

ICD Utilities Limited

**Unaudited Condensed Interim
Financial Statements**

March 31, 2015 and 2014

ICD Utilities Limited
Condensed Statements of Comprehensive Income (Unaudited)
For the three months ended March 31

thousands of Bahamian dollars (except per share amounts)	2015	2014
Share of income of Grand Bahama Power Company Limited	\$ 1,465	\$ 982
Cost of operations		
Operating and general	12	23
Registrar fees	11	10
Stock exchange listing fees	6	6
Foreign exchange gains (losses)	(51)	(23)
Directors fees and annual report costs	-	13
Total cost of operations	(22)	29
Net income	\$ 1,487	\$ 953
Other comprehensive income (loss)		
Other comprehensive income (loss) of Grand Bahama Power Company Limited (note 3)	449	(33)
Comprehensive income (loss)	\$ 1,936	\$ 920
Weighted average shares of common stock outstanding – basic	10,000	10,000
Earnings per share – basic	\$ 0.15	\$ 0.10

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

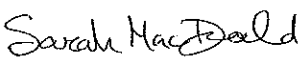
ICD Utilities Limited
Condensed Statements of Financial Position (Unaudited)

As at thousands of Bahamian dollars	March 31 2015	December 31 2014
Assets		
Current asset		
Cash and cash in trust	\$ 1,507	\$ 1,517
Prepaid expenses	2	1
Total current assets	1,509	1,518
Other assets		
Investment in Grand Bahama Power Company Limited (note 3)	41,522	39,608
Total assets	\$ 43,031	\$ 41,126
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 14	\$ 6
Due to related party (note 4)	531	570
Dividends payable	1,457	1,457
Total current liabilities	2,002	2,033
Equity		
Common stock	1,000	1,000
Additional paid-in capital	40,250	40,250
Retained earnings	10,773	9,286
Accumulated other comprehensive income (loss)	(10,994)	(11,443)
Total equity	41,029	39,093
Total liabilities and equity	\$ 43,031	\$ 41,126

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

Approved on behalf of the Board of Directors


Christopher Huskilson
 Director


Sarah MacDonald
 Director

ICD Utilities Limited
Condensed Statements of Cash Flows (Unaudited)

For the thousands of Bahamian dollars	Three months ended March 31	
	2015	2014
Operating activities		
Net income	\$ 1,487	\$ 953
Adjustments for non-cash items:		
Income from equity investments	(1,465)	(982)
Changes in non-cash working capital		
Prepaid expenses	(1)	-
Accounts payable and accrued liabilities	8	1
Due to related party	(39)	(9)
Net cash provided by (used in) operating activities	(10)	(37)
Financing activities		
Dividends paid	-	(471)
Net cash provided by (used in) financing activities	-	(471)
Net increase (decrease) in cash and cash in trust	(10)	(508)
Cash and cash in trust, beginning of period	1,517	1,287
Cash and cash in trust, end of period	\$ 1,507	\$ 779

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 Income (Loss)	Total Equity
For the three months ended March 31, 2015					
Balance, December 31, 2014	\$ 1,000	\$ 40,250	\$ 9,286	\$ (11,443)	\$ 39,093
Net income	-	-	1,487	-	1,487
Other comprehensive income (loss) of Grand Bahama Power Company Limited	-	-	-	449	449
Balance, March 31, 2015	\$ 1,000	\$ 40,250	\$ 10,773	\$ (10,994)	\$ 41,029
For the three months ended March 31, 2014					
Balance, December 31, 2013	\$ 1,000	\$ 40,250	\$ 4,985	\$ (476)	\$ 45,759
Net income	-	-	953	-	953
Other comprehensive income (loss) of Grand Bahama Power Company Limited	-	-	-	(33)	(33)
Balance, March 31, 2014	\$ 1,000	\$ 40,250	\$ 5,938	\$ (509)	\$ 46,679

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 March 31, 2015

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 unaudited condensed interim financial statements of ICDU for the three months ended March 31, 2015 were authorized for issue in accordance with a resolution of the directors on May 12, 2015.

2. BASIS OF PREPERATION

These interim condensed financial statements for the three months ended March 31, 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 AN 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 thousands of Bahamian dollars	March 31 2015	December 31 2014
Opening balance	\$ 39,608	\$ 46,223
Equity income	1,465	5,602
Other comprehensive income (loss)	449	(10,967)
Dividends on common shares	-	(1,250)
Closing balance	\$ 41,522	\$ 39,608

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		March 2015		December 31 2014
Current assets	\$	38,148	\$	38,838
Other assets		194,611		196,091
Goodwill		51,763		51,763
Total assets	\$	284,522	\$	286,692
Current liabilities	\$	39,316	\$	43,796
Long-term liabilities		128,297		129,815
Total liabilities	\$	167,613	\$	173,611
Preferred stock	\$	33,865	\$	33,865
Net assets attributable to common shareholders	\$	83,044	\$	79,216
ICDU's investment	\$	41,522	\$	39,608

Statement of Comprehensive Income

For the three months ended thousands of Bahamian dollars		2015		March 31 2014
Operating revenues	\$	25,941	\$	25,900
Operating expenses		20,683		21,344
Income from operations		5,258		4,556
Other expenses, net		1,048		1,312
Net income		4,210		3,244
Preferred dividends		1,280		1,280
Net income attributable to common shareholders		2,930		1,964
ICDU's share of net income attributable to common shareholders	\$	1,465	\$	982
Other comprehensive income (loss)	\$	898	\$	(66)
ICDU's share of other comprehensive income (loss)	\$	449	\$	(33)

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 March 31, 2015 Emera paid operating expenses on behalf of the Company in the amount of \$11 thousand (2014 – \$14 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 ICDO 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		March 2015	December 31 2014
Due to Emera Inc.	\$	531	\$ 570

ICD Utilities Limited
Supplemental Information
As at March 31, 2015

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 March 31, 2015			
Regulatory assets	\$ -	\$ 53,781	\$ 53,781
As at December 31, 2014			
Regulatory assets	\$ -	\$ 55,088	\$ 55,088

For the three months ended March 31, the effect on the Statements of Comprehensive Income is as follows:

thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
2015			
Net income per GBPC	\$ 2,930	\$ (258)	\$ 2,672
Net income per ICDU	\$ 1,465	\$ (129)	\$ 1,336
Other comprehensive income (loss) per GBPC	\$ 898	\$ 84	\$ 982
Other comprehensive income (loss) per ICDU	\$ 449	\$ 42	\$ 491
2014			
Net income per GBPC	\$ 1,964	\$ (145)	\$ 1,819
Net income per ICDU	\$ 982	\$ (72)	\$ 910
Other comprehensive income (loss) per GBPC	\$ (66)	\$ 1,089	\$ 1,023
Other comprehensive income (loss) per ICDU	\$ (33)	\$ 545	\$ 512