

**ICD Utilities Limited**  
**Interim Condensed Financial Statements**  
**June 30, 2015 and 2014**

**ICD Utilities Limited**  
**Condensed Statements of Comprehensive Income (Unaudited)**

For the thousands of Bahamian dollars (except per share amounts)	2015	Three months ended June 30 2014	2015	Six months ended June 30 2014
Share of income of Grand Bahama Power Company Limited	<b>\$2,223</b>	\$2,292	<b>\$3,688</b>	\$3,274
<b>Cost of operations</b>				
Operating and general	13	13	25	36
Registrar fees	11	10	21	20
Stock exchange listing fees	-	-	-	6
Foreign exchange (gains) losses	8	13	(42)	(10)
Directors fees and annual report costs	24	14	24	27
Total cost of operations	56	50	28	79
<b>Net income</b>	<b>\$2,167</b>	\$2,242	<b>\$3,660</b>	\$3,195
<b>Other comprehensive income (loss)</b>				
Other comprehensive income (loss) of Grand Bahama Power Company Limited (note 3)	2,867	110	3,279	77
<b>Comprehensive income</b>	<b>\$5,034</b>	\$2,352	<b>\$6,939</b>	\$3,272
Weighted average shares of common stock outstanding - basic	10,000	10,000	10,000	10,000
Earnings per share – basic	<b>\$0.216</b>	\$0.224	<b>\$0.366</b>	\$0.319

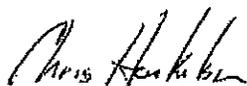
The accompanying notes are an integral part of these condensed financial statements.

**ICD Utilities Limited**  
**Condensed Statements of Financial Position (Unaudited)**

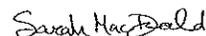
As at thousands of Bahamian dollars	June 30 2015	December 31 2014
<b>Assets</b>		
<b>Current asset</b>		
Cash and cash in trust	\$645	\$ 1,517
Prepaid expenses	1	1
<b>Total current assets</b>	<b>646</b>	<b>1,518</b>
<b>Other assets</b>		
Investment in Grand Bahama Power Company Limited (note 3)	45,975	39,608
<b>Total assets</b>	<b>\$46,621</b>	<b>\$ 41,126</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	11	\$ 6
Due to related party (note 4)	579	570
Dividends payable	-	1,457
<b>Total current liabilities</b>	<b>590</b>	<b>2,033</b>
<b>Equity</b>		
Common stock	1,000	1,000
Additional paid-in capital	40,250	40,250
Retained earnings	12,946	9,286
Accumulated other comprehensive income (loss)	(8,165)	(11,443)
<b>Total equity</b>	<b>46,031</b>	<b>39,093</b>
<b>Total liabilities and equity</b>	<b>\$46,621</b>	<b>\$ 41,126</b>

The accompanying notes are an integral part of these condensed financial statements.

Approved on behalf of the Board of Directors



**Christopher Huskison**  
 Director



**Sarah MacDonald**  
 Director

**ICD Utilities Limited**  
**Condensed Statements of Cash Flows (Unaudited)**

For the thousands of Bahamian dollars	Six months ended June 30	
	<b>2015</b>	2014
<b>Operating activities</b>		
Net income	<b>\$ 3,660</b>	\$ 3,195
Adjustments for non-cash items:		
Income from equity investments, net of dividends	<b>(3,089)</b>	(3,274)
Changes in non-cash working capital		
Accounts payable and accrued liabilities	<b>5</b>	3
Due to related party	<b>9</b>	29
<b>Net cash used in operating activities</b>	<b>585</b>	(47)
<b>Financing activities</b>		
Dividends paid	<b>(1,457)</b>	(471)
<b>Net cash provided used in financing activities</b>	<b>(1,457)</b>	(471)
<b>Net decrease in cash and cash equivalents</b>	<b>(872)</b>	(518)
Cash and cash in trust, beginning of period	<b>1,517</b>	1,287
Cash and cash in trust, end of period	<b>\$ 645</b>	\$ 769

The accompanying notes are an integral part of these condensed financial statements.

**ICD Utilities Limited**  
**Condensed Statements of Changes in Equity (Unaudited)**

thousands of Bahamian dollars	Common Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss	Total Equity
<b>For the six months ended June 30, 2015</b>					
Balance, December 31, 2014	\$ 1,000	\$ 40,250	\$ 9,286	\$ (11,443)	\$ 39,093
Net income	-	-	3,660	-	3,660
Other comprehensive income (loss) of Grand Bahama Power Company Limited	-	-	-	3,279	3,279
Balance, June 30, 2015	\$ 1,000	\$ 40,250	\$ 12,946	\$ (8,165)	\$ 46,031
<b>For the six months ended June 30, 2014</b>					
Balance, December 31, 2013	\$ 1,000	\$ 40,250	\$ 4,985	\$ (476)	\$ 45,759
Net income	-	-	3,195	-	3,195
Share of other comprehensive loss of investment accounted for under the equity method	-	-	-	77	77
Balance, June 30, 2014	\$ 1,000	\$ 40,250	\$ 8,180	\$ (399)	\$ 49,031

The accompanying notes are an integral part of these condensed financial statements.

**ICD Utilities Limited**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**As at June 30, 2015 and 2014**

**1. CORPORATE INFORMATION**

ICD Utilities Limited (“ICDU” or “the Company”), was incorporated under the laws of the Commonwealth of The Bahamas on April 15, 1993, for the purpose of holding a 50 per cent interest in Grand Bahama Power Company Limited” (“GBPC”), formerly Freeport Power Company Limited. The shares were transferred from a related company on April 30, 1993.

The condensed interim financial statements of ICDU for the six months ended June 30, 2015 were authorized for issue in accordance with a resolution of the directors on August 12, 2015.

**2. BASIS OF PREPERATION**

These interim condensed financial statements for the six months ended June 30, 2015 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and expressed in Bahamian dollars.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at December 31, 2014.

These unaudited interim condensed financial statements have been prepared following the same accounting policies used in the Company’s most recent annual financial statements, except for income taxes. In interim periods, income taxes are accrued using an estimate of the annualized effective tax rate applied to year-to-date earnings.

**3. INVESTMENT IN ASSOCIATE**

This investment represents a 50 percent interest in GBPC. GBPC was incorporated under the laws of the Commonwealth of The Bahamas and this is the principal place of business. GBPC’s principal business activity is power generation and distribution within Grand Bahama. The shares are not quoted or traded as securities and have no readily determinable open-market value.

The investment in GBPC is as follows:

As at	<b>June 30</b>	<b>December 31</b>
thousands of Bahamian dollars	<b>2015</b>	2014
Opening balance	\$ <b>39,608</b>	\$ 46,223
Equity income	<b>3,688</b>	5,602
Other comprehensive income (loss)	<b>3,279</b>	(10,967)
Dividends on common shares	<b>(600)</b>	(1,250)
Closing balance	<b>\$ 45,975</b>	\$ 39,608

ICDU’s investment in GBPC is subject to other comprehensive income from unrealized gains (losses) related to hedges.

Financial data of the Company's equity method investment in GBPC is included in the following table:

**Statement of financial position**

As at thousands of Bahamian dollars	<b>June 30 2015</b>	December 31 2014
Current assets	\$ 40,597	\$ 38,838
Other assets	193,638	196,091
Goodwill	51,763	51,763
<b>Total assets</b>	<b>\$ 285,998</b>	<b>\$ 286,692</b>
Current liabilities	\$ 37,259	\$ 43,796
Long-term liabilities	122,924	129,815
<b>Total liabilities</b>	<b>\$ 160,183</b>	<b>\$ 173,611</b>
Preferred stock	\$ 33,865	\$ 33,865
<b>Net assets attributable to common shareholders</b>	<b>\$ 91,950</b>	<b>\$ 79,216</b>
<b>ICDU's investment</b>	<b>\$ 45,975</b>	<b>\$ 39,608</b>

**Statement of Comprehensive Income**

For the six months ended thousands of Bahamian dollars	<b>June 30 2015</b>	June 30 2014
Operating revenues	\$ 51,931	\$ 54,645
Operating expenses	(40,375)	(43,311)
Income from operations	11,556	11,334
Other expenses, net	(2,900)	(3,506)
Net income	8,656	7,828
Preferred dividends	(1,280)	(1,280)
<b>Net income attributable to common shareholders</b>	<b>\$ 7,376</b>	<b>\$ 6,548</b>
<b>ICDU's share of net income attributable to common shareholders</b>	<b>\$ 3,688</b>	<b>\$ 3,274</b>
Other comprehensive income (loss)	\$ 6,558	\$ 570
<b>ICDU's share of other comprehensive income (loss)</b>	<b>\$ 3,279</b>	<b>\$ 570</b>

**GROUP INFORMATION**

ICDU is indirectly controlled, through Emera Caribbean Holdings Limited, by Emera Inc. which is the ultimate parent of the group. Emera Inc. is based in Halifax, Nova Scotia, Canada and its common and preferred shares are listed on the Toronto Stock Exchange.

#### 4. RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2015, Emera paid operating expenses on behalf of the Company in the amount of \$52 thousand (2014 – \$25 thousand) and \$63 thousand for the six months ended (2014 – \$39 thousand). This amount is measured at the exchange amount, being the amount agreed upon by the two parties. There is no written agreement between the Company and Emera for the allocation of the above expenses; however, the ICDU Board of Directors has approved the above allocation.

The following table provides the balances included in the statement of financial position.

As at	<b>June 30</b>	December 31
thousands of Bahamian dollars	<b>2015</b>	2014
Due to Emera Inc.	\$ <b>579</b>	\$ 570

**ICD Utilities Limited**  
**Supplemental Information**  
**As at June 30, 2015 and 2014 (Unaudited)**

The timing of recognition of certain regulated revenues and expenses may differ from otherwise expected under generally accepted accounting principles for non-rate regulated entities. These timing differences create regulatory assets or liabilities representing amounts that GBPC is expected to collect from or return to customers in future rates. GBPC reports under the United States Generally Accepted Accounting Principles framework, where guidance allows for the recognition of regulatory assets and liabilities.

Under IFRS there is no specific guidance for regulated entities and in particular for the recognition of regulated assets and liabilities. In order to provide users of the Company's financial statements with a clear and complete understanding of GBPC's economic position, as a regulated entity we have provided a reconciliation of the balance sheets and statement of comprehensive income between IFRS and US GAAP.

**IFRS differences**

The reconciliation of the Balance Sheets of GBPC from IFRS to US GAAP is as follows:

thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
As at June 30, 2015			
Regulatory assets	\$ -	\$ 47,305	\$ 47,305
As at December 31, 2014			
Regulatory assets	\$ -	\$ 55,088	\$ 55,088

For the six months ended June 30, the effect on the Statements of Net Income is as follows:

thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
<b>2015</b>			
Net income per GBPC	\$ 7,376	\$ (960)	\$ 6,416
Net income per ICDO	\$ 3,688	\$ (480)	\$ 3,208
Other comprehensive income (loss) per GBPC	\$ 6,558	\$ (5,576)	\$ 982
Other comprehensive income (loss) per ICDO	\$ 3,279	\$ (2,788)	\$ 491
<b>2014</b>			
Net income per GBPC	\$ 6,549	\$ (961)	\$ 5,588
Net income per ICDO	\$ 3,274	\$ (481)	\$ 2,793
Other comprehensive income (loss) per GBPC	\$ 154	\$ 648	\$ 802
Other comprehensive income (loss) per ICDO	\$ 77	\$ 324	\$ 401