

ICD Utilities Limited

**Interim Condensed Unaudited Financial
Statements**

September 30, 2014 and 2013

ICD Utilities Limited
Condensed Statements of Comprehensive Income (Unaudited)

For the thousands of Bahamian dollars (except per share amounts)	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Equity income	\$2,142	\$3,096	\$5,416	\$4,930
Cost of operations				
Registrar fees	10	20	30	30
Foreign exchange (gains) losses	(23)	16	(33)	(9)
Stock exchange listing fees	-	-	6	5
Operating and general	6	3	42	5
Directors fees and annual report costs	18	18	45	21
Total cost of operations	11	57	90	52
Net income	\$2,131	\$3,039	\$5,326	\$4,878
Other comprehensive income (loss)				
Share of investment accounted for using the equity method	(1,360)	-	(1,284)	215
Comprehensive income	\$771	\$3,039	\$4,042	\$5,093
Weighted average shares of common stock outstanding – basic	10,000	10,000	10,000	10,000
Earnings per share – basic	\$0.213	\$0.304	\$0.533	\$0.488

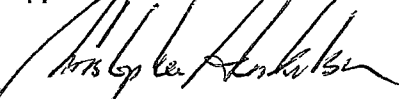
The accompanying notes are an integral part of these condensed financial statements.

ICD Utilities Limited
Condensed Statements of Financial Position (Unaudited)

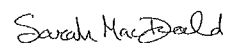
As at thousands of Bahamian dollars	September 30 2014	December 31 2013
Assets		
Current asset		
Cash and cash equivalents	\$759	\$1,287
Total current assets	759	1,287
Other assets		
Long-term investment (note 3)	50,355	46,223
Total other assets	50,355	46,223
Total assets	\$51,114	\$47,510
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$6	\$7
Due to related party (note 4)	578	544
Dividends payable (note 5)	729	1,200
Total current liabilities	1,313	1,751
Equity		
Common stock	1,000	1,000
Additional paid-in capital	40,250	40,250
Retained earnings	10,311	4,985
Accumulated other comprehensive loss	(1,760)	(476)
Total equity	49,801	45,759
Total liabilities and equity	\$51,114	\$47,510

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 the thousands of Bahamian dollars	2014	Nine months ended September 30 2013
Operating activities		
Net income	\$ 5,326	\$ 4,878
Adjustments for non-cash items:		
Income from equity investments, net of dividends	(5,416)	(4,930)
Accounts payable and accrued liabilities	(1)	6
Due to related party	34	16
Net cash used in operating activities	(57)	(30)
Financing activities		
Dividends paid	(471)	-
Net cash used in financing activities	(471)	-
Net decrease in cash and cash equivalents	(528)	(30)
Cash and cash equivalents, beginning of period	1,287	37
Cash and cash equivalents, end of period	\$ 759	\$ 7

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
For the nine months ended September 30, 2014					
Balance, December 31, 2013	\$ 1,000	\$ 40,250	\$ 4,985	\$ (476)	\$ 45,759
Net income	-	-	5,326	-	5,326
Share of other comprehensive loss of investment accounted for under the equity method	-	-	-	(1,284)	(1,284)
Balance, September 30, 2014	\$ 1,000	\$ 40,250	\$ 10,311	\$ (1,760)	\$ 49,801
For the nine months ended September 30, 2013					
Balance, December 31, 2012	\$ 1,000	\$ 40,250	\$ 396	\$ (715)	\$ 40,931
Net income	-	-	4,878	-	4,878
Share of other comprehensive loss of investment accounted for under the equity method	-	-	-	215	215
Balance, September 30, 2013	\$ 1,000	\$ 40,250	\$ 5,274	\$ (500)	\$ 46,024

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 September 30, 2014 and 2013

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 nine months ended September 30, 2014 were authorized for issue in accordance with a resolution of the directors on November 7, 2014.

2. BASIS OF PREPERATION

These interim condensed financial statements for the nine months ended September 30, 2014 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, 2013.

3. LONG-TERM INVESTMENT

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	September 30	December 31
thousands of Bahamian dollars	2014	2013
Opening balance, January 1	\$ 46,223	\$ 41,370
Equity income	5,416	5,864
Other comprehensive income	(1,284)	239
Dividends on common shares	-	(1,250)
Closing balance	\$ 50,355	\$ 46,223

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

As at thousands of Bahamian dollars	September 30 2014	December 31 2013
Statement of financial position		
Current assets	\$ 42,761	\$ 44,930
Other assets	197,345	201,707
Goodwill	51,763	51,763
Total assets	\$ 291,869	\$ 298,400
Current liabilities	\$ 35,220	\$ 64,947
Long-term liabilities	122,074	107,150
Total liabilities	\$ 157,294	\$ 172,097
Preferred stock	\$ 33,865	\$ 33,857
Net assets	\$ 100,710	\$ 92,446
ICDU investment	\$ 50,355	\$ 46,223

As at thousands of Bahamian dollars	September 30 2014	September 30 2013
Statement of Comprehensive Income		
Operating revenues	\$ 87,466	\$ 87,624
Operating expenses	69,187	71,244
Income from operations	18,279	16,380
Other expenses, net	4,910	5,280
Net income	13,369	11,100
Preferred dividends	2,538	1,240
Net income attributable to common shareholders	\$ 10,831	\$ 9,860
ICDU's equity income	\$ 5,416	\$ 4,930

4. RELATED PARTY TRANSACTIONS

Emera paid operating expenses on behalf of the Company in the amount of \$28 thousand (2013 – \$22 thousand) for the three months ended September 30, 2014, and \$77 thousand (2013 – \$34 thousand) for the nine months ended September 30, 2014 partially offset by foreign exchange gain of \$23 thousand (2013 - \$9 thousand gain) for the three months ended September 30, 2014 and foreign exchange gain of \$22 thousand (2013 - \$34 thousand gain) for the nine months ended September 30, 2014. This amount is measured at the exchange amount. 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 thousands of Bahamian dollars	September 30 2014	December 31 2013
Due to Emera Inc.	\$ 578	\$ 544

5. DIVIDENDS

On December 17, 2013, the Board of Directors of ICDU approved payment of \$0.12 per common share, payable on or after January 3, 2014 to common shareholders. During the nine months ended September 30, 2014, the Company paid \$471 thousand (September 2013 – nil) of the balance to its shareholders and \$729 thousand (September 2013 – nil) remains payable.

ICD Utilities Limited
Supplemental Information
As at September 30, 2014 and 2013 (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 ("US GAAP") framework, where guidance allows for the recognition of regulatory assets and liabilities.

Under International Financial Reporting Standards ("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 September 30, 2014			
Regulatory assets	\$ -	\$ 33,185	\$ 33,185
As at December 31, 2013			
Regulatory assets	\$ -	\$ 34,341	\$ 34,341

For the nine months the effect on the Statements of Net Income is as follows:

thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
2014			
Net income per GBPC	\$ 10,831	\$ (894)	\$ 9,937
Net income per ICDU	\$ 5,416	\$ (447)	\$ 4,969
2013			
Net income per GBPC	\$ 9,909	\$ 258	\$ 10,167
Net income per ICDU	\$ 4,955	\$ 129	\$ 5,084