

INTERIM CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED)

Bahamas Waste Limited  
Three Months Ended March 31, 2015

Ernst & Young



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Bahamas Waste Limited

Interim Condensed Financial Statements (Unaudited)

Three Months Ended March 31, 2015

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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>2015</b>	<b>2014</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 573,027	\$ 793,612
Accounts receivable, net	2,424,960	2,196,291
Inventories	730,721	739,400
Prepaid expenses and other receivables	415,241	266,547
Total current assets	<u>4,143,949</u>	<u>3,995,850</u>
<b>Non-current assets</b>		
Investment in associate	63,711	63,711
Intangible assets (Note 3)	18,750	25,000
Property, plant, and equipment, net	6,757,250	6,598,329
Total non-current assets	<u>6,839,711</u>	<u>6,687,040</u>
Total assets	<u>\$ 10,983,660</u>	<u>\$ 10,682,890</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 422,385	\$ 315,655
Total current liabilities	<u>422,385</u>	<u>315,655</u>
<b>Non-current liabilities</b>		
Security deposits	540,421	540,696
Total liabilities	<u>962,806</u>	<u>856,351</u>
<b>Shareholders' equity</b>		
Share capital and contributed surplus	2,794,113	2,794,113
Treasury shares	(367,117)	(367,117)
Retained earnings	7,593,858	7,399,543
Total shareholders' equity	<u>10,020,854</u>	<u>9,826,539</u>
Total liabilities and shareholders' equity	<u>\$ 10,983,660</u>	<u>\$ 10,682,890</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>2015</b>	<b>2014</b>
Sales and services rendered	\$ 2,698,008	\$ 2,749,891
Cost of sales and direct expenses	<u>(1,861,071)</u>	<u>(1,880,288)</u>
Gross profit	<u>836,937</u>	<u>869,603</u>
<b>Expenses</b>		
Operating	637,482	632,836
Interest and bank charges	<u>5,140</u>	<u>4,556</u>
Total operating expenses	<u>642,622</u>	<u>637,392</u>
Net income being comprehensive income for the period	<u>\$ 194,315</u>	<u>\$ 232,211</u>
Earnings per share ( <i>Note 4</i> )	<u>\$ 0.05</u>	<u>\$ 0.06</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)

	<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	4,200,000	\$ 42,000	\$ 2,752,113	\$ (367,117)	\$ 7,399,543	\$ 9,826,539
Purchase of treasury shares	–	–	–	–	–	–
Net income being comprehensive income for the period	–	–	–	–	<b>194,315</b>	<b>\$ 194,315</b>
Balance at March, 31 2015	<b>4,200,000</b>	<b>\$ 42,000</b>	<b>\$ 2,752,113</b>	<b>\$ (367,117)</b>	<b>\$ 7,593,858</b>	<b>\$ 10,020,854</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, 2013	4,200,000	\$ 42,000	\$ 2,752,113	\$ (178,465)	\$ 7,294,074	\$ 9,909,722
Purchase of treasury shares	–	–	–	–	–	–
Net income being comprehensive income for the period	–	–	–	–	232,211	232,211
Balance at March, 2014	4,200,000	\$ 42,000	\$ 2,752,113	\$ (178,465)	\$ 7,526,285	\$ 10,141,933

*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>2015</b>	<b>2014</b>
<b>Operating activities</b>		
Net income being comprehensive income for the period	\$ 194,315	\$ 232,211
Adjustments for items not involving use of cash:		
Bad debt expense	30,000	20,000
Gain on disposal of property, plant, and equipment	–	(25,000)
Amortization of intangible assets	6,250	6,250
Depreciation	329,561	339,301
	<b>560,126</b>	<b>572,762</b>
Change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(258,670)	235,721
Decrease in inventories	8,679	28,664
Increase in prepaid expenses and other receivables	(148,694)	(232,419)
Increase in investments	–	–
Increase (decrease) in accounts payable and accrued liabilities	106,730	9,092
(Decrease) increase in security deposits	(275)	4,158
Net cash flow provided by operating activities	<b>267,896</b>	<b>617,978</b>
<b>Investing activities</b>		
Purchases of property, plant, and equipment	(488,481)	(228,946)
Proceeds from sale of property, plant, and equipment	–	25,000
Net cash flow used in investing activities	<b>(488,481)</b>	<b>(203,946)</b>
<b>Financing activities</b>		
Purchases of treasury stock	–	–
Net cash flow used in financing activities	<b>–</b>	<b>–</b>
Net change in cash	(220,585)	414,032
Cash, at beginning of the period	793,612	393,562
Cash, at end of the period	<b>\$ 573,027</b>	<b>\$ 807,594</b>
Interest paid	<b>\$ 89</b>	<b>\$ 75</b>

*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, 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 March 31, 2015, were authorized for issue by the directors on April 29, 2015.

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

#### **Basis of Preparation**

These interim condensed financial statements (unaudited) for March 31, 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 March 31, 2015, the carrying value of the intangible asset amounted to \$18,750 (December 31, 2014 – \$25,000).

#### 4. Earnings Per Share

Earnings per share of \$0.05 (March 2014 – \$0.06) were calculated based on the shares outstanding at the end of the period, which approximated average shares outstanding during the period.

	<u>2015</u>	<u>2014</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 arm's length. There were significant obligations to the related parties for the three months ended March 31, 2015 and 2014.

#### 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, 2015, no common shares were repurchased (March 2014: none).



## Bahamas Waste Limited

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

#### **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.

Three Months Ended March 31, 2015	Collections	WVO Recycling	OCC Recycling	Corporate	Total
<b>Revenue</b>					
External customers	\$ 2,652,492	\$ –	\$ 13,913	\$ 31,603	\$ 2,698,008
Inter-segment	(100,281)	103,813	(3,532)	–	–
Total revenue	<u>\$ 2,552,211</u>	<u>\$ 103,813</u>	<u>\$ 10,381</u>	<u>\$ 31,603</u>	<u>\$ 2,698,008</u>
<b>Results</b>					
Depreciation and amortization	\$ (226,285)	\$ (29,575)	\$ (21,697)	\$ (58,254)	\$ (335,811)
Operating expenses	(1,431,092)	(106,570)	(45,853)	(584,368)	(2,167,882)
Segment profit	<u>\$ 894,834</u>	<u>\$ (32,332)</u>	<u>\$ (57,169)</u>	<u>\$ (611,019)</u>	<u>\$ 194,315</u>
Operating assets	<u>\$ 7,112,544</u>	<u>\$ 856,344</u>	<u>\$ 498,028</u>	<u>\$ 2,516,744</u>	<u>\$ 10,983,660</u>
Operating liabilities	<u>\$ 747,035</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 215,771</u>	<u>\$ 962,806</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
<b>Revenue</b>					
External customers	\$ 2,670,057	\$ –	\$ 25,461	\$ 54,373	\$ 2,749,891
Inter-segment	(46,567)	47,750	(1,183)	–	–
Total revenue	<u>\$ 2,623,490</u>	<u>\$ 47,750</u>	<u>\$ 24,278</u>	<u>\$ 54,373</u>	<u>\$ 2,749,891</u>
<b>Results</b>					
Depreciation and amortization	\$ (230,886)	\$ (27,487)	\$ (24,313)	\$ (62,848)	\$ (345,534)
Operating expenses	(1,494,230)	(55,875)	(42,514)	(574,527)	(2,172,146)
Segment profit	<u>\$ 898,374</u>	<u>\$ (35,612)</u>	<u>\$ (42,549)</u>	<u>\$ (583,002)</u>	<u>\$ 232,211</u>
Operating assets	<u>\$ 6,589,809</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>

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