

BAHAMAS WASTE LIMITED

Interim Condensed Financial Statements (Unaudited)
Three months ended March 31, 2011

Bahamas Waste Limited
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Three months ended March 31, 2011

Contents

	Page
Interim Statement of Financial Position (unaudited).....	1
Interim Statement of Comprehensive Income (unaudited)	2
Interim Statement of Changes in Shareholders' Equity (unaudited)	3
Interim Statement of Cash Flows (unaudited)	4
Notes to Interim Condensed Financial Statements (unaudited).....	5

Bahamas Waste Limited

Interim Statement of Financial Position (unaudited)

March 31, 2011

	March 31	December 31
	2011	2010
Assets		
Current assets		
Cash	\$ 178,602	\$ 131,232
Accounts receivable, net	1,658,396	1,616,664
Inventories	505,687	486,184
Prepaid expenses and other receivables	176,227	26,111
Deposits	12,900	12,900
Total current assets	<u>2,531,812</u>	<u>2,273,091</u>
Non-current assets		
Investment in associate	119,183	103,660
Property, plant and equipment, net	7,392,391	7,543,012
Intangible assets	118,750	125,000
Total non-current assets	<u>7,630,324</u>	<u>7,278,502</u>
Total assets	<u>\$ 10,162,136</u>	<u>\$ 9,932,781</u>
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 362,251	\$ 354,384
Current portion of note payable (note 6)	66,572	95,073
Total current liabilities	<u>428,823</u>	<u>449,457</u>
Non-current liabilities		
Security deposits	<u>430,340</u>	<u>418,318</u>
Total non-current liabilities	<u>430,430</u>	<u>418,318</u>
Total liabilities	<u>859,162</u>	<u>867,775</u>
Shareholders' equity		
Share capital	42,000	42,000
Contributed surplus	2,752,113	2,752,113
Retained earnings	6,508,861	6,382,875
Total shareholders' equity	<u>9,302,974</u>	<u>9,176,988</u>
Total liabilities and shareholders' equity	<u>\$ 10,162,136</u>	<u>\$ 10,044,763</u>

Commitments and contingencies (note 7)

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

Bahamas Waste Limited

Interim Statement of Comprehensive Income (unaudited)

Three months ended March 31, 2011

	Three months ended March 31	
	2011	2010
Sales and services rendered	\$ 2,051,941	\$ 1,850,400
Cost of sales and direct expenses	1,425,836	1,194,763
Gross profit	<u>601,825</u>	<u>655,937</u>
Expenses		
Operating	489,702	452,533
Interest and bank charges	10,417	5,293
Total operating expenses	<u>500,119</u>	<u>457,826</u>
Net income being comprehensive income for the period	<u>\$ 125,986</u>	<u>\$ 192,517</u>
Earnings per share	<u>\$ 0.03</u>	<u>\$ 0.05</u>

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

Bahamas Waste Limited

Interim Statement of Changes in Shareholders' Equity (unaudited)

Three months ended March 31, 2011

	Number of Shares	Share Capital	Contributed Surplus	Retained Earnings	Total
Three months ended March 31, 2011					
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	-	-	-	125,986	125,986
Balance at March 31, 2011	4,200,000	\$ 42,000	\$ 2,752,113	\$ 6,508,861	\$ 9,302,974
Three months ended March 31, 2010					
Balance at December 31, 2009	4,200,000	\$ 42,000	\$ 2,752,113	\$ 6,186,309	\$ 8,980,422
Net income being comprehensive income for the period	-	-	-	192,517	192,517
Balance at March 31, 2010	4,200,000	\$ 42,000	\$ 2,752,113	\$ 6,378,826	\$ 9,172,939

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

Bahamas Waste Limited

Interim Statements of Cash Flows (unaudited)

Three months ended March 31, 2011

	Three months ended March 31	
	2011	2010
Cash flows from operating activities		
Net income being comprehensive income for the period	\$ 125,986	\$ 192,517
Adjustments for items not involving use of cash:		
Bad debt expense	14,851	31,586
Amortization	6,250	
Depreciation	334,511	308,218
	<u>481,598</u>	<u>532,321</u>
Change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(41,731)	54,666
Increase in inventories	(19,504)	(41,049)
Increase in prepaid expenses and other receivables	(150,115)	(130,967)
Decrease (increase) in accounts payable and accrued Liabilities	7,866	(11,776)
Increase in investments	(15,524)	-
(Decrease) increase in security deposits	12,022	3,578
Net cash flow provided by operating activities	<u>274,612</u>	<u>406,773</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(198,740)	(266,282)
Net cash flow used in investing activities	<u>(192,490)</u>	<u>(266,282)</u>
Cash flows from financing activities		
Payment of note payable	(28,502)	(31,522)
Net cash flow used in financing activities	<u>(28,502)</u>	<u>(31,522)</u>
Net change in cash	47,370	108,969
Cash at beginning of the period	131,232	445,144
Cash at end of the period	<u>\$ 178,602</u>	<u>\$ 554,113</u>

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

Bahamas Waste Limited

Notes to Interim Condensed Financial Statements (unaudited)

March 31, 2011

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.

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, 2010 and the year then ended.

The interim condensed financial statements (unaudited) for the three months ended March 31, 2011 were authorized for issue by the directors on April 27, 2011.

2. Summary of Significant Accounting Policies

Basis of preparation

These interim condensed financial statements (unaudited) for the three months ended March 31, 2011 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, 2010 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, 2010, 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, 2011 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) (Continued)

March 31, 2011

2. Summary of Significant Accounting Policies (Continued)

Basis of preparation (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*

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, 2011, the carrying value of the intangible asset amounted to \$118,750 (December 31, 2010: \$125,000).

4. Earnings per Share

Earnings per share were calculated based on the shares outstanding at the end of the period, which approximated average shares outstanding during the period.

	2011	2010
Shares outstanding at March 31	4,200,000	4,200,000

Bahamas Waste Limited

Notes to Interim Condensed Financial Statements (unaudited) (Continued)

March 31, 2011

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 March 31, 2011 and 2010 have been disclosed.

6. Note Payable

On June 1, 2008, the Company entered into an agreement to purchase property adjacent to its existing location for \$500,000. Pursuant to that agreement, the Company has paid the vendor \$100,000 and entered into a \$400,000 promissory note agreement with Davandon Holdings Limited. The term of the note is five years with an interest rate of 7% per annum. The principals of Davandon Holdings Limited are also the majority shareholders of the Company. As at March 31, 2011, the outstanding balance amounted to \$66,572 (December 31, 2010: \$95,073).

7. 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.