



INTERIM CONDENSED FINANCIAL  
STATEMENTS (UNAUDITED)

Bahamas Waste Limited  
Nine Months Ended September 30, 2013

Ernst & Young

 **ERNST & YOUNG**

Bahamas Waste Limited

Interim Condensed Financial Statements (Unaudited)

Nine Months Ended September 30, 2013

**Contents**

Interim Statement of Financial Position (Unaudited) .....	1
Interim Condensed Statement of Comprehensive, Income (Unaudited).....	2
Interim Statement of Changes in Shareholders' Equity (Unaudited) .....	3
Interim Statements of Cash Flows (Unaudited).....	4
Notes to Interim Condensed Financial Statements (Unaudited).....	5

## Bahamas Waste Limited

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

	September 30 2013	December 31 2012
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 1,117,497	\$ 515,258
Accounts receivable, net	1,889,467	1,907,201
Inventories	667,350	634,907
Prepaid expenses and other receivables	136,411	203,117
Total current assets	3,810,725	3,260,483
<b>Non-current assets</b>		
Investment in associate	80,013	78,876
Property, plant, and equipment, net	7,079,748	7,149,139
Intangible assets, net <i>(Note 3)</i>	56,250	75,000
Total non-current assets	7,216,011	7,303,015
Total assets	\$ 11,026,736	\$ 10,563,498
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 483,936	\$ 285,495
Total current liabilities	483,936	285,495
<b>Non-current liabilities</b>		
Security deposits	512,613	481,651
Total non-current liabilities	512,613	481,651
Total liabilities	996,549	767,146
<b>Shareholders' equity</b>		
Share capital and contributed surplus	2,715,524	2,794,113
Retained earnings	7,314,663	7,002,239
Total shareholders' equity	\$ 10,030,187	9,796,352
Total liabilities and shareholders' equity	\$ 11,026,736	\$ 10,563,498

Commitments and contingencies *(Note 6)*

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

Bahamas Waste Limited,

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

	<b>Nine Months Ended September</b>	
	<b>2013</b>	<b>2012</b>
Sales and services rendered	\$ 7,865,535	\$ 7,506,583
Cost of sales and direct expenses	<u>(5,544,017)</u>	<u>(4,987,063)</u>
Gross profit	<u>2,321,518</u>	<u>2,519,520</u>
Expenses:		
Operating	1,788,133	1,724,037
Interest and bank charges	<u>11,827</u>	<u>12,649</u>
Total operating expenses	<u>1,799,960</u>	<u>1,736,686</u>
Net income being comprehensive income for the period	<u>\$ 521,558</u>	<u>\$ 782,834</u>
Earnings per share <i>(Note 4)</i>	<u>\$ 0.13</u>	<u>\$ 0.19</u>

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

## Bahamas Waste Limited

### Interim Statement of Changes in Shareholders' Equity (Unaudited) (Expressed in Bahamian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Retained Earnings	Total
Balance at December 31, 2012	\$ 4,200,000	\$ 42,000	\$ 2,752,113	\$ 7,002,239	\$ 9,796,352
Purchases of Treasury Stock	(30,732)	-	(78,589)	-	(78,589)
Net income being comprehensive income for the period	-	-	-	521,558	521,558
Dividends	-	-	-	(209,134)	(209,134)
<b>Balance at September, 30 2013</b>	<b>4,169,268</b>	<b>\$ 42,000</b>	<b>\$ 2,673,524</b>	<b>\$ 7,314,663</b>	<b>\$ 10,030,187</b>
 Balance at December 31, 2011	 4,200,000	 \$ 42,000	 \$ 2,752,113	 \$ 6,550,356	 \$ 9,344,469
Net income being comprehensive income for the period	-	-	-	782,834	782,834
Balance at September 30, 2012	\$ 4,200,00	\$ 42,000	\$ 2,752,113	\$ 7,333,190	\$ 10,127,303

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

## Bahamas Waste Limited

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

	<b>Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>
<b>Operating activities</b>		
Net income being comprehensive income for the period	\$ 521,558	\$ 782,834
Adjustments for items not involving use of cash:		
Bad debt expense	45,000	70,000
Amortization of intangible assets	18,750	18,750
Gain on Disposal of fixed assets	(1,000)	–
Depreciation	992,122	979,215
	<b>1,576,430</b>	<b>1,850,799</b>
Change in non-cash working capital items:		
Decrease (increase) in accounts receivable	(27,266)	140,017
Increase in inventories	(32,443)	(130,310)
Increase in prepaid expenses and other receivables	66,706	925
Decrease (increase) in investments	(1,137)	10,303
Increase in accounts payable and accrued liabilities	198,441	129,593
Increase in security deposits	30,962	10,053
Net cash flow provided by operating activities	<b>1,811,693</b>	<b>2,011,380</b>
<b>Investing activities</b>		
Purchases of property, plant, and equipment	(922,731)	(952,305)
Proceeds from sale of property, plant, and equipment	1,000	–
Net cash flow used in investing activities	<b>(921,731)</b>	<b>(952,305)</b>
<b>Financing activities</b>		
Dividends paid	(209,134)	–
Purchase of Treasury Stock	(78,589)	–
Net cash flow used in financing activities	<b>(287,723)</b>	<b>–</b>
Net change in cash	<b>602,239</b>	1,059,075
Cash at beginning of the period	<b>515,258</b>	111,074
Cash at end of the period	<b>\$ 1,117,497</b>	<b>\$ 1,170,149</b>
Interest paid	<b>\$ 430</b>	<b>198</b>

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

# Bahamas Waste Limited

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

September 30, 2013

### **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, 2012, and the year then ended in its reporting currency Bahamian Dollars

The interim condensed financial statements (unaudited) for September 30, 2013, were authorized for issue by the directors on October 30, 2013.

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

#### **Basis of Preparation**

These interim condensed financial statements (unaudited) for September 30, 2013, 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, 2012, 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, 2012.

## 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 September 30, 2013, the carrying value of the intangible asset amounted to \$56,250 (December 31, 2012 : \$75,000).

#### 4. Earnings Per Share

Earnings per share of \$0.13 (2012: \$0.19) were calculated based on the shares outstanding at the end of the period, which approximated average shares outstanding during the period.

	<u>2013</u>	<u>2012</u>
Shares outstanding at end of period/year	<b>4,169,268</b>	4,200,000

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

During the quarter, the Company entered into transactions with related parties. All transactions were conducted at arm's length and no significant obligations to or receivables from the related parties existed at September 30, 2013 and 2012

#### 6. 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.



## Bahamas Waste Limited

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

#### 7. Segment Information

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

- Collections includes all solid and wet waste collection, treatment and disposal, including roll-on/roll-off and rear load collections, residential collections, medical waste collections, portable toilet services.
- WVO Recycling entailing 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.

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>Collections</b>	<b>WVO Recycling</b>	<b>OCC Recycling</b>	<b>Corporate</b>	<b>Total</b>
<b>Nine months period ended September 30, 2013</b>					
<b>Revenue</b>					
External customers	\$ 7,782,593	\$ –	\$ 57,250	\$ 25,692	\$ 7,865,535
Inter-segment	–	–	–	–	–
Total revenue	<u>\$ 7,782,593</u>	<u>\$ –</u>	<u>\$ 57,250</u>	<u>\$ 25,692</u>	<u>\$ 7,865,535</u>
<b>Results</b>					
Depreciation & amortization	\$ (700,896)	\$ (82,699)	\$ (70,195)	\$ (157,081)	\$ (1,010,871)
Operating expenses	(4,436,147)	(126,745)	(127,336)	(1,642,878)	(6,333,106)
Segment profit	<u>\$ 2,645,550</u>	<u>\$ (209,444)</u>	<u>(140,281)</u>	<u>(1,774,267)</u>	<u>\$ 521,558</u>
Operating assets	<u>\$ 6,494,158</u>	<u>\$ 958,852</u>	<u>\$ 626,682</u>	<u>\$ 2,947,044</u>	<u>\$ 11,026,736</u>
Operating liabilities	<u>\$ 638,148</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 358,400</u>	<u>\$ 996,548</u>

## Bahamas Waste Limited

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

#### 7. Segment Information (continued)

	Collections	WVO Recycling	OCC Recycling	Corporate	Total
<b>Nine months period ended September 30, 2012</b>					
<b>Revenue</b>					
External customers	\$ 7,360,585	\$ –	\$ 51,278	\$ 94,720	\$ 7,506,583
Inter-segment	(325,585)	332,321	(6,736)	–	–
<b>Total revenue</b>	<b>\$ 7,035,00</b>	<b>\$ 332,321</b>	<b>\$ 44,542</b>	<b>\$ 94,720</b>	<b>\$ 7,506,583</b>
<b>Results</b>					
Depreciation & amortization	\$ (697,668)	\$ 81,812	\$ 68,714	\$ 149,771	\$ 997,965
Operating expenses	(3,730,819)	278,979	129,112	1,586,874	5,725,784
<b>Segment profit</b>	<b>\$ 2,606,513</b>	<b>\$ 28,470</b>	<b>\$ 153,284</b>	<b>\$ 1,641,925</b>	<b>\$ 782,834</b>
Operating assets	\$ 6,330,312	\$ 1,027,740	\$ 669,443	\$ 2,965,557	\$ 10,993,052
Operating liabilities	\$ 533,994	\$ –	\$ –	\$ 331,755	\$ 865,749

Ernst & Young

Assurance | Tax | Transactions | Advisory

**About Ernst & Young**

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 167,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit [www.ey.com](http://www.ey.com).

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

