 308	102	–	3 410
	27 931	**3 550**	**1 868**	**998**	**34 347**

Provision for site rehabilitation

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

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

Experienced waste management engineers are used in the determination of the estimated site rehabilitation costs. The engineers have provided the Group with estimates of the total current costs of rehabilitation for the landfill cells the Group operates. These costs have been based on 2016 year-end market prices for materials and labour that would be required to rehabilitate the landfill cells based on applicable laws and regulations. For the purposes of computing the provision for FG Landfill cell 1 to be recognised at year-end, these current costs were adjusted for by an average forecast inflation of 6 percent per annum over a period of 7 years, the expected life of the entire landfill, including cells still to be developed, as rehabilitation will only commence once the entire site has been utilised, to determine the expected future rehabilitation costs. The expected future rehabilitation costs were then discounted at a rate of 6 percent over a period of 7 years to calculate the present value of the obligation. FG Landfill cell 2 and Klinkerstene Landfill is recognised at the current value of rehabilitation cost required in the future, in accordance with IAS 16.

A risk free rate of 8%, adjusted down to 6%, to reflect the risks specific to the provision was used to discount the provision of FG Landfill cell 1. The Directors believe that the future cash flows are highly likely and that the adjustment to the risk free rate appropriately reflects the risks associated with those cash flows. The use of a lower discount rate results in a higher liability; given that the landfill is operational and would have to be rehabilitated if closed at any time, the rate reflects the high degree of certainty of the rehabilitation costs. The remaining life of the cells at FG Landfill in use is currently about 5 years and the rehabilitation for these cells can be estimated reasonably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

15. TRADE AND OTHER PAYABLES

	CONSOLIDATED		COMPANY	
Figures in R'000s	**2017**	**2016**	**2017**	**2016**
Trade payables	103 195	61 934	236	102
Other payables – employee related	24 811	20 963	4 438	4 668
Value Added Taxation	6 971	6 165	1 241	–
Other payables – other	5 048	3 200	–	–
	140 025	**92 262**	**5 915**	**4 770**

16. DISCONTINUED OPERATIONS

16.1 Enbitec Environmental Solutions Proprietary Limited

In July 2016 Enbitec Environmental Solutions Proprietary Limited, a 50% subsidiary of the Group, was placed in voluntary liquidation. At 30 June 2016, the liabilities of this legal entity exceeded its assets and the entity was determined as no longer being viable.

Upon placing the legal entity in voluntary liquidation the Group lost effective control of the subsidiary and subsequently de-recognised the assets and liabilities and accounted for the associated loss.

Results of discontinued operation	**2016**
Figures in R'000s	
Revenue	13 904
Cost of sales	(11 084)
Gross profit	**2 820**
Operating expenses	(13 113)
Results from operating activities	**(10 293)**
Net finance costs	(472)
Finance costs	(512)
Finance income	40
Loss before taxation	**(10 765)**
Taxation credit	2 533
Loss from discontinued operations, net of taxation	**(8 232)**
Loss attributable to:	
Non-controlling interests	(1 173)
Owners of the company	(7 059)
Basic earnings per share (cents)	(1.51)
Diluted earnings per share (cents)	(1.50)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

16. DISCONTINUED OPERATIONS (CONTINUED)

16.1 Enbitec Environmental Solutions Proprietary Limited (continued)

Cash flows used in discontinued operation

Figures in R'000s	2016
Net cash outflow from operating activities	(362)
Net cash inflow from investing activities	475
Net cash outflow from financing activities	(1 104)
Net cash flow for the period	**(991)**

Effect of liquidation on the financial position of the Group

Figures in R'000s	2016
Trade and other receivables	(2 622)
Current taxation receivable	(214)
Property, plant and equipment	(545)
Inventories	(601)
Cash and cash equivalents	(106)
Trade and other payables	4 088
Net assets and liablities disposed of	**–**
Gain on liquidation of discontinued operation	–
Total consideration	**–**
Consideration received in cash	–
Cash and cash equivalents disposed of	(106)
Net cash outflow	**(106)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

16. DISCONTINUED OPERATIONS (CONTINUED)

16.2 Compost manufacturing and sales

Effective 1 June 2016, the Group sold the assets of the compost manufacturing and sales segment. While the segment had been restored to profitability there were concerns as to the sustainability of raw material and it was not regarded as part of the Group's key competencies. The compost manufacturing and sales segment had not previously been classified as held-for-sale or as a discontinued operation as there was no intention to dispose of it at the last reporting date.

Results of discontinued operation	**2016**
Figures in R'000s	
Revenue	25 644
Cost of sales	(17 527)
Gross profit	**8 117**
Operating expenses	(4 637)
Results from operating activities	**3 480**
Net finance income	4
Profit before taxation	**3 484**
Taxation expense	(975)
Results from operating activities, net of taxation	**2 509**
Gain on sale of discontinued operation	2 448
Income tax on gain of sale of discontinued operation	(686)
Profit from discontinued operation, net of taxation	**4 271**
Profit attributable to:	
Non-controlling interests	–
Owners of the company	4 271
Basic earnings per share (cents)	0.91
Diluted earnings per share (cents)	0.91

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

16. DISCONTINUED OPERATIONS (CONTINUED)

16.2 Compost manufacturing and sales (continued)

Cash flows from discontinued operation

Figures in R'000s	**2016**
Net cash outflow from operating activities	(8 456)
Net cash inflow from investing activities	8 560
Net cash flow for the period	**104**

Effect of disposal on the financial position of the Group

Figures in R'000s	**2016**
Property, plant and equipment	(6 112)
Net assets sold	**(6 112)**
Gain on sale of discontinued operation	(2 448)
Total consideration	**(8 560)**
Consideration received, satisfied in cash	(8 560)
Net cash inflow	**(8 560)**

17. REVENUE

	CONSOLIDATED		COMPANY	
Figures in R'000s	**2017**	**2016**	**2017**	**2016**
Sale of goods	113 330	49 901	–	–
Rendering of services	919 755	874 102	–	–
Dividends received	-	–	–	4 916
	1 033 085	**924 003**	**–**	**4 916**

A dividend of R6.8 million was declared in the prior year and paid to the Company by its subsidiary, Envirowaste SA Proprietary Limited, and of this dividend, R1.9 million related to the pre-acquisition period and has been deducted from the cost of investment in subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

18. RESULTS FROM OPERATING ACTIVITIES

	CONSOLIDATED		COMPANY	
Figures in R'000s	**2017**	**2016**	**2017**	**2016**
Results from operating activities have been stated after accounting for the following:				
Operating lease charges	24 171	36 702	–	–
– premises	12 364	13 247	–	–
– equipment	4 086	8 563	–	–
– vehicles	7 721	14 892	–	–
Audit fees	4 285	3 160	–	–
– Current year	3 198	2 293	–	–
– Prior year	412	401	–	–
– Non-audit services	675	466	–	–
Impairment allowance for trade receivables	3 368	2 454	–	–
Depreciation from continuing operations	102 783	106 636	–	–
– depreciation from total operations (note 3)	102 783	106 769	–	–
– depreciation from discontinued operations	–	(133)	–	–
Employee costs	302 682	276 926	86 872	72 451
– normal	284 793	262 875	68 983	58 380
– directors' emoluments (note 29.1)	11 210	9 179	11 210	9 179
– prescribed officers (note 29.2)	6 679	4 872	6 679	4 892
Employee costs recovered from subsidiary (note 23)	–	–	(74 810)	(62 874)
Share-based payment expense	243	1 500	46	332
Loss on disposal and scrapping of property, plant and equipment	2 084	1 599	–	–
Management fee paid to subsidiary (note 23)	–	–	800	720
Net foreign currency exchange loss	3 651	7 093	–	–
Profit on disposal of subsidiary (note 21.4)	(202)	–	–	–
Profit on disposal of compost business	–	(2 448)	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

19. NET FINANCE (COSTS)/INCOME

	CONSOLIDATED		COMPANY	
Figures in R'000s	2017	2016	2017	2015
Finance costs	**(33 480)**	**(30 882)**	**–**	**(25)**
Interest bearing borrowings - Instalment sales agreements	(28 085)	(25 000)	–	–
Interest bearing borrowings - Term loan	(3 003)	(1 578)	–	–
Other interest	(130)	–	–	–
Bank overdraft interest	(19)	(2 436)	–	(25)
Interest on provision for site rehabilitation (note 14)	(2 243)	(1 868)	–	–
Finance income	**2 974**	**2 162**	**17 047**	**16 506**
Interest on positive bank balances	2 974	2 151	2	30
Loan on subsidiary company (note 23)	–	–	17 045	16 476
Other interest	–	11	–	–
	(30 506)	**(28 720)**	**17 047**	**16 481**

20. TAXATION EXPENSE ON CONTINUING OPERATIONS

	CONSOLIDATED		COMPANY	
Figures in R'000s	2017	2016	2017	2015
Major components of the tax expense				
Current taxation	16 271	12 890	–	1 163
– current year	15 362	12 918	–	1 163
– prior year	909	(28)	–	–
Deferred taxation				
– current year temporary differences (note 6)	8 714	9 109	(38)	(14)
	24 985	**21 999**	**(38)**	**1 149**

Tax expense on continuing operations excludes the net taxation credit from the discontinued operations of:

- Enbitec Environmental Solutions Proprietary Limited amounting to a taxation credit of Rnil (2016: R2.53 million) which has been included in profit from discontinued operation, net of taxation (see note 16.1).
- Compost manufacturing and sales amounting to a taxation expense of Rnil (2016: R0.98 million) and the tax expense on the gain on sale of the discontinued operation of Rnil (2016: R0.69 million); both of these have been included in profit from discontinued operation, net of taxation (see note 16.2).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

20. TAXATION EXPENSE (CONTINUED)

	CONSOLIDATED		COMPANY	
	2017	2016	2017	2016
Reconciliation of tax expense	%	%	%	%
Reconciliation between statutory tax rate and average effective tax rate				
Statutory tax rate	28.00%	28.00%	28.00%	28.00%
Disallowed charges	0.58%	0.64%	–	0.08%
Share based payment expense	0.09%	0.60%	1.88%	1.07%
Dividends received	–	–	–	(15.89)%
Tax incentives - learnerships	–	–	(35.47)%	–
Effect of functional currency that differs from local currency for foreign subsidiary	0.74%	0.82%	–	–
Losses for which no deferred tax asset is recognised	0.12%	0.69%	–	–
Effect of tax rates in foreign jurisdictions	1.01%	0.83%	–	–
Prior year adjustment	1.16%	(0.04)%	–	–
EFFECTIVE TAX RATE	**31.70%**	**31.54%**	**(5.59)%**	**13.26%**

21. NOTES TO THE STATEMENTS OF CASH FLOWS

21.1 Restatement of 2016 consolidated statement of cash flows

The 2016 consolidated statement of cash flows was restated in order to correct a classification error reflecting additions of property, plant and equipment through instalment sale agreements amounting to R105.4 million, which should be reflected as a non-cash flow item as required by IAS 7: Cash Flow Statements.

The impact of the changes are reflected below:

Figures in R'000s	**December 2016 consolidated statement of cash flows as previously reported**	**December 2016 consolidated statement of cash flows as revised**	**Impact of restatement**
Net cash outflow on investing activities	(147 180)	(41 770)	105 410
Net cash outflow on financing activities	(9 694)	(115 104)	(105 410)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

21. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

21.2 Cash generated from/(utilised by) operations

	CONSOLIDATED		COMPANY	
Figures in R'000s	2017	2016	2017	2015
Profit before taxation on continuing operations	78 806	69 739	689	8 662
Loss before taxation on discontinued operations	–	(4 832)	–	–
Profit before taxation on total operations	**78 806**	**64 907**	**689**	**8 662**
Adjustments for:				
Depreciation	102 783	106 769	–	–
Finance costs	33 480	31 394	–	25
Finance income	(2 974)	(2 206)	(17 047)	(16 506)
Loss on disposal of property, plant and equipment	2 084	1 599	–	–
Profit on disposal of compost business	–	(2 448)	–	–
Profit on disposal of subsidiary	(202)	–	–	–
Share-based payment transactions	(838)	1 155	(1 035)	277
Foreign currency translation differences	(1 138)	3 904	–	–
Movement in provision for site rehabilitation	1 218	998	–	–
Cash generated from/(utilised by) operations before changes in working capital	**213 219**	**206 072**	**(17 393)**	**(7 542)**
Changes in working capital:				
(Increase)/decrease in inventories	(1 070)	3 329	–	–
Increase in trade and other receivables	(3 752)	(12 885)	(25)	–
Increase/(decrease) in trade and other payables	50 185	(18 990)	1 145	(216)
	258 582	**177 526**	**(16 273)**	**(7 758)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

21. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

21.3 Taxation paid

	CONSOLIDATED		COMPANY	
Figures in R'000s	**2017**	**2016**	**2017**	**2015**
Net balance receivable/(payable) at beginning of year	1 906	4 454	195	(176)
Taxation recognised in the statement of profit/loss and other comprehensive income	(16 271)	(12 018)	–	(1 163)
Disposal of business (note 21.4)	40	–	–	–
Net balance receivable at end of year	(6 931)	(1 906)	(279)	(195)
	(21 256)	**(9 470)**	**(84)**	**(1 534)**

21.4 Changes in holding in subsidiaries

Platinum Waste Resources Proprietary Limited

On 28 September 2017, the Group acquired the remaining 26% interest in Platinum Waste Resources Proprietary Limited, increasing its ownership from 74% to 100%. The carrying amount of Platinum Waste Resources Proprietary Limited's net assets in the consolidated financial statements on the date of acquisition was R3.1 million. The Group recognised a decrease in non-controlling interest and an increase in retained earnings of R0.8 million.

Figures in R'000s	**2017**
Carrying amount of non-controlling interests acquired	803
Consideration paid to non-controlling interests	(1 903)
Increase in equity attributable to owners of the company	**(1 100)**

Karee Investments Six Seven Proprietary Limited

Effective 1 January 2017, Karee Investments Six Seven Proprietary Limited, a wholly-owned subsidiary, was disposed of. The details of the sale are set out below:

Figures in R'000s	**2017**
Trade and other receivables	1 037
Property, plant and equipment	14
Cash and cash equivalents	2 040
Trade and other payables	(2 421)
Current taxation liability	(40)
Net assets disposed of	**630**
Profit on disposal of subsidiary	202
Total consideration	**832**
Consideration received in cash	832
Cash and cash equivalents disposed of	(2 041)
Net cash outflow	**(1 209)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

22. COMMITMENTS

22.1 Premises operating leases – as lessee

	CONSOLIDATED	
Figures in R'000s	**2017**	**2016**
Minimum lease payments due		
– within one year	2 799	3 746
– in second to fifth year inclusive	2 907	2 416
	5 706	**6 162**

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

22.2 Landfill operating leases – as lessee

Expected lease payments due		
– within one year	6 179	7 487
– in second to fifth year inclusive	28 652	38 884
	34 831	**46 371**

The lease commitment relates to land used for landfill waste disposal. The duration of the lease is the earlier of 31 December 2025 or the Group disposing of 6.7 million tonnes of waste on the property. Lease payments are variable as they are based on volumes disposed of at an agreed rate. There are no significant contractual minimum lease payments. At current disposal rates, it is expected that there are 5 years remaining on the lease.

22.3 Motor vehicles operating leases – as lessee

Minimum lease payments due		
– within one year	349	5 836
	349	**5 836**

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

22.4 Capital commitments

– authorised and contracted	6 000	1 597
– authorised but not contracted	11 894	11 394
	17 894	**12 991**

Capital commitments will be funded through a combination of borrowings and internal cash resources.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

23. RELATED PARTIES

Identity of related party relationships
Group companies, as well as directors and significant shareholders are considered to be related parties and have been listed below.

Subsidiaries of the Group	Inter-Waste Proprietary Limited Interwaste Onsite Proprietary Limited (previously Interwaste Cleaning Proprietary Limited) Green's Scrap Recycling Proprietary Limited Platinum Waste Resources Proprietary Limited Moz Environmental Limitada Masakhane Interwaste Proprietary Limited Limpopo Platinum Waste Proprietary Limited (Dormant) IWE Fleet Sales Proprietary Limited (Dormant) (previously Extent Road Properties Proprietary Limited) Interwaste Properties Proprietary Limited Earth 2 Earth Proprietary Limited (Dormant) Interwaste Industrial Cleaning Proprietary Limited (Dormant) Interwaste Environmental Solutions Limited (Zambia)(Dormant) Interwaste Environmental Solutions (T) Proprietary Limited (Dormant) Envirowaste SA Proprietary Limited (Dormant) East Gauteng Energy Proprietary Limited (Dormant) Drakenstein Energy Proprietary Limited (Dormant)
Trusts relating to directors	The Wilco Family Trust N2 Property Trust
Other related party	Interwaste (Mauritius) Limited
Directors	BL Willcocks CA Boles DK Rosevear L Mahlangu LC Grobbelaar PF Mojono RA Lumb WAH Willcocks
Key management	DL Nkomo JJ McNeil K Stubbs R Pillay
Significant shareholders	The Wilco Family Trust Refer also to shareholder analysis on page 125.

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

Investments in subsidiaries	Note 5
Loan to subsidiary company	Note 7

Figures in R'000s	2017	2016
RELATED PARTY TRANSACTIONS		
Consolidated		
N2 Property Trust – property rentals paid	(875)	(843)
Dividends paid to non–controlling interests	(427)	(260)
Company		
Inter-Waste Proprietary Limited – interest received (note 19)	17 045	16 476
Inter-Waste Proprietary Limited – employee costs paid on behalf of subsidiary recovered	74 810	62 874
Inter-Waste Proprietary Limited – management fee paid (note 18)	(800)	(720)

Emoluments paid to Directors and Prescribed Officers and key management have been disclosed in note 29. The share option scheme in which Directors and executive management participate have been disclosed in note 12. The share option expense related to share options awarded to each Director has been disclosed in note 29. Shareholding in the Company by Directors and Prescribed Officers is disclosed in note 28.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

24. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	CONSOLIDATED		COMPANY	
Figures in R'000s	2017	2016	2017	2016
Loan to subsidiary company	–	–	268 142	267 457
Cash and cash equivalents	116 095	30 851	17	12
Trade receivables	185 702	175 991	–	–
Other receivables	8 966	15 974	25	–
	310 763	**222 816**	**268 184**	**267 469**
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
Domestic	170 031	157 143	–	–
Foreign – Mozambique	15 671	18 848	–	–
	185 702	**175 991**	**–**	**–**

The ageing of trade receivables at reporting date was:

	2017		2016	
Consolidated	**Gross**	**Impairment allowance**	**Gross**	**Impairment allowance**
Figures in R'000s				
Not past due	89 591	–	87 748	–
Past due 30 days	50 384	–	57 143	–
Past due 60 – 120 days	54 450	(8 723)	37 622	(6 522)
	194 425	**(8 723)**	**182 513**	**(6 522)**

The Company had no trade receivables at year-end (2016: Rnil).

	CONSOLIDATED		COMPANY	
Figures in R'000s	2017	2016	2017	2016
Movement in impairment allowance				
Balance at 1 January	(6 522)	(7 495)	–	–
Bad debts written off in current year	1 167	3 427	–	–
Impairment allowance created	(3 368)	(2 454)	–	–
Balance at 31 December	**(8 723)**	**(6 522)**	**–**	**–**

Based on past experience and the high credit quality, the Group believes that no impairment allowance is necessary in respect of financial assets not past due, nor impaired.

The loan to subsidiary company is not impaired based on the sound financial position and past and expected results of the Group company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

The following are the contractual maturities of financial liabilities:

Consolidated	Carrying amount	Contractual cash flows	Less than 1 year	Between 2 and 5 years	No fixed maturity
Figures in R'000s					
At 31 December 2017					
Non-derivative liabilities					
Interest-bearing borrowings	272 625	312 718	132 069	180 649	–
Trade and other payables*	133 054	133 054	133 054	–	–
	405 679	**445 772**	**265 123**	**180 649**	–
At 31 December 2016					
Non-derivative liabilities					
Interest-bearing borrowings	288 965	335 130	129 472	205 658	–
Trade and other payables*	86 097	86 097	86 097	–	–
	375 062	**421 227**	**215 569**	**205 658**	–

Company	Carrying amount	Contractual cash flows	Less than 1 year	Between 2 and 5 years	No fixed maturity
Figures in R'000s					
At 31 December 2017					
Non-derivative liabilities					
Trade and other payables*	**4 674**	**4 674**	**4 674**	–	–
At 31 December 2016					
Non-derivative liabilities					
Trade and other payables*	**4 770**	**4 770**	**4 770**	–	–

*Excluding Value Added Taxation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

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

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

	2017		2016	
	R'000s	**Interest rate %**	**R'000s**	**Interest rate %**
Consolidated				
Variable rate instruments				
Cash and cash equivalents	116 095	0.57% – 6.40%	30 851	0.57% – 6.40%
Interest-bearing borrowings	(272 625)	9.25% – 10.50%	(288 965)	9.25% – 10.29%
Company				
Variable rate instruments				
Loan to subsidiary company	268 142	6.25%	267 457	6.50%
Cash and cash equivalents	17	–	12	–

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased or decreased Group and Company profit or loss and equity by R1.57 million (2016: R2.58 million) and R2.68 million (2016: R2.67 million), respectively, on the basis that all other variables remain constant.

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Company which is the South African Rand. The currency in which these transactions are primarily denominated is US Dollar (USD) and Mozambican Metical (MT) as a result of the Group's operations in Mozambique. The Company is not exposed to currency risks.

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

	2017		2016	
Consolidated	**USD**	**MT**	**USD**	**MT**
Figures in R'000s				
Trade and other receivables	10 764	6 416	13 505	6 671
Cash and cash equivalents	10 359	2 774	7 612	6 275
Trade and other payables	(549)	(129)	(533)	(2 508)
Statement of financial position exposure	**20 574**	**9 061**	**20 584**	**10 438**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (continued)

The following significant exchange rates applied during the year:

	AVERAGE RATE		REPORTING DATE SPOT RATE	
South African Rand	**2017**	**2016**	**2017**	**2016**
Mozambican Metical 1	0.21	0.22	0.21	0.19
United States Dollar 1	13.32	14.71	12.27	13.62

Sensitivity analysis

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

	CONSOLIDATED	
Figures in R'000s	**2017**	**2016**
Mozambican Metical 1	847	710
United States Dollar 1	2 057	1 400

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

Fair value analysis

	2017		2016	
Consolidated	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Figures in R'000s				
Assets				
Trade and other receivables	194 688	194 688	191 965	191 965
Cash and cash equivalents	116 095	116 095	30 851	30 851
Liabilities				
Interest-bearing borrowings	272 625	272 625	288 965	288 965
Trade and other payables*	133 054	133 054	86 097	86 097

*Excluding Value Added Taxation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value analysis (continued)

	2017		2016	
Company	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Figures in R'000s				
Assets				
Loan to subsidiary company	268 142	268 142	267 457	267 457
Cash and cash equivalents	17	17	12	12
Liabilities				
Trade and other payables*	4 674	4 674	4 770	4 770

*Excluding Value Added Taxation.

Fair values versus carrying amounts

Estimation of fair values

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

Interest-bearing borrowings

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

Trade and other receivables/payables

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

Loan to subsidiary company

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

Non-derivative financial assets and liabilities

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

Fair value hierarchy

The Group did not have financial instruments or other assets measured at fair value or where the fair value for disclosure purposes differs significantly from the carrying value, as such no fair value hierarchy disclosure has been provided.

Capital management

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

The capital structure of the Group consists of debt (note 13), cash and cash equivalents (note 10) and equity attributable to owners of the Company, Company issued capital (note 11), reserves and retained earnings.

The executive committee meets on a regular basis to review the capital structure, analyse currency and interest rate exposure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management (continued)

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

	CONSOLIDATED	
Figures in R'000s	**2017**	**2016**
Interest bearing borrowings	272 625	288 965
Less: Positive cash balances	(116 095)	(30 851)
	156 530	258 114
Total equity	566 582	541 343
Debt to capital ratio at 31 December	**0.28**	**0.48**

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

25. BASIC EARNINGS AND FULLY DILUTED EARNINGS PER SHARE

Continuing and discontinued operations

The calculation of basic earnings per ordinary share of 10.40 cents (2016: 9.36 cents) is based on a profit of R47.66 million (2016: R43.77 million) and a weighted average number of shares in issue of 458 111 275 (2016: 467 818 670).

The calculation of diluted earnings per ordinary share of 10.35 cents (2016: 9.29 cents) is based on a profit of R47.66 million (2016: R43.77 million) and a weighted average number of shares in issue of 460 251 501 (2016: 471 135 689).

Continuing operations

The calculation of basic earnings per ordinary share of 10.40 cents (2016: 9.95 cents) is based on a profit of R47.66 million (2016: R46.55 million) and a weighted average number of shares in issue of 458 111 275 (2016: 467 818 670).

The calculation of diluted earnings per ordinary share of 10.35 cents (2016: 9.88 cents) is based on a profit of R47.66 million (2016: R46.55 million) and a weighted average number of shares in issue of 460 251 501 (2016: 471 135 689).

Weighted average number of shares

Consolidated	**2017**	**2016**
Number of shares in issue at 31 December	**469 092 877**	**469 092 877**
Weighted average number of shares (basic)		
Issued ordinary shares at 1 January	467 818 670	467 627 877
Effect of share options exercised	–	778 658
Effect of share buy-back (treasury shares)	(9 707 395)	(587 865)
	458 111 275	**467 818 670**
Diluted weighted average number of shares		
Weighted average number of shares	458 111 275	467 818 670
Dilutive portion of share options	2 140 226	3 317 019
Diluted weighted average number of shares	**460 251 501**	**471 135 689**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

26. HEADLINE EARNINGS AND FULLY DILUTED HEADLINE EARNINGS PER SHARE

Continuing and discontinued operations

The headline earnings per ordinary share of 10.70 cents (2016: earnings of 9.22 cents) is based on a profit of R49.01 million (2016: R 43.15 million) and a weighted average number of shares in issue of 458 111 275 (2016: 467 818 670).

The diluted headline earnings per ordinary share of 10.65 cents (2016: earnings of 9.16 cents) is based on a profit of R49.01 million (2016: R 43.15 million) and a weighted average number of shares in issue of 460 251 501 (2016: 471 135 689).

Continuing operations

The headline earnings per ordinary share of 10.70 cents (2016: earnings of 9.95 cents) is based on a profit of R49.01 million (2016: R 46.48 million) and a weighted average number of shares in issue of 458 111 275 (2016: 467 818 670).

The diluted headline earnings per ordinary share of 10.65 cents (2016: earnings of 9.88 cents) is based on a profit of R49.01 million (2016: R 46.48 million) and a weighted average number of shares in issue of 460 251 501 (2016: 471 135 689).

	TOTAL OPERATIONS		CONTINUING OPERATIONS	
Consolidated	**2017**	**2016**	**2017**	**2016**
Figures in R'000s				
Reconciliation of headline earnings:				
Attributable profit per the statement of comprehensive income	47 656	43 765	47 656	45 330
Adjustment for :				
– profit on disposal of discontinued operation	–	(2 448)	–	–
– tax effect of profit on disposal of discontinued operation	–	686	–	–
– loss on disposal of property, plant and equipment	2 084	1 599	2 084	1 599
– tax effect of loss on disposal of property, plant and equipment	(583)	(448)	(583)	(448)
– profit on disposal of subsidiary	(202)	–	(202)	–
– tax effect of profit on disposal of subsidiary	57	–	57	–
	49 012	**43 154**	**49 012**	**46 481**
Headline earnings per share (cents)	10.70	9.22	10.70	9.95
Diluted headline earnings (cents)	10.65	9.16	10.65	9.88

The net asset value per share at 31 December was 127.22 cents (2016: 115.56 cents) and is based on a net asset value of R559.3 million (2016: R537.9 million) and shares in issue, excluding treasury shares, of 439 640 759 (2016: 465 482 656). The tangible net asset value per share at 31 December was 106 cents (2016: 101.8 cents) and is based on a net tangible asset value of R495.3 million (2016: R473.9 million) and shares in issue, excluding treasury shares, of 439 640 759 (2015: 465 482 656).

27. SEGMENT REPORT

Basis for segmentation for operating segments

For management purposes the Group is organised into two major operating segments which are Logistics and Facilities, both providing an Integrated Waste Management Solution. Logistics services relate primarily to the management of waste, including on-site management, waste recycling, commodity trading and transportation. Facilities services relate primarily to the disposal of waste volumes using a solution/facility including blending, hazardous treatment, converting to RDF or disposal via landfill. The Group's Chief Executive Officer reviews the internal management reports of each segment on a monthly basis.

	CONSOLIDATED	
Figures in R'000s	**2017**	**2016**
Gross revenue		
Logistics	924 539	803 886
Facilities	108 546	120 117
	1 033 085	**924 003**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

27. SEGMENT REPORT (CONTINUED)

	CONSOLIDATED	
Figures in R'000s	**2017**	**2016**
Results from operating activities		
Logistics	93 751	64 618
Facilities	15 561	33 841
	109 312	**98 459**
Depreciation		
Logistics	82 224	84 578
Facilities	20 559	22 058
	102 783	**106 636**
Net finance costs		
Logistics	(28 263)	(27 743)
Facilities	(2 243)	(977)
	(30 506)	**(28 720)**
Taxation		
Logistics	(20 730)	(11 632)
Facilities	(4 255)	(10 367)
	(24 985)	**(21 999)**
Segment assets		
Logistics	914 418	865 655
Facilities	167 666	151 542
	1 082 084	**1 017 197**
Segment liabilities		
Logistics	471 854	431 358
Facilities	43 648	44 496
	515 502	**475 854**
Capital expenditure		
Logistics	81 916	111 695
Facilities	18 898	45 844
	100 814	**157 539**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

27. SEGMENT REPORT (CONTINUED)

Geographic information

The geographic information analyse the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of assets.

	CONSOLIDATED	
Figures in R'000s	**2017**	**2016**
Revenue		
Republic of South Africa	955 940	847 688
Other South African Development Community countries	77 145	76 315
	1 033 085	**924 003**
Non-current assets		
Republic of South Africa	724 354	742 703
Other South African Development Community countries	27 845	34 595
	752 199	**777 298**

Non-current assets exclude financial instruments, deferred taxation assets and employee benefit assets.

Major customers

The Group does not have significant revenue concentration in a single customer. Revenues from the top three customers of the Group's Logistics and Facilities segments represented R146.1 million (2016: R105.08 million) of the Group's total revenues.

28. DIRECTORS' AND PRESCRIBED OFFICERS' SHAREHOLDING

	2017			2016		
Number of shares	**Beneficial direct**	**Beneficial indirect**	**Total**	**Beneficial direct**	**Beneficial indirect**	**Total**
Executive directors						
Alan Willcocks	–	74 432 911	74 432 911	100 000	74 432 911	74 532 911
Leon Grobbelaar	–	1 855 007	1 855 007	–	2 190 007	2 190 007
Rob Lumb	145 000	–	145 000	–	–	–
Non-executive directors						
Bronwyn Willcocks	–	74 432 911	74 432 911	–	74 432 911	74 432 911
Charles Boles	–	9 000 000	9 000 000	–	8 850 000	8 850 000
	145 000	**159 720 829**	**159 865 829**	**100 000**	**159 905 829**	**160 005 829**
Prescribed officers						
Dan Nkomo	50 000	–	50 000	50 000	–	50 000
Jason McNeil	159 548	–	159 548	279 548	–	279 548
	209 548	**–**	**209 548**	**329 548**	**–**	**329 548**

No official has any non-beneficial interest in the ordinary shares of the Company. No changes in Directors' and Prescribed Officers' shareholding have taken place between the end of the financial year and the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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

29.1 Directors' emoluments

Consolidated and Company 2017	Salary	Fees	Motor vehicle allowance	Bonus and gratuity	Sub total	Share option expense	Total
Figures in R'000s							
Executive							
Alan Willcocks	3 224	–	–	190	3 414	–	3 414
Leon Grobbelaar	2 098	–	169	149	2 416	100	2 516
André Broodryk	536	–	20	1 849*	2 405	–	2 405
Rob Lumb	1 898	–	35	97	2 030	89	2 119
	7 756	**–**	**224**	**2 285**	**10 265**	**189**	**10 454**
Non-Executive – fees							
Gavin Tipper	–	16	–	–	16	–	16
Andisiwe Kawa	–	74	–	–	74	–	74
Funani Mojono	–	244	–	–	244	–	244
Bronwyn Willcocks	–	178	–	–	178	–	178
Landiwe Mahlangu	–	222	–	–	222	–	222
Charles Boles	–	118	–	–	118	–	118
David Rosevear	–	93	–	–	93	–	93
	–	**945**	**–**	**–**	**945**	**–**	**945**
	7 756	**945**	**224**	**2 285**	**11 210**	**189**	**11 399**

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

*Payment in respect of loss of office.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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

29.1 Directors' emoluments (continued)

Consolidated and Company 2016	Salary	Fees	Motor vehicle allowance	Bonus and gratuity	Sub total	Share option expense	Total
Figures in R'000s							
Executive							
Alan Willcocks	2 839	–	–	85	2 924	–	2 924
Leon Grobbelaar	1 943	–	145	62	2 150	126	2 276
André Broodryk	2 460	–	120	77	2 657	139	2 796
	7 242	**–**	**265**	**224**	**7 731**	**265**	**7 996**
Non-Executive – fees							
Gavin Tipper	–	79	–	–	79	–	79
Andisiwe Kawa	–	65	–	–	65	–	65
Funani Mojono	–	89	–	–	89	–	89
Bronwyn Willcocks	–	68	–	–	68	–	68
Landiwe Mahlangu	–	79	–	–	79	–	79
	–	**380**	**–**	**–**	**380**	**–**	**380**
Other consulting							
Gavin Tipper	–	1 068	–	–	1 068	–	1 068
	7 242	**1 448**	**265**	**224**	**9 179**	**265**	**9 444**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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

29.2 Other Prescribed Officers' and Key Management's emoluments

The Prescribed Officers of the Group and Company, as defined in the Companies Act of 2008, and the Key Management personnel of the Group and Company, as defined in IAS 24: Related Party Disclosures are the Executive Directors of the Company and the Executive Directors of the Company's major subsidiary, Inter-Waste Proprietary Limited. The remuneration paid to the Executive Directors of the Company is disclosed above under note 29.1. The remuneration paid to the other Prescribed Officers and Key Management personnel is set out below.

Figures in R'000s	Salary	Bonus and gratuity	Motor vehicle allowance	Other	Sub total	Share option expense	Total
2017							
Dan Nkomo	1 136	57	–	–	1 193	–	1 193
Jason McNeil	2 115	178	147	–	2 440	103	2 543
Rajas Pillay	1 626	109	51	–	1 786	68	1 854
Kate Stubbs	1 138	60	62	–	1 260	–	1 260
	6 015	**404**	**260**	**–**	**6 679**	**171**	**6 850**
2016							
Dan Nkomo	1 057	–	127	18	1 202	–	1 202
Jason McNeil	1 883	59	114	–	2 056	138	2 194
Rajas Pillay	1 492	45	77	–	1 614	78	1 692
	4 432	**104**	**318**	**18**	**4 872**	**216**	**5 088**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

30. RETIREMENT BENEFITS

Defined contribution plan

It is the policy of the Group to provide retirement benefits to certain of the Group's employees. The Group is a member of a provident fund which provides benefits on a defined contribution basis. The fund is subject to the Pensions Fund Act of 1956 as amended. The Group's contribution to the provident fund for the year, which has been charged to the profit or loss, was R3.89 million (2016: R3.69 million).

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

31. SUBSEQUENT EVENTS

FG Landfill - License dispute

On 13 February 2018, judgement was delivered in the North Gauteng High Court ('the Court') in the dispute with regards to the validity of the operational license of the FG Landfill site with the Gauteng Department of Agriculture and Rural Development (GDARD) and the Department of Enviromental Affairs (DEA).

The North Gauteng High Court ruled in the Company's favour together with a cost order, confirming that the FG Landfill site's license is valid. GDARD and DEA together with the Greater Midstream Forum applied for Leave to Appeal, which was granted by the Court on 11 April 2018.

Dividends declared

Refer note 32

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

32. DIVIDENDS PAID

Interwaste Holdings Limited

Maiden dividend

A dividend amounting to 2 cents per ordinary share was declared on 19 March 2018 and is payable on 16 April 2018.

The salient dates of the declaration and payment of the dividend are as follows:

Last date to trade ordinary share "cum dividend"	Tuesday, 10 April 2018
Ordinary shares trade "ex dividend"	Wednesday, 11 April 2018
Record date	Friday, 13 April 2018
Payment date	Monday, 16 April 2018.

Subsidiaries

Platinum Waste Resources Proprietary Limited, a Group subsidiary, paid dividends of Rnil (2016: R0.26 million) to non-controlling shareholders.

Interwaste Onsite Proprietary Limited, a Group subsidiary, paid dividends of R0.43 million (2016: Rnil) to non-controlling shareholders.

33. GOING CONCERN

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

SHAREHOLDER ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2017

SHAREHOLDER SPREAD	No. of shareholders	%	No. of Shares	%
1 – 1,000 shares	357	31.43	143 511	0.03
1,001 – 10,000 shares	354	31.16	1 618 306	0.34
10,001 – 100,000 shares	296	26.06	12 184 072	2.60
100,001 – 1,000,000 shares	98	8.63	31 111 113	6.63
1,000,001 shares and over	31	2.72	424 035 875	90.40
TOTAL	**1 136**	**100.00**	**469 092 877**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	No. of shareholders	%	No. of Shares	%
Banks	3	0.26	1 767 737	0.38
Brokers	2	0.18	473 953	0.10
Close Corporations	8	0.70	681 100	0.15
Empowerment	1	0.09	12 500 000	2.66
Endowment Funds	2	0.18	101 169	0.02
Individuals	998	87.85	69 571 683	14.83
Insurance Companies	1	0.09	1 752 927	0.37
Investment Companies	2	0.18	71 929 466	15.33
Mutual Funds	8	0.70	86 304 774	18.40
Nominees and Trusts	66	5.81	177 422 899	37.82
Other Corporations	7	0.62	296 513	0.06
Own Holdings	1	0.09	29 452 118	6.28
Pension Funds	5	0.44	6 160 426	1.31
Private Companies	32	2.81	10 678 112	2.29
TOTAL	**1 136**	**100.00**	**469 092 877**	**100.00**

PUBLIC/NON-PUBLIC SHAREHOLDERS	No. of shareholdings	%	No. of Shares	%
Non-Public Shareholders	**15**	**1.32**	**267 530 290**	**57.03**
Directors and associates of the Company	13	1.14	166 151 706	35.42
Own holdings (Treasury shares)	1	0.09	29 452 118	6.28
Strategic holder (more than 10%)	1	0.09	71 926 466	15.33
Public Shareholders	**1 121**	**98.68**	**201 562 587**	**42.97**
TOTAL	**1 136**	**100.00**	**469 092 877**	**100.00**

Beneficial shareholders holding 5% or more			No. of Shares	%
Wilco Family Trust			**148 865 822**	**31.73%**
Coronation Capital Limited – Private Equity			**71 926 466**	**15.33%**
Inter-Waste (Pty) Ltd			**29 452 118**	**6.28%**
Empowerment				
National Empowerment Fund			**12 500 000**	**2.66%**

› SECTION 6

NOTICE TO SHAREHOLDERS

SHAREHOLDERS' DIARY

SALIENT DATES

- FINANCIAL YEAR-END . . . . 31 DECEMBER
- ANNUAL GENERAL MEETING (AGM) . . . . 28 JUNE 2018

REPORTS AND PROFIT STATEMENTS

- INTERIM RESULTS FOR HALF YEAR TO JUNE 2017 . . . . AUGUST 2018
- PROVISIONAL REPORT FOR THE YEAR . . . . MARCH 2018
- INTEGRATED REPORT . . . . APRIL 2018

DETAILS OF FINAL DIVIDEND DECLARED

- 2 CENTS PER SHARE
  - DIVIDEND DECLARED . . . . MONDAY, 19 MARCH 2018
  - LAST DAY TO TRADE CUM DIVIDEND . . . . TUESDAY, 10 APRIL 2018
  - SHARES TRADE EX-DIVIDEND . . . . WEDNESDAY, 11 APRIL 2018
  - RECORD DATE . . . . FRIDAY, 13 APRIL 2018
  - PAYMENT DATE . . . . MONDAY, 16 APRIL 2018

INTERWASTE HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2006/037223/06)
(JSE share code: IWE)
(ISN: ZAE000097903)
("Interwaste" or "the Company" or "the Group")

Interwaste Holdings Limited

NOTICE TO SHAREHOLDERS OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the Company's shareholders will be held in the boardroom of the Company, 2 Brammer Road, Germiston South, Gauteng, South Africa on Thursday, 28 June 2018 at 14h00 for the purpose of considering the following business and, if deemed fit, to pass, with or without modification, the resolutions set out below.

The record date in terms of section 59 of the Companies Act, 2008, ("the Companies Act") for shareholders to be recorded as such in the register maintained by the transfer secretaries of the Company in order to be able to attend, participate and vote at the annual general meeting is Friday, 22 June 2018.

1. Ordinary resolutions

Voting percentage
Each ordinary resolution will be considered by way of a separate vote and in order for each such resolution to be adopted; the support of more than 50% (fifty percent) of the voting rights on the resolution cast by shareholders present or represented by proxy at this meeting is required.

1.1 Acceptance of financial statements
Ordinary resolution 1 is proposed to receive and accept the Group audited financial statements for the year ended 31 December 2017, including the Directors' Report, the Independent Auditor's Report and the Audit and Risk Committee Report thereon. These are available online at www.interwaste.co.za

Ordinary resolution 1
"Resolved that the consolidated audited financial statements for the year ended 31 December 2017, including the Directors' Report, the Independent Auditors' Report and the Audit and Risk Committee Report thereon be and are hereby received and accepted."

1.2 Election and re-election of directors
In terms of clause 34.1 of the Company's Memorandum of Incorporation (MoI), at every AGM at least one-third of the Directors, excluding the Directors appointed in terms of clause 7.2.1 of the MoI, must retire by rotation. The below resolutions are proposed to re-elect various Directors who are required to retire by rotation. All of the retiring Directors are eligible and they have offered themselves for re-election.

Ordinary resolution 2
"Resolved that Ms B Willcocks be and is hereby re-elected as a Non-Executive Director of the Company."

Ordinary resolution 3
"Resolved that Mr D Rosevear be and is hereby re-elected as a Non-Executive Director of the Company."

1.3 Election of Audit and Risk Committee
Ordinary resolutions 4 to 7 are proposed to elect an Audit and Risk Committee in terms of section 94(2) of the Companies Act, 71 of 2008 (as amended) (the Companies Act) and the King Report on Corporate Governance for South Africa (King IV).

The board is satisfi ed that the proposed members of the Audit and Risk Committee meet the requirements of section 94(4) of the Companies Act, that they are independent according to King IV and that they possess the required qualifi cations and experience as prescribed in Regulation 42 of the Companies Act Regulations, 2011 Brief biographical notes of each member standing for election are set out on pages 22 to 23 of this document.

Ordinary resolution 4
"Resolved that Mr L Mahlangu be and is hereby re-elected as a member and chair of the Audit and Risk Committee to hold offi ce until the next AGM."

Ordinary resolution 5

"Resolved that Mr F Mojono be and is hereby re-elected as a member of the Audit and Risk Committee to hold office until the next AGM."

Ordinary resolution 6

"Resolved that Mr C Boles be and is hereby re-elected as a member of the Audit and Risk Committee to hold office until the next AGM."

Ordinary resolution 7

"Resolved that Mr D Rosevear be and is hereby re-elected as a member of the Audit and Risk Committee to hold office until the next AGM."

1.4 Appointment of external auditor

Ordinary resolution 8 is proposed to approve the appointment of Deloitte & Touche as the External Auditor of the Company for the financial year ending 31 December 2018, in accordance with section 90(1) of the Companies Act, and to remain in office until the conclusion of the next AGM, and to authorise the Audit and Risk Committee to determine its remuneration.

Mr David Uys will be the individual Registered Auditor who will undertake the audit for the financial year ending 31 December 2018.

The Audit and Risk Committee and the Board are satisfied that Deloitte & Touche meets the provisions of the Companies Act.

Ordinary resolution 8

"Resolved that Deloitte & Touche be appointed as the External Auditor of the Company for the financial year ending 31 December 2018 and to remain in office until the conclusion of the next AGM, and that its remuneration for the financial year ending 31 December 2018 be determined by the Audit and Risk Committee."

1.5 Non-binding advisory vote on remuneration policy

The purpose of ordinary resolution 9 is to endorse, by way of a non-binding advisory vote, the remuneration policy of the Company. The remuneration committee prepared and the board considered and accepted the remuneration policy as set out on pages 49 to 50 of the Integrated Report and shareholders are required to vote on it.

Should we receive 25% or more dissenting votes at the AGM, a programme will be actioned to engage with the shareholders to further understand their concerns and action plans developed accordingly to mitigate these if applicable.

Ordinary resolution 9

"Resolved that the Company's remuneration policy, as set out in the remuneration report on pages 49 to 50 of the Integrated Report, be and is hereby endorsed by way of a non-binding advisory vote."

1.6 Non-binding advisory vote on company's implementation report

The purpose of ordinary resolution 10 is to endorse, by way of a non-binding advisory vote, the implementation report of the company. The remuneration committee prepared and the board considered and accepted the implementation policy as set out on pages 50 to 51 of the Integrated Report and shareholders are required to vote on it.

Should we receive 25% or more dissenting votes at the AGM, a programme will be actioned to engage with the shareholders to further understand their concerns and action plans developed accordingly to mitigate these if applicable.

Ordinary resolution 10

"Resolved that the Company's implementation report, as set out in the remuneration report on page 50 of the Integrated Report, be and is hereby endorsed by way of a non-binding advisory vote."

2. Special resolutions

Voting percentage

Each of special resolutions 1 to 3 will be considered by way of a separate vote and in order for each such resolution to be adopted; the support of at least 75% (seventy-five percent) of the voting rights on the resolution cast by shareholders present or represented by proxy at this meeting is required.

2.1 To approve the Non-Executive Directors' fees

Section 66(8) (read with section 66(9)) of the Companies Act provides that, to the extent permitted in the MoI, the Company may pay remuneration to its Directors for their services as Directors provided that such remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years. Clause 36.1 of the MoI does not limit, restrict or qualify the power of the Company to pay remuneration to its Directors for their service. The Remuneration Committee requested a third party service provider to survey and recommend market related fees based on size and complexity of the Company and has considered the remuneration proposed for Non-Executive Directors and the Board has accepted the recommendations of the Remuneration Committee, based on the market related fees proposed.

Special resolution 1

"Resolved that the fees payable to the Non-Executive Directors for their services to the Board and committees of the Board be revised by a separate vote in respect of each item, with effect from 1 June 2018 as follows:

	2018		2017
	Chair	**NED**	**NED**
Board meetings	27 700	19 400	17 000
Audit and Risk Committee	18 400	12 900	11 000
NOMCO/REMCO/TSEC	9 200	6 400	5 700
AGM	13 800	9 700	8 000
Adhoc meetings	16 100	11 300	9 000

2.2 Loans or other financial assistance to related or inter-related companies or corporations

Section 45 of the Companies Act provides, among other things, that, except to the extent that the MoI of a company provides otherwise, the board may authorise the Company to provide direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation and securing any debt or obligation) to a related or inter-related company or corporation, including a subsidiary of the company incorporated in or outside of the Republic of South Africa, provided that such authorisation shall be made pursuant to a special resolution of the shareholders adopted within the previous two years, which approved such assistance either for the specific recipient or generally for a category of potential recipients and the specific recipient falls within that category.

Special resolution 2

"Resolved that the Directors of the Company be and are hereby authorised, in accordance with section 45 of the Companies Act, to authorise the Company to provide direct or indirect financial assistance to any company or corporation, including a subsidiary of the Company incorporated in or outside of the Republic of South Africa, which is related or inter-related to the Company."

2.3 General authority to acquire the company's own shares

Special resolution 3 is proposed to authorise the acquisition by the Company, and any subsidiary of the Company, of up to 5% of the ordinary shares issued by the Company.

The board's intention is for the shareholders to pass a special resolution granting the Company and its subsidiaries a general authority to acquire ordinary shares issued by the Company in order to enable the Company and its subsidiaries, subject to the requirements of the Companies Act, the Listings Requirements of the JSE and the Company's MoI, to acquire ordinary shares issued by the company, should the board consider that it would be in the interest of the Company and/or its subsidiaries to acquire ordinary shares issued by the Company while the general authority subsists.

Special resolution 3

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

(a) that the Company and its subsidiaries are authorised by their MOI to repurchase such shares;

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

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

(d) that an announcement be published giving such details as may be required in terms of the Listings Requirements when the Company has cumulatively repurchased 3% 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;

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

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

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

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

(i) that the Board of Directors passes a resolution authorising the repurchase and that the Company passes the solvency and liquidity tests set out in section 4 of the Companies Act and that since the tests were done there have been no material changes to the financial position of the Group."

DISCLOSURES IN REGARD TO OTHER LISTING REQUIREMENTS OF THE JSE APPLYING TO SPECIAL RESOLUTION 3

The Listings Requirements of the JSE prescribe certain disclosures, which are disclosed in the consolidated and annual financial statements and the Integrated Report.

MAJOR SHAREHOLDERS

Details of major shareholders of the Company are set out on page 125 of the Integrated Report.

MATERIAL CHANGE

There has been no material change in the financial or trading position of the Company and its subsidiaries since the date of publication of the Company's annual results on 19 March 2018.

SHARE CAPITAL OF THE COMPANY

Details of the share capital of the Company are set out on page 125 of the Integrated Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make the statement false or misleading.

VOTING AND ATTENDANCE

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

ACTION REQUIRED BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS

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

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

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

ELECTRONIC PARTICIPATION

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

Physical address:

Computershare Investor Services (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Postal address:

PO Box 61051, Marshalltown, 2107

Fax Number:

+27 11 688 5238

by no later than 14h00 on Thursday, 14 June 2018 advising that they wish to participate via electronic communication in the Annual General Meeting (the "Electronic Notice"). In order for the Electronic Notice to be valid it must contain the following information:

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

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

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

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

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

SALIENT DATES

Record date to receive notice this notice of Annual General Meeting	Friday, 18 May 2018
Last day to trade to be eligible to vote at the Annual General Meeting	Tuesday, 19 June 2018
Record date for determining those shareholders entitled to vote at the Annual General Meeting	Friday, 22 June 2018

BY ORDER OF THE BOARD

Amanda Fairley CA (SA)
Company Secretary
19 April 2018

DIRECTORATE AND ADMINISTRATION

DIRECTORS	**Executive Directors** WAH Willcocks – Chief Executive Officer LG Grobbelaar – Group Facilities Management Director R Lumb – Chief Financial Officer **Independent Non-Executive Chairperson** PF Mojono **Independent Non-Executive Directors** L Mahlangu D Rosevear C Boles **Non-Executive Director** BL Willcocks
COMPANY SECRETARY	AC Fairley 2 Brammer Road, Industries East, Germiston South Telephone: 011-323 7300
REGISTERED OFFICE	2 Brammer Road, Industries East, Germiston South PO Box 382, Germiston, 1400
COMPANY REGISTRATION NUMBER	2006/037223/06
AUDITORS	Deloitte and Touche Deloitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, Sandton Private Bag X6, Gallo Manor, 2052
TRANSFER SECRETARIES	Computershare Investor Services (Pty) Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 PO Box 24, Newtown, 2113
BANKERS	ABSA Bank Limited Pallazo Towers West, Monte Casino Boulevard Fourways, 2055 PO Box 782991, Sandton, 2146
ATTORNEYS	Fluxmans Inc. 11 Bierman Avenue, Rosebank, 2196 Private Bag X41, Saxonwold, 2196
SPONSOR	Grindrod Bank, 4th Floor, Grindrod Tower 8A Protea Place, Sandton, 2196 PO Box 78011, Sandton, 2196

FORM OF PROXY

INTERWASTE HOLDINGS LIMITED

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

FORM OF PROXY

FOR USE BY CERTIFICATED SHAREHOLDERS AND SHAREHOLDERS WHO HAVE DEMATERIALISED THEIR SHARE CERTIFICATES AND HAVE ELECTED "OWN NAME" REGISTRATION THROUGH A CENTRAL SECURITIES DEPOSITORY PARTICIPANT ("CSDP") OR BROKER, AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 14H00 ON THURSDAY, 28 JUNE 2018.

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

I/We (Name in full in block letters)

of (Address in block letters)

With the following telephone numbers:	Work Telephone Number:
	Home Telephone number:
	Cellular Telephone Number:

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

1. or failing him/her
2. or failing him/her

the chairman of the meeting

as my/our proxy to act for me/us at the annual general meeting, to be held at Interwaste Holdings Limited, 2 Brammer Road, Germiston South, Gauteng, South Africa on Wednesday, 28 June 2018 at 14H00 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 Mrs BL Willcocks			
3. Re-election of Mr DK Rosevear			
4. Appointment of Mr L Mahlangu as the chair of the Audit and Risk Committee			
5. Appointment of Mr PF Mojono to the Audit and Risk Committee			
6. Appointment of Mr CA Boles to the Audit and Risk Committee			
7. Appointment of Mr DK Rosevear to the Audit and Risk Committee			
8. Re-appointment of Deloitte and Touche as the Company's Independent Auditors and Mr D Uys as the registered auditor			
9. Approval of the remuneration policy of the Company			
10. Approval of the Implementation report of the Company			
Special Resolutions			
1. Approval of Non-Executive Directors' fees for the ensuing year			
2. Authorisation to provide financial assistance			
3. Authorisation to repurchase shares			

Signed at on 2018

Member

Please read the instructions on the following page of this form of proxy.

Form of proxy – Instructions

1. On a poll a shareholder is entitled to one vote for each share held.
2. Forms of proxy must be lodged at, posted to or faxed to Computershare Investor Services (Pty) Limited ("Computershare"), 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, Fax +27 11 688 5238), to reach Computershare by no later than 14H00 on Friday, 22 June 2018 or they may be handed to the chairperson of the annual general meeting at any time prior to the commencement of voting on the ordinary and special resolutions tabled at the annual general meeting.
3. The form of proxy must be delivered as per paragraph 2 above, before the proxy exercises any rights of the shareholder at the general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting the words "the chairman of the annual general meeting". Any such deletion must be individually initialled by the shareholder, failing which they will not have been validly affected. The person present at the Annual General Meeting whose name appears first on the form of proxy and has not been deleted shall be entitled to act as proxy to the exclusion of the persons whose names follow.
5. Any alterations or corrections to this form of proxy have to be initialled by the relevant signatory(ies).
6. Each shareholder is entitled, at any time, to appoint one or more proxies (who need not be a shareholder(s) of the Company) to attend, speak and vote (either on a poll or by show of hands) in place of that shareholder at the annual general meeting.
7. Voting instructions for each of the resolutions must be completed by filling in the number of votes (one per ordinary share) under the "In Favour", "Against" or "Abstain" headings on the form of proxy. If no instructions are filled in on the form of proxy, the chairman of the annual general meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.
8. A shareholder or his/her proxy is entitled but not obliged to vote in respect of all the ordinary shares held by the shareholder. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the shareholder.
9. The appointment of a proxy is suspended at any time, to the extent that the shareholder concerned chooses to act directly and in person in the exercise of any rights as a shareholder. The appointment is revocable by the shareholder cancelling it in writing, or making a later inconsistent appointment, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument or the date on which the revocation instrument is delivered to the proxy and the Company.
10. Documentary evidence establishing the authority of a person signing this form must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the annual general meeting.
11. This form of proxy is to be completed only by those shareholders who either still hold shares in a certificated form, or whose shares are recorded in their "own name" in electronic form in the sub-register.
12. Shareholders whose dematerialised shares are held in the name of a nominee and wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary letter of representation to attend the annual general meeting. Alternatively, they have to instruct their CSDP or broker as to how they wish to vote. This has to be done in terms of the agreement between the shareholder and the CSDP or the broker.
13. Shareholders who wish to attend and vote at the meeting must ensure that their letters of representation from their CSDP or broker reach the transfer secretaries not later than 14H00 on Friday, 22 June 2018.
14. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.
15. If the instrument appointing a proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that must be delivered by the Company to the shareholder must be delivered to the shareholder or the proxy/proxies (if the shareholder has directed the Company to do so in writing and has paid any reasonable fee charged by the Company for doing so).
16. The chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.
17. Subject to revocation by the shareholder, the proxy appointment remains valid only until the end of the meeting at which it is intended to be used.

Transfer secretaries' office

Computershare Investor Services (Pty) Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

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

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

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

CORPORATE INFORMATION

Non-executive directors: PF Mojono (Chairperson), LJ Mahlangu, BL Willcocks, C Boles, D Rosevear
Executive directors: WAH Willcocks (Chief Executive Officer), LC Grobbelaar, R Lumb (Financial Director)
Registration number: 2006/037223/06
Registered address: P O Box 382, Germiston, 1400
Company secretary: Amanda Fairley
Telephone: (011) 323 7300
Facsimile: 086 576 8152
Transfer secretaries: Computershare Investor Services (Pty) Limited
Sponsor: Grindrod Bank Limited

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