

INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

Bahamas Waste Limited
Nine Months Ended September 30, 2018

Bahamas Waste Limited

Interim Condensed Financial Statements (Unaudited)

Nine Months Ended September 30, 2018

Contents

| | |
|---|---|
| Interim Statement of Financial Position (Unaudited) | 2 |
| Interim Condensed Financial Statements (Unaudited) | |
| Interim Condensed Statement of Comprehensive Income (Unaudited) | 3 |
| Interim Condensed Statement of Changes in Shareholders' Equity (Unaudited)..... | 4 |
| Interim Condensed Statements of Cash Flows (Unaudited) | 5 |
| Notes to Interim Condensed Financial Statements (Unaudited)..... | 6 |

Bahamas Waste Limited

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

| | September 30 2018 | December 31 2017 |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 1,014,762 | \$ 1,210,575 |
| Accounts receivable, net | 2,822,117 | 2,322,879 |
| Inventories | 776,478 | 719,069 |
| Prepaid expenses and other receivables | 566,985 | 248,975 |
| Total current assets | <u>5,180,342</u> | <u>4,501,498</u> |
| Non-current assets | | |
| Loan Receivable | 139,414 | 151,167 |
| Investment in associates | 116,825 | 160,214 |
| Property, plant, and equipment, net | 6,571,249 | 6,489,944 |
| Total non-current assets | <u>6,827,488</u> | <u>6,801,325</u> |
| Total assets | <u><u>\$ 12,007,830</u></u> | <u><u>\$ 11,302,823</u></u> |
| Liabilities and shareholders' equity | | |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 561,087 | \$ 509,313 |
| Total current liabilities | <u>561,087</u> | <u>509,313</u> |
| Non-current liabilities | | |
| Security deposits | 631,188 | 614,928 |
| Total liabilities | <u>1,192,275</u> | <u>1,124,241</u> |
| Shareholders' equity | | |
| Share capital and contributed surplus | 2,794,113 | 2,794,113 |
| Treasury shares | (667,936) | (638,475) |
| Retained earnings | 8,689,378 | 8,022,944 |
| Total shareholders' equity | <u>10,815,555</u> | <u>10,178,582</u> |
| Total liabilities and shareholders' equity | <u><u>\$ 12,007,830</u></u> | <u><u>\$ 11,302,823</u></u> |

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)

| | Nine months Ended September 30 | |
|--|---|--------------|
| | 2018 | 2017 |
| Sales and services rendered | \$ 9,416,408 | \$ 8,870,371 |
| Cost of sales and direct expenses | (5,888,384) | (5,693,437) |
| Gross profit | 3,528,024 | 3,176,934 |
| Expenses | | |
| Operating | 2,472,658 | 2,275,811 |
| Interest and bank charges | 29,609 | 22,460 |
| Total operating expenses | 2,502,267 | 2,298,271 |
| Net income being comprehensive income for the period | \$ 1,025,757 | \$ 878,663 |
| Earnings per share (<i>Note 4</i>) | \$ 0.26 | \$ 0.22 |

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 Issued | Share Capital | Contributed Surplus | Treasury Shares | Retained Earnings | Total |
|---|------------------------------------|--------------------------|--------------------------------|----------------------------|------------------------------|----------------------|
| Balance at December 31, 2017 | 4,200,000 | \$ 42,000 | \$ 2,752,113 | \$ (638,475) | \$ 8,022,944 | \$ 10,178,582 |
| Net income being comprehensive income for the period | — | — | — | — | 1,025,757 | 1,025,757 |
| Purchase of treasury shares | | | | (29,461) | - | (29,461) |
| Dividends | — | — | — | — | (359,323) | (359,323) |
| Balance at September 30, 2018 | 4,200,000 | \$ 42,000 | \$ 2,752,113 | \$ (667,936) | \$ 8,689,378 | \$ 10,815,555 |

| | Number of Shares Issued | Share Capital | Contributed Surplus | Treasury Shares | Retained Earnings | Total |
|---|------------------------------------|--------------------------|--------------------------------|----------------------------|------------------------------|----------------------|
| Balance at December 31, 2016 | 4,200,000 | \$ 42,000 | \$ 2,752,113 | \$ (584,515) | \$ 7,801,919 | \$ 10,011,517 |
| Net income being comprehensive income for the period | — | — | — | — | 878,663 | 878,663 |
| Purchase of treasury shares | — | — | — | (31,961) | — | (31,961) |
| Dividends | — | — | — | — | (360,223) | (360,223) |
| Balance at September 30, 2017 | 4,200,000 | \$ 42,000 | \$ 2,752,113 | \$ (616,476) | \$ 8,320,359 | \$ 10,497,996 |

See accompanying notes to interim condensed financial statements (unaudited)

Bahamas Waste Limited

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

| | Nine months Ended September 30 | |
|--|---|---------------------|
| | 2018 | 2017 |
| Operating activities | | |
| Net income being comprehensive income for the period | \$ 1,025,757 | \$ 878,663 |
| Adjustments for items not involving use of cash: | | |
| Depreciation | 916,083 | 987,298 |
| Bad debt expense | 101,712 | 69,800 |
| Write down of obsolete inventory | 10,000 | - |
| Share in loss from investment in associates | 43,388 | 42,157 |
| Gain on disposal of property, plant and equipment | - | (18,737) |
| | 2,096,940 | 1,959,181 |
| Change in non-cash working capital items: | | |
| Increase in accounts receivable | (600,950) | (177,641) |
| (Increase) decrease in inventories | (67,410) | 66,530 |
| Increase in prepaid expenses and other receivables | (306,256) | (213,190) |
| Increase in accounts payable and accrued liabilities | 51,773 | 85,098 |
| Increase in security deposits | 16,260 | 31,895 |
| Net cash flow provided by operating activities | 1,190,357 | 1,751,873 |
| Investing activities | | |
| Purchases of property, plant and equipment | (997,386) | (1,432,529) |
| Proceeds from sale of property, plant and equipment | - | 33,066 |
| Net cash flow used in investing activities | (997,386) | (1,399,463) |
| Financing activities | | |
| Purchases of treasury stock | (29,461) | (31,961) |
| Dividends | (359,323) | (360,223) |
| Net cash flow used in financing activities | (388,784) | (392,184) |
| Net change in cash | (195,813) | (39,774) |
| Cash, at beginning of the period | 1,210,575 | 1,462,647 |
| Cash, at end of the period | \$ 1,014,762 | \$ 1,422,873 |

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

Bahamas Waste Limited

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

September 30, 2018

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, 2017 and for the year then ended. Its reporting currency is Bahamian Dollars.

The interim condensed financial statements (unaudited) for September 30, 2018 were authorized for issue by the directors on October 30, 2018.

2. Summary of Significant Accounting Policies

Basis of Preparation

These interim condensed financial statements (unaudited) for September 30, 2018 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, 2017 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, 2017.

Bahamas Waste Limited

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

3. Earnings per Share

Earnings per share of \$0.26 (September 2017 – \$0.22) were calculated based on the shares outstanding at the end of the period, which approximated average shares outstanding during the period.

| | <u>2018</u> | <u>2017</u> |
|-------------------------------------|------------------|-------------|
| Shares outstanding at end of period | 3,984,878 | 3,998,578 |

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 nine months ended September 30, 2018 and 2017.

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 nine months ended September 30, 2018, 7,600 common shares were repurchased (September 30, 2017: 8,948).

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.