



INTERIM CONDENSED FINANCIAL  
STATEMENTS (UNAUDITED)

Bahamas Waste Limited  
Nine Months Ended September 30, 2012  
With Report of Independent Auditors

Ernst & Young

 **ERNST & YOUNG**

Bahamas Waste Limited

Interim Condensed Financial Statements (Unaudited)

Nine Months Ended September 30, 2012

**Contents**

Interim Statement of Financial Position (Unaudited) .....	1
Interim Statement of Comprehensive Income (Unaudited) .....	3
Interim Statement of Changes in Shareholders' Equity (Unaudited) .....	4
Interim Statements of Cash Flows (Unaudited) .....	5
Notes to Interim Condensed Financial Statements (Unaudited) .....	6

## Bahamas Waste Limited

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

	<b>September 30</b>	<b>December 31</b>
	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 1,170,149	\$ 111,074
Accounts receivable, net	1,885,464	2,095,482
Inventories	648,901	518,591
Prepaid expenses and other receivables	115,267	116,192
Total current assets	<u>3,819,781</u>	<u>2,841,339</u>
<b>Non-current assets</b>		
Investment in associate	78,876	89,179
Property, plant and equipment, net	7,013,145	7,040,053
Intangible assets ( <i>Note 3</i> )	81,250	100,000
Total non-current assets	<u>7,173,271</u>	<u>7,229,232</u>
Total assets	<u><u>\$ 10,993,052</u></u>	<u><u>\$ 10,070,571</u></u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 390,437	\$ 260,844
Total current liabilities	<u>390,437</u>	<u>260,844</u>
<b>Non-current liabilities</b>		
Security deposits	475,312	465,258
Total non-current liabilities	<u>475,312</u>	<u>465,258</u>
Total liabilities	<u><u>865,749</u></u>	<u><u>726,102</u></u>

Bahamas Waste Limited

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

	<b>September 30</b>	<b>December 31</b>
	<b>2012</b>	<b>2011</b>
<b>Shareholders' equity</b>		
Share capital	2,794,113	2,794,113
Retained earnings	7,333,190	6,550,356
Total shareholders' equity	<u>10,127,303</u>	<u>9,344,469</u>
Total liabilities and shareholders' equity	<u><b>\$ 10,993,052</b></u>	<u>\$ 10,070,571</u>

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

**Commitments and contingencies (Note 6)**

## Bahamas Waste Limited

### Interim Statement of Comprehensive Income (Unaudited)

*(Expressed in Bahamian Dollars)*

	<b>Nine Months Ended September 30</b>	
	<b>2012</b>	<b>2011</b>
Sales and services rendered	<b>\$ 7,506,583</b>	\$ 6,420,965
Cost of sales and direct expenses	<b>(4,987,063)</b>	(4,568,276)
Gross profit	<b>2,519,520</b>	1,852,689
Expenses:		
Operating	<b>1,724,037</b>	1,517,022
Interest and bank charges	<b>12,649</b>	23,118
Total operating expenses	<b>1,736,686</b>	1,540,140
Net income being comprehensive income for the period	<b>\$ 782,834</b>	\$ 312,549
Earnings per share <i>(Note 4)</i>	<b>\$ 0.19</b>	\$ 0.07

*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
<b>Nine months ended September 30, 2012</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	-	-	-	<b>782,834</b>	<b>782,834</b>
Balance at September 30, 2012	<b>4,200,000</b>	<b>42,000</b>	<b>2,752,113</b>	<b>7,333,190</b>	<b>10,127,303</b>
<b>Nine months ended September 30, 2011</b>					
Balance at December 31, 2010	4,200,000	\$ 42,000	\$ 2,752,113	\$ 6,382,875	\$ 9,176,988
Net income being comprehensive income for the period	-	-	-	312,549	312,549
Balance at September 30, 2011	4,200,000	\$ 42,000	\$ 2,752,113	\$ 6,695,424	\$ 9,489,537

*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>2012</b>	<b>2011</b>
<b>Operating activities</b>		
Net income being comprehensive income for the period	\$ 782,834	\$ 312,549
Adjustments for items not involving use of cash:		
Bad debt expense	70,000	32,041
Amortization of intangible assets	18,750	18,750
Depreciation	979,215	1,005,400
	1,850,799	1,368,740
Change in non-cash working capital items:		
Decrease (increase) in accounts receivable	140,017	(511,770)
Increase in inventories	(130,310)	(48,729)
Decrease (increase) in prepaid expenses and other receivables	925	(75,900)
Decrease (increase) in investments	10,303	(15,524)
Increase in accounts payable and accrued liabilities	129,593	26,787
Increase (decrease) in security deposits	10,053	39,644
Net cash flow provided by operating activities	2,011,380	783,248
<b>Investing activities</b>		
Purchases of property, plant and equipment	(952,305)	(694,258)
Net cash flow used in investing activities	(952,305)	(694,258)
<b>Financing activities</b>		
Payment of note payable	-	(87,019)
Net cash flow used in financing activities	-	(87,019)
Net change in cash	1,059,075	1,971
Cash at beginning of the period	111,074	131,232
Cash at end of the period	\$ 1,170,149	\$ 133,203

*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, 2012

### **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, 2011, and the year then ended.

The interim condensed financial statements (unaudited) for the nine months ended September 30, 2012, were authorized for issue by the directors on October 24, 2012.

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

#### **Basis of Preparation**

These interim condensed financial statements (unaudited) for the nine months ended September 30, 2012, 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, 2011, 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, 2011, except for the adoption of certain new standards, interpretations, and amendments to existing standards that have been published that are mandatory for the Company's accounting periods beginning on or after January 1, 2012, or later periods, noted below. Management believes that the adoption of these Standards, Interpretations and amendments did not have any effect on the financial position or performance of the Company.

# Bahamas Waste Limited

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

### 2. Summary of Significant Accounting Policies (continued)

- IFRS 3 – *Business Combinations*
- IFRS 7 – *Financial Instruments:– Disclosures*
- IAS 1 – *Presentation of Financial Statements*
- IAS 27 – *Consolidated and Separate Financial Statements*
- IFRIC 13 – *Customer Loyalty Programs*
- IAS 24 – *Related-Party Transactions*

### 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, 2012, the carrying value of the intangible asset amounted to \$81,250 (December 31, 2011 – \$100,000).

### 4. Earnings Per Share

Earnings per share of \$0.19 (2011 – \$0.07) were calculated based on the shares outstanding at the end of the period, which approximated average shares outstanding during the period.

	<u>2012</u>	<u>2011</u>
Shares outstanding at end of period/year	<b>4,200,000</b>	4,200,000

## Bahamas Waste Limited

### Notes to Interim Condensed Financial Statements (Unaudited)

*(Expressed in Bahamian Dollars)*

#### **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 September 30, 2012 and 2011, have been disclosed.

#### **6. Commitments and Contingencies**

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

#### **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, 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.

## Bahamas Waste Limited

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

#### 7. 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.

	Collections	WVO Recycling	OCC Recycling	Corporate	Total
<b>Nine months ended</b>					
<b>30 September 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>\$ 7,035,000</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

## Bahamas Waste Limited

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

#### 7. Segment Information (continued)

	Collections	WVO Recycling	OCC Recycling	Corporate	Total
<b>Nine months ended</b>					
<b>September 30, 2011</b>					
<b>Revenue</b>					
External customers	\$ 6,260,647	\$ –	\$ 111,018	\$ 49,301	\$ 6,420,966
Inter-segment					
Total revenue	<u>\$ 6,260,647</u>	<u>\$ –</u>	<u>\$ 111,018</u>	<u>\$ 49,301</u>	<u>\$ 6,420,966</u>
<b>Results</b>					
Depreciation & amortization	\$ (760,942)	\$ (72,339)	\$ (62,995)	\$ (127,874)	\$ (1,024,150)
Operating expenses	(3,381,946)	(144,964)	(145,211)	(1,412,236)	(5,084,357)
Segment profit	<u>\$ 2,117,759</u>	<u>\$ (217,303)</u>	<u>\$ (97,188)</u>	<u>\$ (1,490,809)</u>	<u>\$ 312,549</u>
Operating assets	<u>\$ 5,614,396</u>	<u>\$ 1,106,948</u>	<u>\$ 829,105</u>	<u>\$ 2,786,277</u>	<u>\$ 10,336,725</u>
Operating liabilities	<u>\$ 623,928</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 223,2600</u>	<u>\$ 847,188</u>

Ernst & Young

Assurance | Tax | Transactions | Advisory

**About Ernst & Young**

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 130,000 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).

© 2008 Ernst & Young Ltd.  
All Rights Reserved.

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.

