

ICD UTILITIES LIMITED



The principal business activity of ICD Utilities Limited is to act as a holding company for the purpose of ownership of a 50% interest in Grand Bahama Power Company Limited.

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PRESIDENT'S LETTER

ICD Utilities Limited and Grand Bahama Power Company Limited

2014 was a year everyone at Grand Bahama Power Company (GBPC) can be proud of. We all worked hard and the result is a utility that is consistently improving and providing even better service to customers.

As is the case with all of Emera's operating companies, safety is always our top priority. In 2014 we achieved our best safety results yet. We focused on implementing best practices and guiding principles on safety accountabilities and procedures across the business. This effort ensures GBPC maintains a world class safety program.

We continue to focus on improving our operational performance. We've made significant upgrades to our facilities and procedures. I'm pleased to report in 2014, we improved customer reliability by over 55 per cent when compared to the average over the last 5 years. This means we're experiencing fewer outages that are much shorter in duration. Throughout 2015, we are continuing this work to further reduce the frequency of outages for our customers.

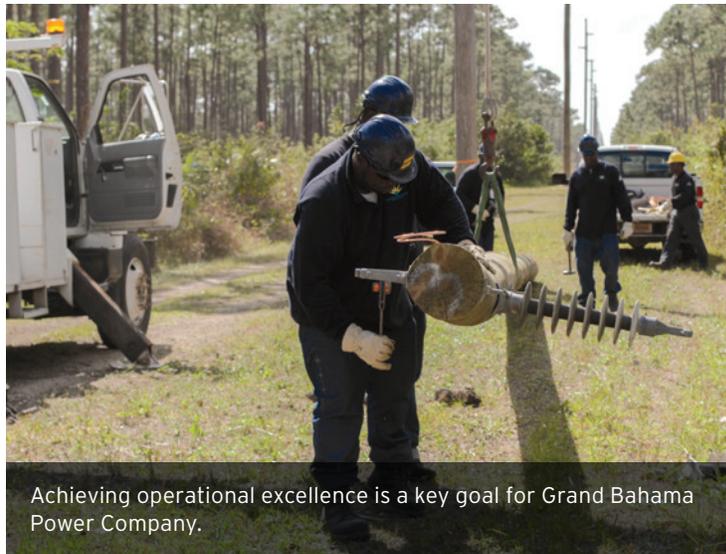
In 2014, we turned more attention to electricity system losses. These losses occur when the amount of energy generated into the system, doesn't equal the amount that reaches homes and businesses. This means power is being lost along the way, resulting in financial loss for the Company. By identifying and removing old, inefficient equipment in favor of newer, more reliable infrastructure, we have dramatically reduced system losses and are now better able to predict revenue.

We also made great progress in reducing power theft and fraud across the business. This involved minimizing our risk and improving our procedures used in managing accounts.

Together, these initiatives have allowed GBPC to more accurately predict income and overall earnings; a positive outcome for our financial health.

Over the past several years we have made dramatic improvements in customer service at GBPC, and we continued this effort in 2014. In order to efficiently respond to customer service calls, we created a Resource Management and Dispatch group. This new department is having a huge impact on our customer response times and it is helping us to better coordinate and plan capital projects and maintenance work. This progress is laying the groundwork for continuous improvement in the years to come.

At GBPC we believe one of the best ways to develop our skills is by learning from, and sharing knowledge with, our colleagues across the Caribbean. Our Competency Based Training program gives power line workers and generation operators at GBPC, Barbados Light and Power and DOMLEC the opportunity to collaborate and to exchange skills and expertise. The program assesses skills and gaps that may exist and enables participants to build knowledge and confidence in a variety of areas. It has improved overall productivity and we look forward to having even more employees across the Caribbean take part this year.



Achieving operational excellence is a key goal for Grand Bahama Power Company.

This training goes hand in hand with our focus on developing GBPC's future leaders. Throughout 2014, many local Bahamians took on new and challenging roles throughout the organization and we are focused on continuing this training and development to enable our employees to grow with the business and take on important leadership roles in the future.

One of the biggest challenges facing us at GBPC has been the volatile cost of fuel. We are committed to offering reliable electricity at stable prices for our customers however the constantly-changing cost of oil has made this more difficult. That's why in 2014 we introduced fuel hedging at Grand Bahama Power. Hedging allows GBPC to purchase fuel at a fixed rate in advance, providing stability in a volatile market and predictability for our valued customers.

Another way we can provide reliable power at stable prices is by diversifying our fuel sources. We are working to incorporate cleaner energy sources into the mix. As I mentioned last year, we have been exploring the possibility of shipping Compressed Natural Gas from Florida to Grand Bahama for use in our generation plants. This project has received Environmental Assessment approval from the US Department of Energy and work continues in order to determine if this is a viable solution for GBPC.

Solar energy is another option we are examining. We know that solar energy has the potential to be a clean, renewable power source, and we're evaluating how we can make this a reality for our Island.

We are also making great progress on our Biodiesel Demonstration Project. By late 2015, GBPC is slated to begin the addition of a renewable biofuel, which is vegetable oil-based, in some of our diesel burning vehicles. The technology used, will also be able to process oil produced from the Jatropha plant which we have been researching and growing in Grand Bahama.

This is just some of the work that has been taking place across Grand Bahama Power. We are evolving, improving and diversifying in order to provide the best service to our customers and a positive experience for our shareholders.

I would like to thank our Grand Bahama Power and ICD Utilities Board members. Their commitment and expertise has been crucial over the past year. And of course, I extend a big thank you to the staff and management of GBPC. They are critical to turning our strategic goals into reality.

2015 will be another instrumental year for GBPC. As our momentum carries on, I look forward to reporting our continued progress throughout the year.



Solar energy fueled by the region's abundant sunshine is an essential part of our clean energy future.

Sarah MacDonald

*President and Chief Executive Officer, ICD Utilities Limited
President, Emera Caribbean Holdings Limited
President and Chief Executive Officer, Grand Bahama Power Company*

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at March 13, 2015

Management's Discussion & Analysis ("MD&A") provides a review of the results of operations of ICD Utilities Limited ("ICDU" or "the Company") during the fourth quarter of 2014 relative to 2013; and the full year of 2014 relative to 2013 and 2012; and its financial position as at December 31, 2014 relative to December 31, 2013. To enhance shareholders' understanding, certain multi-year historical financial and statistical information is presented. All amounts are expressed in Bahamian dollars.

This discussion and analysis should be read in conjunction with the ICD Utilities Limited annual audited financial statements and supporting notes as at and for the year ended December 31, 2014. ICDU follows International Financial Reporting Standards ("IFRS" or "GAAP").

ICDU 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. Effective January 1, 2011, GBPC follows the United States Generally Accepted Accounting Principles.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable securities laws. The words "anticipates", "believes", "could", "estimates", "expects", "intends", "may", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this MD&A includes statements which reflect the current view with respect to the Company's objectives, plans, financial and operating performance, business prospects and opportunities. The forward-looking information reflects management's current beliefs and is based on information currently available to ICDU's management and should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or the times at which, such events, performance or results will be achieved.

The forward-looking information is based on reasonable assumptions and is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations may also include: regulatory risk; operating and maintenance risks; economic conditions; availability and price of energy and other commodities; capital resources and liquidity risk; weather; commodity price risk; competitive pressures; construction risk; derivative financial instruments and hedging availability and cost of financing; interest rate risk; counterparty risk; competitiveness of electricity as an energy source; commodity supply; environmental risks; foreign exchange; regulatory and government decisions, including changes to environmental, financial reporting and tax legislation; loss of service area; market energy sales prices; labour relations; and availability of labour and management resources.

Readers are cautioned not to place undue reliance on forward-looking information as actual results could differ materially from the plans, expectations, estimates or intentions and statements expressed in the forward-looking information. All forward-looking information in this MD&A is qualified in its entirety by the above cautionary statements and, except as required by law, ICDU undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise.

Structure of MD&A

This MD&A begins with an Introduction and Strategic Overview; followed by the Review of 2014; then presents information on ICDU's significant influence investment, GBPC, Liquidity and Capital Resources, including Cash Flow Highlights, Transactions with Related Parties, Outlook, Business Risks and Risk Management, Critical Accounting Estimates and Significant Accounting Policies, Changes in Accounting Policies and Practices and Summary of Quarterly Results.

INTRODUCTION AND STRATEGIC OVERVIEW

ICDU 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 GBPC, formerly Freeport Power Company Limited. The shares were transferred from a related company on April 30, 1993.

In September 2008, Emera Incorporated (“Emera”) purchased a 50 per cent interest in ICPU and in December 2010, through one of its subsidiaries, Emera Caribbean Holding Limited, purchased the remaining 50 per cent interest in GBPC and an additional 10.7 per cent interest in ICPU.

GBPC is a vertically-integrated utility and sole provider of electricity on Grand Bahama Island. It was incorporated on April 18, 2001, under the laws of the Commonwealth of The Bahamas. Previous to this, the Company operated as Freeport Power Company Limited. GBPC owns approximately 98 megawatts (“MW”) of oil-fired generation, 138 kilometres of transmission facilities and 860 kilometres of distribution facilities and has a workforce of 153 people. As at December 31, 2014, the Company serviced approximately 19,000 customers, of whom approximately 15,422 were residential customers.

GBPC is a rate regulated utility, which is regulated by the Grand Bahama Port Authority Limited (the “GBPA” or “Port Authority”), which has granted it a licensed, regulated and exclusive franchise to generate, transmit and distribute electricity on the island until 2054. GBPC’s approved regulated return on rate base for 2013 and 2014 is 10.0 per cent. GBPC has a fuel pass through mechanism which ensures fuel costs are recovered.

In 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, effective July 1, 2012, to December 31, 2015 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 a component of its regulatory agreement with the GBPA, GBPC has an Earnings Share Mechanism to allow for earnings above or below its approved 10 per cent return on rate base to be deferred to a regulatory asset or liability at the rate of 50 per cent of amounts below a 9 per cent return on rate base and 50 per cent of amounts above 11 per cent return on rate base respectively.

A review is underway at GBPC to assess alternative fuel sources, including renewables and compressed natural gas.

REVIEW OF 2014

ICDU FINANCIAL HIGHLIGHTS

For the thousands of Bahamian dollars (except per share amounts)	Three months ended December 31		Year ended December 31		
	2014	2013	2014	2013	2012
Equity income (loss)	\$ 186	\$ 934	\$ 5,602	\$ 5,864	\$ (8,574)
Cost of Operations					
Operating and general	17	2	59	7	18
Directors' fees and annual report costs	7	28	52	49	38
Registrar fees	10	10	40	40	40
Stock exchange listing fees	–	–	6	5	5
Foreign exchange losses (gains)	(23)	(17)	(56)	(26)	8
Net income (loss)	\$ 175	\$ 911	\$ 5,501	\$ 5,789	\$ (8,683)
Earnings per common share – basic	\$ 0.02	\$ 0.09	\$ 0.55	\$ 0.58	\$ (0.87)
Dividends per common share declared	\$ 0.12	\$ –	\$ 0.12	\$ 0.12	\$ –
As at					December 31
thousands of Bahamian dollars			2014	2013	2012
Total assets			41,126	47,510	41,407

For the three months ended December 31, 2014, ICDU's net income decreased \$736 thousand to \$175 thousand compared to \$911 thousand in 2013 primarily due to increased planned outages resulting in higher operating costs.

For the year ended December 31, 2014, ICDU's net income decreased \$288 thousand to \$5,501 thousand compared to \$5,789 thousand in 2013 primarily due to planned outages resulting in increased operating costs, offset by increase in industrial sales volumes.

DEVELOPMENTS

On November 21, 2014, ICDU declared a dividend of \$0.12 per common share.

SUMMARY OF GBPC FINANCIAL HIGHLIGHTS

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

As at and for the year ended December 31
thousands of Bahamian dollars

	2014	2013
Balance sheet data		
Current assets	\$ 38,838	\$ 44,930
Other assets	196,091	201,707
Goodwill	51,763	51,763
Total assets	\$ 286,692	\$ 298,400
Current liabilities	\$ 43,796	\$ 64,939
Long-term liabilities	129,815	107,150
Total liabilities	173,611	172,089
Preferred stock	\$ 33,865	\$ 33,865
Net assets	\$ 79,216	\$ 92,446
ICDU's investment	\$ 39,608	\$ 46,223
<p>ICDU's investment decreased \$6,615 thousand to \$39,608 at December 31, 2014 compared to \$46,223 at December 31, 2013 primarily due to GBPC's unrealized losses related to hedges recorded in accumulated other comprehensive loss.</p>		
Income statement data		
Operating revenues	\$ 116,979	\$ 115,169
Operating expenses	(96,991)	(95,503)
Income from operations	19,988	19,666
Other income (expenses), net	(6,246)	(6,650)
Net income (loss)	13,742	13,016
Preferred dividends	(2,538)	(1,240)
Net income attributable to common shareholders	11,204	11,766
Other comprehensive income	(11,443)	475
ICDU's share of net income attributable to common shareholders	5,602	5,888
ICDU's other income	-	(24)
ICDU's equity income (loss)	\$ 5,602	\$ 5,864
Statement of Cash Flow data		
Operating cash flow before changes in working capital	\$ 21,802	\$ 22,692
Change in working capital	770	4,020
Operating cash flow	22,572	26,712
Investing cash flow	(7,320)	(6,637)
Financing cash flow	(16,424)	(7,648)
Net increase (decrease) in cash	(1,172)	12,427
Cash, beginning of year	4,109	(8,318)
Cash, end of year	2,937	4,109

LIQUIDITY AND CAPITAL RESOURCES

The Company generates cash primarily through its equity investment in GBPC. Circumstances that could affect the Company's ability to generate cash include general economic downturns in GBPC's markets, regulatory decisions affecting customer rates and the recovery of regulatory assets and changes in environmental legislation in GBPC. GBPC is capable of paying dividends to ICDU provided it does not breach its debt covenants, where applicable, after giving effect to the dividend payment.

Cash Flow Highlights

Significant changes in the statements of cash flows between the years ended December 31, 2014 and 2013 include:

Year ended December 31	2014	2013	\$ Change
thousands of Bahamian dollars			2014 versus 2013
Cash and cash equivalents, beginning of period	\$ 1,287	\$ 37	\$ 1,250
Provided by (used in):			
Operating activities	(77)	–	(77)
Provided by (used in):			
Investing activities	1,250	1,250	–
Provided by (used in):			
Financing activities	(943)	–	(943)
Cash and cash equivalents, end of period	\$ 1,517	\$ 1,287	\$ 230

OPERATING CASH FLOWS

Net cash used in operating activities decreased \$77 thousand for the year ended December 31, 2014. The decrease was primarily due to the decrease in equity income from GBPC, partially offset by the increase in payable to a related party.

INVESTING CASH FLOWS

Net cash provided by investing activities are dividends received from ICDU's equity investment in GBPC.

FINANCING CASH FLOWS

Net cash used in financing activities decreased \$911 thousand for the year ended December 31, 2014. The decrease was due to the payment of 2013 and 2014 dividends to minority shareholders.

Working Capital

As at December 31, 2014, ICDU's cash balance was \$1,517 thousand (2013 – \$1,287 thousand) and investment in working capital was \$942 thousand (2013 – \$736 thousand). The change in working capital is primarily due to timing of payment of related party balance and increase in cash due to receipt of dividends from GBPC.

ICDU's future liquidity and capital needs will be predominately for working capital requirements and dividends.

Capital Expenditures

The Company's long-term investment, GBPC, incurs capital expenditures as a part of its operations. Capital expenditures for GBPC, for the year ended December 31, 2014 were approximately \$7,300 thousand (2013 - \$6,450 thousand).

For the year ended December 31, 2015, forecasted gross capital expenditures for GBPC are as follows:

thousands of Bahamian dollars	Total
Generation	\$ 4,100
Transmission	1,700
Distribution	800
Facilities, equipment, vehicles, and other	3,400
	\$ 10,000

Share Capital

As at December 31, 2014, ICDU had 10,000 thousand (2013 – 10,000 thousand) common shares issued and outstanding.

TRANSACTIONS WITH RELATED PARTIES

During the year Emera paid operating expenses on behalf of the Company in the amount of \$90 thousand (2013 – \$77 thousand). These transactions meet the definition of related party transactions and were made on substantially the same terms as for comparable transactions with third-party counterparties. 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.

As at December 31, the following related party balances were included in the balance sheets:

thousands of Bahamian dollars	2014	2013
Due to Emera Inc.	\$ 570	\$ 544

OUTLOOK

ICDU's outlook is dependent on the earnings of its investment in GBPC. GBPC's earnings are most directly impacted by the combined impacts of the range of rates of return on equity and rate base approved by its regulator, capital structure, the prudent management and approved recovery of operating costs, and the timing and amount of capital expenditures.

The economy of Grand Bahamas is highly correlated to the United States economy, and as such, is exhibiting signs of improving economic growth and a corresponding growth in load in the industrial sector. With oil being the predominant fuel source for generation of electricity in the Caribbean, there is economic benefit and decreased cost of electricity to ratepayers, resulting from the reduction in oil prices.

GBPC is required to make an application for tariff review by August 1, 2015 for the period January 1, 2016 to December 31, 2018.

Business Risks

ICDU's risk management activities are focused on those areas that most significantly impact profitability, quality of income and cash flow and relate to its investment in GBPC. These risks include, but are not limited to, exposure to regulatory, labour, capital management, commodity, credit, liquidity, interest rate, and operational risk.

In this section, the Company describes some of the principal risks management believes could materially affect its business, revenues, operating income, net income, net assets, or liquidity or capital resources. The nature of risk is such that no list can be comprehensive, and other risks may arise or risks not currently considered material may become material in the future.

Economic Dependence Risk

ICDU's business is restricted to its investment in GBPC. Therefore, the Company's financial results are dependent on GBPC's financial results. The ability of GBPC to manage its business effectively has a material impact on the Company's operations.

The following risks are risks associated with GBPC and could impact ICDU's equity investment in the company:

Regulatory Risk

GBPC is subject to risk in the recovery of costs and investments in a timely manner. As a cost-of-service utility with an obligation to serve, GBPC must obtain regulatory approval to change electricity rates and/or riders from the Port Authority. Costs and investments can be recovered upon Port Authority approval of the recovery in adjustments to rates and/or riders, which normally requires a public hearing process.

During public hearing processes, consultants and customer representatives scrutinize the costs, actions and plans to determine whether to allow recovery and to adjust rates based upon the Company's evidence and any contrary evidence from other parties.

The Company manages regulatory risk through transparent regulatory disclosure, ongoing stakeholder consultation and multi-party engagement on aspects such as utility operations, rate filings and capital plans.

Labour Risk

Certain GBPC employees are subject to collective labour agreements. Approximately 82% of the full-time and term employees at the Company are represented by local unions.

Capital Management

The Company's main objective when managing its capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and interest rate risk.

Commodity Risk

The Company's fuel supply comes from international suppliers and is subject to commodity price risk. Fuel contracts may be exposed to broader global conditions which may include impacts on delivery reliability and price, despite contracted terms. In addition the Company is exposed to foreign currency risk from fuel purchases which are primarily denominated in foreign currencies.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counter party to the financial instruments fails to meet its obligation and arises principally from the Company's receivables and amounts due from customers. Management structures the level of credit risk by establishing credit limits, deposits for customers, and monitoring non- or slow-paying customers.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. The liquidity risk management process ensures that the Company is able to honor all of its financial commitments as they fall due.

Interest Rate Risk

Exposure to interest rate risk arises when there is an imbalance between rate and non-rate sensitive assets and liabilities. Management is of the opinion that interest rate risk is not material in their operation. Due to the nature of the Company's financial assets, if the interest rate had been 1.00% higher or lower during the year, GBPC's net income would have decreased or increased by approximately \$1,038, respectively (2013 - \$1,250).

Liquidity risk relates to GBPC's ability to ensure sufficient funds are available to meet its financial obligations. GBPC forecasts cash requirements on a continuous basis to determine whether sufficient funds are available. Liquidity and capital needs will be financed through internally generated cash flows, short-term credit facilities, and ongoing access to capital markets. GBPC reasonably expects liquidity sources to exceed capital needs.

Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud, or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risk, the Company is able to manage the risks. The identification and control of these risks is the responsibility of executives of the Company. Controls over these risks include effective segregation of duties, access, authorization and reconciliation procedures, staff education, and assessment processes. The Company's officers carry out a regular review of all operational areas to ensure operational risks are being properly controlled and reported to the Board of Directors.

CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in accordance with international financial reporting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Management evaluates the Company's estimates on an ongoing basis based upon historical experience, current conditions and assumptions believed to be reasonable at the time the assumption is made. The significant area requiring the use of management estimates relates to ICDU's long-term investment in GBPC. Actual results may differ significantly from these estimates.

Long-Term Investment

The Company holds a 50% interest (2013 – 50%) in GBPC and accounts for this long-term investment using the equity method of accounting as the Company determined it maintains significant influence over the investment, but not control. The amount is adjusted annually for the Company's pro-rata share of the net earnings or losses of the investment and reduced by the amount of dividends received.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on its investment in the associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associated and its carrying value and recognizes the amount in the "Equity income (loss)" in the Statements of Net Loss.

Significant estimates are required in determining the recoverability of the investment based on the underlying fair value of the investment relying on third party evidence as the shares of the investment are not quoted or traded as securities and have no readily determinable open-market value.

Future Accounting Pronouncements

Certain new standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2012, or later periods, and which the Company has not adopted are described below:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous version of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous version of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

The adoption of these standards did not change the Company's conclusion that it exercises significant influence over the investee rather than control or joint control. As a result, there was no impact to the Company's financial position or performance.

SUMMARY OF QUARTERLY RESULTS

For the quarter ended thousands of Bahamian dollars (except per share amounts)	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Equity income (loss)	\$ 186	\$ 2,142	\$ 2,292	\$ 982	\$ 934	\$ 3,096	\$ 1,253	\$ 581
Total net income (loss)	175	2,131	2,242	953	911	3,039	1,265	574
Earnings (loss) per common share – basic	(0.02)	0.21	0.22	0.10	0.09	0.31	0.13	0.06

Quarterly operating revenues and net income attributable to common shareholders are affected by seasonality. The third quarter is generally the strongest. As the energy industry is seasonal in nature for companies like ICDU's investment in GBPC, seasonal and unseasonal weather patterns, as well as the number and severity of storms, can affect the demand for energy and the cost of service.

THREE-YEAR FINANCIAL SUMMARY

For the year ended December 31 (thousands of Bahamian dollars)	2014	2013	2012
Statements of Net Income (Loss)			
Equity income (loss)	\$ 5,602	\$ 5,864	\$ (8,574)
Cost of Operations			
Operating and general	59	7	18
Director's fees and annual report costs	52	49	38
Registrar fees	40	40	40
Stock exchange listing fees	6	5	5
Foreign exchange losses (gains)	(56)	(26)	8
Net income (loss)	5,501	5,789	(8,683)
Balance Sheets Information			
Current assets			
Cash	1,517	1,287	37
Prepaid expenses	1	–	–
Long-term investment	39,608	46,223	41,370
Total assets	41,126	47,510	41,407
Current liabilities			
Accounts payable and accrued liabilities	6	7	9
Due to related party	570	544	467
Dividends payable	1,457	1,200	–
Equity			
Common stock	1000	1,000	1,000
Additional paid-in capital	40,250	40,250	40,250
Accumulated other comprehensive loss	(11,443)	(476)	(715)
Retained earnings	9,286	4,985	396
Total equity	39,093	45,759	40,931
Total liabilities and equity	41,126	47,510	41,407
Statements of Cash Flow Information			
Cash provided by (used in) operating activities	(77)	–	30
Financial ratios (\$ per share)			
Earnings (loss) per share	\$ 0.55	\$ 0.58	\$ (0.87)

OPERATING STATISTICS

Year ended December 31	2014	2013	2012
Electric energy sales (GWH)			
Residential	97	97	100
Commercial	113	110	113
Industrial	102	93	87
Other	14	13	13
Total electric energy sales	326	313	313
Sources of energy (GWH)			
Oil	362	314	362
Total generation and purchases	362	314	362
Electric customers			
Residential	15,315	15,378	15,506
Commercial	2,459	2,549	2,614
Industrial	12	11	12
Other	983	1,048	1,072
Total electric customers	18,769	18,986	19,204
Capacity			
Generating nameplate capacity (MW)			
Diesel	98	98	105
Total number of employees	153	156	142
km of transmission lines	138	138	138
km of distribution lines	860	860	860

INDEPENDENT AUDITORS' REPORT

To the Directors and Shareholders of ICD Utilities Limited

We have audited the accompanying financial statements of ICD Utilities Limited, which comprise the statements of financial position as at December 31, 2014, the statement of comprehensive income, statement of cash flows, and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ICD Utilities Limited as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

March 13, 2015

The logo for Ernst + Young, featuring the company name in a stylized, cursive blue font.

Chartered Accountants

STATEMENTS OF COMPREHENSIVE INCOME

ICD Utilities Limited

	For the Year Ended December 31	
thousands of Bahamian dollars (except per share amounts)	2014	2013
Equity income (note 5)	\$ 5,602	\$ 5,864
Cost of operations		
Operating and general	59	7
Directors fees and annual report costs	52	49
Registrar fees	40	40
Stock exchange listing fees	6	5
Foreign exchange (gains) losses	(56)	(26)
Total cost of operations	101	75
Net income	\$ 5,501	\$ 5,789
Other comprehensive income (loss)		
Share of investment accounted for using the equity method (note 5)	(10,967)	239
Comprehensive income (loss)	\$ (5,466)	\$ 6,028
Weighted average shares of common stock outstanding - basic	10,000	10,000
Earnings per common share - basic (note 8)	\$ 0.55	\$ 0.58

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

STATEMENTS OF FINANCIAL POSITION

ICD Utilities Limited

As at December 31

thousands of Bahamian dollars	2014	2013
Assets		
Current assets		
Cash and cash in trust (note 4)	\$ 1,517	\$ 1,287
Prepaid expenses	1	-
Total current assets	1,518	1,287
Other assets		
Long-term investment (note 5)	39,608	46,223
Total assets	\$ 41,126	\$ 47,510
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6	\$ 7
Due to related party (note 7)	570	544
Dividends payable (note 10)	1,457	1,200
Total current liabilities	2,033	1,751
Equity		
Common stock (note 6)	1,000	1,000
Additional paid in capital	40,250	40,250
Retained earnings	9,286	4,985
Accumulated other comprehensive income (loss)	(11,443)	(476)
Total equity	39,093	45,759
Total liabilities and equity	\$ 41,126	\$ 47,510

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

Approved on behalf of the Board of Directors



Christopher Huskison
Director



Sarah MacDonald
Director

STATEMENTS OF CASH FLOWS

ICD Utilities Limited

	For the Year Ended December 31	
thousands of Bahamian dollars	2014	2013
Operating activities		
Net income	\$ 5,501	\$ 5,789
Adjustment for non-cash items:		
Income from equity investments	(5,602)	(5,864)
Changes in non-cash working capital		
Prepaid expenses	(1)	-
Accounts payable and accrued liabilities	(1)	(2)
Due to related party	26	77
Net cash provided by (used in) operating activities	(77)	-
Investing activities		
Dividends received	1,250	1,250
Net cash provided by (used in) investing activities	1,250	1,250
Financing activities		
Dividends paid	(943)	-
Net cash provided by (used in) financing activities	(943)	-
Net increase (decrease) in cash and cash equivalents	230	1,250
Cash and cash in trust, beginning of year	1,287	37
Cash and cash in trust, end of year	\$ 1,517	\$ 1,287

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

STATEMENTS OF CHANGES IN EQUITY

ICD Utilities Limited

thousands of Bahamian dollars	Common Stock	Additional Paid-in Capital	Retained Earnings	Comprehensive Loss ("AOCL")	Total Equity
2014					
Balance, December 31, 2013	\$ 1,000	\$ 40,250	\$ 4,985	\$ (476)	\$ 45,759
Net income	-	-	5,501	-	5,501
Share of other comprehensive income (loss) of investment accounted for under the equity method	-	-	-	(10,967)	(10,967)
Dividends declared on common shares (\$0.12/share)	-	-	(1,200)	-	(1,200)
Balance, December 31, 2014	\$ 1,000	\$ 40,250	\$ 9,286	\$ (11,443)	\$ 39,093
2013					
Balance, December 31, 2012	\$ 1,000	\$ 40,250	\$ 396	\$ (715)	\$ 40,931
Net income	-	-	5,789	-	5,789
Share of other comprehensive income (loss) of investment accounted for under the equity method	-	-	-	239	239
Dividends declared on common shares (\$0.12/share)	-	-	(1,200)	-	(1,200)
Balance, December 31, 2013	\$ 1,000	\$ 40,250	\$ 4,985	\$ (476)	\$ 45,759

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

NOTES TO THE FINANCIAL STATEMENTS

ICD Utilities Limited
As at December 31, 2014

1. General 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 percent 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 financial statements for the year ended December 31, 2014, were authorized for issue in accordance with a resolution of the directors on March 13, 2015. The registered office of the Company is Suite 1; Chancery House; The Mall, P.O. Box F-40437, Freeport, Grand Bahama, The Bahamas.

In September 2008, Emera Inc. ("Emera") purchased a 50 percent interest in ICDU and in December 2010, through one of its subsidiaries, Emera Caribbean Holdings Limited, purchased the remaining 50 percent interest in GBPC and an additional 10.7 percent interest in ICDU.

On January 17, 2013, GBPC and the Grand Bahama Port Authority ("GBPA") finalized an Operating Protocol and Regulatory Framework Agreement. 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.

2. Summary of Significant Accounting Policies

A. BASIS OF ACCOUNTING

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and expressed in Bahamian dollars.

The financial statements of the Company have been prepared on a historical cost basis.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant estimates are included in the assessment of the Company's long-term investment, as discussed in Note 2f below. Actual results could differ from these estimates.

B. GOING CONCERN

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

C. ECONOMIC DEPENDENCE

ICDU is economically dependent on net income of GBPC for its continued existence and ability to carry out its normal activities, as 100 percent (2013-100 percent) of ICDU's equity income is derived from its investment in GBPC.

D. CASH AND CASH IN TRUST

Cash and cash in trust in the statement of financial position comprise of cash at banks, and cash held in trust at financial institutions.

E. FOREIGN CURRENCY TRANSACTIONS

These financial statements are expressed in Bahamian dollars, which is the Company's functional and presentation currency. Monetary assets and liabilities denominated in currencies other than the Bahamian dollar as translated into Bahamian dollars at the rate of exchange in effect at the reporting date. Income and expenses transacted in currencies other than Bahamian dollars are translated into Bahamian dollars at the rates of exchange prevailing at the transaction dates.

F. LONG-TERM INVESTMENT

The Company accounts for its investment in GBPC using the equity method of accounting as the Company determined it maintains significant influence over the investment, but not control. The amount is adjusted annually for the Company's pro-rata share of the net earnings or losses of the investment and reduced by the amount of dividends received.

The statement of comprehensive income reflects the Company's share of the results of operations of GBPC. Any change in the Company's interest in the OCI of GBPC is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the GBPC, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the GBPC are eliminated to the extent of GBPC's interest.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on its investment in its associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the "Equity income (loss)" in the Statements of Comprehensive Income. No impairment loss has been recognized in 2014 and 2013.

G. INCOME TAXES

There are no income taxes currently imposed on the Company in the Commonwealth of the Bahamas.

H. CASH DIVIDEND TO EQUITY HOLDERS

The Company recognizes a liability to make cash distribution to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in "Equity" in the Statement of Financial Position.

3. Future Accounting Pronouncements

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous version of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous version of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

The adoption of these standards would not change the Company's conclusion that it exercises significant influence over the investee rather than control or joint control. As a result, there would be no impact to the Company's financial position or performance.

4. Cash and Cash in Trust

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at December 31:

thousands of Bahamian dollars	2014	2013
Cash at banks	\$ 789	\$ 87
Cash in trust	728	1,200
Cash and cash equivalents	\$ 1,517	\$ 1,287

5. 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 as at December 31 is as follows:

thousands of Bahamian dollars	2014	2013
Opening balance	\$ 46,223	\$ 41,370
Equity income (loss)	5,602	5,864
Other comprehensive income (loss)	(10,967)	239
Dividends on common shares	(1,250)	(1,250)
Closing balance	\$ 39,608	\$ 46,223

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

thousands of Bahamian dollars	2014	2013
Statement of financial position		
Current assets	\$ 38,838	\$ 44,930
Other assets	196,091	201,707
Goodwill	51,763	51,763
Total assets	\$ 286,692	\$ 298,400
Current liabilities	\$ 43,796	\$ 64,939
Long-term liabilities	129,815	107,150
Total liabilities	\$ 173,611	\$ 172,089
Preferred stock	\$ 33,865	\$ 33,865
Net assets attributable to common shareholders	\$ 79,216	\$ 92,446
ICDU's investment	\$ 39,608	\$ 46,223
Statement of comprehensive income		
Operating revenues	\$ 116,979	\$ 115,169
Operating expenses	(96,991)	(95,503)
Income from operations	19,988	19,666
Other expenses, net	(6,246)	(6,650)
Net income (loss)	13,742	13,016
Preferred dividends	(2,538)	(1,240)
Net income attributable to common shareholders	\$ 11,204	\$ 11,776
ICDU's share of net income attributable to common shareholders	5,602	5,888
ICDU's other income	-	(24)
ICDU's equity income (loss)	\$ 5,602	\$ 5,864
Other comprehensive income (loss)	\$ (21,935)	\$ 478
ICDU's share of other comprehensive income (loss)	\$ (10,967)	\$ 239

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.

6. Common Stock

Authorized and issued: 10,000,000 common shares with a par value of \$0.10 each.

On incorporation, the authorized share capital was \$10,000 consisting of 10,000 ordinary shares with a par value of \$1.00 each. On this date, two ordinary shares with a par value of \$1.00 each were issued and outstanding.

On April 16, 1996, the authorized share capital was increased to \$1,000,000 consisting of 10,000,000 common shares with a par value of \$0.10 each. On the same date, 5,000,000 ordinary shares were issued to each of the shareholders of the Company, for a total of 10,000,000 common shares. The increase in the issued share capital was accounted for by a transfer from additional paid-in-capital.

7. Related Party Transactions

During the year Emera paid operating expenses on behalf of the Company in the amount of \$90 thousand (2013 - \$77 thousand). These transactions meet the definition of related party transactions and were made on substantially the same terms as for comparable transactions with third-party counterparties. There is no written agreement between the Company and Emera for the allocation of the above expenses; however, the ICDO Board of Directors has approved the above allocation.

As at December 31, the following related party balances were included in the balance sheets:

thousands of Bahamian dollars	2014	2013
Due to Emera Inc.	\$ 570	\$ 544

8. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. There are no potentially dilutive instruments outstanding that would affect earnings per share.

For the year ended December 31, the basic earnings per share were as follows:

thousands of Bahamian dollars	2014	2013
Net income	\$ 5,501	\$ 5,789
Weighted average number of shares	10,000	10,000
Earnings per common share	\$ 0.55	\$ 0.58

9. Capital Management

Capital includes equity attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains sufficient capital to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2014 and 2013.

The Company's capitalization is as follows:

thousands of Bahamian dollars	2014	2013
Common stock	\$ 1,000	\$ 1,000
Additional paid in capital	40,250	40,250
Retained earnings	9,286	4,985
Accumulated other comprehensive income (loss)	(11,443)	(476)

10. Dividends

On November 10, 2014, the Board of Directors approved payment of dividends of \$0.12 per common share, totaling \$1,200 thousand, (December 2013 - \$0.12 per common share, totaling \$1,200 thousand). During the twelve months ended December 31, 2014, the Company paid \$943 thousand (December 2013 - nil) of the balance related to the 2013 dividends declared to its shareholders and \$1,457 thousand (December 2013 - \$1,200) remains payable.

11. Comparative Figures

Certain other comparative figures have also been reclassified to conform to the current year's presentation.

SUPPLEMENTAL INFORMATION

ICD Utilities Limited
As at December 31, 2014

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:

in thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
As at December 31, 2014			
Regulatory assets	\$ -	\$ 55,088	\$ 55,088
Accumulated other comprehensive income (loss)	\$ (22,891)	\$ 21,983	\$ (908)

in thousands of Bahamian dollars	IFRS	Effect of US GAAP	US GAAP
As at December 31, 2013			
Regulatory assets	\$ -	\$ 34,341	\$ 34,341
Accumulated other comprehensive income (loss)	\$ (956)	\$ -	\$ (956)

For the year ended December 31, the effect on the Statements of Comprehensive Income is as follows:

in thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
2014			
Net income per GBPC	\$ 11,204	\$ (1,036)	\$ 10,168
Net income per ICDU	\$ 5,602	\$ (518)	\$ 5,084
Other comprehensive income (loss) per GBPC	\$ (21,935)	\$ 34,688	\$ 12,753
Other comprehensive income (loss) per ICDU	\$ (10,967)	\$ 17,344	\$ 6,377
2013			
Net income per GBPC	\$ 11,776	\$ 33	\$ 11,810
Net income per ICDU	\$ 5,888	\$ 17	\$ 5,905
Other comprehensive income (loss) per GBPC	\$ 478	\$ 13,046	\$ 13,524
Other comprehensive income (loss) per ICDU	\$ 239	\$ 6,523	\$ 6,762

MINUTES OF THE 2014 ANNUAL GENERAL MEETING

ICD Utilities Limited

Minutes of the Annual General Meeting of the Members of ICD Utilities Limited (the “Company”) held at the Pelican Bay Hotel, Freeport, Grand Bahama Island, The Bahamas at 6:00 p.m. on Monday, the 17th day of November, 2014.

Call To Order

The Annual General Meeting of the Shareholders of the Company was called to order by Christopher G. Huskilson, Chairman of the Board of Directors of the Company, and who acted as Chairman of the meeting. The Chairman introduced Ms. Sarah R. MacDonald, President and a Director of the Company and President and Chief Executive Officer of Grand Bahama Power Company Limited. Stephen D. Aftanas, Secretary of the Company, kept minutes of the meeting.

The Chairman welcomed shareholders of the Company to the meeting and thanked those who could not attend but had submitted proxies. The Chairman then introduced the other Directors of the Company, namely: Sir Albert J. Miller, who was unable to attend, and Brenford A.V. Christie, who was present at the meeting.

Appointment of Scrutineer

The Chairman appointed Stafford Greene of Bahamas Central Securities Depository to act as Scrutineer of the meeting. He requested that the Secretary table the Certificate of the Company’s Registrar and Transfer Agent, Bahamas Central Securities Depository, as to the due mailing of the notice and accompanying materials for the meeting. He directed that a copy of the notice and accompanying materials be kept by the Secretary as part of the record of the meeting.

The Chairman advised that a quorum of shareholders was present. He declared that notice had been duly provided and that the meeting was properly constituted for the transaction of business.

Confirmation of Minutes

The Chairman presented the minutes of the previous Annual General Meeting held on December 19, 2013 and advised that they were available for inspection. He noted that the minutes were incorporated into the Annual Report, previously distributed to shareholders.

On motion duly made, seconded and unanimously carried, the minutes were approved as presented.

President’s Report

The Chairman asked Ms. Sarah R. MacDonald, President of the Company to provide her report.

Financial Statements and Reports of Auditors

The Chairman advised that a copy of the Financial Statements for the financial year ended December 31, 2013 had previously been distributed to each of the shareholders of the Company. He invited Ms. L. Hosmilllo, of Ernst & Young LLP to present the Auditors’ Report. Ms. L. Hosmilllo presented the Auditors’ Report dated March 18, 2014 and read the report to the shareholders.

On motion duly made, seconded and carried, it was unanimously:

RESOLVED THAT the financial statements of ICD Utilities Limited, as of the 31st of December 2013 and the Report of the Auditors thereon be accepted as presented to the meeting.

Election of Directors

The Chairman advised that it was in order to proceed with the election of Directors. The following individuals were nominated to serve as Directors of the Company to hold office until the next annual meeting of the shareholders, or until their successors are elected and that each Director who is not a salaried employee of Emera Inc., Grand Bahama Power Company Limited or their respective affiliates, receive remuneration of \$5,000 U.S. per annum for their services as a Director in 2014:

BRENFORD A.V. CHRISTIE	SARAH R. MACDONALD
CHRISTOPHER G. HUSKILSON	SIR ALBERT J. MILLER

On motion duly made, seconded and carried, it was unanimously:

RESOLVED THAT the following persons are elected Directors of the Company for the ensuing year, at the remuneration of \$5,000 U.S. for their services as a Director in 2014, for each Director who is not a salaried employee of Emera Inc., Grand Bahama Power Company Limited, or their respective affiliates:

BRENFORD A.V. CHRISTIE	SARAH R. MACDONALD
CHRISTOPHER G. HUSKILSON	SIR ALBERT J. MILLER

DIRECTORS' REMUNERATION

The Chairman advised that it was in order to proceed to fix the remuneration of Directors for the ensuing year, effective January 1, 2015.

On motion duly made, seconded and carried, it was:

RESOLVED THAT Directors' remuneration be increased to \$10,000 U.S. per annum, plus \$1,000 per meeting, effective January 1, 2015, for each Director who is not a salaried employee of Emera Incorporated, Grand Bahama Power Company Limited or their affiliates.

RATIFICATION OF DIRECTORS' ACTS

The Chairman then entertained a motion to ratify and confirm all acts, transactions and proceedings of the Directors and Officers of the Company for the financial year ended December 31, 2013.

On motion duly made, seconded and carried, it was unanimously:

RESOLVED THAT all acts, transactions and proceedings of Directors and Officers of the Company for the financial year ended December 31, 2013 are ratified and confirmed.

APPOINTMENT OF AUDITORS

The Chairman entertained a motion that Ernst & Young LLP be appointed auditors of the Company to hold office until the next annual meeting of shareholders or until a successor is appointed and that the Directors be authorized to fix their remuneration.

On motion duly made, seconded and carried, it was unanimously:

RESOLVED THAT Ernst & Young LLP be appointed auditors of the Company to hold office until the next annual meeting of shareholders or until a successor is appointed and that the Directors be authorized to fix their remuneration.

SCRUTINEER'S REPORT

The Chairman then requested that the Scrutineer read the Scrutineer's Report. The same read as follows:

Total shares represented at the meeting in person and by proxy were 7,678,037 shares being 76.78% of the issued and outstanding shares.

TERMINATION

There being no further business, on motion duly made, seconded and carried, the Meeting was terminated.

The Chairman declared the meeting terminated and advised that the meeting would be opened to questions and comments from the shareholders. The Chairman, and the President and Chief Executive Officer of ICD Utilities Limited and Grand Bahama Power Company Limited responded to questions on a variety of topics raised by shareholders, including alternative fuel sources such as renewables and compressed natural gas, fuel hedging, dividend policy, capital expenditures, and the outlook for 2015.



Stephen D. Aftanas
Corporate Secretary

Giving back to the communities where we live and work has always been an important part of GBPC's philosophy.

Back to School Giveaway

As children across Grand Bahama prepared for another school year in September, employees at GBPC volunteered their time to host an afternoon of family fun. The Back to School Giveaway featured entertainment, food and refreshments. The volunteers also distributed school supply kits to over 500 children. The kits included pens, pencils, rulers, composition books, pockets folders and paper.



Help for Children's Home

After hearing of the difficulties experienced by a local not-for-profit children's home, GBPC employee Marco Carey, decided to help. Carey raised \$1200 for the Grand Bahama Children's Home (GBCH), a refuge for children in need under the age of 12. This money helped the facility purchase supplies and food for its young residents.

Carey's efforts inspired his colleagues at the West Sunrise Plant to also help. With materials purchased by the plant, a group of employees spent an afternoon repairing broken swing sets at the home.



GBPC Employees Mac Lightbourn, Raquel Smith, Mia Wilchcombe and Lesley Cover with staff from the GBPC Children's Home.



Emera Caribbean Little League Baseball Park

In 2014, GBPC celebrated its very first marquee sponsorship on the Island of Grand Bahama. Through Emera Caribbean, we provided funding to upgrade a local baseball park. The Emera Caribbean Little League Baseball Park features bleachers, scoreboards, fencing and a re-seeded playing surface. Over 400 local children will enjoy this new world class facility.

CEO Sarah MacDonald throwing the inaugural pitch.

Run for Cancer Research

In addition to sponsoring the Marathon Bahamas this year, GBPC employees also laced-up and took part in some of the races. The annual event is part of the Sunshine Insurance Race Weekend, which raises money for cancer research. This year, GBPC entered both a men's and women's relay team. The GB Power Girls placed an outstanding 3rd place, while the men's team, the GBPC Legends, finished twelfth. The event raised funds for breast cancer research and women's health programs across The Bahamas.



Brian Cooper, Nikita Mullings, Cottrell Martin, Learline Burrows, Sarah MacDonald, Keith Gibson, Tony Lopez, Kirk Edwards and Kevin Seymour



Erika Gates, Nikita Mullings, Krishaunda Cartwright, Mac Lightbourn

Employees help in Bird Rescue

A group of GBPC employees rescued a nest of Grey King birds that was discovered during the routine maintenance of a substation. The employees notified authorities and called in a local bird conservationist to help relocate the nest safely. The nest was placed in a new location at a safe distance from power lines. The employees have returned to check on the birds and have reported they are doing well!

**ICD UTILITIES LIMITED
BOARD OF DIRECTORS**



Brenford Christie
Consultant,
McKinney, Bancroft
& Hughes,
Freeport, Grand Bahama



Christopher Huskilson
President and CEO,
Emera Inc.,
Wellington, Nova Scotia



Sarah MacDonald
President and CEO,
Grand Bahama
Power Company, and
President,
ICD Utilities Limited,
Freeport, Grand Bahama



Sir Albert Miller
President and CEO,
Modalena Company Ltd.,
Freeport, Grand Bahama

**GRAND BAHAMA POWER COMPANY
LEADERSHIP TEAM**



Whitney Heastie
Vice President,
Generation and
Engineering



Anthony Lopez
Vice President,
Administrative
Services and CFO



Sarah MacDonald
President and CEO



Paul Miller
Managing Director



Evis Missick
Vice President,
Human Resources

SHAREHOLDER INFORMATION

Corporate Secretary

Stephen D. Aftanas

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Bahamas

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Bahamas

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Bahamas

Auditors

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Nassau, Bahamas

