



2015
Annual
Report

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 MESSAGE

In 2011, Grand Bahama Power Company (GBPC) committed to a five-year, three-point turnaround plan of improvements important to our customers and the future of Grand Bahama; to improve reliability, stabilize rates and seek renewable energy options. Over the past twelve months, the dedicated team at GBPC has continued to work hard to improve the reliability of electricity, has brought rate stability to customers, and made progress on alternative fuel source exploration for the island of Grand Bahama.



Reliability

We are keenly aware that customers count on us for energy to power every moment of every day. We have proactively worked to reduce island-wide blackouts and minimize the frequency and duration of outages. In 2015, GBPC developed an Asset Management Program which allows the utility to be proactive with the maintenance and monitoring of equipment found in its substations, transmission and distribution lines, and generating assets.

Management of trees and branches around electrical equipment is important to ensure the delivery of reliable service. In 2014, we conducted an island-wide audit to assess and identify poles that were at risk of damage in the event of high winds or inclement weather and, in 2015, we began work on the vegetation management program. Our goal for the first year was to address all of the high risk poles and we successfully completed that objective. The work, which is critical to reliability of service, will continue over the next two years.

Rate stability

We know our customers want to be able to better manage their energy costs – now and in the future. By making long term investments in renewable energy, taking steps to manage fuel price volatility and realizing operational efficiencies, we are stabilizing rates in the short term and laying the foundation for long term electricity affordability.

In 2015, the GBPC team put forth a three-year rate plan to our regulator, the Grand Bahama Port Authority. Our plan was approved early in 2016, resulting in lower all-in energy rates for all customers, from residential to large industrials, and the potential to attract new investment to Grand Bahama as well as encourage the expansion of existing industrial and commercial businesses.

Also contributing to lowered rates for customers are operating efficiencies that have led to a reduction of the fuel charge. In electric utilities, heat rate represents a measurement of how much fuel is used to produce power. At GBPC, our heat rate has declined steadily over the past five years, resulting in more efficient generation of power and cost savings to customers. Further efficiencies were gained through a reduction in sludge, which is a by-product of heavy fuel usage. Less sludge production is an indication of more efficient fuel use, which means lower fuel costs. From 2011 to 2015, sludge production declined by over 75%.

A cleaner energy future

Our customers count on us for solutions to power a sustainable tomorrow, and GBPC is committed to meeting the future energy needs of customers. We are deferring future oil based generation investment, and instead investing in innovations such as solar, storage and biofuel.

We are working on multiple projects to gain efficiencies, most notably the introduction of locally produced biofuel to displace fossil fuels in our diesel generation equipment and in ten of our diesel fleet vehicles. We began with a ratio of 10% biofuel to 90% diesel in order to safely monitor the vehicles' performance, and expect to be at a ratio of 20/80 by June 2016. Also notable is GBPC's conversion of all incandescent street lighting across the Island to more efficient LED lighting, a project that will span the next two years. We are indeed progressing toward a cleaner energy future for Grand Bahama.

I'd like to extend a heartfelt thank you to ICD Utilities Board members for their continued support and guidance, and to the more than 150 dedicated employees at Grand Bahama Power who safely deliver on our customers' expectations every day.

I look forward to reporting continued progress.

Sarah MacDonald

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

COMMUNITY REPORT

At Grand Bahama Power Company (GBPC), as at all Emera companies, we believe in supporting the communities where we live and work. Giving back to the people who help us achieve success – our customers, employees, community partners and shareholders – is important to our business. The Community Report highlights some of GBPC's corporate and employee giving in 2015.

Annual GBPC Sports Festival

The health and wellness of our people and our communities is critical to a safe, prosperous island – today and in the future. GBPC was pleased to be the title sponsor of the third Annual Grand Bahama Power Company Sports Festival which, in 2015, brought together a range of athletes from Florida, Nassau and Grand Bahama.

The Sports Festival, which takes place in July and August at the Emera Baseball Park and several other Grand Bahama facilities, is a family 'sportcation' – a sporting event that encompasses athletic competition, tourism and culture. The Festival has a positive economic impact on Grand Bahama, supports an improved quality of life by bringing an international sports competition to the Island, and contributes to Grand Bahama's communities through free clinics, celebrity appearances and equipment donations.



Grand Bahama Special Olympics

In 2015, GBPC was honoured to provide financial assistance to the Special Olympics team in Grand Bahama to help facilitate training programs for their athletes.



The Grand Bahama Special Olympic team works with over 70 athletes ranging in age from 9 to 25 to provide year round sports training and athletic competition in a variety of sports for individuals with intellectual disabilities. Special Olympics has suffered a decline in donations and has been challenged with fund-raising efforts, so support from organizations like ours makes a tremendous difference in the lives of the athletes and their families.



Back-to-school

For the second year, GBPC employees hosted a back-to-school giveaway and fun day in September at its headquarters. Backpacks with school supplies were distributed to about 300 students who enjoyed a day of fun, games and food. Employees were also proud to work with community partners to sponsor back-to-school packages for the Island's West End children. Eight hundred backpacks were assembled and distributed to children of all ages, and included USB drives for high school students.



Hurricane Joaquin Relief

In October 2015, Hurricane Joaquin hammered the southern Bahamas with winds, storm surge flooding and torrential rain, leaving most of the area without power. Over several weeks, two crews of GBPC line workers travelled to the affected areas and worked long days to restore storm-ravaged infrastructure and safely bring service back to Bahamas Electricity Company's customers.

Providing support to our neighbours following a natural disaster is one of the hallmarks of how we work at GBPC and all Emera companies. Residents were appreciative of GBPC's efforts, extending warm hospitality despite the difficult circumstances to extend their gratitude.



MANAGEMENT'S DISCUSSION AND ANALYSIS

As at April 6, 2016

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 2015 relative to 2014; and the full year of 2015 relative to 2014 and 2013; and its financial position as at December 31, 2015 relative to December 31, 2014. 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, 2015. 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 percent interest in Grand Bahama Power Company Limited ("GBPC"). Effective January 1, 2011, GBPC follows the United States Generally Accepted Accounting Principles.

Forward-Looking Information

This MD&A contains "forward-looking information" and statements which reflect the current view with respect to the Company's expectations regarding future growth, results of operations, performance, business prospects and opportunities and may not be appropriate for other purposes within the meaning of applicable securities laws. All such information and statements are made pursuant to safe harbor provisions contained in applicable securities legislation. The words "anticipates", "believes", "could", "estimates", "expects", "intends", "may", "plans", "projects", "schedule", "should", "will", "would", "budget", "forecast", "might", "targets" 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 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; changes in economic conditions; commodity price and availability risk; capital market and liquidity risk; future dividend growth; challenges in the global economy; changes in customer energy usage patterns; developments in technology that could reduce demand for electricity; weather; commodity price risk; construction and development risk; unanticipated maintenance and other expenditures; derivative financial instruments and hedging availability; interest rate risk; credit risk; commercial relationship risk; disruption of fuel supply; environmental risks; foreign exchange; regulatory and government decisions, including changes to environmental, financial reporting and tax legislation; loss of service area; risk of failure of information technology infrastructure and cyber security risks; 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 Financial Review of 2015. It then presents information on ICDU's significant investment, GBPC, Liquidity and Capital Resources, including Cash Flow Highlights, Transactions with Related Parties, Outlook, Enterprise Risk and Risk Management, Critical Accounting Estimates, Significant Accounting Policies, Future Accounting Pronouncements 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 percent interest in GBPC.

In September 2008, Emera Incorporated (“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.

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 approximately 169 people. As at December 31, 2015, the Company serviced approximately 19,000 customers, of whom approximately 80 percent were residential customers.

GBPC is a rate regulated utility 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 2014 and 2015 was 10.0 percent and is 8.8 percent for 2016 through 2018. GBPC has a fuel pass through mechanism which recovers the cost of fuel.

In 2013, GBPC and the GBPA finalized an Operating Protocol and Regulatory Framework Agreement.

The regulatory rate structure 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 return on rate base to be deferred to a regulatory asset or liability at the rate of 50 percent of amounts below a return on rate base, and 50 percent of amounts above return on rate base respectively at the rate of 50 percent of amounts below one percent below return on rate base, and 50 percent of amounts above one percent above return on rate base respectively.

Effective February 1, 2016, the GBPA approved GBPC’s General Rate Application applicable for the 2016 through 2018 period. Residential customers will see decreases in their base rate of up to 4.5 percent, while the base rate for commercial customers will increase by 1.5 percent. Commercial customers consume approximately 70 percent of GBPC’s production. Rates were approved based upon an 8.8 percent return on rate base, reduced from the previous level of 10 percent. This rate decision allows for customers to install renewable energy systems and sell their excess energy to GBPC based on a tariff rider scheduled to be in place by Q3 2016.

Review of 2015

ICDU Financial Highlights

For the thousands of Bahamian dollars (except per share amounts)	Three months ended December 31		Year ended December 31		
	2015	2014	2015	2014	2013
Equity income	\$ 371	\$ 186	\$ 7,275	\$ 5,602	\$ 5,864
Operating expenses					
Operating and general	42	17	69	59	7
Directors' fees and annual report costs	5	7	68	52	49
Regulatory listing fees	11	10	51	46	45
Foreign exchange gains	(5)	(23)	(87)	(56)	(26)
Net income	\$ 318	\$ 175	\$ 7,174	\$ 5,501	\$ 5,789
Earnings per common share – basic	\$ 0.03	\$ 0.02	\$ 0.72	\$ 0.55	\$ 0.58
Dividends per common share declared	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
As at				December 31	
thousands of Bahamian dollars			2015	2014	2013
Total assets			\$ 43,543	\$ 41,126	\$ 47,510

For the three months ended December 31, 2015, ICDU's net income increased \$143 thousand to \$318 thousand compared to \$175 thousand in 2014 and for the year ended December 31, 2015, ICDU's net income increased \$1,673 thousand to \$7,174 thousand compared to \$5,501 thousand in 2014 primarily due to the effect of a stronger USD and increased equity income from GBPC due to increased electricity sales and lower operating costs.

Developments

On September 30, 2015, ICDU declared a dividend of \$0.07 per common share.

On November 16, 2015, ICDU declared a dividend of \$0.05 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

	2015	2014
Balance sheet data		
Current assets	\$ 36,701	\$ 38,838
Other assets	193,649	196,091
Goodwill	51,763	51,763
Total assets	\$ 282,113	\$ 286,692
Current liabilities	\$ 39,657	\$ 43,796
Long-term liabilities	122,775	129,815
Total liabilities	162,432	173,611
Preferred stock	\$ 33,865	\$ 33,865
Net assets	\$ 85,816	\$ 79,216
ICDU's investment	\$ 42,908	\$ 39,608

ICDU's investment increased \$3,300 thousand to \$42,908 thousand at December 31, 2015 compared to \$39,608 thousand at December 31, 2014 primarily due to the increase in equity income from GBPC as a result of increased sales primarily due to weather and lower operating costs.

Income statement data

Operating revenues	\$ 108,791	\$ 116,979
Operating expenses	(84,193)	(96,991)
Income from operations	24,598	19,988
Other (expenses), net	(7,505)	(6,246)
Net income	17,093	13,742
Preferred dividends	(2,544)	(2,538)
Net income attributable to common shareholders	\$ 14,549	\$ 11,204
ICDU's share of net income attributable to common shareholders	7,275	5,602
Other comprehensive loss	(2,125)	(10,967)

Statement of Cash Flow data

Operating cash flow before changes in working capital	\$ 25,164	\$ 21,802
Change in working capital	(4,785)	770
Operating cash flow	20,379	22,572
Investing cash flow	(8,087)	(7,320)
Financing cash flow	(12,953)	(16,424)
Net decrease in cash	(661)	(1,172)
Cash, beginning of year	2,937	4,109
Cash, end of year	2,276	2,937

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, the loss of one or more of GBPC's large customers, and GBPC regulatory decisions affecting customer rates, including the recovery of regulatory assets and changes in environmental legislation. GBPC maintains solid credit metrics and is generally in a financial position to contribute cash dividends to ICDU provided they do not breach their 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, 2015 and 2014 include:

Year ended December 31	2015	2015	\$ Change
	2015 versus 2014		
Cash and cash in trust, beginning of period	\$ 1,517	\$ 1,287	\$ 230
Used in:			
Operating cash flow before changes in working capital	\$ (101)	\$ (101)	\$ —
Changes in working capital	(278)	24	(302)
Operating activities	(379)	(77)	(302)
Provided by:			
Investing activities	1,850	1,250	600
Used in:			
Financing activities	(2,353)	(943)	(1,410)
Cash and cash in trust, end of period	\$ 635	\$ 1,517	\$ (882)

Operating Cash Flows

Net cash used in operating activities increased \$302 thousand to \$(379) thousand for the year ended December 31, 2015 compared to \$(77) thousand for the year ended December 31, 2014. The increase was primarily due to payment of intercompany payables.

Investing Cash Flows

Net cash provided by investing activities increased \$600 thousand to \$1,850 thousand for the year ended December 31, 2015 compared to \$1,250 thousand for the year ended December 31, 2014. The increase was primarily due to timing of dividends received from ICDU's equity investment in GBPC.

Financing Cash Flows

Net cash used in financing activities increased \$1,410 thousand to \$(2,353) thousand for the year ended December 31, 2015 compared to \$(943) thousand for the year ended December 31, 2014. The increase was due to the payment of 2014 and 2015 dividends to minority shareholders during the current year.

Working Capital

As at December 31, 2015, ICDU's cash balance was \$635 thousand (2014 - \$1,517 thousand) and investment in working capital was \$338 thousand (2014 - \$942 thousand). The change in working capital is primarily due to timing of payment of a related party balance and payments of dividends for current and portion of prior years.

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, 2015 were approximately \$8,000 thousand (2014 - \$7,300 thousand).

For 2016, forecasted gross capital expenditures for GBPC are as follows:

thousands of Bahamian dollars	Total
Generation	\$ 1,952
Transmission	1,065
Distribution	6,615
Facilities, equipment, vehicles and other	3,895
	\$ 13,527

Share Capital

As at December 31, 2015, ICDU had 10,000 thousand (2014 - 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 \$81 thousand (2014 - \$90 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; however, the ICDU Board of Directors has approved the payment of these costs.

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

thousands of Bahamian dollars	2015	2014
Due to Emera Inc.	\$ 292	\$ 570

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, load, and the timing and amount of capital expenditures.

The economy of Grand Bahama is highly correlated to the United States' economy and has exhibited signs of improving economic growth, and a corresponding growth in load in the industrial sector and weather related growth in the residential sector.

Effective February 1, 2016, the GBPA approved GBPC's General Rate Application applicable for the 2016 through 2018 period. Residential customers will see decreases in their base rate of up to 4.5 percent, while the base rate for commercial customers will increase by 1.5 percent. Commercial customers consume approximately 70 percent of GBPC's production. Rates were approved based upon an 8.8 percent return on rate base, reduced from the previous level of 10 percent. This rate decision allows for customers to install renewable energy systems and sell their excess energy to GBPC. This is based on a tariff rider scheduled to be in place by Q3 2016.

GBPC's earnings are expected to be consistent with prior years.

Enterprise Risk and Risk Management

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 economic dependence, regulatory, weather, capital management, liquidity, interest rate, credit, commercial relationships, commodity price, labour, information technology, operational and cybersecurity 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 is 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.

GBPC 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. A fuel pass-through mechanism provides the opportunity to recover all fuel costs in a timely manner.

Weather Risk

Shifts in weather patterns affect electric sales volumes and associated revenues and costs. Extreme weather events generally result in increased operating cost associated with restoring power to customers as a result of unplanned outages. GBPC responds to significant weather event-related outages according to its emergency services restoration plan.

Capital Management

GBPC'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 safe and reliable service to its customers and provide returns for its shareholders and benefits for other stakeholders.

Liquidity Risk

Liquidity risk is the risk that GBPC will encounter difficulty in meeting obligations from its financial liabilities. 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, and short-term credit facilities. GBPC reasonably expects liquidity sources to exceed ordinary course capital needs.

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 GBPC's financial assets, if the interest rate had been 1.00 percent higher or lower during the year, its net income would have decreased or increased by approximately \$656 thousand, respectively (2014 - \$1,038 thousand).

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. GBPC structures the level of credit risk by establishing credit limits, deposits for customers, and monitoring non- or slow-paying customers.

Commercial Relationships Risk

GBPC is exposed to commercial relationships risk in respect of its reliance on certain key partners, suppliers and customers. GBPC manages its commercial relationships risk by monitoring credit risk, as discussed above in Credit Risk, and monitoring any significant developments with its customers, partners and suppliers.

Commodity Price Risk

GBPC'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, GBPC is exposed to foreign currency risk from fuel purchases which are primarily denominated in foreign currencies. It seeks to manage this risk through the use of financial hedging instruments and physical contracts and through contractual protection with counterparties, where applicable. Further to this, a fuel pass-through mechanism provides the opportunity to recover all fuel costs in a timely manner.

Labour Risk

Certain GBPC employees are subject to collective labour agreements. Approximately 82 percent of the full-time and term employees at GBPC are represented by local unions, and it seeks to manage this risk through ongoing discussions with local unions. GBPC maintains contingency plans to manage and reduce the effect of any potential labour disruption.

Information Technology Risk

GBPC relies on various information technology systems to manage operations. This subjects it to inherent costs and risks associated with maintaining, upgrading, replacing and changing these systems. This includes impairment of its information technology, potential disruption of internal control systems, capital expenditures, demands on management time and other risks of delays, difficulties in upgrading existing systems, transitioning to new systems or integrating new systems into its current systems.

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. GBPC cannot expect to eliminate all operational risks but, through a control framework and by monitoring and responding to potential risk, it is able to manage the risks. The identification and control of these risks is the responsibility of executives of GBPC. Controls over these risks include effective segregation of duties, access, authorization and reconciliation procedures, staff education, and assessment processes. GBPC'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.

Cybersecurity Risk

GBPC relies on information technology to manage its business which exposes it to potential risks related to cybersecurity attacks and unauthorized access its customers', suppliers', counterparties' and employees' sensitive or confidential information (which may include personally identifiable information and credit information) through hacking, viruses and otherwise (collectively "cybersecurity threats"). GBPC uses information technology systems and network infrastructure, which include controls for interconnected systems of generation, distribution and transmission, some of which is shared with third parties for operating purposes. Through the normal course of business, GBPC also collects, processes, and retains sensitive and confidential customer, supplier, counterparty and employee information.

Despite security measures in place, GBPC's systems, assets and information could be vulnerable to cybersecurity attacks and other data security breaches that could cause system failures, disrupt operations, adversely affect safety, result in loss of service to customers and release of sensitive or confidential information. Should such cybersecurity threats materialize, GBPC could suffer costs, losses and damages, all or some of which may not be recoverable through regulatory processes or otherwise.

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 percent interest (2014 – 50 percent) 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 Comprehensive Income. No impairment loss was recognized in 2015 and 2014.

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, 2016, 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. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

The adoption of these standards will not change the Company's conclusion that it exercises significant influence over the investee rather than control or joint control. Due to the Company's limited financial instruments, the adoption of this standard will not have an impact on the Company's financial statements.

SUMMARY OF QUARTERLY RESULTS

For the quarter ended
thousands of Bahamian dollars
(except per share amounts)

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Equity income	\$ 371	\$ 3,216	\$ 2,223	\$ 1,465	\$ 186	\$ 2,142	\$ 2,292	\$ 982
Total net income	318	3,196	2,167	1,493	175	2,131	2,242	953
Earnings (loss) per common share - basic	0.03	0.32	0.22	0.15	0.02	0.21	0.22	0.10

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 except per share amounts)	2015	2014	2013
Statements of Net Income			
Equity income	\$ 7,275	\$ 5,602	\$ 5,864
Operating expenses			
Operating and general	69	59	7
Directors' fees and annual report costs	68	52	49
Regulatory listing fees	51	46	45
Foreign exchange (gains)	(87)	(56)	(26)
Net income	7,174	5,501	5,789
Balance Sheets Information			
Current assets			
Cash and cash in trust	635	1,517	1,287
Prepaid expenses	—	1	—
Long-term investment	42,908	39,608	46,223
Total assets	43,543	41,126	47,510
Current liabilities			
Accounts payable and accrued liabilities	5	6	7
Due to related party	292	570	544
Dividends payable	304	1,457	1,200
Equity			
Common stock	1,000	1,000	1,000
Additional paid-in capital	40,250	40,250	40,250
Accumulated other comprehensive loss	(13,568)	(11,443)	(476)
Retained earnings	15,260	9,286	4,985
Total equity	42,942	39,093	45,759
Total liabilities and equity	43,543	41,126	47,510
Statements of Cash Flow Information			
Cash used in operating activities	(379)	(77)	—
Financial ratios (\$ per share)			
Earnings per share	\$ 0.72	\$ 0.55	\$ 0.58

OPERATING STATISTICS

Year ended December 31	2015	2014	2013
Electric energy sales (GWH)			
Residential	103	97	97
Commercial	115	113	110
Industrial	104	102	93
Other	12	14	13
Total electric energy sales	334	326	313
Sources of energy (GWH)			
Oil	334	362	314
Total generation and purchases	334	362	314
Electric customers			
Residential	15,600	15,315	15,378
Commercial	2,480	2,459	2,549
Industrial	12	12	11
Other	1,012	983	1,048
Total electric customers	19,104	18,769	18,986
Capacity			
Generating nameplate capacity (MW)			
Diesel	98	98	98
Total number of employees	169	153	156
km of transmission lines	138	138	138
km of distribution lines	860	860	860

INDEPENDENT AUDITORS' REPORT

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, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

April 18, 2016

Ernest & Young LLP

STATEMENTS OF COMPREHENSIVE INCOME

ICD Utilities Limited

For the Year Ended December 31

thousands of Bahamian dollars (except per share amounts)

	2015	2014
Equity income (note 5)	\$ 7,275	\$ 5,602
Cost of operations		
Operating and general	69	59
Directors' fees and annual report costs	68	52
Registrar fees	43	40
Stock exchange listing fees	8	6
Foreign exchange gains	(87)	(56)
Total cost of operations	101	101
Net income	\$ 7,174	\$ 5,501
Other comprehensive income (loss) not to be reclassified to net income in subsequent periods		
Share of investment accounted for using the equity method (note 5)	(2,125)	(10,967)
Comprehensive income (loss)	\$ 5,049	\$ (5,466)
Weighted average shares of common stock outstanding – basic	10,000	10,000
Earnings per common share – basic (note 8)	\$ 0.72	\$ 0.55

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

STATEMENTS OF FINANCIAL POSITION

ICD Utilities Limited

For the Year Ended December 31
thousands of Bahamian dollars

	2015	2014
Assets		
Current assets		
Cash and cash in trust (note 4)	\$ 635	\$ 1,517
Prepaid expenses	—	1
Total current assets	635	1,518
Other assets		
Long-term investment (note 5)	42,908	39,608
Total assets	\$ 43,543	\$ 41,126
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5	\$ 6
Due to related party (note 7)	292	570
Dividends payable (note 10)	304	1,457
Total current liabilities	601	2,033
Equity		
Common stock (note 6)	1,000	1,000
Additional paid in capital	40,250	40,250
Retained earnings	15,260	9,286
Accumulated other comprehensive loss	(13,568)	(11,443)
Total equity	42,942	39,093
Total liabilities and equity	\$ 43,543	\$ 41,126

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

Approved on behalf of the Board of Directors

Christopher Huskilson
Director

Sarah MacDonald
Director

STATEMENTS OF CASH FLOWS

ICD Utilities Limited

For the Year Ended December 31
thousands of Bahamian dollars

	2015	2014
Operating activities		
Net income	\$ 7,174	\$ 5,501
Adjustment for non-cash items:		
Income from equity investments	(7,275)	(5,602)
Changes in non-cash working capital		
Prepaid expenses	1	(1)
Accounts payable and accrued liabilities	(1)	(1)
Due to related party	(278)	26
Net cash used in operating activities	(379)	(77)
Investing activities		
Dividends received	1,850	1,250
Net cash provided by investing activities	1,850	1,250
Financing activities		
Dividends paid	(2,353)	(943)
Net cash used in financing activities	(2,353)	(943)
Net (decrease) increase in cash and cash equivalents	(882)	230
Cash and cash in trust, beginning of year	1,517	1,287
Cash and cash in trust, end of year	\$ 635	\$ 1,517

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	Accumulated Comprehensive Loss	Total Equity
2015					
Balance, December 31, 2014	\$ 1,000	\$ 40,250	\$ 9,286	\$ (11,443)	\$ 39,093
Net income	—	—	7,174	—	7,174
Share of other comprehensive loss of investment accounted for under the equity method	—	—	—	(2,125)	(2,125)
Dividends declared on common shares (\$0.12/share)	—	—	(1,200)	—	(1,200)
Balance, December 31, 2015	\$ 1,000	\$ 40,250	\$ 15,260	\$ (13,568)	\$ 42,942
2014					
Balance, December 31, 2013	\$ 1,000	\$ 40,250	\$ 4,985	\$ (476)	\$ 45,759
Net income	—	—	5,501	—	5,501
Share of other comprehensive 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

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

NOTES TO THE FINANCIAL STATEMENTS

ICD Utilities Limited
As at December 31, 2015

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”).

The financial statements for the year ended December 31, 2015 were authorized for issue in accordance with a resolution of the Directors on April 18, 2016. 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.

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, 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 (2014–100 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 are 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 Other Comprehensive Income ("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 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 2015 and 2014.

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 2014) 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 Company's financial assets, but no impact on the classification and measurement of the Company'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. Due to the Company's limited financial instruments, 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	2015	2014
Cash at banks	\$ 635	\$ 789
Cash in trust	—	728
Cash and cash in trust	\$ 635	\$ 1,517

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	2015	2014
Opening balance	\$ 39,608	\$ 46,223
Equity income	7,275	5,602
Other comprehensive loss	(2,125)	(10,967)
Dividends on common shares	(1,850)	(1,250)
Closing balance	\$ 42,908	\$ 39,608

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

thousands of Bahamian dollars	2015	2014
Statement of financial position		
Current assets	\$ 36,701	\$ 38,838
Other assets	193,649	196,091
Goodwill	51,763	51,763
Total assets	\$ 282,113	\$ 286,692
Current liabilities	\$ 39,657	\$ 43,796
Long-term liabilities	122,775	129,815
Total liabilities	\$ 162,432	\$ 173,611
Preferred stock	\$ 33,865	\$ 33,865
Net assets attributable to common shareholders	\$ 85,816	\$ 79,216
ICDU's investment	\$ 42,908	\$ 39,608
Statement of comprehensive income		
Operating revenues	\$ 108,791	\$ 116,979
Operating expenses	(84,193)	(96,991)
Income from operations	24,598	19,988
Other expenses, net	(7,505)	(6,246)
Net income	17,093	13,742
Preferred dividends	(2,544)	(2,538)
Net income attributable to common shareholders	\$ 14,549	\$ 11,204
ICDU's share of net income attributable to common shareholders	7,275	5,602
Other comprehensive loss	\$ (4,250)	\$ (21,935)
ICDU's share of other comprehensive loss	\$ (2,125)	\$ (10,967)

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 \$81 thousand (2014 - \$90 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; however, the ICDU Board of Directors has approved the payment of these costs.

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

thousands of Bahamian dollars	2015	2014
Due to Emera Inc.	\$ 292	\$ 570

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	2015	2014
Net income	\$ 7,174	\$ 5,501
Weighted average number of shares	10,000	10,000
Earnings per common share	\$ 0.72	\$ 0.55

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, 2015 and 2014.

10. Dividends

During the year, the Board of Directors approved payment of dividends of \$0.12 per common share, totaling \$1,200 thousand (2014 - \$0.12 per common share, totaling \$1,200 thousand). During the twelve months ended December 31, 2015, the Company paid \$2,353 thousand (December 2014 - \$943 thousand) in dividends which included the balance related to the 2013, 2014 and 2015 dividends declared to its shareholders and \$304 thousand (December 2014 - \$1,457 thousand) remains payable.

11. Subsequent Events

On January 25, 2016, the GBPA approved a general rate application for the 2016 through 2018 period. Residential customers will see decreases in their base rate of up to 4.5 percent, while the base rate for commercial customers will increase by 1.5 percent. Rates were approved based upon an 8.8 percent allowable return on rate base.

SUPPLEMENTAL INFORMATION (UNAUDITED)

ICD Utilities Limited
As at December 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 a reconciliation of the balance sheets and statement of comprehensive income between IFRS and US GAAP has been provided.

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 December 31, 2015						
Regulatory assets						
	\$ —	\$ 58,980	\$ 58,980			
Accumulated other comprehensive income (loss)	\$ (27,141)	\$ 26,772	\$ (369)			
As at December 31, 2014						
Regulatory assets	\$ —	\$ 55,088	\$ 55,088			
Accumulated other comprehensive income (loss)	\$ (22,891)	\$ 21,982	\$ (909)			

For the year ended 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	\$ 14,549	\$ 1,995	\$ 16,544	
Net income per ICDU	\$ 7,275	\$ 997	\$ 8,272	
Other comprehensive income (loss) per GBPC	\$ (4,250)	\$ 4,790	\$ 540	
Other comprehensive income (loss) per ICDU	\$ (2,125)	\$ 2,395	\$ 270	
2014				
Net income per GBPC	\$ 11,204	\$ 1,501	\$ 12,705	
Net income per ICDU	\$ 5,602	\$ 751	\$ 6,353	
Other comprehensive income (loss) per GBPC	\$ (21,935)	\$ 21,982	\$ 47	
Other comprehensive income (loss) per ICDU	\$ (10,967)	\$ 10,991	\$ 24	

MINUTES OF THE 2015 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 14th day of September, 2015.

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 noted the passing of Company Director, Sir Albert J. Miller, and a moment of silence was observed in his honour.

The Chairman then introduced the other Director nominees, namely: Mr. Brenford A.V. Christie, Mr. Randy Thompson, Mr. Michael Moss and Mr. Scott C. Balfour.

Appointment of Scrutineer

The Chairman appointed Alson Ferguson 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 November 17, 2014 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 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.

Ms. MacDonald provided the President's Report.

Financial Statements and Reports of Auditors

The Chairman advised that a copy of the Financial Statements for the financial year ended December 31, 2014 had previously been distributed to each of the shareholders of the Company. The Chairman invited Mr. Tony Lopez, Vice President Administrative Services and Chief Financial Officer of Grand Bahama Power Company to provide a presentation with respect to the finances of the Company.

Mr. Lopez provided a presentation to shareholders on the finances of the Company.

The Chairman invited Ms. L. Hosmillo of Ernst & Young LLP to present the Auditors' Report. Ms. L. Hosmillo presented the Auditors' Report dated March 13, 2015 and read the report to the shareholders.

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

RESOLVED THAT the financial statements of ICD Utilities Limited, as of the 31st of December 2014 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:

**CHRISTOPHER G. HUSKILSON
BRENFORD A.V. CHRISTIE**

**SARAH R. MACDONALD
MICHAEL R. MOSS**

**SCOTT C. BALFOUR
RANDY S. THOMPSON**

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

RESOLVED THAT the following persons are elected Directors of the Company for the ensuing year:

**CHRISTOPHER G. HUSKILSON
BRENFORD A.V. CHRISTIE**

**SARAH R. MACDONALD
MICHAEL R. MOSS**

**SCOTT C. BALFOUR
RANDY S. THOMPSON**

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, 2016.

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

RESOLVED THAT Directors' remuneration be B\$10,000 per annum, plus B\$1,000 per meeting, effective January 1, 2016, 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, 2014.

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

RESOLVED THAT all acts, transactions and proceedings of Directors and Officers of the Company for the financial year ended December 31, 2014 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:

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 7,693,606 shares, being 76.94% 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 and comments on a variety of topics raised by shareholders, including the Company's financial statements and capital structure, corporate governance and electricity rates.



Stephen D. Aftanas
Corporate Secretary

ICD UTILITIES LIMITED

Board Of Directors



Scott Balfour

Chief Operating Officer
Northeast & Caribbean,
Emera Inc.
Halifax, Nova Scotia



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



Michael R. Moss

Director
Freeport, Grand Bahama



Randy Thompson

CEO, PharmaChem
Acquisition 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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Freeport, Grand Bahama
Bahamas

Registered Office

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The Mall
P.O. Box F-40437
Freeport, Grand Bahama
Bahamas

Auditors

Ernst & Young LLP
One Montague Place
3rd Floor
East Bay Street
P.O. Box N-3231
Nassau, Bahamas

Registrar and Transfer Agents

Bahamas Central Securities
Depository Limited
2nd Floor Fort Nassau Centre
British Colonial Hilton,
Suite # 202,
P. O. Box N-9307
Nassau, New Providence
Bahamas

