

**ICD Utilities Limited**

**Unaudited Condensed Interim Financial  
Statements**

**September 30, 2016 and 2015**

**ICD Utilities Limited**  
**Condensed Statements of Comprehensive Income (Unaudited)**

For the thousands of Bahamian dollars (except per share amounts)	2016	Three months ended September 30 2015	2016	Nine months ended September 30 2015
Share of income of Grand Bahama Power Company Limited	<b>\$3,019</b>	\$3,216	<b>\$5,823</b>	\$6,904
<b>Cost of operations</b>				
Directors fees and annual report costs	<b>43</b>	39	<b>55</b>	63
Operating and general	<b>13</b>	2	<b>37</b>	27
Registrar fees	<b>12</b>	11	<b>33</b>	32
Stock exchange listing fees	<b>11</b>	9	<b>21</b>	9
Foreign exchange (gains) losses	-	(41)	<b>4</b>	(83)
Total cost of operations	<b>79</b>	20	<b>150</b>	48
<b>Net income</b>	<b>\$2,940</b>	\$3,196	<b>\$5,673</b>	\$6,856
<b>Other comprehensive income (loss)</b>				
Other comprehensive income (loss) of Grand Bahama Power Company Limited (Note 4)	<b>1,202</b>	(4,239)	<b>8,133</b>	(960)
<b>Comprehensive income (loss)</b>	<b>\$4,142</b>	\$(1,043)	<b>\$13,806</b>	\$5,896
Weighted average shares of common stock				
Outstanding – basic	<b>10,000</b>	10,000	<b>10,000</b>	10,000
Earnings per share – basic	<b>\$0.294</b>	\$0.320	<b>\$0.567</b>	\$0.686

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 2016	December 31 2015
<b>Assets</b>		
<b>Current asset</b>		
Cash and cash equivalents	\$ 118	\$ 635
Prepaid expenses	5	-
Total current assets	123	635
<b>Other assets</b>		
Investment in Grand Bahama Power Company Limited (Note 4)	55,364	42,908
<b>Total assets</b>	<b>\$ 55,487</b>	<b>\$ 43,543</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 92	\$ 5
Due to related party (Note 5)	47	292
Dividends payable (Note 6)	-	304
Total current liabilities	139	601
<b>Equity</b>		
Common stock	1,000	1,000
Additional paid-in capital	40,250	40,250
Retained earnings	19,533	15,260
Accumulated other comprehensive loss	(5,435)	(13,568)
Total equity	55,348	42,942
<b>Total liabilities and equity</b>	<b>\$ 55,487</b>	<b>\$ 43,543</b>

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

Approved on behalf of the Board of Directors

  
**Scott Balfour**  
 Director

  
**Sarah MacDonald**  
 Director

**ICD Utilities Limited**  
**Condensed Statements of Cash Flows (Unaudited)**

For the thousands of Bahamian dollars	Nine months ended September 30	
	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Net income	\$ 5,673	\$ 6,856
Adjustments for non-cash items:		
Income from equity investments	(5,823)	(6,904)
Changes in non-cash working capital		
Prepaid expenses	(5)	-
Accounts payable and accrued liabilities	87	47
Due to related party	(245)	(17)
<b>Net cash used in operating activities</b>	<b>(313)</b>	<b>(18)</b>
<b>Investing activities</b>		
Dividends received	1,500	1,350
<b>Net cash provided by investing activities</b>	<b>1,500</b>	<b>1,350</b>
<b>Financing activities</b>		
Dividends paid	(1,704)	(1,732)
<b>Net cash used in financing activities</b>	<b>(1,704)</b>	<b>(1,732)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(517)</b>	<b>(400)</b>
Cash and cash equivalents, beginning of period	635	1,517
Cash and cash equivalents, end of period	\$ 118	\$ 1,117

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

**ICD Utilities Limited**  
**Condensed Statements of Changes in Equity (Unaudited)**

thousands of Bahamian dollars	Common Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss	Total Equity
<b>For the nine months ended September 30, 2016</b>					
Balance, December 31, 2015	\$ 1,000	\$ 40,250	\$ 15,260	\$ (13,568)	\$ 42,942
Net income	-	-	5,673	-	5,673
Dividends declared on common shares (\$0.14/share)	-	-	(1,400)	-	(1,400)
Share of other comprehensive income of investment accounted for under the equity method	-	-	-	8,133	8,133
Balance, September 30, 2016	\$ 1,000	\$ 40,250	\$ 19,533	\$ (5,435)	\$ 55,348
<b>For the nine months ended September 30, 2015</b>					
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 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

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, 2016 and 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").

The unaudited condensed interim financial statements of ICDU for the nine months ended September 30, 2016 were authorized for issue in accordance with a resolution of the directors on November 8, 2016.

**2. BASIS OF PREPERATION**

These interim condensed financial statements for the nine months ended September 30, 2016 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, 2015.

These unaudited interim condensed financial statements have been prepared following the same accounting policies used in the Company's most recent annual financial statements.

**3. FUTURE ACCOUNTING CHANGES**

The standards and interpretations that have been issued, but that are not yet effective, up to the date of issuance of these Condensed Financial Statements are consistent with those disclosed in the Company's Audited Financial Statements for the year ended December 31, 2015.

**4. LONG-TERM INVESTMENT**

The Company's long-term investment balance represents a 50 per cent interest in GBPC. GBPC was incorporated under the laws of the Commonwealth of The Bahamas with its principal business activity being electricity generation and distribution in Grand Bahama. The shares are not quoted or traded and have no readily determinable open-market value.

Detail of the change in the investment in GBPC is as follows:

As at thousands of Bahamian dollars	September 30 2016	December 31 2015
Opening balance	\$ 42,908	\$ 39,608
Equity income	5,823	7,275
Other comprehensive income (loss)	8,133	(2,125)
Dividends on common shares	(1,500)	(1,850)
Closing balance	\$ 55,364	\$ 42,908

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 2016	December 31 2015
Current assets	\$ 35,915	\$ 36,701
Other assets	190,130	193,649
Goodwill	51,763	51,763
Total assets	\$ 277,808	\$ 282,113
Current liabilities	\$ 26,146	\$ 39,657
Long-term liabilities	107,069	122,775
Total liabilities	\$ 133,215	\$ 162,432
Preferred stock	\$ 33,865	\$ 33,865
Net assets attributable to common shareholders	\$ 110,728	\$ 85,816
ICDU's investment	\$ 55,364	\$ 42,908

**Statement of Comprehensive Income**

For the nine months ended thousands of Bahamian dollars	September 30 2016	September 30 2015
Operating revenues	\$ 74,917	\$ 82,675
Operating expenses	(50,291)	(62,014)
Income from operations	24,626	20,661
Other expenses, net	(10,439)	(4,309)
Net income	14,187	16,352
Preferred dividends	(2,541)	(2,544)
Net income attributable to common shareholders	\$ 11,646	\$ 13,808
ICDU's share of net income attributable to common shareholders	\$ 5,823	\$ 6,904
Other comprehensive income (loss)	\$ 16,266	\$ (1,920)
ICDU's share of other comprehensive income (loss)	\$ 8,133	\$ (960)

ICDU's investment in GBPC includes other comprehensive income from unrealized gains (losses) related to GBPC's fuel hedging program.

**GROUP INFORMATION**

ICDU is indirectly controlled, through Emera Caribbean Holdings Limited, by Emera Incorporated ("Emera"), which is the ultimate parent of the group. Emera is based in Halifax, Nova Scotia, Canada and its common and preferred shares are listed on the Toronto Stock Exchange.

## 5. RELATED PARTY TRANSACTIONS

Emera paid operating expenses on behalf of the Company in the amount of \$11 thousand (2015 - \$13 thousand), and \$65 thousand (2015 - \$61 thousand) for the three months and nine months ended September 30, 2016, respectively. These transactions meet the definition of related party transactions and were made on substantially the same terms as 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.

The following table provides the balances included in the Condensed Statement of Financial Position.

As at	September 30	December 31
thousands of Bahamian dollars	2016	2015
Due to Emera Inc.	\$ 47	\$ 292

## 6. DIVIDENDS

During the nine months ended September 30, 2016, the Company paid \$1,704 thousand (2015 - \$1,732 thousand).

There were no dividends declared in Q3 2016.



**ICD Utilities Limited**  
**Supplemental Information (Unaudited)**  
**As at September 30, 2016**

GBPC reports under the United States Generally Accepted Accounting Principles ("US GAAP") framework, where guidance allows for the recognition of regulatory assets and liabilities. Under 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 September 30, 2016			
Regulatory assets	\$ -	\$ 45,351	\$ 45,351
As at December 31, 2015			
Regulatory assets	\$ -	\$ 58,980	\$ 58,980

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

thousands of Bahamian dollars	IFRS	Adjustments	US GAAP
<b>2016</b>			
Net income per GBPC	\$ 11,646	\$ 3,550	\$ 15,196
Net income per ICDU	\$ 5,823	\$ 1,775	\$ 7,598
Other comprehensive income (loss) per GBPC	\$ 16,266	\$ (15,766)	\$ 500
Other comprehensive income (loss) per ICDU	\$ 8,133	\$ (7,883)	\$ 250
<b>2015</b>			
Net income per GBPC	\$ 13,808	\$ (1,601)	\$ 12,207
Net income per ICDU	\$ 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