



BAHAMAS
WASTE 

Annual Report 2011

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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Moving

towards a more environmentally
responsible and forward thinking
Bahamas Waste. Powered by biodiesel.

BAHAMAS WASTE LIMITED
MESSAGE FROM THE CHAIRMAN



Let me begin by congratulating every single member of the Bahamas Waste staff for their incredible performance under extremely challenging circumstances.

We began the year planning for the long term collection of residential waste and managing the land fill and this process took several busy months. We expected a five to six month period to prepare for this eventuality. Instead, midyear, without much notice, we were asked to start collection in the inner city core RIGHT AWAY. Of course we said yes and our response as a team was superb. We shift-worked the vehicles and the employees as best we could without exhausting either until we were able to hire more staff and acquire a couple of rear loaders. It has all been worked out and our contracts have been expanded outward from the core areas. All of this has been accomplished with good performance and profitability. We have also worked along with the community leaders to encourage neighborhood cleanups at no cost to the community or the government.

The unsung heroes in this effort are the mechanical staff whose job it is to keep the vehicles going. So here is the inside report as to why the company income and profits increased this year and thank you all!!

A lot of the the other aspects of your Company were pretty much business as usual. While it appears that construction work has taken off again, I believe a lot of that is the road construction – which does utilize our personal sanitation devices – as well as the Bahamar and airport expansion projects. Our roll off business was flat last year, which is an indication of little increase in small construction jobs.

There is an air of optimism about the land, and once the road system is completed and the elections are over, we should have a period of growth and prosperity. Once again I thank my fellow directors for their sage advice and counsel at all stages of our development.

Peter Andrews
Chairman

The official opening of the Bio Diesel plant in February 2011



We currently have
over 30 vehicles
running on
various blends
of biodiesel

After very disappointing 2010 results, we experienced a significant increase in our net profits for fiscal 2011. The last 2 quarters provided a strong boost, with net profits doubling the June 2011 mark. Although pleased with the results, they were still not as good as we had projected for the year, with some segments running well below budgeted expectations. Year to year, total revenues increased by 15.3%, and total expenses increased by 12%, with direct operating costs up 14% and administrative overheads up 7%. Together, these changes have resulted in a 135% increase in net profits over our 2010 Financial Year.

It was a difficult year all around, and the protracted downturn in the economy forced some customers to discontinue services as a means of reducing their own operating expenses, or made it difficult for others to stay current on their monthly billings. Special consideration was given to working closely with our customers to help them through this difficult time.

I am very proud to report that, in June of this year, Bahamas Waste Limited was contacted to assist the Department of Environment Health in the collection of certain residential areas within New Providence. In September we were given a contract for portions of Englerston, St Cecilia's and Grant's Town areas, and in November we were given a portion of Centerville. We remain hopeful that these short term contracts will eventually evolve into a long term arrangement thereby allowing for better strategic planning.



We are still experiencing growing pains in our Cardboard Recycling and Biodiesel efforts, but feel that we are on the right track. Up until the end of 2011, we exported over 1,036 tons of Cardboard (OCC) and Shredded Office Paper (SOP), and produced over 26,000 gallons of Biodiesel (B100). We currently have over 30 vehicles running on various blends of biodiesel with no disruptions.

During the latter part of the year, we made a decision to concentrate more effort on the appearance of our equipment and timely repairs. By mid 2012, everyone should notice a vast improvement in the appearance of all of our equipment.

As we continue to move towards a more environmentally responsible and forward thinking Bahamas Waste, we are extremely proud to be a BAHAMIAN publically traded company, with over 1,500 Bahamians shareholders. My gratitude goes out to not only our shareholders and Directors, but especially to our dedicated employees who not only make it all possible, but who continue to hold Bahamas Waste to the highest standards in everything that we do.

A handwritten signature in blue ink, which appears to read "Francisco de Cardenas". The signature is fluid and cursive.

Francisco de Cardenas
Managing Director

Independent Auditors' Report to the Shareholders and Directors of 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, 2011, and the statement of comprehensive income, statement of changes in shareholders' equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the 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 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 whether the financial statements are free from material misstatement.

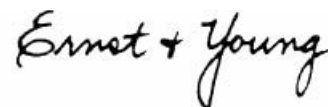
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for 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 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 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2011, and of its financial performance, changes in shareholders' equity, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Date: 29 March, 2012



BAHAMAS WASTE LIMITED
STATEMENT OF FINANCIAL POSITION
(Expressed in Bahamian Dollars)

	December 31	
	2011	2010
Assets		
Current assets		
Cash (note 3)	\$ 111,074	\$ 131,232
Accounts receivable, net (Note 4)	2,095,482	1,616,664
Inventories	518,591	486,184
Prepaid expenses and other assets	116,192	39,011
Total current assets	2,841,339	2,273,091
Non-current assets		
Investment in associate (Note 5)	89,179	103,660
Intangible asset (Note 6)	100,000	125,000
Property, plant, and equipment, net (Note 7)	7,040,053	7,543,012
Total non-current assets	7,229,232	7,771,672
Total assets	\$ 10,070,571	\$ 10,044,763
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 260,844	\$ 354,384
Current-portion of note payable (Note 8)	–	95,073
Total current liabilities	260,844	449,457
Non-current liabilities		
Security deposits	465,258	418,318
Total liabilities	726,102	867,775
Shareholders' equity		
Share capital and contributed surplus (Note 9)	2,794,113	2,794,113
Retained earnings	6,550,356	6,382,875
Total shareholders' equity	9,344,469	9,176,988
Total liabilities and shareholders' equity	\$ 10,070,571	\$ 10,044,763

COMMITMENTS AND CONTINGENCIES (Note 15)

Approved By The Board:



Director



Director

See accompanying notes

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

	Year ended December 31	
	2011	2010
Income		
Sales and services rendered	\$ 8,767,469	\$ 7,627,311
Less: cost of sales and direct expenses <i>(Note 10)</i>	(6,212,720)	(5,449,862)
Gross profit	2,554,749	2,177,449
Expenses:		
Salaries and related expenses <i>(Notes 11 and 16)</i>	985,359	942,457
General and administrative	534,868	508,939
Repairs and maintenance	177,433	149,231
Professional fees	119,320	116,790
Business license	57,187	77,485
Bad debts <i>(Note 4)</i>	55,808	37,500
Advertising and promotion	41,147	31,790
Directors' fees <i>(Note 11)</i>	37,500	28,715
Office supplies	31,397	24,380
Donations	27,312	22,991
Interest and bank charges <i>(Note 8)</i>	25,837	21,136
Registrar and transfer agent fees	23,588	17,061
Total operating expenses	2,116,757	1,978,475
Income from operations	437,992	198,974
Other income (expense) <i>(Note 5)</i>	23,489	(2,408)
Net income for the year, being total comprehensive income for the year	\$ 461,481	\$ 196,566
Earnings per share <i>(Note 12)</i>	\$ 0.11	\$ 0.05

See accompanying notes

BAHAMAS WASTE LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Bahamian Dollars)

Year ended December 31, 2011

	Number of Shares	Share Capital	Contributed Surplus	Retained Earnings	Total
Balance at December 31, 2009	\$ 4,200,000	\$ 42,000	\$ 2,752,113	\$ 6,186,309	\$ 8,980,422
Comprehensive income	–	–	–	196,566	196,566
Balance at December 31, 2010	4,200,000	42,000	2,752,113	6,382,875	9,176,988
Comprehensive income	–	–	–	461,481	461,181
Dividends (Note 13)	–	–	–	(294,000)	(294,000)
Balance at December 31, 2011	\$ 4,200,000	\$ 42,000	\$ 2,752,113	\$ 6,550,356	\$ 9,344,469

See accompanying notes



BAHAMAS WASTE LIMITED
STATEMENT OF CASH FLOWS
(Expressed in Bahamian Dollars)

	Year ended December 31	
	2011	2010
Operating activities		
Net income being, comprehensive income for the year	\$ 461,481	\$ 196,566
Adjustments for items not involving use of cash:		
Bad debts expense (Note 4)	55,808	22,991
Amortization of intangible assets (Note 6)	25,000	–
Depreciation (Note 7)	1,333,565	1,327,733
Share of loss (income) from investment in associate (Note 5)	14,481	51,891
Gain on disposal of property, plant, and equipment	–	(6,000)
	1,890,335	1,593,181
Change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(534,626)	121,346
Increase in inventories	(32,407)	(140,623)
(Increase) decrease in prepaid expenses and other assets	(77,181)	64,136
(Decrease) increase in accounts payable and accrued liabilities	(93,540)	28,697
Increase in security deposits	46,940	822
Net cash flow provided by operating activities	1,199,521	1,667,559
Investing activities		
Purchases of property, plant, and equipment (Notes 6 and 7)	(830,606)	(1,748,368)
Purchase of intangible asset (Note 6)	–	(125,000)
Proceeds from sale of property, plant, and equipment (Note 7)	–	6,000
Net cash flow used for investing activities	(830,606)	(1,867,368)
Financing activities		
Payment of note payable (Note 8)	(95,073)	(114,103)
Dividends paid (Note 13)	(294,000)	–
Net cash flow used for financing activities	(389,073)	(114,103)
Net change in cash	(20,158)	(313,912)
Cash at beginning of the year	131,232	445,144
Cash at end of the year (Note 3)	\$ 111,074	\$ 131,232
Supplemental cash flow information		
Interest paid	\$ 2,981	\$ 10,896

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 29, 2012.

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 except for financial assets and liabilities which are stated at fair value. The financial statements are presented in Bahamian dollars, which is the Company's functional 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 current year's presentation.

Financial assets and Financial Liabilities

Financial assets and financial liabilities within the scope of IAS 39 are recognized initially at fair value. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Company's financial assets include cash, accounts receivable, deposits and investment in associates, while financial liabilities include accounts payable and accrued liabilities, note payable, and security deposits, as applicable.

Accounts Receivable

Accounts receivable, which generally have 30-90 day terms, are recognized and carried at the original invoice amount less an allowance for impairment. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in Associate

The Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate. The income statement reflects the Company's share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, as a change in the Company's equity accounts. Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared as at March 31, and interim reports are provided to coincide with the year-end of the Company. Where 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 of the Company's investment in its associates. The Company determines at each statement of financial position date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Company calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognizes the amount in profit or loss. No impairment charges were recorded at December 31, 2011 or 2010.

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.

Note Payable

After initial recognition, interest bearing note payable is subsequently measured at amortized cost using the effective interest rate method.

Trade Date Accounting

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment and Uncollectibility 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 or group of financial assets 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 statement of comprehensive income.

Derecognition of Financial Assets and Liabilities

The Company derecognizes financial assets when the contractual rights to cash flows from the asset expires or it transfers the asset and the transfer qualifies for derecognition in accordance with IAS 39, as amended. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Prepaid Expenses and Other Receivables

Prepaid expenses and other receivables are carried at cost which is the fair value of the consideration to be received in the future.

Inventories

Inventories are stated at the lower of cost or net realizable value, with cost being determined using the first-in, first-out method.

Property, Plant and Equipment

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 carrying amounts of the property, plant, and equipment and other non-financial assets are reviewed at each statement of financial position date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. 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 2011 and 2010.

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 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 an intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes 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.

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 returned to the customer when service stops or are applied to outstanding billings in the event of a service disruption.

Share Capital

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

Revenue and Expense Recognition

Revenue is recognized to the extent that it is probably that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is based on services provided to customers daily, and is accrued when services are rendered. Expenses are recognized on the accrual basis.

Income Taxes

There are no income taxes imposed on the Company in the Commonwealth of The Bahamas.

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.

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)

New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of January 1, 2011:

IAS 24 Related Party Disclosures (Amendment)

The amended standard became effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. This amendment did not have any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation

The amendment to IAS 32 became effective for annual periods beginning on or after February 1, 2010, and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment did not have any impact on its financial position or performance.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment to IFRIC 14 become effective for annual periods beginning on or after January 1, 2011, with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment did not have any impact on the financial statements of the Company.

Improvements to IFRSs (issued in May 2010)

The IASB issued improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either July 1, 2010 or January 1, 2011. The amendments listed below, did not have a significant impact on the financial statements of the Company:

- 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*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Certain new standards, interpretations, and amendments to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after January 1, 2012, or later periods but which the Company has not early adopted, as follows:

IAS 1 Financial Statement Presentation-Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has there no impact on the Company's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The Company is evaluating possible impact to the financial position and performance of the Company.

IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the Company's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Company's financial position or performance.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013. The amendment affects disclosure only and has no impact on the Company's financial position or performance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 12 Disclosure of Involvement with Other Entities (continued)

Other Standards, Interpretations, and Amendments that have been issued but are expected to have no impact on the Company's financials are:

- IAS 12 *Income Taxes – Recovery of Underlying Assets*
- IAS 19 *Employee Benefits (Amendment)*
- IAS 27 *Separate Financial Statements (as revised in 2011)*
- IFRS 9 *Financial Instruments: Classification and Measurement*
- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 13 *Fair Value Measurement*

3. CASH POSITION

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 +3% (7.75%) (2010: 8.50%). The Company also maintains an overdraft facility at FirstCaribbean International Bank (Bahamas) Limited of \$100,000. The facility is unsecured and bears interest at a rate of Nassau Prime +3.50% (8.25%) (2010: 9.00%). At December 31, 2011, the Company had \$400,000 (2010: \$400,000) of undrawn funds available from its approved overdraft facilities.

The Company also has a Corporate VISA facility from RBC Royal Bank (Bahamas) Limited with a limit of \$50,000 and a Corporate VISA facility from FirstCaribbean International Bank (Bahamas) Limited with a limit of \$30,000. As of December 31, 2011, none of these amounts was used. The 2010 amount of \$2,925 was included in accounts payable and accrued liabilities on the statement of financial position.



4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2011	2010
Receivables from Related Parties	\$ 7,874	\$ 4,170
Trade receivables	2,272,655	1,750,045
	2,280,529	1,754,215
Less: provision for impairment	(185,047)	(137,551)
	\$ 2,095,482	\$ 1,616,664

As at December 31, 2011, accounts receivable with a nominal value of \$55,808 (2010: \$22,991) were impaired and fully provided for. Movements in the provision for impairment include a write-off of \$9,478 (2010: \$17,641) and restored balances of \$1,166 (2010: \$5,558).

5. 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. During 2011 and 2010, the Company made no additional investment in the Associate. The Company's share of net loss from its investment in associate was \$14,481 for the year ended December 31, 2011 (2010: \$51,891) and is included in other income expense in the statement of comprehensive income. The carrying value of the investment in associate is \$89,179 (2010: \$103,660).

6. BUSINESS ACQUISITION AND 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 was for the sum of \$400,000, for which the last installment payment was paid in full as of 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.

BAHAMAS WASTE LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
(Expressed in Bahamian Dollars)
 December 31, 2011

7. PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant, and equipment for the year ended December 31, 2011, was as follows:

	Opening Balance	Additions	Disposals	Ending Balance
Cost:				
Land	\$ 986,508	\$ –	\$ –	\$ 986,508
Buildings	3,582,993	548,366	–	4,131,359
Compactors and containers	6,948,409	414,676	–	7,363,085
Collection vehicles	6,901,494	215,500	(126,893)	6,990,101
Office vehicles	88,435	72,956	–	161,391
Furniture and equipment	253,779	40,397	–	294,176
Computer equipment	251,725	22,273	(4,138)	269,860
Operating equipment	544,542	576,643	–	1,121,185
Construction in progress	1,060,205	(1,060,205)	–	–
	20,618,090	830,606	(131,031)	21,317,665
Depreciation:				
Land	–	–	–	–
Buildings	1,286,119	217,389	–	1,503,508
Compactors and containers	5,676,357	518,138	–	6,194,495
Collection vehicles	5,416,382	415,863	(126,893)	5,705,352
Office vehicles	88,434	1,216	–	89,650
Furniture and equipment	207,149	21,719	–	228,868
Computer equipment	171,959	27,673	(4,138)	195,494
Operating equipment	228,678	131,567	–	360,245
	13,075,078	1,333,565	(131,031)	14,277,612
2011 book value	\$ 7,543,012	\$ (502,959)	\$ –	\$ 7,040,053

7. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement of property, plant, and equipment for the year ended December 31, 2010, was as follows:

	Opening Balance	Additions	Disposals	Ending Balance
Cost:				
Land	\$ 946,823	\$ 39,685	\$ –	\$ 986,508
Buildings	3,020,047	562,946	–	3,582,993
Compactors and containers	6,453,442	494,967	–	6,948,409
Collection vehicles	6,662,524	253,970	(15,000)	6,901,494
Office vehicles	88,435	–	–	88,435
Furniture and equipment	220,225	33,554	–	253,779
Computer equipment	210,000	41,725	–	251,725
Operating equipment	316,460	228,082	–	544,542
Construction in progress	966,766	93,439	–	1,060,205
	<u>18,884,722</u>	<u>1,748,368</u>	<u>(15,000)</u>	<u>20,618,090</u>
Depreciation:				
Land	–	–	–	–
Buildings	1,109,083	177,036	–	1,286,119
Compactors and containers	5,074,377	601,980	–	5,676,357
Collection vehicles	4,989,792	421,590	(15,000)	5,416,382
Office vehicles	88,194	240	–	88,434
Furniture and equipment	190,676	16,473	–	207,149
Computer equipment	147,449	24,510	–	171,959
Operating equipment	162,774	65,904	–	228,678
	<u>11,762,345</u>	<u>1,327,733</u>	<u>(15,000)</u>	<u>13,075,078</u>
2010 book value	<u>\$ 7,122,377</u>	<u>\$ 420,635</u>	<u>\$ –</u>	<u>\$ 7,543,012</u>

Depreciation expense is allocated to cost of sales and direct expenses (Note 10) in the amount of \$1,161,622 (2010: \$1,166,138) and general and administrative expenses in the amount of \$171,943 (2010: \$161,595).

7. PROPERTY, PLANT, AND EQUIPMENT (continued)

As at December 31, 2011, \$1,060,205 in cost related to the construction of its Waste Vegetable Oil (WVO) recycling facility and the purchase of processing equipment was transferred from construction in progress to buildings, transportation, vehicles, furniture, and equipment as applicable. The facility, which converts waste vegetable oil into Biodiesel for use in the Company's vehicles and various equipment, became fully operational as of February 1, 2011 and depreciation related to those assets is now being recognized.

Fully depreciated property and equipment that are still being used by the Company as of December 31, 2011, amounted to \$8,887,748 (2010: \$8,018,617).

8. 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 paid the vendor \$100,000 and entered into a promissory note agreement with the vendor, Davandon Holdings Limited, for the balance of \$400,000. The term of the note was five years with an interest rate of 7% per annum. The principals of Davandon Holdings Limited are also the majority shareholders of the Company. During 2011, interest payments on the promissory note amounted to \$2,981 (2010: \$10,896) and are included in interest and bank charges in the statement of comprehensive income. The note payable was satisfied on September 30, 2011. As at December 31, 2010 the current outstanding portion was \$95,073.

9. SHARE CAPITAL

	2011	2010
Authorized: 100,000 ordinary shares @ \$0.01 each (2010: 10,000,000 shares of \$0.01 each)	100,000	100,000
Issued and fully paid: 4,200,000 ordinary shares (2010: 4,200,000 shares)	42,000	42,000

At December 31, share capital and contributed surplus was comprised of the following:

	2011	2010
Share capital	42,000	42,000
Contributed surplus	2,752,113	2,752,113
	\$ 2,794,113	\$ 2,794,113

10. COST OF SALES AND DIRECT EXPENSES

Cost of sales and direct expenses comprise the following:

	2011	2010
Salaries and related expenses	\$ 2,642,502	\$ 2,200,159
Repairs and maintenance	1,514,407	1,237,643
Depreciation expense (Note 7)	1,161,622	1,166,138
Fuel	643,028	542,675
Landfill fees	154,661	169,183
Autec shipping expenses	71,500	90,400
Other	25,000	43,664
	\$ 6,212,720	\$ 5,449,862

11. RELATED-PARTY BALANCES AND TRANSACTIONS

The following is a summary of the balances at December 31, 2011 and 2010, and the transactions during the year then ended with related parties:

	2011	2010
Accounts receivable	\$ 8,074	\$ 4,170
Additions to property, plant, and equipment	\$ 17,608	\$ 94,435
Accounts payable and accrued liabilities	\$ 4,937	\$ 14,596
Notes payable	\$ -	\$ 95,073
Sales and services rendered	\$ 39,127	\$ 21,038
Repairs and maintenance – cost of sales	\$ 69,917	\$ 98,846
Professional fees	\$ 48,360	\$ 48,360
Interest and bank charges	\$ 2,981	\$ 10,896

Compensation of key management personnel of the company

	2011	2010
Short-term employee benefits	\$ 671,780	\$ 667,995
Defined contribution pension and medical insurance expense	94,220	86,005
Total compensation paid to key management personnel	\$ 766,000	\$ 754,000

11. RELATED-PARTY BALANCES AND TRANSACTIONS (continued)

Pursuant to an approval from the Board of Directors, the Chairman of the Board also provides consulting services to the Company. Fees paid relative to this agreement for the year ended December 31, 2011, amounted to \$56,782 (2010: \$56,436), 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 \$37,500, (2010: \$37,500) for services rendered and do not receive any other types of benefits from the Company.

12. 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.

	2011	2010
Net income attributable to ordinary shares	\$ 461,481	\$ 196,566
Weighted average number of ordinary shares outstanding	4,200,000	4,200,000
Earnings per share	\$ 0.11	\$ 0.05

There were no dilutive securities outstanding during the 2011 and 2010.

13. 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 2011, dividends totaling \$294,000 (\$0.07 per share) were declared by the Board of Directors and paid on November 23, 2011 (2010: \$nil).

14. 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 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.

14. 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. Biodiesel consumption is allocated to the various operating divisions based on average market prices of premium diesel.

December 31, 2011 Revenue	Collections	WVO Recycling	OCC Recycling	Corporate	Total
External customers	\$ 8,639,625	\$ –	\$ 127,844	\$ 23,489	\$ 8,790,958
Inter-segment revenue (expense)	\$ (161,290)	\$ 166,661	\$ (5,371)	\$ –	\$ –
Total revenue	\$ 8,478,335	\$ 166,661	\$ 122,473	\$ 23,489	\$ 8,790,958

Other segment information

Segment profit	\$ 2,884,312	\$ (179,763)	\$ (149,800)	\$ (2,093,268)	\$ 461,481
Operating assets	\$ 6,494,155	\$ 1,056,001	\$ 740,793	\$ 1,779,622	\$ 10,070,571
Operating liabilities	\$ 592,452	\$ –	\$ –	\$ 133,650	\$ 726,102
Depreciation & amortization	\$ 1,003,669	\$ 98,139	\$ 84,814	\$ 171,943	\$ 1,358,565
Salaries and related expenses	\$ 2,398,562	\$ 82,070	\$ 133,520	\$ 985,359	\$ 3,599,511
Repairs and maintenance and fuel	\$ 1,734,747	\$ 160,176	\$ 47,619	\$ 177,433	\$ 2,119,975

December 31, 2010 Revenue

External customers	\$ 7,614,575	\$ –	\$ 12,736	\$ (2,408)	\$ 7,624,903
Inter-segment	–	–	–	–	–
Total revenue	\$ 7,614,575	\$ –	\$ 12,736	\$ (2,408)	\$ 7,624,903
Segment profit	\$ 2,376,651	\$ (45,678)	\$ (153,523)	\$ (1,980,883)	\$ 196,567
Operating assets	\$ 6,393,870	\$ 1,076,585	\$ 845,557	\$ 1,728,751	\$ 10,044,763
Operating liabilities	\$ 650,454	\$ –	\$ –	\$ 217,322	\$ 867,776

Other segment information

Depreciation & amortization	\$ 1,105,951	\$ –	\$ 60,187	\$ 161,598	\$ 1,327,736
Salaries and related expenses	\$ 2,092,285	\$ 40,302	\$ 67,572	\$ 942,457	\$ 3,142,616
Repairs and maintenance and fuel	\$ 1,621,469	\$ 5,376	\$ 33,163	\$ 149,231	\$ 1,809,239

Corporate revenues in 2011 of \$23,489 (2010: \$2,408) are included in total comprehensive income for the year.

15. COMMITMENTS AND CONTINGENCIES

The Company guarantees its compactors sales for a 60-day period from the date of purchase. Any claims pursuant to these guarantees are reimbursable by the manufacturer.

16. 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 5.00% of the contributions of the participants of the plan. Contributions to the plan for 2011 amounted to \$103,077 (2010: \$92,985). 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 five years, with complete vesting after ten years of participation.

17. 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 risks.

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 risks. The Company does not have a significant amount of financial risks 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.

Risk Management 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.

17. FINANCIAL RISK MANAGEMENT (continued)

Risk Concentration 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 17% (2010: 11%) of the Company's outstanding accounts receivable and 21% (2010: 20%) 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.

At December 31, 2011 and 2010, significant monetary assets and liabilities by remaining maturity were as follows:

	Due on Demand	Less than 3 Months	3 – 12 Months	More than 12 Months	2011
Assets					
Cash	\$ 111,074	\$ –	\$ –	\$ –	\$ 111,074
Accounts receivable, net	2,095,482	–	–	–	2,095,482
Other receivables and prepaid	103,292	–	–	–	103,292
	<u>\$ 2,309,848</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 2,309,848</u>

Liabilities

Accounts payable and accrued liabilities	\$ 260,844	\$ –	\$ –	\$ –	\$ 260,844
Security deposits	465,258	–	–	–	465,258
	<u>\$ 726,102</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 726,102</u>

	Due on Demand	Less Than 3 Months	3 – 12 Months	More Than 12 Months	2010
Assets					
Cash	\$ 131,232	\$ –	\$ –	\$ –	\$ 131,232
Accounts receivable, net	1,616,644	–	–	–	1,616,644
Other receivables and prepaid	26,112	–	–	–	26,112
	<u>\$ 1,773,988</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 1,773,988</u>

Liabilities

Accounts payable and accrued liabilities	\$ 354,385	\$ –	\$ –	\$ –	\$ 354,385
Note payable	–	28,502	66,571	–	95,073
Security deposits	418,318	–	–	–	418,318
	<u>\$ 772,703</u>	<u>\$ 28,502</u>	<u>\$ 66,571</u>	<u>\$ –</u>	<u>\$ 867,776</u>

17. FINANCIAL RISK MANAGEMENT (continued)

Liquidity 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 and the note payable.

Interest rate risk on the Company's overdraft facilities is not material. The Company does not have exposure to interest rate risk from note payable as the related interest rate is fixed.

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.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 – other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risk associated with investing in those financial instruments.

As at December 31, 2011, the Company has \$89,179 (2010: 103,660) in level 3 investments.

	2011		2010
Beginning balance	\$ 103,660	\$	155,551
Share in loss of associate (<i>Note 5</i>)	(14,481)		(51,891)
Ending balance	\$ 89,179	\$	103,660

The Company's share of the net loss of the associate is included in other income (expense) in the statement of comprehensive income.

18. CAPITAL MANAGEMENT

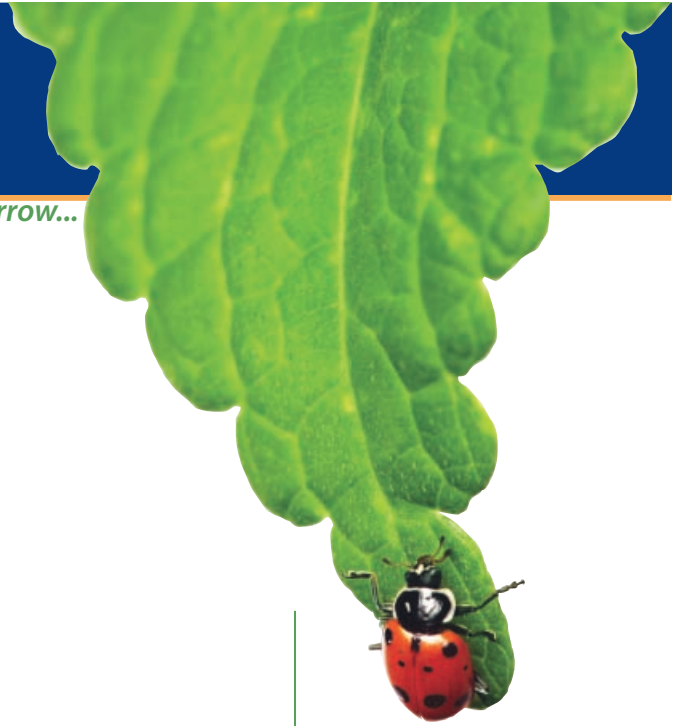
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic 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, 2011 and 2010.

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.



The management and staff of Bahamas Waste Limited are pleased to have been able to help the Deep Creek Middle School with a donation of a percentage of sales of their Bio Diesel fuel.



LADYBUG FACTS

Many people are fond of ladybugs because of their colorful, spotted appearance.

But farmers love them for their appetite.

Most ladybugs voraciously consume plant-eating insects, such as aphids, and in doing so they help to protect crops.

People often get ladybugs to release into their gardens to have healthy plants without having to use pesticides.

Bahamas Waste also works to protect our environment with our cardboard recycling, biodiesel and composting activities.