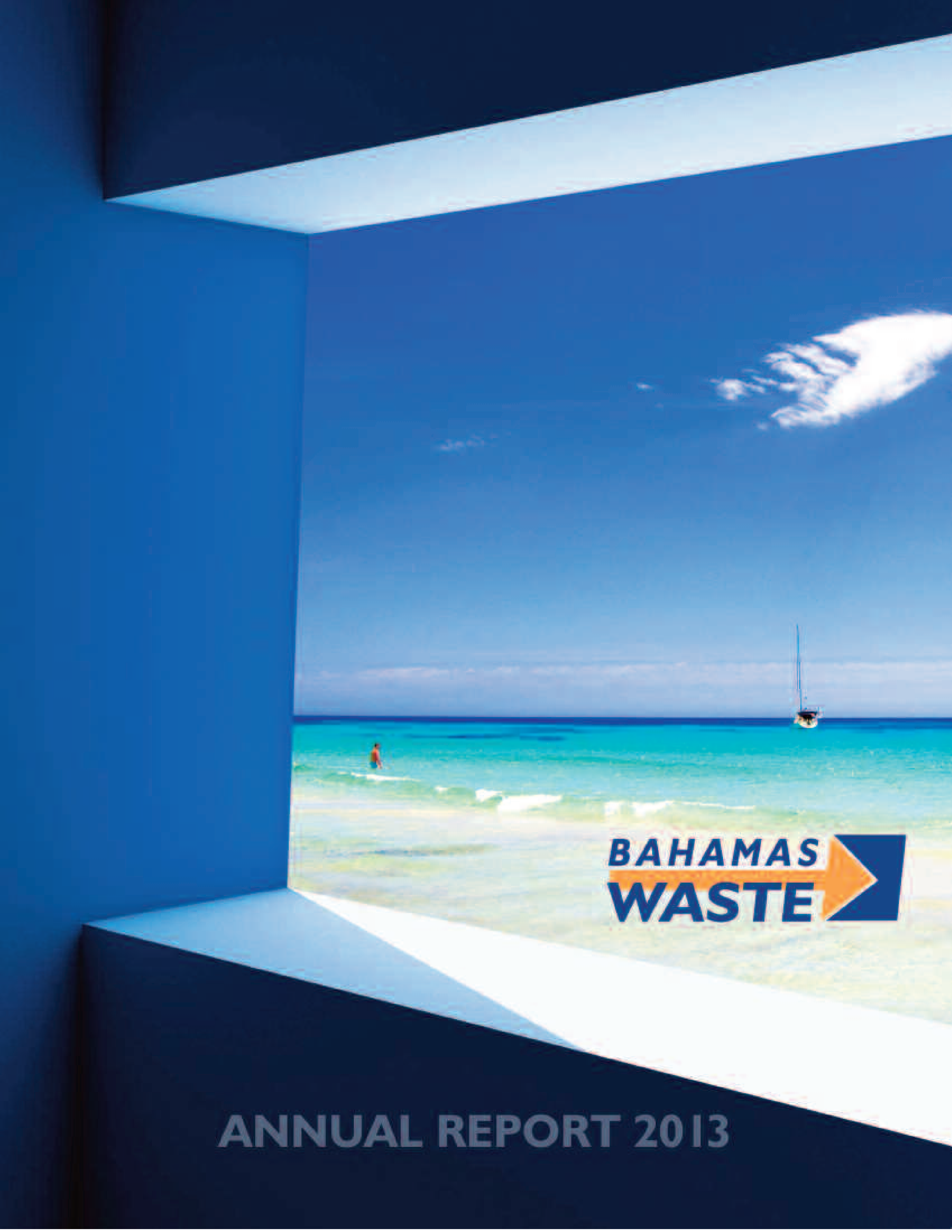


BAHAMAS WASTE

ANNUAL REPORT 2013

MISSION STATEMENT

To provide the highest level
of waste collection and related services
to public and private customers nationwide
by transporting, processing and disposing of waste
in an environmentally responsible manner
while protecting the public interest.

TABLE OF CONTENTS

MESSAGE FROM THE CHAIRMAN

As we enter our twenty-seventh year of operation it seems appropriate to reflect a bit on how far we've come.

We began in 1987 with one MACK roll-off truck and one compacter leased to our one customer - the Cable Beach Hotel, a property owned by the Bahamas Government. In addition to the truck driver we had one person in the office and one part time manager, me. Today, our fleet consists of sixty five collection vehicles, as well as ten cars and service vehicles. We employ one hundred and fifty Bahamian staff, and last year our revenue exceeded ten million dollars. Our mission has never changed since the beginning: WORKING FOR A CLEANER BAHAMAS.

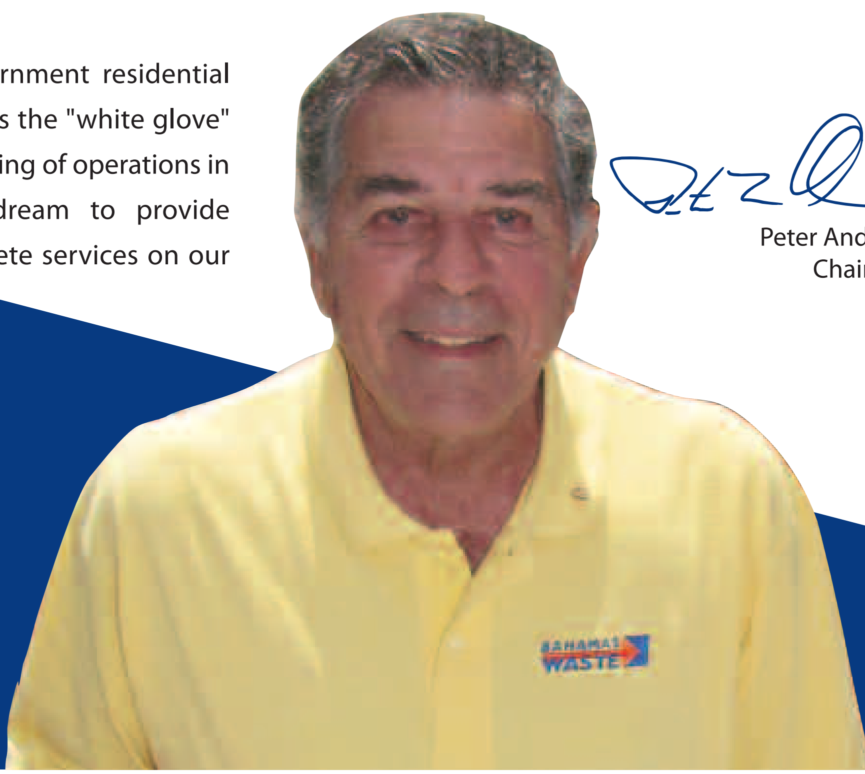
Our contract for residential collection is certainly producing a cleaner Bahamas as the service provided is on schedule each week. Telephone calls and letters of praise from customers come in on a regular basis. If there is a complaint it is responded to immediately.

Our customer base for non government residential services continues to grow, as does the "white glove" residential service. Sadly, the closing of operations in Abaco ended a dream to provide complete services on our nearby island. We still provide services for the AUTEC Base (Atlantic Undersea Test and Evaluation Centre) in Andros.

Recycling efforts in New Providence seem to be improving as there is a growing awareness that limiting the amount of material entering the landfill is in everyone's best interest. Our goal in 2014 is to increase the cardboard and cooking oil collections by twenty percent and to recycle other elements of the waste stream.

Thanks must be given to Francisco de Cardenas, our Managing Director, Disa Campbell our CFO, and Rob Evans, our tireless maintenance Superintendent, and our entire staff. Sadly, we lost a few employees who have passed after many years of valuable service.

On behalf of all shareholders and Directors we thank you, the Customer, for your continued faith and loyalty, in our pursuit of a CLEANER BAHAMAS.



Peter Andrews
Chairman

2013

BAHAMAS WASTE LIMITED
MANAGING DIRECTOR'S REPORT

2013 was certainly a year of highs and lows. In spite of this, we feel very positive about the results, and look forward to a successful 2014.

In July, we were awarded additional residential homes for waste collection, increasing our total to just over 13,000 homes. Clearly, we embraced this opportunity and, I am sure, proved to everyone that Bahamas Waste can consistently provide the level of service residents of New Providence want and deserve.

We would like to thank The Hon. Kenred Dorsett, Minister of Environment and Housing, along with the Department of Environmental Health, for choosing to work with us and giving us the opportunities they have so far. We want to assure the Government and the public that, we are ready, willing and able to provide the services they require.

In October we closed our Abaco Operation, which was a very difficult, but necessary decision. We would like to thank all the companies that supported us from day one, and allowed us to be the catalyst for increasing the level of waste handling services in Abaco and its surrounding cays. Again, we are ready to come back when needed.

While we have yet to meet our goals with regard to our recycling efforts, we are determined to make every effort to make this part of our business successful, as we understand its importance to our environment. It is our hope that incentives for recycling will one day be recognized as a positive business decision and others will join us in the movement. We are grateful for our supporters thus far and work diligently every day to make these ventures successful.

As we continue to provide the highest level of service throughout all of our divisions, we know that as a leading Corporate and Publicly Traded Company, it is important to give back to the community. So in addition to the pro bono services provided to more than a hundred NGO's, one of our largest efforts has been with the National Sports Authority (NSA). We believe that sports offer our young Bahamians both an opportunity to excel in the world and to stay off the streets, away from crime. For the last two years we have proudly supplied the NSA (and all related venues) with equipment and services. We will continue to support sports programs that involve the youth of our Nation.

I would like to give a warm thank you to all of our customers! We know you have a choice, and my staff and I appreciate the fact that you chosen us to service your waste collection needs.

To our employees, who work very hard every day to get the job done, thank you!

Finally, we give huge thanks to our Shareholders and Directors, for their trust in the Management Team, and we look forward to many successes in the years to come.

Francisco de Cardenas
Managing Director

One Montague Place
3rd Floor
East Bay Street
P.O. Box N-3231
Nassau, Bahamas

Tel: +242 502 6000
Fax: +242 502 6090
ey.com

Building a better working world

Independent Auditors' Report

The Shareholders and Directors
Bahamas Waste Limited

We have audited the accompanying financial statements of Bahamas Waste Limited (the Company), which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in shareholders' equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

April 4, 2014

Ernst + Young

STATEMENT OF FINANCIAL POSITION

(Expressed in Bahamian Dollars)

	December 31 2013		2012	
Assets				
Current assets				
Cash *(Note 3)*	$	393,562	$	515,258
Accounts receivable, net *(Note 4)*		2,464,790		1,907,201
Inventories		647,214		634,907
Prepaid expenses and other assets		190,503		203,117
Total current assets		3,696,069		3,260,483
Non-current assets				
Investment in associate (Note 5)		73,925		78,876
Intangible asset *(Note 6)*		50,000		75,000
Property, plant, and equipment, net *(Note 7)*		7,001,069		7,149,139
Total non-current assets		7,124,994		7,303,015
Total assets	$	10,821,063	$	10,563,498
Liabilities and shareholders' equity				
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	401,763	$	285,495
Total current liabilities		401,763		285,495
Non-current liabilities				
Security deposits		509,578		481,651
Total liabilities		911,341		767,146
Shareholders' equity				
Share capital and contributed surplus *(Note 8)*		2,794,113		2,794,113
Treasury Shares		(178,465)		–
Retained earnings		7,294,074		7,002,239
Total shareholders' equity		9,909,722		9,796,352
Total liabilities and shareholders' equity	$	10,821,063	$	10,563,498

See accompanying notes.

COMMITMENTS AND CONTINGENCIES *(Note 14)*

Approved By The Board:

Director　　　　Director

BAHAMAS WASTE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Bahamian Dollars)

	Year ended December 31 2013	2012
Income:		
Sales and services rendered	$ 10,720,817	$ 9,885,375
Less: cost of sales and direct expenses *(Note 9)*	(7,572,046)	(6,795,321)
Gross profit	3,148,771	3,090,054
Expenses:		
Salaries and related expenses *(Notes 10 and 15)*	1,117,711	1,090,296
General and administrative	664,633	607,873
Repairs and maintenance	167,328	179,908
Professional fees	141,898	133,474
Business license	78,973	69,737
Bad debts *(Note 4)*	70,000	85,000
Advertising and promotion	45,725	52,212
Directors' fees *(Note 10)*	35,000	34,375
Donations	26,289	33,511
Office supplies	35,063	30,834
Registrar and transfer agent fees	29,510	26,385
Interest and bank charges	17,806	15,652
Total operating expenses	2,429,936	2,359,257
Income from operations	718,835	730,797
Other income *(Note 5)*	30,607	99,086
Net income for the year, being total comprehensive income for the year	$ 749,442	$ 829,883
Earnings per share *(Note 11)*	$ 0.18	$ 0.20

See accompanying notes

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Bahamian Dollars)

	Number of Shares Issued	Share Capital	Contributed Surplus	Treasury Shares	Retained Earnings	Total
Balance at December 31, 2011	4,200,000	$ 42,000	$ 2,752,113	$ –	$ 6,550,356	$ 9,344,469
Total Comprehensive income	–	–	–	–	829,883	829,883
Dividends *(Note 12)*	–	–	–	–	(378,000)	(378,000)
Balance at December 31, 2012	4,200,000	42,000	2,752,113	–	7,002,239	9,796,352
Total Comprehensive income	–	–	–	–	749,442	749,442
Purchase of Treasury Shares	–	–	–	(178,465)	–	(178,465)
Dividends *(Note 12)*	–	–	–	–	(457,607)	(457,607)
Balance at December 31, 2013	**4,200,000**	**$ 42,000**	**$ 2,752,113**	**$ (178,465)**	**$ 7,274,074**	**$9,909,722**

See accompanying notes

STATEMENT OF CASH FLOWS

(Expressed in Bahamian Dollars)

	Year ended December 31 2013	2012
Operating activities		
Net income being comprehensive income for the year	$ 749,442	$ 829,883
Adjustments for items not involving use of cash:		
Bad debts expense (*Note 4*)	70,000	85,000
Amortization of intangible assets (*Note 6*)	25,000	25,000
Depreciation (*Note 7*)	1,328,110	1,317,257
Share of loss from investment in associate (*Note 5*)	4,951	10,303
Gain on disposal of property, plant, and equipment	(5,000)	(2,538)
Change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(627,589)	(103,281)
Increase in inventories	(12,307)	(116,315)
Increase (decrease) in prepaid expenses and other assets	12,615	(86,926)
Increase in accounts payable and accrued liabilities	116,268	24,653
Increase in security deposits	27,927	16,392
Net cash flow provided by operating activities	1,689,417	2,205,990
Investing activities		
Purchases of property, plant, and equipment *(Note 7)*	(1,180,041)	(1,423,806)
Proceeds from sale of property, plant, and equipment *(Note 7)*	5,000	5,000
Net cash flow used for investing activities	(1,175,041)	(1,423,806)
Financing activities		
Purchase of Treasury shares	(178,465)	–
Dividends paid *(Note 12)*	(457,607)	(378,000)
Net cash flow used for financing activities	(636,072)	(378,000)
Net change in cash	(121,696)	404,184
Cash at beginning of the year	515,258	111,074
Cash at end of the year (*Note 3*)	$ 393,562	$ 515,258
Supplemental cash flow information		
Interest paid	$ 486	$ 293

See accompanying notes

1. Corporate Information

Bahamas Waste Limited (the Company) was incorporated under the laws of the Commonwealth of The Bahamas on August 18, 1987. It is engaged in the business of solid and medical waste collection, disposal, and recycling, including the sale, installation, rental, and maintenance of waste compactors and containers. The Company has publicly traded shares which are registered on the Bahamas International Stock Exchange.

The registered office of the Company is located at Alexiou Knowles & Company, St. Andrews Court, Frederick Street, P. O. Box N-4805, Nassau, Bahamas. These financial statements were authorized for issuance by the Company's Board of Directors on January 29, 2014.

2. Summary of Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis of Preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Bahamian dollars, which is the Company's functional and presentation currency. The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Financial Assets and Financial Liabilities

Financial assets and financial liabilities within the scope of IAS 39 are recognized initially at fair value. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Company's financial assets include cash, accounts receivable, deposits, and investment in associates, while financial liabilities include accounts payable and accrued liabilities and security deposits, as applicable.

Cash and Short-Term Deposits

Cash in the statement of financial position comprise cash at banks and on hand. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand as defined above, net of outstanding bank overdrafts.

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable, which generally have 30-90 day terms, are recognized and carried at the original invoice amount less an allowance for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Receivables from affiliated companies are recognized and carried at the original invoice amount.

Investment in Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investment in its associate is accounted for using the equity method. The statement of comprehensive income reflects the Company's share of the results of operations of the associate. Any change in Other Cumulative Income (OCI) of the investee is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside of operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared as at March 31, 2013. When necessary, adjustments are made to bring the accounting policies in line with those of the Company. After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as "share of profit/loss of an associate" in the statement of comprehensive income. No impairment charges were recorded at December 31, 2013 or 2012.

Accounts Payable and Accrued Liabilities

Liabilities classified as accounts payable and accrued liabilities, which are normally settled on 30-60 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Payables to affiliated companies are carried at the original invoice amount.

2. Summary of Significant Accounting Policies (continued)

Trade Date Accounting

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Impairment and Uncollectibility of Financial Assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the carrying amount of the asset is reduced to its estimated recoverable amount either directly or through the use of an allowance account and the amount of the loss is included in the statement of comprehensive income.

Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. No such impairment was recorded during the year ended December 31, 2013 (2012 – $Nil).

Derecognition of Financial Assets and Liabilities

The Company derecognizes financial assets when the contractual rights to cash flows from the asset expires or it transfers the asset and the transfer qualifies for derecognition in accordance with IAS 39, as amended. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Prepaid Expenses and Other Receivables

Prepaid expenses and other receivables are carried at cost which is the fair value of the consideration to be received in the future.

Inventories

Inventories are stated at the historical cost. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a first in, first out basis
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

2. Summary of Significant Accounting Policies (continued)

Property, Plant, and Equipment continued

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on the straight-line basis from the date of acquisition over the estimated useful lives of the assets which are as follows:

Buildings	20 years
Compactors and containers	5 – 7 years
Collection vehicles	3 – 7 years
Office vehicles	3 – 7 years
Furniture and equipment	6 years
Computer equipment	3 years
Operating equipment	5 – 10 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset. No such impairment was recorded during 2013 and 2012.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of such intangible assets is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life on a straight-line basis, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes to the expected useful life or expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expense relative to intangibles with finite useful lives is recognized in the statement of comprehensive income.

Security Deposits

Security deposits represent amounts received as deposits from customers at the signing of a customer service contract. The deposits do not bear interest and are either returned to the customer or applied to outstanding billings when service is terminated.

Share Capital

Ordinary share capital is recognized at the fair value of the consideration received by the Company.

2. Summary of Significant Accounting Policies (continued)

Treasury Shares

The Company's ordinary shares which have been repurchased and held as Treasury Shares are recognized at cost and deducted from Shareholders' Equity. No gain or loss is recognized in the statement of comprehensive income on the purchase, sale or cancellation of the Treasury Shares. Voting rights related to the Treasury Shares are nullified and no dividends are allocated to them.

Revenue and Expense Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is to be made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

Taxes

There are no income taxes imposed on the Company in the Commonwealth of The Bahamas. The Company is required to pay a business license fee anually based on total turnover.

Related Parties

Related parties include companies under the control of the major shareholders of the Company. All balances and transactions with related parties have been disclosed in the financial statements and are stated at cost.

Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Summary of Significant Accounting Policies (continued)

Estimates

The key assumptions employed concerning a future event that may have a significant effect on the amounts disclosed in the financial statements are described below. Key assumptions and estimates used are based on information available when the financial statements were prepared. Existing circumstances may change for several reasons which are beyond the Company's control. Such changes are reflected as they occur.

Provisions for Accounts Receivables

The Company estimates its bad debt based on historical relationships with its customers and specifically reviews all balances that remain outstanding beyond normal credit terms and/or after relationships have been terminated. These balances are provided for in full after all attempts to collect the amounts have been exhausted and it is likely that they will not be collected.

Adoption of new and Revised International Financial Reporting Standards

The accounting policies adopted are consistent with those used in the previous financial year. The following International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and International Financial Reporting Standards (IFRS) issued by the International Financial Reporting Interpretations Committee (IFRIC) are relevant to the Company.

Amendments to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

- IFRS 10 – *Consolidated Financial Statements*
- IFRS 11 – *Joint Arrangements*
- IFRS 12 – *Disclosure of Interests in Other Entities*
- IFRS 13 – *Fair Value Measurement*
- IAS 27 (Revised) – *Separate Financial Statements*
- IAS 28 (Revised) – *Investments in Associates and Joint Ventures*
- Amendment to IAS 1 – *Presentation of Items of Other Comprehensive Income*
- IAS 19 (Revised) – *Employee Benefits*
- Amendments to IFRS 7 – *Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to IFRS 1 – *Government Loans*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Standards, Interpretations and Amendments to Published Standards Relevant to the Company That are Not Yet Effective

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after January 1, 2014, or later periods but which the Company has not early adopted are as follows:

Effective for annual periods beginning on or after January 1, 2014:

- Amendment to IAS 32 – *Offsetting Financial Assets and Financial Liabilities*

Effective for annual periods beginning on or after January 1, 2015:

- *IFRS 9 – Financial Instruments (issued in 2010)*
- *Amendments to IFRS 7 and IFRS 9 – Mandatory Effective Date and Transition Disclosures*

The Company is currently assessing the impact of the new and revised standards, however it does not anticipate any material impact on the results of its operations from the implementation of these new standards when they become effective.

3. CASH POSITION

For the purpose of the statement of cash flows, cash comprises the cash on hand and at the bank at the date of the statement of financial position.

The Company has an agreement with the RBC Royal Bank (Bahamas) Limited for an overdraft facility of $300,000. The facility is unsecured and bears interest at a rate of Nassau Prime +3.00% (7.75%) (2012 – 7.75%). The Company also maintains an overdraft facility at CIBC FirstCaribbean International Bank (Bahamas) Limited of $100,000. The facility is unsecured and bears interest at a rate of Nassau Prime +3.50% (8.25%) (2012 – 8.25%). At December 31, 2013, the Company had $400,000 (2012 – $400,000) of undrawn funds available from its approved overdraft facilities.

The Company also has a Corporate VISA facility from RBC Royal Bank (Bahamas) Limited with a limit of $50,000. As of December 31, 2013, none of this amount was used (2012 - $Nil).

(Expressed in Bahamian Dollars)

4. Accounts Receivable, Net

Accounts receivable consists of the following:

	2013	2012
Receivables from Related Parties	$ 35,235	$ 8,144
Trade receivables	2,770,382	2,169,884
	2,805,617	2,178,028
Less: provision for doubtful accounts	(340,827)	(270,827)
	$ 2,464,790	$ 1,907,201

As at December 31, 2013, accounts receivable with a nominal value of $70,000 (2012 – $85,000) were impaired and fully provided for. No accounts were written off in 2013 (2012 – $Nil), and movements in the provision for impairment do not include any restored balances (2012 – $780).

5. Investment in Associate

The Company holds a 19% interest in the shares of Green Systems Ltd., a Company incorporated under the laws of the Commonwealth of The Bahamas and engaged in the business of green waste recycling for the manufacture of mulch, compost, and soil. During 2013 and 2012, the Company made no additional investment in the Associate.

	2013	2012
Beginning balance	$ 78,876	$ 89,179
Share in loss of associate *(Note 5)*	(4,951)	(10,303)
Ending balance	$ 73,925	$ 78,876

The Company's share of the net loss of the associate is included in other income in the statement of comprehensive income.

6. Business Acquisition and Intangible Asset

On March 31, 2010, the Company entered into an agreement to acquire the Rear Load Commercial Garbage business from WasteNot Limited effective May 1, 2010. The total purchase price was $400,000, with the last installment payment being made on September 30, 2010.

(Expressed in Bahamian Dollars)

6. Business Acquisition and Intangible Asset (continued)

The fair value of the identifiable assets of WasteNot Limited and the intangible asset derived from the existing customer accounts of WasteNot Limited that were transferred to the Company as at the date of acquisition were as follows:

Equipment	$ 275,000
Intangible asset	125,000
Purchase price of acquisition	$ 400,000

The intangible asset relative to the WasteNot customer accounts has been determined to have a finite useful life, and is being amortized over a five-year period. The net book value of the intangible asset at December 31, 2013, is as follows:

Intangible asset	$ 125,000
Accumulated depreciation	(75,000)
Net book value	$ 50,000

7. Property, Plant and Equipment

The movement of property, plant, and equipment for the year ended December 31, 2013, was as follows:

	Opening Balance	Additions	Disposals	Ending Balance
Cost:				
Land	$ 986,508	$ –	$ –	$ 986,508
Buildings	4,134,029	173,861	–	4,307,890
Compactors and containers	8,132,862	322,296	(31,364)	8,423,794
Collection vehicles	7,466,248	525,953	(35,277)	7,956,924
Office vehicles	187,846	–	(60,115)	127,731
Furniture and equipment	367,352	114,803	(3,777)	478,378
Computer equipment	276,239	12,930	(1,565)	287,604
Operating equipment	1,140,475	30,198	–	1,170,673
	22,691,559	1,180,041	(132,098)	23,739,502
Depreciation				
Land	–	–	–	–
Buildings	1,724,800	222,920	(35,277)	1,912,443
Compactors and containers	6,646,592	498,221	(31,364)	7,113,449
Collection vehicles	6,078,221	370,616	(60,115)	6,388,722
Office vehicles	107,064	20,710	(3,777)	123,997
Furniture and equipment	253,457	44,910	(1,565)	296,802
Computer equipment	224,464	27,810	–	252,274
Operating equipment	507,822	142,923	–	650,745
	15,542,420	1,328,110	(132,098)	16,738,432
2013 book value	$ 7,149,139	$ (148,069)	$ –	$ 7,001,070

(Expressed in Bahamian Dollars)

7. Property, Plant and Equipment (continued)

The movement of property, plant, and equipment for the year ended December 31, 2012, was as follows:

	Opening Balance	Additions	Disposals	Ending Balance
Cost				
Land	$ 986,508	$ –	$ –	$ 986,508
Buildings	4,131,359	2,670	–	4,134,029
Compactors and containers	7,363,085	824,689	(54,912)	8,132,862
Collection vehicles	6,990,101	476,147	–	7,466,248
Office vehicles	161,391	26,455	–	187,846
Furniture and equipment	294,176	73,176	–	367,352
Computer equipment	269,860	6,379	–	276,239
Operating equipment	1,121,185	19,290	–	1,140,475
	21,317,665	1,428,806	(54,912)	22,691,559
Depreciation				
Land				
Buildings	1,503,508	221,292	–	1,724,800
Compactors and containers	6,194,495	504,547	(52,450)	6,646,592
Collection vehicles	5,705,352	372,869	–	6,078,221
Office vehicles	89,650	17,414	–	107,064
Furniture and equipment	228,868	24,589	–	253,457
Computer equipment	195,494	28,970	–	224,464
Operating equipment	360,245	147,576	–	507,822
	14,277,612	1,317,257	(52,450)	15,542,420
2012 net book value	$ 7,040,053	$ 111,549	$ (2,462)	$ 7,149,139

Depreciation expense is allocated to cost of sales and direct expenses *(Note 9)* in the amount of $1,109,248 (2012 – $1,141,011) and general and administrative expenses in the amount of $218,862 (2012 – $176,246).

Fully depreciated property and equipment that are still being used by the Company as of December 31, 2013, amounted to $10,724,169 (2012 – $9,153,881).

(Expressed in Bahamian Dollars)

8. Share Capital

	2013	2012
Authorized: 10,000,000 ordinary shares of $0.01 each (2012 – 10,000,000 shares of $0.01 each)	100,000	100,000
Issued and fully paid: 4,200,000 ordinary shares (2012 – 4,200,000 shares)	42,000	42,000

On October 24, 2012, the Company's Board of Directors approved a program for the repurchase of up to 10% (420,000) of its outstanding ordinary shares over the 36-month period ending October 31, 2015. As at the date of the statement of financial position, the Company had repurchased 65,772 ordinary shares for a total of $178,465. The repurchased shares are held in Treasury and cannot be released without the consent of the Board.

At December 31, share capital and contributed surplus was comprised of the following:

	2013	2012
Share capital	$ 42,000	$ 42,000
Contributed surplus	2,752,113	2,752,113
Treasury stock	(178,465)	–
	$ 2,615,648	$ 2,794,113

9. Cost of Sales and Direct Expenses

Cost of sales and direct expenses comprise the following:

	2013	2012
Salaries and related expenses	$ 3,198,183	$ 2,973,131
Repairs and maintenance	1,753,539	1,475,222
Depreciation expense *(Note 7)*	1,109,248	1,141,011
Fuel	1,207,402	924,667
Landfill fees	215,074	194,290
Other	88,600	87,000
	$ 7,572,046	$ 6,795,321

(Expressed in Bahamian Dollars)

10. Related-Party Balances and Transactions

The following is a summary of the balances at December 31, 2013 and 2012, and the transactions during the year then ended with related parties:

		2013		2012
Accounts receivable	$	35,805	$	11,156
Additions to property, plant, and equipment	$	1,217	$	4,213
Accounts payable and accrued liabilities	$	900	$	1,695
Sales and services rendered	$	114,279	$	36,802
Repairs and maintenance – cost of sales	$	6,990	$	7,320
Professional fees	$	48,360	$	48,360

Compensation of key management personnel of the Company

		2013		2012
Short-term employee benefits	$	687,102	$	708,826
Defined contribution pension and medical insurance expense		108,770		99,564
Total compensation paid to key management personnel	$	795,872	$	808,390

Pursuant to an approval from the Board of Directors, the Chairman of the Board also provides consulting services to the Company. Fees paid relative to this agreement for the year ended December 31, 2013, amounted to $57,925 (2012 – $57,604), inclusive of telephone and medical insurance expenses. These fees are included in professional fees, salaries and related expenses, and general and administrative expenses. The Chairman of the Board is also a major shareholder of the Company. The other non-executive directors were paid directors fees of $35,000 (2012 – $34,375) for services rendered and do not receive any other types of benefits from the Company.

11. Earnings per Share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

		2013		2012
Net income attributable to ordinary shares	$	749,442	$	829,883
Weighted average number of ordinary shares outstanding		4,179,594		4,200,000
Earnings per share	$	0.18	$	0.20

There were no dilutive securities outstanding during the 2013 and 2012.

12. Dividends

Dividends are declared at the discretion of the Board of Directors. A dividend payout ratio of 50% – 70% of net income is used as a basis for declared amounts, subject to the capital requirements and liquidity of the Company. During 2013, dividends totaling $457,607 (2012 – $378,000) were declared by the Board of Directors and paid on May 27, 2013 ($0.05 per share) and November 27, 2013 ($0.06 per share).

13. Segment Information

For management purposes, operating divisions are grouped into four reportable segments as follows, based on the general nature of services:

- Collections include all solid and wet waste collection, treatment, and disposal, including roll-on/roll-off and rear load collections, medical waste collections, and portable toilet services.
- WVO Recycling entails the collection of waste cooking oil and the conversion of same into biodiesel for use in various company vehicles and equipment across the operating divisions.
- OCC Recycling collects and bales various paper products for export.
- Corporate Administration provides oversight and administrative support to all divisions.

Management monitors the operating results of its various divisions for the purpose of performance assessment, particularly with respect to the start-up and growth of its new recycling ventures. Administrative overheads are managed on a group basis and are, therefore, viewed separately and are not allocated to operating segments. The cost of the biodiesel is allocated to the various operating divisions based on the quantity dispensed to each division and the average market prices of premium diesel.

(Expressed in Bahamian Dollars)

13. SEGMENT INFORMATION (continued)

December 31, 2013	Collections	WVO Recycling	OCC Recycling	Corporate	Total
Revenue					
External customers	$ 10,635,881	$ –	$ 84,936	$ 30,607	$ 10,751,424
Inter-segment	(460,818)	469,051	(8,233)	–	–
Total revenue	$ 10,175,063	$ 469,051	$ 76,703	$ 30,607	$ 10,751,424
Segment profit	$ 3,614,308	$ (286,836)	$ (178,701)	$ (2,399,329)	$ 749,442
Operating assets	$ 6,977,996	$ 921,298	$ 597,922	$ 2,323,847	$ 10,821,063
Operating liabilities	$ 543,831	$ 46,120	$ –	$ 321,390	$ 911,341
Other segment information					
Depreciation & amortization	$ 929,870	$ 110,266	$ 94,112	$ 218,862	$ 1,353,110
Salaries and related expenses	$ 2,403,119	$ 97,528	$ 110,965	$ 1,117,711	$ 3,729,322
Repairs and maintenance and fuel	$ 3,227,766	$ 548,093	$ 50,327	$ 1,093,363	$ 4,919,549

	Collections	WVO Recycling	OCC Recycling	Corporate	Total
December 31, 2012					
Revenue					
External customers	$ 9,813,861	$ –	$ 71,513	$ 99,086	$ 9,984,460
Inter-segment	(441,684)	448,053	(6,369)	–	–
Total revenue	$ 9,372,177	$ 448,053	$ 65,144	$ 99,086	$ 9,984,460
Segment profit	$ 3,354,150	$ (68,454)	$ (195,751)	$ (2,260,063)	$ 829,882
Operating assets	$ 6,519,440	$ 1,014,223	$ 645,292	$ 2,384,543	$ 10,563,498
Operating liabilities	$ 545,729	$ –	$ –	$ 221,417	$ 767,146
Other segment information					
Depreciation & amortization	$ 940,077	$ 109,337	$ 91,597	$ 201,246	$ 1,342,257
Salaries and related expenses	$ 2,748,091	$ 93,738	$ 133,930	$ 1,090,296	$ 4,066,055
Repairs and maintenance and fuel	$ 1,880,591	$ 308,912	$ 30,848	$ 179,907	$ 2,400,258

14. Commitments and Contingencies

The Company guarantees all compactors sold for a 60-day period from the date of sale. Any claims pursuant to these guarantees are reimbursable by the manufacturer.

15. Employee Pension Plan

The Company began a defined contribution pension plan on July 1, 2004. The manager of the plan is Colina Financial Advisors Ltd. The Company matches up to 5.00% of the contributions of the participants of the plan. Contributions to the plan for 2013 amounted to $136,541 (2012 – $114,960). Participants are entitled upon termination, retirement, disability, or death, to redeem their portion of the plan's assets, and are entitled to a portion of the Company's contributions after participation in the plan for a minimum of five years, with complete vesting after 10 years of participation.

16. Financial Risk Management

General

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits, and other controls. The process of risk management is critical to the Company's ongoing profitability and each individual within the Company is accountable for the risk exposures related to their responsibilities. The Company is exposed to credit risk, liquidity risk, interest rate risk, and market risk. The Company is also subject to general operating risk.

The risk control process does not include business risks such as changes in the environment, technology, and industry. These risks are managed through the Company's strategic management processes.

Risk Management Structure

The Board of Directors is ultimately responsible for identifying and controlling risk. The Company does not have a significant amount of financial risk due to its operations and as such, separate committees on the Board of Directors are not considered necessary. The Company does not have any trading positions.

Risk Management and Reporting Systems

The Company's risks are measured using a method which reflects both expected and unexpected losses. The risk measurements are based on historical experiences. Based on historical experience there are no significant risks of loss from credit risks, liquidity risks, interest rate risks, or market risks.

16. Financial Risk Management (continued)

Risk Concentration and Credit Risk

The Company does not have any significant concentrations of general risk or credit risk as the majority of its customers do not have business with the Company that is material to its operations; however, the top five of the Company's customers contributed to 11% (2012 – 14%) of the Company's outstanding accounts receivable and 22% (2012 – 24%) of the Company's annual sales and services rendered. The Company has experienced credit losses which are in line with management's expectations and are reasonable as its customers are primarily small businesses.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. This risk is mitigated due to management's ability to temporarily borrow funds from its bankers and the monitoring of cash flow needs by management on a daily basis.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. The Company's exposure to interest rate risk relates primarily to the overdraft facility.

Interest rate risk on the Company's overdraft facilities is not material.

Fair Value of Financial Instruments and Market Risk

Financial instruments utilized by the Company include recorded assets and liabilities. The Company's financial instruments are either short-term in nature or have interest rates that automatically reset to market on a periodic basis. Where financial assets and liabilities have fixed rates, those rates approximate market interest rates in its operating environment. Accordingly, the estimated fair value is not significantly different from the carrying value for each major category of the Company's recorded assets and liabilities.

17. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made in the objectives, policies, or processes during the years ended December 31, 2013 and 2012.

The Company monitors capital uses ratios which compare income, assets, and liabilities to capital. The Company does not have any statutory or regulatory capital requirements and as such, management adjusts capital levels as required for the Company's future development plans and returns the remainder of its capital to its shareholders.

18. Subsequent Events

There were no significant events occurring after the reporting period that require adjustment to or disclosure in the financial statements.

Notes