

INTERIM CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED)

Bahamas Waste Limited  
Three Months Ended March 31, 2016

Ernst & Young



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Bahamas Waste Limited

Interim Condensed Financial Statements (Unaudited)

Three Months Ended March 31, 2016

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## Bahamas Waste Limited

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

	<b>March 31 2016</b>	<b>December 31 2015</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 1,491,447	\$ 1,279,210
Accounts receivable, net	2,315,374	2,471,641
Inventories	708,390	700,085
Prepaid expenses and other receivables	520,691	175,064
Total current assets	5,035,902	4,626,000
<b>Non-current assets</b>		
Loan receivable	176,932	–
Investment in associates	222,350	48,994
Property, plant, and equipment, net	6,054,019	6,253,825
Total non-current assets	6,453,301	6,302,819
Assets held for sale	–	369,598
Total assets	\$ 11,489,203	\$ 11,298,417
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 705,412	\$ 738,965
Value added tax payable	48,957	47,112
Total current liabilities	754,369	786,070
<b>Non-current liabilities</b>		
Security deposits	560,682	559,890
Total liabilities	1,315,051	1,345,960
<b>Shareholders' equity</b>		
Share capital and contributed surplus	2,794,113	2,794,113
Treasury shares (Note 5)	(553,969)	(550,465)
Retained earnings	7,934,008	7,708,809
Total shareholders' equity	10,174,152	9,952,457
Total liabilities and shareholders' equity	\$ 11,489,203	\$ 11,298,417

#### **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>Three Months Ended</b>	
	<b>March 31</b>	<b>March 31</b>
	<b>2016</b>	<b>2015</b>
Sales and services rendered	<b>\$ 2,607,636</b>	\$ 2,698,008
Cost of sales and direct expenses	<b>(1,685,198)</b>	(1,861,070)
Gross profit	<b>922,438</b>	836,938
<b>Expenses</b>		
Operating	<b>689,681</b>	637,482
Interest and bank charges	<b>7,558</b>	5,140
Total operating expenses	<b>697,239</b>	642,622
Net income being comprehensive income for the period	<b>\$ 225,199</b>	\$ 194,315
Earnings per share ( <i>Note 3</i> )	<b>\$ 0.06</b>	\$ 0.05

*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, 2015	4,200,000	\$ 42,000	\$ 2,752,113	\$ (550,565)	\$ 7,708,809	\$ 9,952,457
Purchase of treasury shares	-	-	-	(3,505)	-	(3,505)
Net income being comprehensive income for the period	-	-	-	-	225,199	225,199
Balance at March, 31 2016	<b>4,200,000</b>	<b>\$ 42,000</b>	<b>\$ 2,752,113</b>	<b>\$ (553,969)</b>	<b>\$ 7,934,008</b>	<b>\$ 10,174,152</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, 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	-	-	-	-	194,315	194,315
Balance at March, 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>

*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>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Net income being comprehensive income for the period	\$ 225,199	\$ 194,315
Adjustments for items not involving use of cash:		
Bad debt expense	43,500	30,000
Amortization of intangible assets	–	6,250
Depreciation	316,237	329,561
	<b>584,936</b>	<b>560,126</b>
Change in non-cash working capital items:		
Decrease (increase) in accounts receivable	112,767	(258,670)
(Increase) decrease in inventories	(8,306)	8,679
(Increase) in prepaid expenses and other receivables	(345,627)	(148,694)
(Increase) in loan receivable	(176,932)	–
(Decrease) increase in accounts payable and accrued liabilities	(31,699)	106,730
Increase (decrease) in security deposits	792	(275)
Net cash flow provided by operating activities	<b>135,931</b>	<b>267,896</b>
<b>Investing activities</b>		
Purchases of property, plant, and equipment	(100,624)	(488,481)
Net cash flow used in investing activities	<b>(100,624)</b>	<b>(488,481)</b>
<b>Financing activities</b>		
Loan receivable Bahamas Sustainable Fuels Ltd.	180,433	–
Purchases of treasury stock	(3,505)	–
Net cash flow used in financing activities	<b>176,928</b>	<b>–</b>
Net change in cash	212,237	(220,585)
Cash, at beginning of the period	1,279,210	793,612
Cash, at end of the period	<b>\$ 1,491,447</b>	<b>\$ 573,027</b>
Interest paid	<b>\$ –</b>	<b>\$ 89</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, 2016

### 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, 2015, and the year then ended in its reporting currency Bahamian Dollars.

The interim condensed financial statements (unaudited) for March 31, 2016, were authorized for issue by the directors on April 27, 2016.

### 2. Summary of Significant Accounting Policies

#### Basis of Preparation

These interim condensed financial statements (unaudited) for March 31, 2016, 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, 2015, 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, 2015.

### 3. Earnings Per Share

Earnings per share of \$0.06 (March 2015 – \$0.05) were calculated based on the shares outstanding at the end of the period, which approximated average shares outstanding during the period.

	<u>2016</u>	<u>2015</u>
Shares outstanding at end of period	<b>4,200,000</b>	4,200,000

# Bahamas Waste Limited

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

### **4. 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 no significant obligations to the related parties for the three months ended March 31, 2016 and 2015.

### **5. Treasury Stock**

On October 24, 2015, 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, 2018. During the quarter ended March 31, 2016, 1,000 common shares were repurchased (March 2015 – Nil).

### **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.

### **7. Segment Information**

For management purposes, operating divisions are grouped into three 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.
- OCC Recycling collects and bales various paper products for export.
- Corporate Administration provides oversight and administrative support to all divisions.

On December 31 the Company discontinued its WVO Recycling which entailed the collection of waste cooking oil and the conversion of same into biodiesel for use in various vehicles and equipment across the operating divisions. On January 7, 2016, the Company completed the transfer of all its operating equipment and vehicles relative to this segment to a new entity, Bahamas Sustainable Fuels Limited.



## Bahamas Waste Limited

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

<b>Three Months Ended March 31, 2016</b>	<b>Collections</b>	<b>WVO Recycling</b>	<b>OCC Recycling</b>	<b>Corporate</b>	<b>Total</b>
<b>Revenue</b>					
External customers	\$ 2,576,526	\$ –	\$ 5,768	\$ 25,342	\$ 2,607,636
Total revenue	<u>\$ 2,576,526</u>	<u>\$ –</u>	<u>\$ 5,768</u>	<u>\$ 25,342</u>	<u>\$ 2,607,636</u>
<b>Results</b>					
Depreciation and amortization	\$ (278,481)	\$ –	\$ (15,314)	\$ (68,360)	(362,155)
Operating expenses	(1,349,215)	–	(42,188)	(628,879)	(2,020,282)
Segment profit	<u>\$ 948,830</u>	<u>\$ –</u>	<u>\$ (51,734)</u>	<u>\$ (671,897)</u>	<u>\$ 225,199</u>
Operating assets	<u>\$ 7,105,250</u>	<u>\$ –</u>	<u>\$ 448,815</u>	<u>\$ 3,935,138</u>	<u>\$ 11,489,203</u>
Operating liabilities	<u>\$ 932,813</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 382,238</u>	<u>\$ 1,315,051</u>
<b>Three Months Ended March 31, 2015</b>					
<b>Three Months Ended March 31, 2015</b>	<b>Collections</b>	<b>WVO Recycling</b>	<b>OCC Recycling</b>	<b>Corporate</b>	<b>Total</b>
<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>

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