

INTERIM CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED)

Bahamas Waste Limited  
Three Months Ended March 31, 2014

Ernst & Young



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Bahamas Waste Limited

Interim Condensed Financial Statements (Unaudited)

Three Months Ended March 31, 2014

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## Bahamas Waste Limited

### Interim Statement of Financial Position (Unaudited) (Expressed in Bahamian Dollars)

	<b>March 31</b>	<b>December 31</b>
	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 807,594	\$ 393,562
Accounts receivable, net	2,209,069	2,464,790
Inventories	618,550	647,214
Prepaid expenses and other receivables	422,922	190,503
Total current assets	<u>4,058,135</u>	<u>3,696,069</u>
<b>Non-current assets</b>		
Investment in associate	73,925	73,925
Intangible assets (Note 3)	43,750	50,000
Property, plant, and equipment, net	6,890,714	7,001,069
Total non-current assets	<u>7,008,388</u>	<u>7,124,994</u>
Total assets	<u><u>\$ 11,066,524</u></u>	<u><u>\$ 10,821,063</u></u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 410,856	\$ 401,763
Total current liabilities	<u>410,856</u>	<u>401,763</u>
<b>Non-current liabilities</b>		
Security deposits	513,735	509,578
Total liabilities	<u>924,591</u>	<u>911,341</u>
<b>Shareholders' equity</b>		
Share capital and contributed surplus	2,794,113	2,794,113
Treasury shares	(178,465)	(178,465)
Retained earnings	7,526,285	7,294,074
Total shareholders' equity	<u>10,141,933</u>	<u>9,909,722</u>
Total liabilities and shareholders' equity	<u><u>\$ 11,066,524</u></u>	<u><u>\$ 10,821,063</u></u>

#### **Commitments and contingencies (Note 7)**

*See accompanying notes to interim condensed financial statements (unaudited).*

## Bahamas Waste Limited

### Interim Condensed Statement of Comprehensive Income (Unaudited) (Expressed in Bahamian Dollars)

	<b>Three Months Ended</b>	
	<b>March 31</b>	<b>March 31</b>
	<b>2014</b>	<b>2013</b>
Sales and services rendered	<b>\$ 2,749,891</b>	\$ 2,429,251
Cost of sales and direct expenses	<b>(1,880,288)</b>	(1,833,663)
Gross profit	<b>869,603</b>	595,588
<b>Expenses</b>		
Operating	<b>632,836</b>	515,453
Interest and bank charges	<b>4,556</b>	5,307
Total operating expenses	<b>637,392</b>	520,760
Net income being comprehensive income for the period	<b>\$ 232,211</b>	\$ 74,828
Earnings per share ( <i>Note 4</i> )	<b>\$ 0.06</b>	\$ 0.02

*See accompanying notes to interim condensed financial statements (unaudited).*

Bahamas Waste Limited

Interim Statement of Changes in Shareholders' Equity (Unaudited)

(Expressed in Bahamian Dollars)

	<b>Number of Shares Issued</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Treasury Shares</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance at December 31, 2013	<b>4,200,000</b>	<b>\$ 42,000</b>	<b>\$ 2,752,113</b>	<b>\$ (178,465)</b>	<b>\$ 7,294,074</b>	<b>\$ 9,909,722</b>
Purchase of treasury shares	–	–	–	–	–	–
Net income being comprehensive income for the period	–	–	–	–	<b>232,211</b>	<b>232,211</b>
Balance at March, 31 2014	<b>4,200,000</b>	<b>\$ 42,000</b>	<b>\$ 2,752,113</b>	<b>\$ (178,465)</b>	<b>\$ 7,526,285</b>	<b>\$ 10,141,933</b>

	<b>Number of Shares Issued</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Treasury Shares</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance at December 31, 2012	4,200,000	\$ 42,000	\$ 2,752,113	\$ –	\$ 7,002,239	\$ 9,796,352
Purchase of treasury shares	–	–	(42,402)	(17,330)	–	(42,402)
Net income being comprehensive income for the period	–	–	–	–	74,828	74,828
Balance at March, 2013	4,200,000	\$ 42,000	\$ 2,709,711	\$ (17,330)	\$ 7,077,067	\$ 9,828,778

See accompanying notes to interim condensed financial statements (unaudited)

## Bahamas Waste Limited

### Interim Statements of Cash Flows (Unaudited) (Expressed in Bahamian Dollars)

	<b>Three Months Ended</b>	
	<b>March 31</b>	<b>March 31</b>
	<b>2014</b>	<b>2013</b>
<b>Operating activities</b>		
Net income being comprehensive income for the period	\$ 232,211	\$ 74,828
Adjustments for items not involving use of cash:		
Bad debt expense	20,000	10,000
Gain on disposal of property, plant, and equipment	(25,000)	–
Amortization of intangible assets	6,250	6,250
Depreciation	339,301	334,911
	572,762	425,989
Change in non-cash working capital items:		
Decrease in accounts receivable	235,721	45,662
Decrease in inventories	28,664	30,139
Increase in prepaid expenses and other receivables	(232,419)	(99,441)
Increase in investments	–	(1,137)
Increase (decrease) in accounts payable and accrued liabilities	9,092	(40,170)
Increase in security deposits	4,158	8,772
Net cash flow provided by operating activities	617,978	369,814
<b>Investing activities</b>		
Purchases of property, plant, and equipment	(228,946)	(251,456)
Proceeds from sale of property, plant, and equipment	25,000	–
Net cash flow used in investing activities	(203,946)	(251,456)
<b>Financing activities</b>		
Purchases of treasury stock	–	(42,402)
Net cash flow used in financing activities	–	(42,402)
Net change in cash	414,032	75,956
Cash, at beginning of the period	393,562	515,258
Cash, at end of the period	\$ 807,594	\$ 591,214
Interest paid	\$ 75	\$ –

*See accompanying notes to interim condensed financial statements (unaudited).*

# Bahamas Waste Limited

## Notes to Interim Condensed Financial Statements (Unaudited) (Expressed in Bahamian Dollars)

March 31, 2014

### **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 and disposal, 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 (BISX).

The quarter ends of the Company fall on March 31, June 30, and September 30, with the year end of the Company being December 31. The latest audited accounts of the Company were prepared as at December 31, 2013, and the year then ended in its reporting currency Bahamian Dollars.

The interim condensed financial statements (unaudited) for March 31, 2014, were authorized for issue by the directors on May 8, 2014.

### **2. Summary of Significant Accounting Policies**

#### **Basis of Preparation**

These interim condensed financial statements (unaudited) for March 31, 2014, have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The interim condensed financial statements (unaudited) do not include all of the information and Company's disclosures required in the annual financial statements, and should be read in conjunction with the December 31, 2013, audited financial statements.

The accounting policies adopted in the preparation of the interim condensed financial statements (unaudited) are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2013.

## Bahamas Waste Limited

### Notes to Interim Condensed Financial Statements (Unaudited) (continued) (Expressed in Bahamian Dollars)

#### 3. Business Acquisition and Intangible Assets

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 was for the sum of \$400,000, for which the last installment payment was paid in full as of September 2010.

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. As at March 31, 2014, the carrying value of the intangible asset amounted to \$43,750 (December 31, 2013 – \$50,000).

#### 4. Earnings Per Share

Earnings per share of \$0.06 (March 2013 – \$0.02) were calculated based on the shares outstanding at the end of the period, which approximated average shares outstanding during the period.

	<u>2014</u>	<u>2013</u>
Shares outstanding at end of period/year	<b>4,200,000</b>	4,200,000

#### 5. Related-Party Transactions and Balances

During the quarter, the Company entered into transactions with related parties. All transactions and balances were conducted at arms length and significant obligations to the related parties at March 31, 2014 and 2013, have been disclosed.

## Bahamas Waste Limited

### Notes to Interim Condensed Financial Statements (Unaudited) (continued) (Expressed in Bahamian Dollars)

#### **6. Treasury Stock**

In January 2013, the Board of Directors authorized the purchase of up to 10% (420,000) of the Company's outstanding common shares over the 36 month period ending October 31, 2015. During the quarter ended March 31, 2014, no common shares were repurchased (March 2013: 17,330 common shares at an aggregate cost of \$42,402).

#### **7. Commitments and Contingencies**

The Company guarantees its compactors sales for a 60-day period from the date of purchase. The Company is reimbursed by the manufacturer for any claims paid under such guarantees.

#### **8. 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, portable toilet services.
- WVO Recycling entails the collection of waste cooking oil and the conversion of same into biodiesel for use in various 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.

## Bahamas Waste Limited

### Notes to Interim Condensed Financial Statements (Unaudited) (continued) (Expressed in Bahamian Dollars)

#### 8. Segment Information (continued)

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.

<b>Three months ended March 31, 2014</b>	<b>Collections</b>	<b>WVO Recycling</b>	<b>OCC Recycling</b>	<b>Corporate</b>	<b>Total</b>
Revenue					
External customers	\$ 2,670,057	\$	\$ 25,461	\$ 54,373	\$ 2,749,891
Inter-segment	(46,568)	47,750	(1,183)	–	–
Total revenue	<u>\$ 2,623,489</u>	<u>\$ 47,750</u>	<u>\$ 24,278</u>	<u>\$ 54,373</u>	<u>\$ 2,749,891</u>
Results					
Depreciation and amortization	\$ (230,886)	\$ (27,487)	\$ (24,313)	\$ (62,848)	\$ (345,534)
Operating expenses	(1,494,230)	(55,875)	(47,514)	(574,527)	(2,172,146)
Segment profit	<u>\$ 898,373</u>	<u>\$ (35,612)</u>	<u>\$ (47,549)</u>	<u>\$ (583,002)</u>	<u>\$ 232,211</u>
Operating assets	<u>\$ 6,589,808</u>	<u>\$ 969,353</u>	<u>\$ 572,843</u>	<u>\$ 2,934,519</u>	<u>\$ 11,066,524</u>
Operating liabilities	<u>\$ 638,041</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 286,550</u>	<u>\$ 924,591</u>

## Bahamas Waste Limited

### Notes to Interim Condensed Financial Statements (Unaudited) (continued) (Expressed in Bahamian Dollars)

#### 8. Segment Information (continued)

Three months ended March 31, 2014	Collections	WVO Recycling	OCC Recycling	Corporate	Total
Revenue					
External customers	\$ 2,387,868	\$ –	\$ 28,975	\$ 12,408	\$ 2,429,251
Inter-segment	(137,680)	137,680	–	–	–
Total revenue	<u>\$ 2,250,188</u>	<u>\$ 137,680</u>	<u>\$ 28,975</u>	<u>\$ 12,408</u>	<u>\$ 2,429,251</u>
Results					
Depreciation and amortization	\$ (239,531)	\$ (27,566)	\$ (22,361)	\$ (51,703)	\$ (341,161)
Operating expenses	(1,359,373)	(142,299)	(42,532)	(469,058)	(2,013,262)
Segment profit	<u>\$ 651,284</u>	<u>\$ (32,185)</u>	<u>\$ (35,918)</u>	<u>\$ (508,353)</u>	<u>\$ 74,828</u>
Operating assets	<u>\$ 6,405,403</u>	<u>\$ 971,297</u>	<u>\$ 625,386</u>	<u>\$ 2,562,441</u>	<u>\$ 10,564,527</u>
Operating liabilities	<u>\$ 558,102</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 177,647</u>	<u>\$ 735,749</u>

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