

INTERIM CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED)

Bahamas Waste Limited  
Nine Months Ended September 30, 2015

Ernst & Young



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Bahamas Waste Limited

Interim Condensed Financial Statements (Unaudited)

Nine Months Ended September 30, 2015

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## Bahamas Waste Limited

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

	September 30 2015	December 31 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 1,144,829	\$ 793,612
Accounts receivable, net	2,573,541	2,196,291
Inventories	749,906	739,400
Prepaid expenses and other receivables	299,242	266,547
Total current assets	4,767,518	3,995,850
<b>Non-current assets</b>		
Investment in associate	56,438	63,711
Property, plant, and equipment, net	6,250	25,000
Intangible assets, net ( <i>Note 3</i> )	6,689,307	6,598,329
Total non-current assets	6,751,995	6,687,040
Total assets	\$ 11,519,513	\$ 10,682,890
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 768,991	\$ 315,655
Total current liabilities	768,991	315,655
<b>Non-current liabilities</b>		
Security deposits	553,508	540,696
Total liabilities	1,322,499	856,351
<b>Shareholders' equity</b>		
Share capital and contributed surplus	2,794,113	2,794,113
Treasury shares	(516,222)	(367,117)
Retained earnings	7,919,123	7,399,543
Total shareholders' equity	10,197,014	9,826,539
Total liabilities and shareholders' equity	\$ 11,519,513	\$ 10,682,890
<b>Commitments and contingencies (<i>Note 6</i>)</b>		

*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>2015</b>	<b>2014</b>
Sales and services rendered	\$ <b>8,180,563</b>	\$ 8,134,047
Less: Cost of sales and direct expenses	<b>(5,435,292)</b>	(5,609,989)
Gross profit	<u><b>2,745,271</b></u>	<u>2,524,058</u>
Expenses:		
Operating	<b>2,004,492</b>	1,944,796
Interest and bank charges	<b>17,488</b>	11,911
Total operating expenses	<u><b>2,021,980</b></u>	<u>1,956,707</u>
Net income being comprehensive income for the period	<u><b>\$ 723,291</b></u>	<u>\$ 567,351</u>
Earnings per share <i>(Note 4)</i>	<u><b>\$ 0.18</b></u>	<u>\$ 0.14</u>

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

## Bahamas Waste Limited

### Interim Condensed 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, 2014	<b>\$ 4,200,000</b>	<b>\$ 42,000</b>	<b>\$ 2,752,113</b>	<b>\$ (367,117)</b>	<b>\$ 7,399,543</b>	<b>\$ 9,826,539</b>
Total comprehensive income	–	–	–	–	723,291	723,291
Dividends	–	–	–	–	(203,711)	(203,711)
Purchases of treasury stock	–	–	–	(149,105)	–	(149,105)
<b>Balance at September, 30 2015</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ (516,222)</b>	<b>\$ 7,919,123</b>	<b>\$ 10,197,014</b>
Balance at December 31, 2013	\$ 4,200,000	\$ 42,000	\$ 2,752,113	\$ (178,465)	\$ 7,294,074	\$ 9,909,722
Total comprehensive income	–	–	–	–	567,351	567,351
Dividends	–	–	–	–	(372,080)	(372,080)
Purchases of treasury stock	–	–	–	(128,797)	–	(128,797)
Balance at September 30, 2014	\$ 4,200,000	\$ 42,000	\$ 2,752,113	\$ (307,262)	\$ 7,489,344	\$ 9,976,195

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

## Bahamas Waste Limited

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

	<b>Nine Months Ended September 30</b>	
	<b>2015</b>	<b>2014</b>
<b>Operating activities</b>		
Net income being comprehensive income for the period	\$ 723,291	\$ 567,351
Adjustments for items not involving use of cash		
Bad debt expense	104,577	30,000
Amortization of intangible assets	18,750	18,750
Gain on Disposal of property, plant and equipment	(15,000)	(25,000)
Depreciation	988,747	991,635
	<b>1,820,365</b>	<b>1,582,736</b>
Change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(481,827)	205,650
Increase in inventories	(10,506)	(114,011)
Increase in prepaid expenses and other receivables	(32,696)	(19,760)
Decrease in investments	7,274	-
Increase (decrease) in accounts payable and accrued liabilities	453,359	(33,514)
Increase in security deposits	12,812	19,629
Net cash flow provided by operating activities	<b>1,768,781</b>	<b>1,640,730</b>
<b>Investing activities</b>		
Purchases of property, plant, and equipment	(1,079,748)	(652,559)
Proceeds from sale of property, plant, and equipment	15,000	25,000
Net cash flow used in investing activities	<b>(1,064,748)</b>	<b>(627,559)</b>
<b>Financing activities</b>		
Dividends paid	(203,711)	(372,081)
Purchase of Treasury Stock	(149,105)	(128,797)
Net cash flow used in financing activities	<b>(352,816)</b>	<b>(500,878)</b>
Net change in cash	<b>351,217</b>	<b>512,293</b>
Cash at beginning of the period	<b>793,612</b>	<b>393,562</b>
Cash at end of the period	<b>\$ 1,144,829</b>	<b>\$ 905,855</b>
Interest paid	<b>\$ 173</b>	<b>\$ 222</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, 2015

### **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, 2014, and the year then ended in its reporting currency Bahamian Dollars.

The interim condensed financial statements (unaudited) for September 30, 2015, were authorized for issue by the directors on October 28th, 2015.

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

#### **Basis of Preparation**

These interim condensed financial statements (unaudited) for September 30, 2015, 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, 2014, 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, 2014.

## 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, 2015, the carrying value of the intangible asset amounted to \$6,250 (December 31, 2014 – \$25,000).

#### 4. Earnings Per Share

Earnings per share of \$0.18 (2014 – \$0.14) were calculated based on the shares outstanding at the end of the period, which approximated average shares outstanding during the period.

	<b>September 30 2015</b>	<b>December 31 2014</b>
Shares outstanding at end of period	<b>4,027,128</b>	4,074,228

#### 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, 2015, and 2014.

#### 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 ended September 30, 2015</b>					
<b>Revenue</b>					
External customers	\$ 8,061,603	\$ –	\$ 48,857	\$ 70,103	\$ 8,180,563
Inter-segment	(278,028)	287,777	(9,749)	–	–
Total revenue	<u>\$ 7,783,575</u>	<u>\$ 287,777</u>	<u>\$ 39,108</u>	<u>\$ 70,103</u>	<u>\$ 8,180,563</u>
<b>Results</b>					
Depreciation & amortization	\$ (690,954)	\$ (88,724)	\$ (51,658)	\$ (176,161)	\$ (1,007,497)
Operating expenses	(4,163,941)	(305,350)	(134,665)	(1,845,819)	(6,449,775)
Segment profit	<u>\$ 2,928,680</u>	<u>\$ (106,297)</u>	<u>(147,215)</u>	<u>(1,951,877)</u>	<u>\$ 723,291</u>
Operating assets	<u>\$ 7,328,973</u>	<u>\$ 782,827</u>	<u>\$ 466,582</u>	<u>\$ 2,941,132</u>	<u>\$ 11,519,513</u>
Operating liabilities	<u>\$ 970,268</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 352,231</u>	<u>\$ 1,322,499</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 ended September 30, 2014</b>					
<b>Revenue</b>					
External customers	\$ 7,975,718	\$ –	\$ 71,960	\$ 86,369	\$ 8,134,047
Inter-segment	–	–	–	–	–
<b>Total revenue</b>	<b>\$ 7,975,718</b>	<b>\$ –</b>	<b>\$ 71,960</b>	<b>\$ 86,369</b>	<b>\$ 8,134,047</b>
<b>Results</b>					
Depreciation & amortization	\$ (664,998)	\$ (86,845)	\$ (70,559)	\$ (187,983)	\$ (1,010,385)
Operating expenses	(4,399,402)	(263,788)	(124,846)	(1,768,275)	(6,556,311)
<b>Segment profit</b>	<b>\$ 2,911,318</b>	<b>\$ (350,633)</b>	<b>(123,445)</b>	<b>(1,869,889)</b>	<b>\$ 567,351</b>
Operating assets	\$ 6,664,801	\$ 934,382	\$ 531,812	\$ 2,742,656	\$ 10,873,651
Operating liabilities	\$ 598,658	\$ –	\$ –	\$ 298,798	\$ 897,456

#### 8. Share Capital

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 172,872 ordinary shares for a total of \$516,222. The repurchased shares are held in Treasury and cannot be released without the consent of the Board.

	Value	Units
<b>Treasury stock purchased as at</b>		
December 31, 2014	\$ (367,117)	125,772
September 30, 2015	<b>(149,105)</b>	47,100
	<b>\$ (516,222)</b>	<b>172,872</b>

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