

ICD Utilities Limited

**Unaudited Condensed Interim Financial
Statements**

September 30, 2015 and 2014

ICD Utilities Limited
Condensed Statements of Comprehensive Income (Unaudited)

For the thousands of Bahamian dollars (except per share amounts)	2015	Three months ended September 30 2014	2015	Nine months ended September 30 2014
Share of income of Grand Bahama Power Company Limited	\$3,216	\$2,142	\$6,904	\$5,416
Cost of operations				
Operating and general	2	6	27	42
Registrar fees	11	10	32	30
Stock exchange listing fees	9	-	9	6
Foreign exchange (gains) losses	(41)	(23)	(83)	(33)
Directors fees and annual report costs	39	18	63	45
Total cost of operations	20	11	48	90
Net income	\$3,196	\$2,131	\$6,856	\$5,326
Other comprehensive income (loss)				
Other comprehensive income (loss) of Grand Bahama Power Company Limited (Note 3)	(4,239)	(1,360)	(960)	(1,284)
Comprehensive income	\$(1,043)	\$771	\$5,896	\$4,042
Weighted average shares of common stock				
Outstanding – basic	10,000	10,000	10,000	10,000
Earnings per share – basic	\$0.320	\$0.213	\$0.686	\$0.533

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

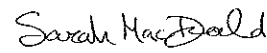
ICD Utilities Limited
Condensed Statements of Financial Position (Unaudited)

As at thousands of Bahamian dollars	September 30 2015	December 31 2014
Assets		
Current asset		
Cash and cash in trust	\$ 1,117	\$ 1,517
Prepaid expenses	1	1
Total current assets	1,118	1,518
Other assets		
Investment in Grand Bahama Power Company Limited (Note 3)	44,202	39,608
Total assets	\$ 45,320	\$ 41,126
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 53	\$ 6
Due to related party (Note 4)	553	570
Dividends payable (Note 5)	425	1,457
Total current liabilities	1,031	2,033
Equity		
Common stock	1,000	1,000
Additional paid-in capital	40,250	40,250
Retained earnings	15,442	9,286
Accumulated other comprehensive income (loss)	(12,403)	(11,443)
Total equity	44,289	39,093
Total liabilities and equity	\$ 45,320	\$ 41,126

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

Approved on behalf of the Board of Directors


Christopher Huskison
 Director


Sarah MacDonald
 Director

ICD Utilities Limited
Condensed Statements of Cash Flows (Unaudited)

For the thousands of Bahamian dollars	Nine months ended September 30	
	2015	2014
Operating activities		
Net income	\$ 6,856	\$ 5,326
Adjustments for non-cash items:		
Income from equity investments	(6,904)	(5,416)
Changes in non-cash working capital		
Accounts payable and accrued liabilities	47	(1)
Due to related party	(17)	34
Net cash provided by (used in) operating activities	(18)	(57)
Investing activities		
Dividends received	1,350	-
Net cash provided by investing activities	1,350	-
Financing activities		
Dividends paid	(1,732)	(471)
Net cash used in financing activities	(1,732)	(471)
Net decrease in cash and cash equivalents	(400)	(528)
Cash and cash in trust, beginning of period	1,517	1,287
Cash and cash in trust, end of period	\$ 1,117	\$ 759

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 nine months ended September 30, 2015					
Balance, December 31, 2014	\$ 1,000	\$ 40,250	\$ 9,286	\$ (11,443)	\$ 39,093
Net income	-	-	6,856	-	6,856
Dividends declared on common shares (\$0.07/share)	-	-	(700)	-	(700)
Share of other comprehensive income (loss) of investment accounted for under the equity method	-	-	-	(960)	(960)
Balance, September 30, 2015	\$ 1,000	\$ 40,250	\$ 15,442	\$ (12,403)	\$ 44,289
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 income (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)	\$ 49,081

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, 2015 and 2014

1. CORPORATE INFORMATION

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

The condensed interim financial statements of ICDU for the nine months ended September 30, 2015 were authorized for issue in accordance with a resolution of the directors on November 10, 2015.

2. BASIS OF PREPERATION

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

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

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

3. INVESTMENT IN ASSOCIATE

This investment represents a 50 per cent 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	2015	2014
Opening balance	\$ 39,608	\$ 46,223
Equity income	6,904	5,602
Other comprehensive income (loss)	(960)	(10,967)
Dividends on common shares	(1,350)	(1,250)
Closing balance	\$ 44,202	\$ 39,608

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

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

Statement of financial position

As at thousands of Bahamian dollars	September 30 2015	December 31 2014
Current assets	\$ 38,524	\$ 38,838
Other assets	193,191	196,091
Goodwill	51,763	51,763
Total assets	\$ 283,478	\$ 286,692
Current liabilities	\$ 36,724	\$ 43,796
Long-term liabilities	124,486	129,815
Total liabilities	\$ 161,210	\$ 173,611
Preferred stock	\$ 33,865	\$ 33,865
Net assets attributable to common shareholders	\$ 88,403	\$ 79,216
ICDU's investment	\$ 44,202	\$ 39,608

Statement of Comprehensive Income

For the nine months ended thousands of Bahamian dollars	September 30 2015	September 30 2014
Operating revenues	\$ 82,675	\$ 87,466
Operating expenses	(62,014)	(69,187)
Income from operations	20,661	18,279
Other expenses, net	(4,309)	(4,910)
Net income	16,352	13,369
Preferred dividends	(2,544)	(2,538)
Net income attributable to common shareholders	\$ 13,808	\$ 10,831
ICDU's share of net income attributable to common shareholders	\$ 6,904	\$ 5,416
Other comprehensive income (loss)	\$ (1,920)	\$ (2,568)
ICDU's share of other comprehensive income (loss)	\$ (960)	\$ (1,284)

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 September 30, 2015, Emera paid operating expenses on behalf of the Company in the amount of \$13 thousand (2014 - \$28 thousand) and \$61 thousand for the nine months ended (2014 - \$77 thousand). This amount is measured at the exchange amount, being the amount agreed upon by the two parties. There is no written agreement between the Company and Emera for the allocation of the above expenses; however, the ICDU Board of Directors has approved the above allocation.

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

As at	September 30	December 31
thousands of Bahamian dollars	2015	2014
Due to Emera Inc.	\$ 553	\$ 570

5. DIVIDENDS

On September 9, 2015, the Board of Directors of ICDU approved payment of \$0.07 per common share, payable on or after September 21, 2015 to common shareholders. During the nine months ended September 30, 2015, the Company paid \$275 thousand (2014 - \$471 thousand) of the balance to its shareholders and \$425 thousand (2014 - \$729 thousand) remains payable.

ICD Utilities Limited
Supplemental Information
As at September, 2015 and 2014 (Unaudited)

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

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

IFRS differences

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

thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
As at September 30, 2015			
Regulatory assets	\$ -	\$ 55,014	\$ 55,014
As at December 31, 2014			
Regulatory assets	\$ -	\$ 55,088	\$ 55,088

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

thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
2015			
Net income per GBPC	\$ 13,808	\$ (1,601)	\$ 12,207
Net income per ICDU (Note 3)	\$ 6,904	\$ (800)	\$ 6,104
Other comprehensive income (loss) per GBPC	\$ (1,920)	\$ (2,902)	\$ 982
Other comprehensive income (loss) per ICDU	\$ (960)	\$ (1,451)	\$ 491
2014			
Net income per GBPC	\$ 10,831	\$ (894)	\$ 9,937
Net income per ICDU	\$ 5,416	\$ (447)	\$ 4,969
Other comprehensive income (loss) per GBPC	\$ (2,586)	\$ (3,476)	\$ 908
Other comprehensive income (loss) per ICDU	\$ (1,284)	\$ (1,738)	\$ 454

