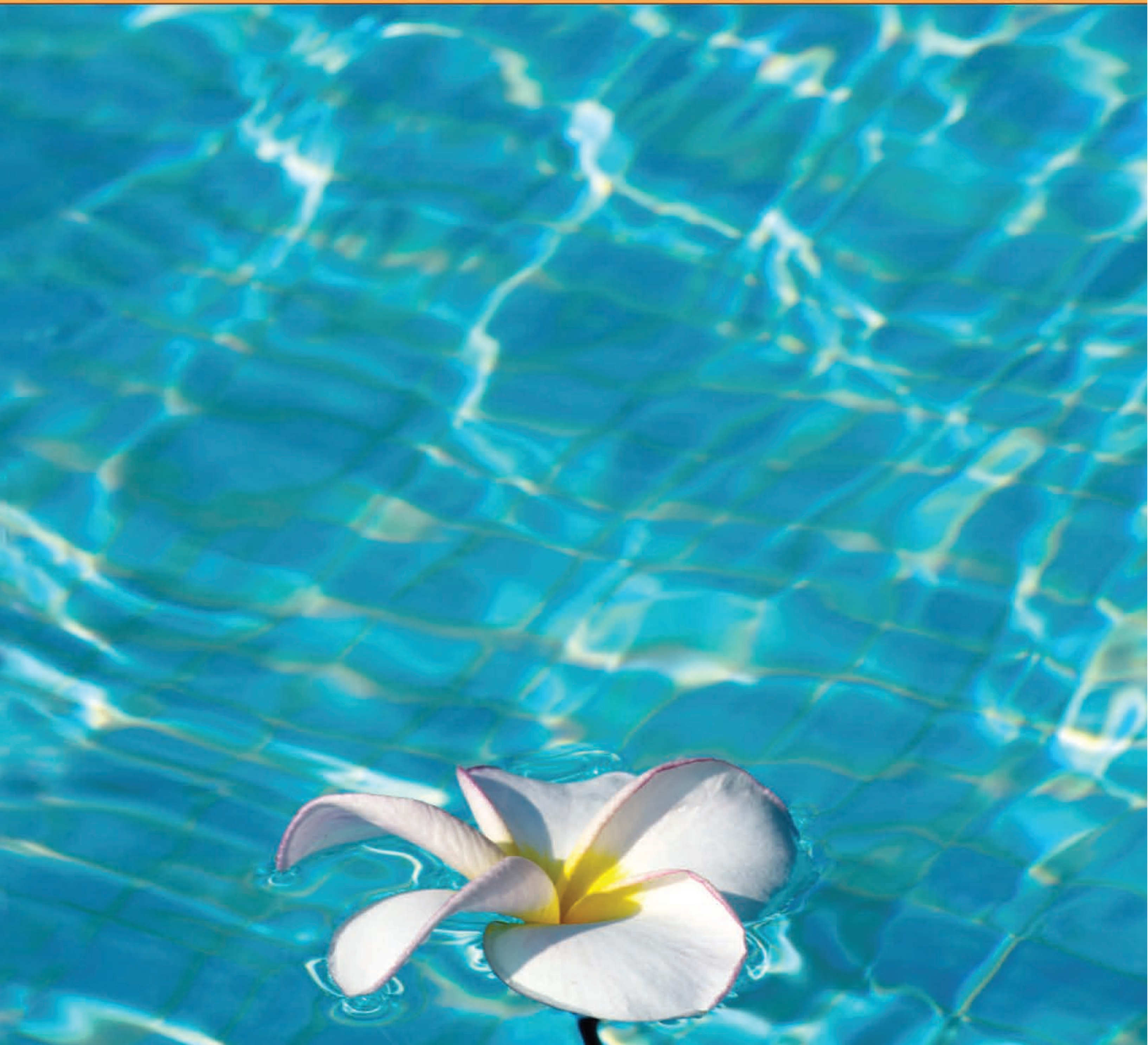
BAHAMAS WASTE



Annual Report 2014

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.

BAHAMAS WASTE LIMITED

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Message from the Chairman

This past year has been a year of "steady as you go". Our contract with government for residential collection was consistent with the previous year, and customer satisfaction remained extremely high. This is all reflected in a slightly more profitable financial statement and a slightly larger dividend to you, the shareholders.

During this year we were pleased to have Walter Wells accept a position on our Board of Directors. His input complements that of our veteran board members at this challenging period of our company's history, as we deal with the effects of lower commercial fuel prices on our biodiesel fuel operations. We will no doubt face further challenges as the operators of the government landfill have expressed an interest in collecting and baling cardboard for resale, a business we have been in for many years.

Speaking of the landfill I would like to make a statement concerning the recurrent fires. As long as the landfill has no system for the collection of methane gas, and no proper closure of the "old" landfill there will be fires. The funds to remedy this situation would be several million dollars at least. Perhaps expenditures of this nature should preclude the need for expensive health care programs.

Peter Andrews
Chairman

Managing Director's Report

2014 was a fairly good year for Bahamas Waste, with year-end performances that were very much consistent with our previous year's results.

We had two major construction projects which drove the Construction and Demolition (C&D) and Portable Restroom side of the business, and look forward in the New Year to the transition from Construction to Operations.
Other than an occasional glitch or two, we continue to get amazing feedback from our Residential Customers. We encourage those that are not satisfied with their residential service to contact their local representatives and request a change – and that change, hopefully to Bahamas Waste.

On the Community Service front, we had an exciting Cancer Awareness promotion in the last quarter of 2014, and hopefully, many of you would have seen our "PINK" truck rolling through the streets of New Providence. The Public was very engaged in the campaign, and our employees also took very special pride as we celebrated one of our own.

We continue to celebrate our Nation's youth by our sustained, sponsorship of the National Sports Authority, and most recently, a large donation of bins and continued service to Freedom Farms and The Junior Baseball League of Nassau's youth baseball/softball programmes. We also took our Sponsorship to a higher level this year with the first ever IAAF World Relays, which we will do again in 2015.

Our efforts to assist Bahamians who experience personal hardship, neighbourhood clean-ups, and other community services all continue as we in the spirit of Corporate citizenry, realize and understand that there remains a lot of work to be done to lift up our communities and our Nation.

I would like to again give thanks to all of our customers. We know you have a choice, and the entire organization appreciates the fact that you have 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, I would like to thank to our shareholders and Directors, for their trust in me and the Management Team, and we look forward to new and exciting challenges in the years to come.

Francisco de Cardenas
Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

BAHAMAS WASTE LIMITED 2014

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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, 2014, and the statement of comprehensive income, statement of changes in shareholder's 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 Consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 accompanying financial statements present fairly, in all material respects, the financial position of Bahamas Waste Limited as at December 31 2014, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

March 19, 2015

Ernst + Young

A member firm of Ernst & Young Global Limited

BAHAMAS WASTE LIMITED

STATEMENT OF FINANCIAL POSITION

(Expressed in Bahamian Dollars)

	December 31 2014	2013
Assets		
Current assets		
Cash *(Note 3)*	$ 793,612	$ 393,562
Accounts receivable, net *(Note 4)*	2,196,291	2,464,790
Inventories *(Note 5)*	739,400	647,214
Other assets *(Notes 6 and 16)*	266,547	190,503
Total current assets	**3,995,850**	3,696,069
Non-current assets		
Investment in associate *(Note 7)*	63,711	73,925
Intangible asset *(Note 8)*	25,000	50,000
Property, plant, and equipment, net *(Note 9)*	6,598,329	7,001,069
Total non-current assets	6,687,040	7,124,994
Total assets	**$ 10,682,890**	$ 10,821,063
Liabilities and shareholder's equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 315,655	$ 401,763
Total current liabilities	**315,655**	401,763
Non-current liabilities		
Security deposits	540,696	509,578
Total liabilities	**856,351**	911,341
Shareholders' equity		
Share capital and contributed surplus *(Note 10)*	2,794,113	2,794,113
Treasury shares *(Note 10)*	(367,117)	(178,465)
Retained earnings	7,399,543	7,294,074
Total shareholders' equity	9,826,539	9,909,722
Total liabilities and shareholders' equity	**$ 10,682,890**	$ 10,821,063

See accompanying notes.

Commitments and contingencies *(Note 16)*

Approved By The Board:

Director

Director

BAHAMAS WASTE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
(Expressed in Bahamian Dollars)

	Year ended December 31 2014	2013
Income		
Sales and services rendered	$ 10,804,893	$ 10,720,817
Less: cost of sales and direct expenses *(Note 11)*	(7,491,686)	(7,572,046)
Gross profit	**3,313,207**	3,148,771
Expenses		
Salaries and related expenses *(Notes 12 and 17)*	1,209,825	1,117,711
General and administrative	702,733	664,633
Repairs and maintenance	165,893	167,328
Professional fees	141,316	141,898
Business license	140,203	78,973
Directors' fees *(Note 12)*	51,500	35,000
Advertising and promotion	50,694	45,725
Registration and transfer agent fees	45,095	29,510
Bad debts *(Note 4)*	45,000	70,000
Donations	42,813	26,289
Office supplies	32,799	35,063
Interest and bank charges	17,105	17,806
Total operating expenses	**2,644,976**	2,429,936
Income from operations	668,231	718,835
Other income	104,729	35,559
Share in loss of associate (Note 7)	(10,214)	(4,952)
Total other income	**94,515**	60,607
Net income for the year, being total comprehensive income for the year	$ 762,746	$ 749,442
Earnings per share *(Note 13)*	**$ 0.19**	**$ 0.18**

See accompanying notes

BAHAMAS WASTE LIMITED

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, 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 14)*	–	–	–	–	(457,607)	(457,607)
Balance at December 31, 2013	4,200,000	$ 42,000	$ 2,752,113	$ (178,465)	$ 7,294,074	$ 9,909,722
Total comprehensive income	–	–	–	–	762,746	762,746
Purchase of treasury shares	–	–	–	(188,652)	–	(188,652)
Dividends *(Note 14)*	–	–	–	–	(657,277)	(657,277)
Balance at December 31, 2014	4,200,000	$ 42,000	$ 2,752,113	$ (367,117)	$ 7,399,543	$ 9,826,539

See accompanying notes

STATEMENT OF CASH FLOWS

(Expressed in Bahamian Dollars)

	Year ended December 31 2014	2013
Operating activities		
Net income being comprehensive income for the year	$ 762,746	$ 749,442
Adjustments for items not involving use of cash:		
Bad debts expense *(Note 4)*	45,000	70,000
Amortization of intangible assets *(Note 8)*	25,000	25,000
Depreciation *(Note 9)*	1,317,447	1,328,110
Share of loss from investment in associate *(Note 7)*	10,214	4,951
Gain on disposal of property, plant, and equipment	(25,000)	(5,000)
Change in non-cash working capital items:		
Decrease (increase) in accounts receivable	223,499	(627,589)
Increase in inventories	(92,186)	(12,307)
(Increase) decrease in other assets	(76,045)	12,615
(Decrease) increase in accounts payable and accrued liabilities	(86,108)	116,268
Increase in security deposits	31,118	27,927
Net cash flow provided by operating activities	2,135,685	1,689,417
Investing activities		
Purchases of property, plant, and equipment *(Note 9)*	(914,706)	(1,180,041)
Proceeds from sale of property, plant, and equipment *(Note 9)*	25,000	5,000
Net cash flow utilized by investing activities	(889,706)	(1,175,041)
Financing activities		
Purchase of treasury shares *(Note 10)*	(188,652)	(178,465)
Dividends paid *(Note 14)*	(657,277)	(457,607)
Net cash flow utilized by financing activities	(845,929)	(636,072)
Net change in cash	400,050	(121,696)
Cash at beginning of the year	393,562	515,258
Cash at end of the year *(Note 3)*	$ 793,612	$ 393,562
Supplemental cash flow information		
Interest paid	$ 251	$ 486

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 March 19, 2015.

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. Certain prior period amounts have been reclassified to conform to the current year's presentation.

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 and Assumptions

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.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale investments. The classification of financial instruments at initial recognition depends on their purpose and characteristics and management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

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.

Subsequent Measurement

At December 31, 2014, the Bank's financial assets include loans and receivables. After initial measurement loans and receivables are measured as follows:

Loans and Receivables

Loans and receivables include accounts receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Accounts receivable, which generally have 30-90 day terms, are recognized and carried at the original invoice amount less an allowance for impairment.

2. Summary of Significant Accounting Policies (continued)

Financial Assets (continued)

Loans and Receivables cont'd.

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.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired; or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment 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 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 consolidated statement of comprehensive income.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities and security deposits.

2. Summary of Significant Accounting Policies (continued)

Property, Plant, and Equipment (continued)

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, or cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

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, 2014 (2013 – $Nil).

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.

Inventories

Inventories are values at the lower of cost and net realizable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Parts and supplies: purchase cost on a first in, first out basis

2. Summary of Significant Accounting Policies (continued)

Inventories (continued)

- 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

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Other Assets

Other assets are carried at cost which is the fair value of the consideration to be received in the future.

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 considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company's investment in its associate is accounted for using the equity method. Under the equity method, the investment in associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date.

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 recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized 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, 2014. 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, 2014 or 2013.

2. Summary of Significant Accounting Policies (continued)

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.

Property, Plant, and Equipment

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 2014 and 2013.

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.

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.

2. Summary of Significant Accounting Policies (continued)

Share Capital

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

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 of 1.25% of 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.

Changes in Accounting Policies and Disclosures Adoption of New and Revised International Financial Reporting Standards

The accounting policies adopted are consistent with those used in the previous financial year. Amendments to certain 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:

- Amendment to IAS 32 – *Offsetting Financial Assets and Financial Liabilities*
- Amendment to IAS – *36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendment to IAS 39 – *Novation of Derivatives and Continuation of Hedge Accounting*
- Amendments to IFRS 10, IFRS 12 and IAS 27 – *Investment Entities*
- Annual Improvements *2010-2012 Cycle*
- Annual Improvements *2011-2013 Cycle*

(Expressed in Bahamian Dollars)

2. Summary of Significant Accounting Policies (continued)

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

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Company's accounting but which the Company has not early adopted are as follows:

Effective for annual periods beginning on or after January 1, 2016:

- Amendments to IFRS 7 and IFRS 9 – *Mandatory Effective Date and Transition Disclosures*

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

- *Amendments to* IAS 16 and IAS 38 – *Clarification of Acceptable Methods of Depreciation and Amortization*
- IFRS 9 – *Financial Instruments* (issued in 2014)

The Company is currently assessing the impact of the new and revised standards, however, 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

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

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 interest rate +3.00% (2014 and 2013 – 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 interest rate +3.00% (2014 – 7.75%; 2013 – 8.25%). At December 31, 2014, the Company had $400,000 (2013 – $400,000) of undrawn funds available from its approved overdraft facilities.

The Company also has an unsecured Corporate VISA facility from RBC Royal Bank (Bahamas) Limited with a limit of $50,000. As of December 31, 2014, $28,722 of this amount was used (2013 – $Nil).

4. Accounts Receivable, Net

Accounts receivable consists of the following:

	2014	2013
Receivables from related parties	$ 45,743	$ 35,235
Trade receivables	2,536,375	2,770,382
	2,582,118	2,805,617
Less: provision for doubtful accounts	(385,827)	(340,827)
	$ 2,196,291	$ 2,464,790

For terms and conditions relating to receivables from related parties, refer to Note12.

(Expressed in Bahamian Dollars)

4. Accounts Receivable, Net (continued)

Accounts receivable are non-interest bearing and are generally on terms of 30 to 90 days.

As at December 31, 2014, accounts receivable with a nominal value of $45,000 (2013 – $70,000) were impaired and fully provided for. No accounts were written off in 2014 (2013 – $Nil), and movements in the provision for impairment do not include any restored balances (2013 – $Nil). See below table for the movements in the provision for doubtful accounts.

The ageing analysis of trade receivables as at December 31, 2014, follows:

		Neither Past Due Nor Impaired	Past Due But Not Impaired		
	Total		**30 Days**	**60 Days**	**90 Days or More**
2014	2,196,291	907,428	553,048	348,353	387,462
2013	2,464,790	857,049	875,132	349,353	383,256

5. Inventories

	2014	**2013**
Raw materials (at cost)	$ 19,547	$ 12,741
Work in progress (at cost)	28,034	10,192
Finished goods (at lower of cost or net realizable value)	7,728	11,120
Spare parts and supplies (at cost)	684,091	613,161
Ending balance	$ **739,400**	$ 647,214

6. Other Assets

	2014	**2013**
Prepaid expenses	$ 140,308	$ 139,293
Deposits *(Note 16)*	75,000	–
Employee Advances	38,339	38,310
Security Deposits	12,900	12,900
Ending balance	$ **266,547**	$ 190,503

Employee advances are carried at cost which is the fair value of consideration to be received in the future. The amounts are interest free and are repaid via salary deductions.

(Expressed in Bahamian Dollars)

7. 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. The Company's interest in Green Systems Ltd. is accounted for using the equity method. During 2014 and 2013, the Company made no additional investment in the Associate.

	2014	2013
Beginning balance	$ 73,925	$ 78,876
Share in loss of associate	(10,214)	(4,951)
Ending balance	$ **63,711**	$ 73,925

8. 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.

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 Company performs annual impairment tests and considers the revenue streams specifically generated by this book of business and the book value of the goodwill, among other factors, in determining indicators of impairment. As at December 31, 2014, the projected revenue stream far exceeded the carrying value of the intangible asset and no impairment in value has been identified (2013 – Nil).

The net book value of the intangible asset at December 31, 2014, is as follows:

Intangible asset	$ 125,000
Accumulated amortization	(100,000)
Net book value	$ 25,000

(Expressed in Bahamian Dollars)

9. Property, Plant, and Equipment

The movement of property, plant, and equipment for the year ended December 31, 2014, was as follows:

	Opening Balance	Additions	Disposals	Ending Balance
Cost				
Land	$ 986,508	$ –	$ –	$ 986,508
Buildings	4,307,890	45,244	–	4,353,134
Compactors and containers	8,423,794	285,016	–	8,708,810
Collection vehicles	7,956,924	481,070	(493,180)	7,944,814
Office vehicles	127,731	–	–	127,731
Furniture and equipment	478,378	27,325	–	505,703
Computer equipment	287,604	13,799	(22,410)	278,993
Operating equipment	1,170,673	62,252	–	1,232,925
	23,739,502	914,706	(515,590)	24,138,618
Depreciation				
Land	–	–	–	–
Buildings	1,912,443	235,806	–	2,148,249
Compactors and containers	7,113,449	448,557	–	7,562,006
Collection vehicles	6,388,722	378,586	(493,180)	6,274,128
Office vehicles	123,997	16,876	–	140,873
Furniture and equipment	296,802	61,980	–	358,782
Computer equipment	252,274	25,285	(22,410)	255,149
Operating equipment	650,745	150,357	–	801,102
	16,738,432	1,317,447	(515,590)	17,540,289
2014 book value	**$ 7,001,070**	**$ (402,741)**	**$ –**	**$ 6,598,329**

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	507,823	142,923	–	650,745
	15,542,421	1,328,110	(132,098)	16,738,433
2013 book value	$ 7,149,138	$ (148,069)	$ –	$ 7,001,069

(Expressed in Bahamian Dollars)

9. Property, Plant and Equipment (continued)

Depreciation expense is allocated to cost of sales and direct expenses (Note 9) in the amount of $1,068,669 (2013 – $1,109,248) and general and administrative expenses in the amount of $248,778 (2013 – $218,862).Fully depreciated property and equipment that are still being used by the Company as of December 31, 2014, amounted to $10,750,290 (2013 – $10,724,169).

10. Share Capital

	2014	2013
Authorized: 10,000,000 ordinary shares of $0.01 each (2014 – 10,000,000 shares of $0.01 each)	100,000	100,000
Issued and fully paid: 4,200,000 ordinary shares (2014 – 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 125,772 (2013 – 65,772) ordinary shares for a total of $367,117. 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:

	2014	2013
Share capital	$ 42,000	$ 42,000
Contributed surplus	2,752,113	2,752,113
Treasury shares	(367,117)	(178,465)
	$ 2,426,996	$ 2,615,648

11. Cost of Sales and Direct Expenses

Cost of sales and direct expenses comprise the following:

	2014	2013
Salaries and related expenses	$ 3,279,661	$ 3,089,494
Repairs and maintenance	1,816,061	1,838,000
Depreciation expense *(Note 9)*	1,068,668	1,109,248
Fuel	1,058,941	1,207,402
Landfill fees	170,477	215,074
Other	97,878	112,828
	$ 7,941,686	$ 7,572,046

(Expressed in Bahamian Dollars)

12. Related-Party Balances and Transactions

The following is a summary of the balances at December 31, 2014 and 2013, and the transactions during the year then ended with related parties:

		2014		2013
Accounts receivable	$	45,743	$	35,805
Additions to property, plant, and equipment	$	3,311	$	1,217
Accounts payable and accrued liabilities	$	600	$	900
Sales and services rendered	$	139,912	$	114,279
Repairs and maintenance – cost of sales	$	2,196	$	6,990
Chairman's compensation	$	58,479	$	57,925

Compensation of key management personnel of the Company

		2014		2013
Short-term employee benefits	$	755,631	$	737,513
Defined contribution pension and medical insurance expense		114,249		116,387
Total compensation paid to key management personnel	$	869,880	$	853,900

Pursuant to an approval from the Board of Directors, the Chairman of the Board also provides consulting services to the Company. Amounts paid relative to this agreement for the year ended December 31, 2014, include fees of $48,360 (2013 – $48,360) and incidental of $10,119 (2013 – $9,565), 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 $51,500 (2013 – $35,000) for services rendered and do not receive any other types of benefits from the Company.

13. 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.

		2014		2013
Net income attributable to ordinary shares	$	762,746	$	749,442
Weighted average number of ordinary shares outstanding		4,100,508		4,179,594
Earnings per share	$	0.19	$	0.18

There were no dilutive securities outstanding during the 2014 and 2013.

14. 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 2014, dividends totaling $657,277 (2013 – $457,607) were declared by the Board of Directors and paid on May 30th, 2014 ($0.09 per share) and November 21, 2014 ($0.07 per share).

15. 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)

15. Segment Information (continued)

December 31, 2014	Collections	WVO Recycling	OCC Recycling	Corporate Administration	Total
Revenue					
External customers	$ 10,710,835	$ –	$ 94,058	$ 94,515	$ 10,899,408
Inter-segment revenue (expense)	(366,005)	376,182	(10,177)	–	–
Total revenue	$ 10,344,830	$ 376,182	$ 83,881	$ 94,515	$ 10,899,408
Segment profit	$ 3,641,683	$ (158,572)	$ (170,353)	$ (2,550,012)	$ 762,746
Operating assets	$ 6,755,410	$ 862,479	$ 515,581	$ 2,549,420	$ 10,682,890
Operating liabilities	$ 643,243	$ –	$ –	$ 213,108	$ 856,351
Other segment information					
Depreciation and amortization	$ 883,160	$ 116,420	$ 94,089	$ 248,778	$ 1,342,447
Salaries and related expenses	$ 3,066,270	$ 94,873	$ 123,206	$ 1,044,591	$ 4,328,940
Repairs and maintenance and fuel	$ 2,753,717	$ 323,461	$ 36,939	$ 1,351,158	$ 4,465,275

	Collections	WVO Recycling	OCC Recycling	Corporate Administration	Total
December 31, 2013					
Revenue					
External customers	$ 10,635,881	$ –	$ 84,936	$ 30,607	$ 10,751,424
Inter-segment revenue (expense)	(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 and 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	$ 3,729,323
Repairs and maintenance and fuel	$ 3,227,766	$ 548,093	$ 50,327	$ 1,093,363	$ 4,919,549

16. 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.

As at December 31, 2014, the Company had entered into a contract valued at $167,250 for the purchase of collection vehicles. A cash deposit of $75,000 was made against this contract and the amount is included in Other Assets in the Statement of Financial Position.

17. 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% of the contributions of the participants of the plan. Contributions to the plan for 2014 amounted to $143,451 (2013 – $136,541). 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 5 years, with complete vesting after 10 years of participation.

18. 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.

18. Financial Risk Management (continued)

Risk Measurement 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.

Risk Concentrations 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 16% (2013 – 11%) of the Company's outstanding accounts receivable and 30% (2013 – 22%) 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.

Net 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.

19. 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, 2014 and 2013.

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.

20. Subsequent Events

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