

**ICD Utilities Limited**  
**Interim Condensed Financial Statements**  
**September 30, 2013 and 2012**  
**(Unaudited)**

**ICD Utilities Limited**  
**Statements of Net Income (Unaudited)**

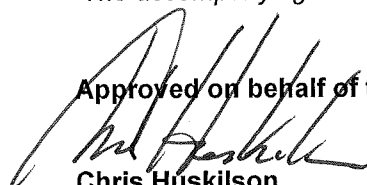
For the thousands of Bahamian dollars	2013	Three months ended September 30 2012	2013	Nine months ended September 30 2012
Income from equity investment	\$3,096	\$1,363	\$4,930	\$812
Operating expenses				
Registrar fees	20	10	30	30
Foreign exchange losses (gains)	16	5	(9)	4
Stock exchange listing fees	-	-	5	5
Operating and general	3	1	5	5
Director's fees and annual report costs	18	14	21	26
Total operating expenses	57	30	52	70
Net income of ICD Utilities Limited	\$3,039	\$1,333	\$4,878	\$742
Weighted average shares of common stock outstanding-basic	10,000	10,000	10,000	10,000
Earnings per common share-basic	\$0.31	\$0.13	\$0.49	\$0.07


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

For the thousands of Bahamian dollars	2013	Three months ended September 30 2012	2013	Nine months ended September 30 2012
Net income of ICD Utilities Limited	\$3,039	\$1,333	\$4,878	\$742
Other comprehensive income				
Share of investment accounted for using the equity method	-	-	215	-
Comprehensive income	\$3,039	\$1,333	\$5,093	\$742

*The accompanying notes form an integral part of these financial statements.*

Approved on behalf of the Board of Directors

  
Chris Huskison  
Chairman

  
Sarah MacDonald  
CEO

**ICD Utilities Limited**  
**Balance Sheets (Unaudited)**

As at thousands of Bahamian dollars	September 30 2013	December 31 2012
<b>Assets</b>		
Current asset		
Cash	\$7	\$37
Long-term investment	46,515	41,370
<b>Total assets</b>	<b>\$46,522</b>	<b>\$41,407</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	15	9
Due to related parties	483	467
<b>Total current liabilities</b>	<b>498</b>	<b>476</b>
<b>Equity</b>		
Common stock	1,000	1,000
Additional paid-in capital	40,250	40,250
Accumulated other comprehensive loss	(500)	(715)
Retained earnings	5,274	396
Total equity	46,024	40,931
<b>Total liabilities and equity</b>	<b>\$46,522</b>	<b>\$41,407</b>

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

For the thousands of Bahamian dollars	2013	Nine months ended September 30 2012
<b>Operating activities</b>		
Net income	\$4,878	\$742
Adjustments to reconcile net income to cash used in operating activities:		
Income from equity investment	(4,930)	(812)
Decrease in accounts payable and accrued liabilities	6	-
Increase in due to related parties	16	64
<b>Net cash used in operating activities</b>	<b>(30)</b>	<b>(6)</b>
<b>Net decrease in cash</b>	<b>(30)</b>	<b>(6)</b>
Cash, beginning of period	37	7
<b>Cash, end of period</b>	<b>\$7</b>	<b>\$1</b>

*The accompanying notes form an integral part of these financial statements.*

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

thousands of Bahamian dollars	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
<b>For the nine months ended September 30, 2013</b>					
Balance, December 31, 2012	\$1,000	\$40,250	\$396	\$(715)	\$40,931
Net income of ICD Utilities Limited	-	-	4,878	-	4,878
Share of other comprehensive income of investment accounted for using the equity method	-	-	-	215	215
Balance, September 30, 2013	\$1,000	\$40,250	\$5,274	\$(500)	\$46,024
<b>For the nine months ended September 30, 2012</b>					
Balance, December 31, 2011	\$1,000	\$40,250	\$12,286	-	\$53,536
Net income of ICD Utilities Limited	-	-	742	-	742
Balance, September 30, 2012	\$1,000	\$40,250	\$13,028	-	\$54,278

*The accompanying notes form an integral part of these financial statements.*

**ICD Utilities Limited**  
**Notes to the Interim Condensed Financial Statements (Unaudited)**  
**As at September 30, 2013 and 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES**

These interim condensed financial statements have been prepared in accordance with International Accounting Standards 34: Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2012.

**2. LONG-TERM INVESTMENT**

This investment represents a 50 percent interest in Grand Bahama Power Company Ltd. ("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:

thousands of Bahamian dollars	
Opening balance, January 1, 2013	<b>\$41,370</b>
Equity income	4,930
Other comprehensive income	215
Closing balance, September 30, 2013	<b>\$46,515</b>

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

thousands of Bahamian dollars	September 30 2013	December 31 2012
<b>Balance sheet data</b>		
Current assets	<b>\$45,042</b>	\$50,331
Long-term assets	<b>221,832</b>	250,086
Total assets	<b>\$266,874</b>	\$300,417
Current liabilities	<b>\$44,712</b>	\$80,936
Long-term liabilities	<b>129,132</b>	136,742
Total liabilities	<b>173,844</b>	217,678
Net assets	<b>\$93,030</b>	\$82,739
ICDU's investment	<b>\$46,515</b>	\$41,370

thousands of Bahamian dollars	September 30 2013	Nine months ended September 30 2012
<b>Income statement data</b>		
Operating revenues	<b>\$87,624</b>	\$96,089
Operating expenses	<b>71,244</b>	88,932
Income from operations	<b>16,380</b>	7,157
Other expenses, net	<b>6,471</b>	5,533
Net income	<b>\$9,909</b>	\$1,624

**ICD Utilities Limited**  
**Supplemental Information**  
**As at September 30, 2013 (Unaudited)**

On January 17, 2013, GBPC and the GBPA finalized an Operating Protocol and Regulatory Framework Agreement. This agreement formalizes the operating protocols and regulatory construct GBPC agreed to in principle in June 2012, when the GBPA approved GBPC's new rate structure.

The new regulatory rate structure, which became effective July 1, 2012, consists of two components:

- a base rate intended to recover GBPC's operating expenses, depreciation and return on capital investment; and
- a fuel charge intended to recover all of GBPC's fuel costs.

As part of the initial rate case filing under the new regulatory structure, the GBPA approved a return on rate base of 10 percent. Every three years, commencing in January 2016, base rates will be reviewed and set by the GBPA.

To recognize the economic effects of the actions of the GBPA, the timing of recognition of certain 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. Under United States generally accepted accounting principles ("US GAAP"), guidance is provided regarding these regulatory assets and liabilities recognized in GBPC's US GAAP financial statements.

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 financial statements with a clear and complete understanding of GBPC's economic position, operating within a rate regulated environment, we have provided a reconciliation of the balance sheets and statements 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:

As at September 30, 2013 thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
Regulatory assets	-	\$34,593	\$34,593

As at December 31, 2012 thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
Regulatory assets	-	\$34,565	\$34,565

For the nine months ended September 30, 2013 the effect on the Statements of Net Income is as follows:

thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
<b>Revenue</b>			
Net income per GBPC	\$9,909	\$ 258	\$10,167
Equity income per ICDU	\$4,930	\$ 153	\$ 5,083

For the nine months ended September 30, 2012 the effect on the Statements of Net Income is as follows:

thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
<b>Revenue</b>			
Net income per GBPC	\$1,624	\$2,994	\$4,618
Equity income per ICDU	\$ 812	\$1,497	\$2,309