

**ICD Utilities Limited**  
**Interim Condensed Financial Statements**  
**June 30, 2014 and 2013**

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

For the thousands of Bahamian dollars (except per share amounts)	2014	Three months ended June 30 2013	2014	Six months ended June 30 2013
Equity income	<b>\$2,292</b>	\$1,253	<b>\$3,274</b>	\$1,834
<b>Cost of operations</b>				
Registrar fees	10	-	20	10
Foreign exchange (gains) losses	13	(15)	(10)	(25)
Stock exchange listing fees	-	-	6	5
Operating and general	13	-	36	2
Directors fees and annual report costs	14	3	27	3
Total cost of operations	<b>50</b>	(12)	<b>79</b>	(5)
<b>Net income</b>	<b>\$2,242</b>	\$1,265	<b>\$3,195</b>	\$1,839
<b>Other comprehensive income (loss)</b>				
Share of investment accounted for using the equity method	110	(66)	77	215
<b>Comprehensive income</b>	<b>\$2,352</b>	\$1,199	<b>\$3,272</b>	\$2,054
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>\$0.224</b>	\$0.126	<b>\$0.319</b>	\$0.184

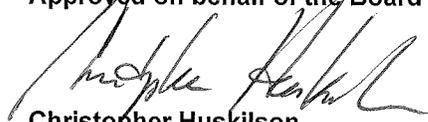
The accompanying notes are an integral part of these condensed financial statements.

**ICD Utilities Limited**  
**Statements of Financial Position (Unaudited)**

As at thousands of Bahamian dollars	June 30 2014	December 31 2013
<b>Assets</b>		
<b>Current asset</b>		
Cash and cash equivalents	\$769	\$1,287
<b>Total current assets</b>	<b>769</b>	<b>1,287</b>
<b>Other assets</b>		
Long-term investment (note 3)	49,574	46,223
<b>Total other assets</b>	<b>49,574</b>	<b>46,223</b>
<b>Total assets</b>	<b>\$50,343</b>	<b>\$47,510</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	10	7
Due to related party (note 4)	573	544
Dividends payable (note 5)	729	1,200
<b>Total current liabilities</b>	<b>1,312</b>	<b>1,751</b>
<b>Equity</b>		
Common stock	1,000	1,000
Additional paid-in capital	40,250	40,250
Accumulated other comprehensive loss	(399)	(476)
Retained earnings	8,180	4,985
<b>Total equity</b>	<b>49,031</b>	<b>45,759</b>
<b>Total liabilities and equity</b>	<b>\$50,343</b>	<b>\$47,510</b>

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 Statements of Cash Flows (Unaudited)

For the thousands of Bahamian dollars	Six months ended June 30	
	2014	2013
<b>Operating activities</b>		
Net income	\$ 3,195	\$ 1,839
Adjustments for non-cash items:		
Income from equity investments, net of dividends	(3,274)	(1,834)
Accounts payable and accrued liabilities	3	(7)
Due to related party	29	(18)
<b>Net cash provided by (used in) operating activities</b>	<b>(47)</b>	<b>(20)</b>
<b>Financing activities</b>		
Dividends paid	(471)	-
<b>Net cash provided by (used in) financing activities</b>	<b>(471)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(518)</b>	<b>(20)</b>
Cash and cash equivalents, beginning of period	1,287	37
Cash and cash equivalents, end of period	\$ 769	\$ 17

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

## ICD Utilities Limited 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 six months ended June 30, 2014</b>					
Balance, December 31, 2013	\$ 1,000	\$ 40,250	\$ 4,985	\$ (476)	\$ 45,759
Net income	-	-	3,195	-	3,195
Share of other comprehensive loss of investment accounted for under the equity method	-	-	-	77	77
Balance, June 30, 2014	\$ 1,000	\$ 40,250	\$ 8,180	\$ (399)	\$ 49,031
<b>For the six months ended June 30, 2013</b>					
Balance, December 31, 2012	\$ 1,000	\$ 40,250	\$ 396	\$ (715)	\$ 40,931
Net income	-	-	1,839	-	1,839
Share of other comprehensive loss of investment accounted for under the equity method	-	-	-	215	215
Balance, June 30, 2013	\$ 1,000	\$ 40,250	\$ 2,235	\$ (500)	\$ 42,985

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 June 30, 2014 and 2013**

**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 six months ended June 30, 2014 were authorized for issue in accordance with a resolution of the directors on August 13, 2014.

**2. BASIS OF PREPERATION**

These interim condensed financial statements for the six months ended June 30, 2014 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, 2013.

**3. 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 is as follows:

As at		<b>June 30</b>	<b>December 31</b>
thousands of Bahamian dollars		<b>2014</b>	<b>2013</b>
Opening balance, January 1	\$	<b>46,223</b>	\$ 41,370
Equity income		<b>3,274</b>	5,864
Other comprehensive income		<b>77</b>	239
Dividends on common shares		-	(1,250)
Closing balance	\$	<b>49,574</b>	\$ 46,223

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

As at thousands of Bahamian dollars	<b>June 30 2014</b>	December 31 2013
<b>Statement of financial position</b>		
Current assets	\$ 36,913	\$ 44,930
Other assets	199,445	201,707
Goodwill	51,763	51,763
<b>Total assets</b>	<b>\$ 288,121</b>	<b>\$ 298,400</b>
Current liabilities	\$ 50,617	\$ 64,947
Long-term liabilities	104,491	107,150
<b>Total liabilities</b>	<b>\$ 155,108</b>	<b>\$ 172,097</b>
Preferred stock	\$ 33,865	\$ 33,857
<b>Net assets</b>	<b>\$ 99,148</b>	<b>\$ 92,446</b>
ICDU investment	\$ 49,574	\$ 46,223

As at thousands of Bahamian dollars	<b>June 30 2014</b>	June 30 2013
<b>Statement of Comprehensive Income</b>		
Operating revenues	\$ 54,645	\$ 55,072
Operating expenses	(43,311)	(46,723)
Income from operations	11,334	8,349
Other expenses, net	(3,506)	(3,393)
<b>Net income</b>	<b>7,828</b>	<b>4,956</b>
Preferred dividends	(1,280)	(1,239)
<b>Net income attributable to common shareholders</b>	<b>\$ 6,548</b>	<b>\$ 3,717</b>
ICDU's equity income	\$ 3,274	\$ 1,859

#### 4. RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2014, Emera paid operating expenses on behalf of the Company in the amount of \$25 thousand and \$39 thousand for the six months ended (2013 – \$9 thousand) offset by foreign exchange loss of \$13 thousand and \$10 thousand gain for the six months ended (2013 – \$25 thousand). This amount is measured at the exchange amount. 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 thousands of Bahamian dollars	<b>June 30 2014</b>	<b>December 31 2013</b>
Due to Emera Inc.	\$ 573	\$ 544

## **5. DIVIDENDS**

On December 17, 2013, the Board of Directors of ICDU approved payment of \$0.12 per common share, payable on or after January 3, 2014 to common shareholders. During the six months ended June 30, 2014, the Company paid \$471 thousand (2013 – nil) of the balance to its shareholders and \$729 thousand (2013 – nil) remains payable to a related party.

**ICD Utilities Limited**  
**Supplemental Information**  
**As at June 30, 2014 and 2013 (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 (“US GAAP”) framework, where guidance allows for the recognition of regulatory assets and liabilities.

Under International Financial Reporting Standards (“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 June 30, 2014			
Regulatory assets	\$ -	\$ 33,231	\$ 33,231
As at December 31, 2013			
Regulatory assets	\$ -	\$ 34,341	\$ 34,341

For the six months the effect on the Statements of Net Income is as follows:

thousands of Bahamian dollars	IFRS	Effect of IFRS	US GAAP
<b>2014</b>			
Net income per GBPC	\$ 6,549	\$ (961)	\$ 5,588
Net income per ICDU	\$ 3,274	\$ (481)	\$ 2,793
<b>2013</b>			
Net income per GBPC	\$ 3,717	\$ (1,131)	\$ 2,586
Net income per ICDU	\$ 1,834	\$ (541)	\$ 1,293