

**ICD UTILITIES LIMITED**

**Unaudited Condensed Interim Financial  
Statements**

**March 31, 2014 and 2013**

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

For the thousands of Bahamian dollars (except per share amounts)	Three months ended March 31	
	<b>2014</b>	2013
Equity income	<b>\$ 982</b>	\$ 581
<b>Cost of operations</b>		
Register fees	<b>10</b>	10
Foreign exchange gains	<b>(23)</b>	(10)
Stock exchange listing fees	<b>6</b>	5
Operating and general	<b>23</b>	2
Directors' fees and annual report costs	<b>13</b>	-
Total cost of operations	<b>29</b>	7
<b>Net income</b>	<b>\$ 953</b>	\$ 574
<b>Other comprehensive income</b>		
Share of investment accounted for using the equity method	<b>(33)</b>	281
<b>Comprehensive income</b>	<b>\$ 920</b>	\$ 855
Weighted average shares of common stock outstanding - basic	<b>10,000</b>	10,000
Earnings per share – basic	<b>\$ 0.095</b>	\$ 0.057

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	March 31 2014	December 31 2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 779	\$ 1,287
<b>Total current assets</b>	<b>779</b>	<b>1,287</b>
<b>Other assets</b>		
Long-term investment (note 3)	47,172	46,223
<b>Total other assets</b>	<b>47,172</b>	<b>46,223</b>
<b>Total assets</b>	<b>47,951</b>	<b>47,510</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	8	7
Due to related party (note 4)	535	544
Dividends payable (note 5)	729	1,200
<b>Total current liabilities</b>	<b>1,272</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	(509)	(476)
Retained earnings	5,938	4,985
<b>Total equity</b>	<b>46,679</b>	<b>45,759</b>
<b>Total liabilities and equity</b>	<b>\$ 47,951</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 Huskilson**  
Director

**Sarah MacDonald**  
Director

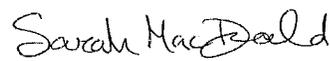
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Approved on behalf of the Board of Directors

**Christopher Huskison**  
 Director

  
**Sarah MacDonald**  
 Director

## ICD Utilities Limited Statements of Cash Flows (Unaudited)

For the thousands of Bahamian dollars	Three months ended March 31	
	2014	2013
<b>Operating activities</b>		
Net income	\$ 953	\$ 574
Adjustments for non-cash items:		
Income from equity investments, net of dividends	(982)	(581)
Accounts payable and accrued liabilities	1	5
Due to related parties	(9)	(9)
<b>Net cash provided by operating activities</b>	<b>(37)</b>	<b>(11)</b>
<b>Financing activities</b>		
Dividends paid	(471)	-
<b>Net cash provided by financing activities</b>	<b>(471)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(508)</b>	<b>(11)</b>
Cash and cash equivalents, beginning of period	1,287	37
Cash and cash equivalents, end of period	\$ 779	\$ 26

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 three months ended March 31, 2014</b>					
Balance, December 31, 2013	\$ 1,000	\$ 40,250	\$ 4,985	\$ (476)	\$ 45,759
Net income	-	-	953	-	953
Share of other comprehensive income of investment accounted for under the equity method	-	-	-	(33)	(33)
Balance, March 31, 2014	\$ 1,000	\$ 40,250	\$ 5,938	\$ (509)	\$ 46,679
<b>For the three months ended March 31, 2013</b>					
Balance, December 31, 2012	\$ 1,000	\$ 40,250	\$ 396	\$ (715)	\$ 40,931
Net income	-	-	574	-	574
Share of other comprehensive income of investment accounted for under the equity method	-	-	-	281	281
Balance, March 31, 2013	\$ 1,000	\$ 40,250	\$ 970	\$ (434)	\$ 41,786

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

**ICD Utilities Limited**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**As at March 31, 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 three months ended March 31, 2014 were authorized for issue in accordance with a resolution of the directors on May 12, 2014.

**2. BASIS OF PREPERATION**

These interim condensed financial statements for the three months ended March 31, 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 thousands of Bahamian dollars	<b>March 31 2014</b>	<b>December 31 2013</b>
Opening balance, January 1	\$ 46,223	\$ 41,370
Equity income	982	5,864
Other comprehensive income	(33)	239
Dividends on common shares	-	(1,250)
Closing balance	\$ 47,172	\$ 46,223

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

As at		March 31	December 31
thousands of Bahamian dollars		2014	2013
<b>Statement of financial position</b>			
Current assets	\$	41,985	\$ 44,930
Other assets		200,055	201,707
Goodwill		51,763	51,763
Total assets	\$	293,803	\$ 298,400
Current liabilities	\$	59,805	\$ 64,947
Long-term liabilities		105,789	107,150
Total liabilities	\$	165,594	\$ 172,097
Preferred stock	\$	33,865	\$ 33,857
Net assets	\$	94,344	\$ 92,446
ICDU investment	\$	47,172	\$ 46,223

As at		March 31	
thousands of Bahamian dollars		2014	2013
<b>Statement of Comprehensive Income</b>			
Operating revenues	\$	25,900	\$ 25,671
Operating expenses		(21,344)	(20,517)
Income from operations		4,556	5,154
Other expenses, net		(1,312)	(3,991)
Net income		3,244	1,163
Preferred dividends		(1,280)	-
Net income attributable to common shareholders	\$	1,964	\$ 1,163
ICDU's equity income	\$	982	\$ 581

#### 4. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2014, Emera paid operating expenses on behalf of the Company in the amount of \$14 thousand (2013 – \$1 thousand) offset by foreign exchange gains of \$23 thousand (2013 – \$10 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		March 31	December 31
thousands of Bahamian dollars		2014	2013
Due to Emera Inc.	\$	535	\$ 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 three months ended March 31, 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 March 31, 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 March 31, 2014			
Regulatory assets	\$ -	\$ 34,124	\$ 34,124
As at March 31, 2013			
Regulatory assets	\$ -	\$ 34,341	\$ 34,341

For the three 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	\$ 1,964	\$ (145)	\$ 1,819
Net income per ICDU	\$ 982	\$ (72)	\$ 910
<b>2013</b>			
Net income per GBPC	\$ 1,162	\$ (778)	\$ 384
Net income per ICDU	\$ 581	\$ (389)	\$ 192