

INTERIM CONDENSED FINANCIAL  
STATEMENTS (UNAUDITED)

Bahamas Waste Limited  
Six Months Ended June 30, 2012

Bahamas Waste Limited

Interim Condensed Financial Statements (Unaudited)

Six Months Ended June 30, 2012

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## Bahamas Waste Limited

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

	<b>June 30 2012</b>	<b>December 31 2011</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 769,269	\$ 111,074
Accounts receivable, net	1,691,252	2,095,482
Inventories	622,579	518,591
Prepaid expenses and other receivables	205,672	116,192
Total current assets	3,288,772	2,841,339
<b>Non-current assets</b>		
Investment in associate	90,933	89,179
Property, plant, and equipment, net	7,036,406	7,040,053
Intangible assets ( <i>Note 3</i> )	87,500	100,000
Total non-current assets	7,214,739	7,229,232
Total assets	\$ 10,503,611	\$ 10,070,571
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 259,246	\$ 260,844
Total current liabilities	259,246	260,844
<b>Non-current liabilities</b>		
Security deposits	471,948	465,258
Total non-current liabilities	471,948	465,258
Total liabilities	731,194	726,102
<b>Shareholders' equity</b>		
Share capital and contributed surplus	2,794,113	2,794,113
Retained earnings	6,978,304	6,550,356
Total shareholders' equity	9,772,417	9,344,469
Total liabilities and shareholders' equity	\$ 10,503,611	\$ 10,070,571

*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)

	<b>June 30 2012</b>	<b>June 30 2011</b>
Sales and services rendered	<b>\$ 4,972,116</b>	\$ 4,097,392
Cost of sales and direct expenses	<b>(3,401,652)</b>	(2,929,010)
Gross profit	<b>1,570,464</b>	1,168,382
Expenses:		
Operating	<b>1,135,685</b>	992,929
Interest and bank charges	<b>6,831</b>	17,129
Total operating expenses	<b>1,142,516</b>	1,010,058
Net income being comprehensive income for the period	<b>\$ 427,948</b>	\$ 158,324
Earnings per share ( <i>Note 4</i> )	<b>\$ 0.10</b>	\$ 0.04

*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
<b>June 30, 2012</b>					
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	-	-	-	427,948	427,948
Balance at June 30, 2012	<u>\$ 4,200,000</u>	<u>\$ 42,000</u>	<u>\$ 2,752,113</u>	<u>\$ 6,978,304</u>	<u>\$ 9,772,417</u>
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	-	-	-	158,324	158,324
Balance at June 30, 2012	<u>\$ 4,200,000</u>	<u>\$ 42,000</u>	<u>\$ 2,752,113</u>	<u>\$ 6,541,199</u>	<u>\$ 9,335,312</u>

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

## Bahamas Waste Limited

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

	<b>June 30 2012</b>	<b>June 30 2011</b>
<b>Operating activities</b>		
Net income being comprehensive income for the period	\$ 427,948	\$ 158,324
Adjustments for items not involving use of cash:		
Bad debt expense	40,000	17,041
Amortization of intangible assets	12,500	12,500
Depreciation	647,505	668,505
	<b>1,127,953</b>	<b>856,370</b>
Change in non-cash working capital items:		
Decrease (increase) in accounts receivable	364,230	(128,157)
Increase in inventories	(103,988)	(57,911)
Increase in prepaid expenses and other receivables	(89,480)	(197,770)
Increase in investments	(1,754)	(15,524)
Decrease in accounts payable and accrued liabilities	(1,598)	(139,023)
Increase (decrease) in security deposits	6,689	(30,079)
Net cash flow provided by operating activities	<b>1,302,052</b>	<b>348,064</b>
<b>Investing activities</b>		
Purchases of property, plant, and equipment	(643,858)	(342,816)
Net cash flow used in investing activities	<b>(643,858)</b>	<b>(342,816)</b>
<b>Financing activities</b>		
Payment of note payable	–	(57,505)
Net cash flow used in financing activities	–	(57,505)
Net change in cash	<b>658,195</b>	<b>(52,257)</b>
Cash at beginning of the period	<b>111,074</b>	<b>131,232</b>
Cash at end of the period	<b>\$ 769,269</b>	<b>\$ 78,975</b>
Interest paid	<b>\$ 133</b>	<b>\$ 3,002</b>

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

# Bahamas Waste Limited

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

June 30, 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 June 30, 2012, were authorized for issue by the directors on July 25, 2012.

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

#### **Basis of Preparation**

These interim condensed financial statements (unaudited) for June 30, 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 June 30, 2012, the carrying value of the intangible asset amounted to \$87,500 (December 31, 2011: \$100,000).

#### 4. Earnings Per Share

Earnings per share of \$0.10 (2011: \$0.04) 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	<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 arms length and significant obligations to the related parties at June 30, 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 June 30, 2011: \$37,568).

#### **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.

	<b>Collections</b>	<b>WVO Recycling</b>	<b>OCC Recycling</b>	<b>Corporate</b>	<b>Total</b>
Six months ended 30 June 2012					
<b>Revenue</b>					
External customers	\$ 4,871,591	\$ –	\$ 41,457	\$ 59,068	\$ 4,972,116
Inter-segment	(188,578)	194,780	(6,202)	–	–
Total revenue	<u>\$ 4,683,013</u>	<u>\$ 194,780</u>	<u>\$ 35,255</u>	<u>\$ 59,068</u>	<u>\$ 4,972,116</u>
<b>Results</b>					
Depreciation & amortization	\$ (463,591)	\$ (54,308)	\$ (45,830)	\$ (96,276)	\$ (660,005)
Operating expenses	(2,546,051)	(201,461)	(90,411)	(1,046,240)	(3,884,163)
Segment profit	<u>\$ 1,673,371</u>	<u>\$ (60,990)</u>	<u>\$ (101,000)</u>	<u>\$ (1,083,447)</u>	<u>\$ 427,948</u>
Operating assets	<u>\$ 6,091,354</u>	<u>\$ 1,037,261</u>	<u>\$ 693,297</u>	<u>\$ 2,681,699</u>	<u>\$ 10,503,611</u>
Operating liabilities	<u>\$ 532,772</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 198,422</u>	<u>\$ 731,194</u>

## Bahamas Waste Limited

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

#### 8. Segment Information (continued)

	<b>Collections</b>	<b>WVO Recycling</b>	<b>OCC Recycling</b>	<b>Corporate</b>	<b>Total</b>
Six months ended June 30, 2011					
<b>Revenue</b>					
External customers	\$ 3,971,038	\$ –	\$ 82,647	\$ 43,707	\$ 4,097,392
Inter-segment	–	–	–	–	–
Total revenue	<u>\$ 3,971,038</u>	<u>\$ –</u>	<u>\$ 82,647</u>	<u>\$ 43,707</u>	<u>\$ 4,097,392</u>
<b>Results</b>					
Depreciation & amortization	\$ (508,780)	\$ (45,360)	\$ (41,754)	\$ (85,111)	\$ (681,005)
Operating expenses	(2,159,230)	(94,071)	(94,039)	(92,915)	(3,258,063)
Segment profit	<u>\$ 1,303,028</u>	<u>\$ (125,206)</u>	<u>\$ (53,146)</u>	<u>\$ (966,319)</u>	<u>\$ 158,324</u>
Operating assets	<u>\$ 6,379,615</u>	<u>\$ 1,085,128</u>	<u>\$ 732,188</u>	<u>\$ 1,839,708</u>	<u>\$ 10,036,639</u>
Operating liabilities	<u>\$ 546,999</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 154,328</u>	<u>\$ 701,327</u>