



INTERIM CONDENSED FINANCIAL
STATEMENTS (UNAUDITED)

Bahamas Waste Limited
Three Months Ended March 31, 2012

Ernst & Young

 **ERNST & YOUNG**

Bahamas Waste Limited

Interim Condensed Financial Statements (Unaudited)

Three Months Ended March 31, 2012

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Bahamas Waste Limited

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

	March 31	December 31
	2012	2011
Assets		
Current assets		
Cash	\$ 347,105	\$ 111,074
Accounts receivable, net	2,137,463	2,095,482
Inventories	513,282	518,591
Prepaid expenses and other receivables	211,287	116,192
Total current assets	<u>3,209,137</u>	<u>2,841,339</u>
Non-current assets		
Investment in associate	89,179	89,179
Property, plant, and equipment, net	6,981,599	7,040,053
Intangible assets (<i>Note 3</i>)	93,750	100,000
Total non-current assets	<u>7,164,528</u>	<u>7,229,232</u>
Total assets	<u><u>\$ 10,373,665</u></u>	<u><u>\$ 10,070,571</u></u>
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 289,786	\$ 260,844
Total current liabilities	<u>289,786</u>	<u>260,844</u>
Non-current liabilities		
Security deposits	469,626	465,258
Total non-current liabilities	<u>469,626</u>	<u>465,258</u>
Total liabilities	<u>759,412</u>	<u>726,102</u>
Shareholders' equity		
Share capital and contributed surplus	2,794,113	2,794,113
Retained earnings	6,820,140	6,550,356
Total shareholders' equity	<u>9,614,253</u>	<u>9,344,469</u>
Total liabilities and shareholders' equity	<u><u>\$ 10,373,665</u></u>	<u><u>\$ 10,070,571</u></u>

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

Commitments and contingencies (Note 7)

Bahamas Waste Limited

Interim Condensed Statement of Comprehensive Income (Unaudited) (Expressed in Bahamian Dollars)

	March 31	March 31
	2012	2011
Sales and services rendered	\$ 2,511,050	\$ 2,051,941
Cost of sales and direct expenses	(1,669,313)	(1,425,836)
Gross profit	841,737	626,105
Expenses:		
Operating	567,936	489,702
Interest and bank charges	4,017	10,417
Total operating expenses	571,953	500,119
Net income being comprehensive income for the period	\$ 269,784	\$ 125,986
Earnings per share (Note 4)	\$ 0.06	\$ 0.03

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

Bahamas Waste Limited

Interim Statement of Changes in Shareholders' Equity (Unaudited) (Expressed in Bahamian Dollars)

	Number of Shares		Share Capital		Contributed Surplus		Retained Earnings		Total
March 31, 2012									
Balance at									
December 31, 2011	4,200,000	\$	42,000	\$	2,752,113	\$	6,550,356	\$	9,344,469
Net income being comprehensive income for the period	-		-		-		269,784		269,784
Balance at March, 31 2012	4,200,000	\$	42,000	\$	2,752,113	\$	6,820,140	\$	9,614,253
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

See accompanying notes to interim condensed financial statements (unaudited)

Bahamas Waste Limited

Interim Statements of Cash Flows (Unaudited) (Expressed in Bahamian Dollars)

	March 31 2012	March 31 2011
Operating activities		
Net income being comprehensive income for the period	\$ 269,784	\$ 125,986
Adjustments for items not involving use of cash:		
Bad debt expense	20,000	14,851
Amortization of intangible assets	6,250	6,250
Depreciation	322,621	334,511
	618,655	481,598
Change in non-cash working capital items:		
Increase in accounts receivable	(61,981)	(41,731)
Decrease (increase) in inventories	5,309	(19,504)
Increase in prepaid expenses and other receivables	(95,095)	(150,115)
Increase in investments	–	(15,524)
Increase (decrease) in accounts payable and accrued liabilities	28,942	(7,866)
Increase (decrease) in security deposits	4,368	(12,022)
Net cash flow provided by operating activities	500,198	274,612
Investing activities		
Purchases of property, plant, and equipment	(264,167)	(192,490)
Net cash flow used in investing activities	(264,167)	(192,490)
Financing activities		
Payment of note payable	–	(28,502)
Net cash flow used in financing activities	–	(28,502)
Net change in cash	236,031	47,370
Cash at beginning of the period	111,074	131,232
Cash at end of the period	\$ 347,105	\$ 178,602
Interest paid	\$ 4,017	\$ 10,417

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, 2012

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, 2011, and the year then ended in its reporting currency Bahamian Dollars

The interim condensed financial statements (unaudited) for March 31, 2012, were authorized for issue by the directors on April 25, 2012.

2. Summary of Significant Accounting Policies

Basis of Preparation

These interim condensed financial statements (unaudited) for March 31, 2012, 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, 2011, 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, 2011.

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, 2012, the carrying value of the intangible asset amounted to \$ 93,750 (December 31, 2011 – \$106,250).

4. Earnings Per Share

Earnings per share of \$0.06 (2011: \$0.03) were calculated based on the shares outstanding at the end of the period, which approximated average shares outstanding during the period.

	<u>2012</u>	<u>2011</u>
Shares outstanding at end of period/year	4,200,000	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 arms length and significant obligations to the related parties at March 31, 2012 and 2011, have been disclosed.

Bahamas Waste Limited

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

(Expressed in Bahamian Dollars)

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 7.00% per annum. The principals of Davandon Holdings Limited are also the majority shareholders of the Company. The note was satisfied on September 30, 2011 (outstanding balance March 31, 2011: \$66,572).

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 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 entailing 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.

	WVO	OCC	Corporate	Total
	Collections	Recycling	Recycling	Corporate
Three months ended 31 March 2011				
Revenue				
External customers	\$ 2,442,142	\$ –	\$ 18,572	\$ 50,336
Inter-segment	(95,076)	99,134	(4,058)	–
Total revenue	<u>\$ 2,347,065</u>	<u>\$ 99,134</u>	<u>\$ 14,514</u>	<u>\$ 50,336</u>
Results				
Depreciation & amortization	\$ (232,434)	\$ (27,085)	\$ (21,742)	\$ (47,610)
Operating expenses	(1,274,165)	(65,522)	(48,366)	(524,342)
Segment profit	<u>\$ 840,467</u>	<u>\$ 6,527</u>	<u>\$ (55,594)</u>	<u>\$ (521,616)</u>
Operating assets	<u>\$ 6,318,790</u>	<u>\$ 1,050,261</u>	<u>\$ 717,237</u>	<u>\$ 2,287,377</u>
Operating liabilities	<u>\$ 540,572</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 218,840</u>

Bahamas Waste Limited

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

8. Segment Information (continued)

	Collections	WVO Recycling	OCC Recycling	Corporate	Total
Three months ended 31 March 2010					
Revenue					
External customers	\$ 1,979,072	\$ –	\$ 48,589	\$ 24,280	\$ 2,051,941
Inter-segment	–	–	–	–	–
Total revenue	<u>\$ 1,979,072</u>	<u>\$ –</u>	<u>\$ 48,589</u>	<u>\$ 24,280</u>	<u>\$ 2,051,941</u>
Results					
Depreciation & amortization	\$ (258,783)	\$ (18,774)	\$ (20,776)	\$ (42,428)	\$ (340,761)
Operating expenses	(1,044,862)	(39,831)	(42,842)	(457,659)	(1,585,194)
Segment profit	<u>\$ 675,427</u>	<u>\$ (58,605)</u>	<u>\$ (15,029)</u>	<u>\$ (475,807)</u>	<u>\$ 125,986</u>
Operating assets	<u>\$ 6,377,527</u>	<u>\$ 1,101,941</u>	<u>\$ 753,115</u>	<u>\$ 1,929,553</u>	<u>\$ 10,162,136</u>
Operating liabilities	<u>\$ 655,064</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 204,098</u>	<u>\$ 859,162</u>

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