ASCENDANT

GROUP LIMITED ANNUAL REPORT 2011

2011 ASCENDANT GROUP HIGHLIGHTS

- Certech Registration Inc. recommends BELCO for continued registration of its Environmental Management System, following an audit to ensure compliance with the international ISO 14001 Standard
- inVenture joins forces with Canadian firm Black & McDonald to form facilities management company iFM
- Ascendant Group operating companies BELCO, Bermuda Gas and PureNERGY Renewables offer a joint solution at Grand Atlantic condominiums
- Bermuda Gas continues consolidation of its operations under one roof, bringing together the Warehouse, Parts & Service Departments, Administration, Customer Care and Appliance Showroom at 25 Serpentine Road, in keeping with its commitment to seamless customer care

- A ribbon-cutting ceremony opens BELCO's new gas turbine engine installation, and the company receives planning permission to develop its new North Power Station
- Work gets underway on BELCO's new bulk lube oil storage facility and the company's Garage operation relocates to St. David's
- BELCO, working with arbourists Brown and Company, pilots a vegetation-management programme aimed at reducing outages during storms, as well as frequency of trimming
- The Ascendant Nonsuch Island project advances with the addition of a new boat to assist Conservation Services with their work, plus participation by 40 Ascendant Group volunteers in restoration work
- BELCO contributes both funds and time to local non-profit organisations, with a focus on education and quality of life in our community, while Bermuda Gas partners with Age Concern to offer special discounts to the Island's seniors in 2012

ASCENDANT GROUP LIMITED

MISSION: TO MAXIMISE SHAREHOLDER VALUE THROUGH INVESTMENT IN ENERGY-RELATED BUSINESSES AND INFRASTRUCTURE OPPORTUNITIES

2011 BERMUDA HIGHLIGHTS

- 2011 Energy White Paper tabled in Parliament

- Major development to build the new King Edward VII Memorial Hospital gets underway
- Bermuda signs more than 30 international Tax Exchange Information Agreements

- The number of visitors to the Island increased 12% over 2010 with some 650,000 people coming to Bermuda by air, cruise ship and yacht

We are propelled by the positive energy of our people and our organisations, making a collective effort to strengthen our community, restore the economy and ensure a satisfactory quality of life on our Island for generations to come.

CONTENTS

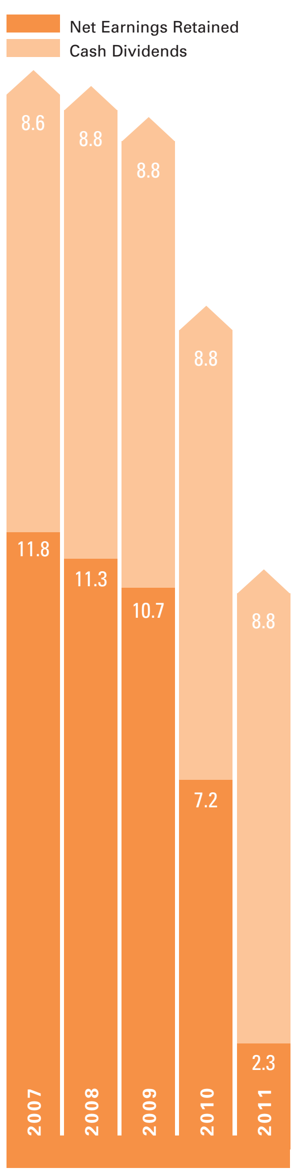
Government announces creation of Bermuda Technical Institute through its Job Corps Programme

For the fifth year, Bermuda hosts the PGA Grand Slam, and American Keegan Bradley wins at Port Royal Golf Course where the tournament will be held again in 2012

Bermuda shoppers warm to newly introduced "Black Friday" bargains offered by Hamilton retailers, as well as to local online holiday bargains

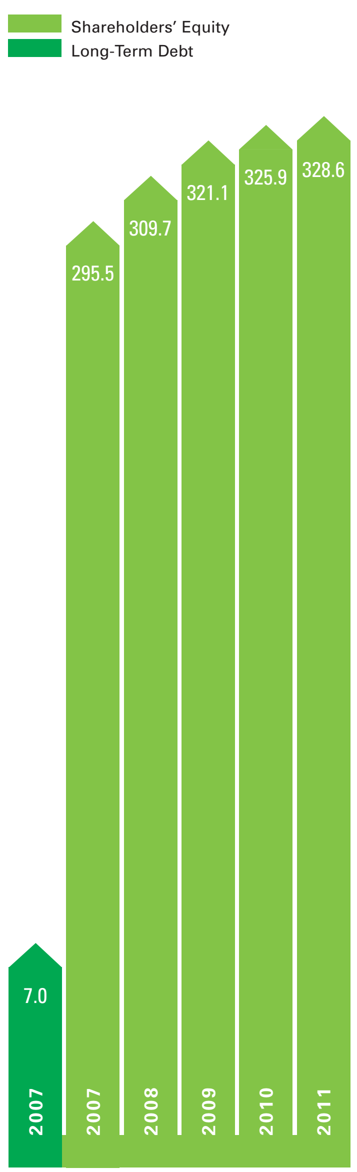
Work continues on a $131 million, multi-year project to refit Tynes Bay waste facility with state-of-the-art equipment; Tynes Bay supplies power to BELCO's grid

ASCENDANT GROUP FINANCIAL HIGHLIGHTS	2011	2010	% CHANGE
Net Earnings	$ 11,121,270	$ 16,021,283	-30.6
Basic and Fully Diluted Earnings per Share	$ 1.07	$ 1.54	-30.5
Dividends	$ 8,832,293	$ 8,808,094	0.3
Dividends per Share	$ 0.85	$ 0.85	0.0
Market Price per Share *(as at 31 Dec.)*	$ 13.26	$ 14.95	-11.3
Book Value per Share *(as at 31 Dec.)*	$ 31.45	$ 31.28	0.5
Total Assets *(as at 31 Dec.)*	$ 400,689,213	$ 383,123,964	4.6



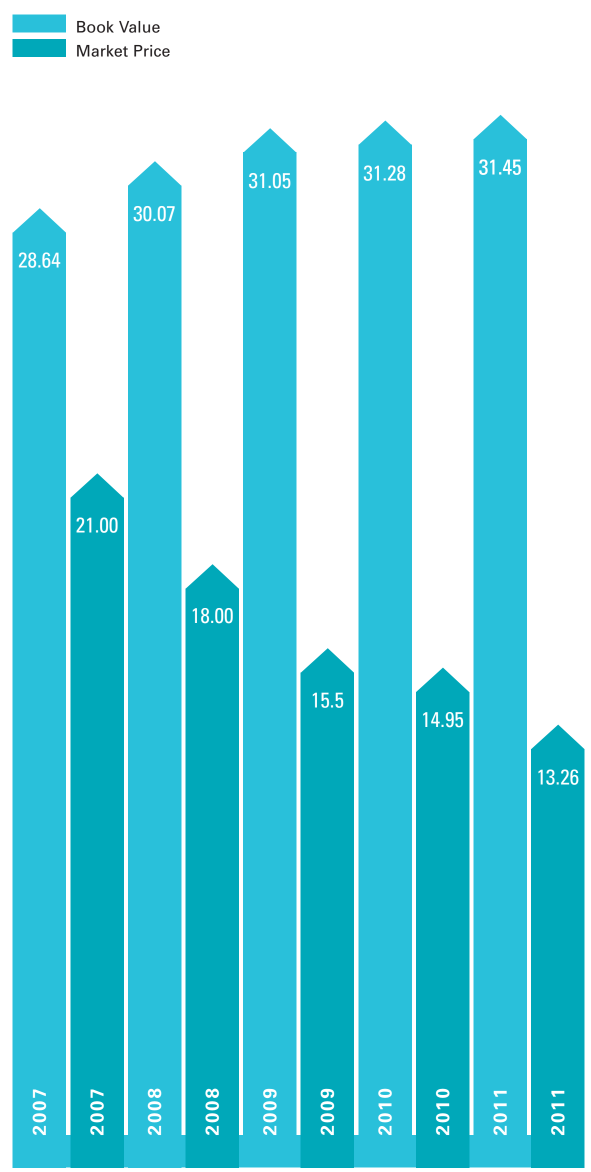
NET EARNINGS

(Millions of dollars)



CAPITALISATION

(Millions of dollars)



BOOK VALUE AND MARKET PRICE OF SHARES

(Dollar values are per share as at 31 December of each fiscal year)

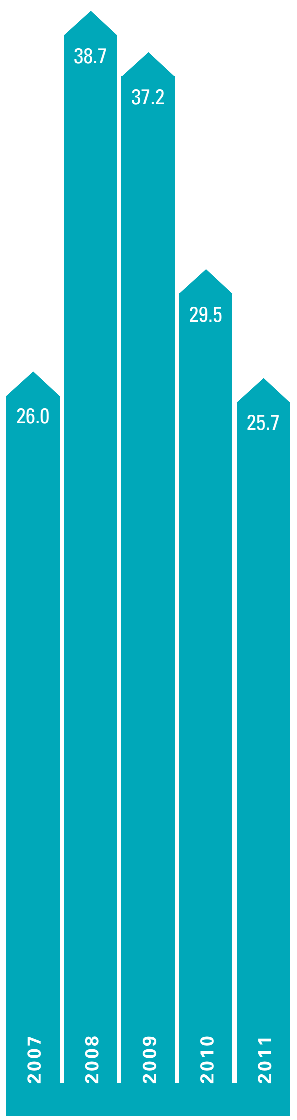
The future of Ascendant Group Limited is inextricably linked to that of Bermuda, and we are confident that both have the capacity for long-term growth, stability and prosperity. We are propelled by the positive energy of our people and our organisations, making a collective effort to strengthen our community, restore the economy and ensure a satisfactory quality of life on our Island for generations to come.

Through these challenging economic and social times, Ascendant Group's Board of Directors and management endeavour to grow and diversify the business, manage policy and regulatory risks, ensure adequate organisational capacity in terms of human and financial capital, and ensure effective leadership. In addition to managing existing businesses, we are looking for potential new opportunities within the context of Bermuda's development, delivering value to shareholders and the community.

Like other companies and, indeed, Bermuda's Government, we recognise that, in an age of rapid change and protracted economic downturn, we cannot afford to operate within a "business as usual" model. Instead, we are taking a constructive, dynamic approach to contributing to a global awareness that Bermuda is a sophisticated jurisdiction with an historically strong infrastructure. The Island is open for business, welcoming individuals and organisations that can create jobs and enhance our economic position.

We have a responsibility to prepare our operating companies for economic challenges that may well continue through 2013, but we know that Ascendant Group is built on a strong foundation. Since 1609, when shipwrecked English colonists settled in Bermuda, the Island's people have demonstrated determination, entrepreneurial spirit and the ability to form productive partnerships. Since 1906, when Ascendant Group's anchor company, Bermuda Electric Light Company Limited (BELCO), began operation with the first meeting of the Board of Directors, we have supported the community with innovation and commitment to service. Today, BELCO's record of 99.96% system reliability sets the bar for other, similar island jurisdictions.

Despite being affected by the global economic downturn, Bermuda has consistent strengths. It is home to a robust international financial services industry. It also has an historic tourism industry that supports the international business sector and helps to secure the Island's reputation amongst those who come here to work, live, invest or visit.



INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT
(Millions of dollars)

As the global economy recovers, Bermuda needs to adopt a truly global perspective and be in a position to offer an outstanding environment in which to do business. Ascendant Group intends to be a source of support and growth, building on strong relationships and entering into public-private partnerships to ensure the success of our businesses and Island. Through BELCO, Bermuda Gas & Utility Company Limited, PureNERGY Renewables, Ltd., and inVenture Limited's operating companies, iFM and iEPC, we are well positioned for growth. Ascendant Group is proud to be an employer, service provider, business partner and purchaser of goods and services. Ascendant Group is also a corporate citizen that enhances quality of life, and is committed to being an attractive investment for shareholders and for both local and international financial markets.

We see opportunity for inVenture and for our Group, given the fact that Bermuda is a developed economy that must address under-investment in infrastructure to meet short- and long-term requirements. Bermuda needs a comprehensive, integrated development plan that takes into account the airport, docks and waterfront, water systems, schools, housing, roads and bridges, tourism and energy. Investment in infrastructure means creating jobs, attracting and retaining businesses and improving the quality of life on the Island.

At the time of writing this report, there have been considerable initiatives in the public and private sectors with regard to attracting new business and investment. We support all efforts on this front and, in particular, look forward to the relaxation of Bermuda's 60/40 rule in order to attract the investment required to build infrastructure. Significant capital requirement will be associated with the large infrastructure projects needed in Bermuda, and the community does not have the capacity to provide all of the financing needed.

Ascendant Group supports the efforts being made to increase competition and make Bermuda increasingly attractive to international interests. We recognise that each person or company that comes to Bermuda, whether to live, work or visit, brings capital. We need strong partnerships with other countries, and we also need international companies, expatriate workers and high-net-worth visitors to rent offices and homes, shop in our stores and pay taxes.

Everything we do is connected to energy. We have a proven track record of positive energy – ever moving, changing and developing.

We are encouraged, therefore, by the Bermuda Government's recent steps to make concessions and changes to policy and regulation concerning taxes, work permits, landholdings, residency and foreign investment. Government action has included paving the way for hotel development, signing more than 30 international Tax Exchange Information Agreements to date, and the introduction of Incentives for Job Makers, which is directed at international business. We also respect the steps taken to ensure that certain categories of jobs are reserved for Bermudians and that certain contracts are awarded to local small businesses.

We also support the enhancement of the Island's reputation with the announcement of the second phase of Good Governance legislation to be tabled in Parliament in 2012. This legislation includes amendments that address conflicts of interest and collusion, while also enhancing whistleblower protection and accountability.

Similarly, in 2011, the Board of Directors and Governance Committee approved several new Ascendant Group policies, including a Conflict of Interest Policy, as well as a Code of Dealing, to address potential insider trading that far exceeds the minimum requirements set out in Bermuda Stock Exchange regulations. In addition, a Whistleblower Policy was adopted for all companies of Ascendant Group. Its purpose is to promote financial transparency and accountability, while protecting employees who, in good faith, report a concern related to financial impropriety. In 2012, we intend to continue work to enhance Ascendant Group corporate governance, update Ascendant Group's bye-laws and introduce a new Code of Conduct for the entire Ascendant Group.

The Board of Directors is also committed to seeking more input on the complex issues affecting Ascendant Group businesses, for example, the "2011 Bermuda Energy White Paper: A National Transition." The White Paper has numerous implications for Ascendant Group with respect to regulation, rates, competition, energy efficiency, large- and small-scale alternative energy installations and power purchase agreements.

In January 2012, the Chairman of the Governance Committee commenced a review of requirements and practices, examining how the Board can be more effective in fulfilling its obligations. This is part of a broader effort initiated in 2011 to address long-range leadership and succession planning with assistance from a leading management consulting firm. During the fourth quarter 2011, the Board also began an executive search when, on 31 December, A.L. Vincent Ingham retired as Director, President and Chief Executive Officer of Ascendant Group after 25 years of service. He did so, taking up a new role as Progressive Labour Party Senator. We wish him well, and are pleased to say that Senator Ingham, who brought vision and experience to his role, is largely responsible for the strategic initiatives that the Board of Directors adopted on 2 December 2011, and on which Ascendant Group is focused, namely: to grow existing energy-related businesses and investment in utility and infrastructure companies in Bermuda, as well as expand Ascendant Group's earning base.

The Board of Directors and Ascendant Group management are optimistic about the long-range outlook for our companies. We are committed to providing forward-looking leadership that is also thoughtful, and has the courage to make difficult decisions and move in new directions. We know that our strength lies in working together and in partnership with key stakeholders.

J. MICHAEL COLLIER
Chairman

Ascendant Group is focused on growing existing energy-related businesses and investing in utility and infrastructure companies to expand our earnings base, while contributing to Bermuda's ongoing success.

ENERGY MATTERS

Energy improves our lives in positive ways: lighting our city and streets, cooling our homes and schools, cooking our food, cleaning our clothes and dishes, playing our music, entertaining us, running our computers and powering our hospitals, airport, hotels and docks.

44
customers with small-scale renewable energy installations were connected to BELCO's transmission system at year-end 2011, as compared to only 20 in 2010.

Ascendant Group companies take a broad perspective, looking at the big picture for our businesses and the Island. Planning, innovation, and drawing on our collective expertise and talent give us a competitive edge, particularly in energy and engineering-related operations, project management and execution. Each Ascendant Group operating company has a unique area of strength. By working together, we are able to bring a broad range of solutions to the Bermuda market, helping to support the community's ongoing development as an international business centre and travel destination.

Although each of our operating companies reported reduced earnings in 2011, consistent with Bermuda's economic downturn, Ascendant Group also made good progress on many strategic fronts. Our companies are taking steps to ensure ongoing growth in anticipation of renewed consumer, investor and business confidence and a stronger economy by 2014. Our actions are based on core values of being results-focused, accountable, innovative, collaborative, socially responsible and committed to service excellence.

Ascendant Group is driven by an evolving energy industry, shifting customer priorities, emerging competition, increasing fuel prices and developing alternative energy technologies, as well as concerns about climate change and the strategic importance of reducing dependence on imported fossil fuels. In addition, we are motivated by our companies' and our Island's requirement for infrastructure development and maintenance to support business and create employment.

WORKING TOGETHER

At Ascendant Group, we are challenging ourselves to come up with new ideas and solutions, rather than relying on old formulas for success. Amongst our priorities are leadership development and training, revenue growth, expense reduction and improved efficiency.

There is currently a leadership-development process underway across Ascendant Group. With assistance from an internationally respected management consulting firm, we are addressing succession planning and related training and development. At all levels, the Group remains committed to developing talent and ensuring that staff are trained and certified to industry standards. This is achieved through a wide variety of training opportunities for staff, including mentoring and trades apprenticeship programmes, and both internal and external scholarships.

During 2011, Bermuda Gas took steps to position the company for growth in both the consumer and commercial markets. Bermuda Gas' rededication of focus on commercial customers was evidenced by the establishment of a Commercial Account Co-ordinator role. Bermuda Gas is committed to delivering exceptional value through the sale and distribution of propane gas, the supply of energy-efficient appliances and equipment, as well as parts, repair and maintenance.

Significantly, the company took steps to consolidate its business under one roof. Effective 3 January 2012, Bermuda Gas' Warehouse, Parts & Service Departments, Administration offices and custom-built Appliance Showroom were brought together in a new, state-of-the-art facility at 25 Serpentine Road, marking one of the company's most significant achievements in 2011. With its one-stop shop, a modern Showroom outfitted with a demonstration kitchen, and longer shopping hours, Bermuda Gas is poised to deliver superior customer service. In addition, the company also continues to add new product lines, such as KitchenAid® and Thermador® to its high-quality, cost-competitive choices.

During 2011, Bermuda Gas launched a new, comprehensive, customer-focused website at www.bermudagas.bm. Work is ongoing to deliver an even more interactive site by providing customers with account access and online shopping within the next 12 months.

Internally, Ascendant Group also focused on service. Sigma Corporate Services Company Limited continued to develop in 2011, streamlining operations across the operating companies to help position them for changes that may occur with respect to rates and energy regulation.

Everything we accomplish depends on positive energy, whether operating machinery or selling products, solving problems and developing solutions or forming partnerships to improve our lives.

BELCO's record of
99.96%
system reliability sets the bar for similar island jurisdictions.

Sigma is also working to find efficiencies through consolidation of services and aligning policies and best practices across the group. With effect from 1 January 2011, Sigma includes the following Ascendant Group functions: Human Resources, Legal, Investor Services, Risk Management & Business Performance and External Relations & Corporate Communications. Ascendant Group operating companies have agreements with Sigma for service levels and pricing.

In 2011, the operating companies took steps to reduce costs, while improving operations. Significantly, BELCO addressed legacy costs on several fronts. First, management and the Electricity Supply Trade Union agreed that, in 2011, there would be no redundancies, but that wage freezes and overtime rate concessions would be put in place, while new hires would be limited.

The company also offered early retirement incentives to qualified members of staff, with 26 long-serving employees accepting the offer and retiring on 30 June 2011. Effective 31 December 2011, BELCO froze its Defined Benefit Pension Plan, moving all staff to the Defined Contribution Plan with effect from 1 January 2012. Although BELCO incurred significant one-time expenses – and in the case of the Defined Benefit Pension Plan freeze, a non-cash expense – the company anticipates sizeable future cost reductions as a result of these actions.

BELCO Operations also focused on reliability-centred maintenance to reduce costs and improve operating efficiency. A new System Reliability & Supply Chain Business Centre was formed, supported by a new, robust procurement system, Oniqua Analytics Suite, while efforts were commenced to implement a new work management system, Maximo Asset Management, in 2012.

For 2012, Ascendant Group will continue looking for opportunities for service improvement, as well as cost management and greater efficiency.

Energy conservation is achieved through increased efficiency and decreased consumption. It can have positive impacts on profitability and security, as well as the environment.

Ascendant Group companies helped lay the foundation for Bermuda's progress with BELCO's establishment 106 years ago and Bermuda Gas some 30 years later. We continue to fulfil our mission to provide energy to the Island securely, reliably and sustainably, as well as to be an affordable option, offering caring service to customers and support to the community that sustains us.

When our companies plan for growth, we do so in the context of Bermuda's development, taking into consideration customer needs, efficiency, effectiveness, opportunities for alternative energy, infrastructure and capital requirements. This has unique ramifications for BELCO, which takes seriously its responsibility to meet Bermuda's energy requirements sustainably for the foreseeable future.

As outlined in the White Paper and Ascendant Group's own "New Energy Equation", Bermuda's energy mix will increasingly include alternative energy sources. However, BELCO will be relied upon to provide the base load generation, as well as robust transmission and distribution systems, to deliver power throughout the Island.

BELCO's ability to provide secure, reliable, sustainable electricity generation and transmission systems into the future is critical to the Island and dependent upon being able to fund essential capital requirements.

BELCO 2011 SUMMARY	2011	2010	% CHANGE
Sales of Electricity *(Net of Fuel Adjustment)*	$ 150,747,977	$ 153,967,856	-2.1
Kilowatt Hours Generated	716,783,691	730,223,639	-1.8
Barrels of Fuel Used	1,003,285	1,040,447	-3.6
Customs Duty on Barrels of Fuel	$ 15,149,604	$ 15,710,750	-3.6
Kilowatt Hours Sold	636,516,615	650,570,678	-2.2
Peak Load *(Kilowatts)*	118,200	122,800	-3.7
Load Factor	68.07%	66.73%	2.0
Number of Metered Connections	35,862	35,668	0.5

In 2011, in light of Bermuda's economic downturn, BELCO waived an average approved **1.5%** increase.

That is why, in October 2011, BELCO submitted to Bermuda's Energy Commission its case for increasing basic tariff rates through 2014. The company must increase rates in order to build its new North Power Station by 2013 and fund ongoing replacement of aged transmission and distribution assets to ensure adequate reliable capacity and facilitate retirement of its aging generation and transmission plant. At the time of writing this report, BELCO has appealed the Energy Commission's decision to award only a minimal portion of the requested increase.

In order to ensure capital expansion and enhancement, and the related debt service, appropriate interest coverage ratios, and to return value to investors, BELCO requires net income of at least $20 million annually; the company plans to invest approximately $440 million in capital improvements to the generation and transmission systems over the next decade. BELCO's ability to secure financing for the new North Power Station development and other capital work is dependent upon the rate increase.

BELCO's rate application also proposes an inclining block rate design that is intended to minimise cost to the average residential consumer and encourage energy conservation. Customers with usage of 700 kilowatt hours per month would actually see a reduction in their monthly energy bills from a net bill of $280.10 to $269.41, a savings of $10.69 or 3.8%. BELCO has always endeavoured to fund operations and capital projects from income growth and cost containment. When rate increases have been required, the company has kept them below the level of the Consumer Price Index. In 2011, in light of Bermuda's economic downturn, BELCO waived an average approved 1.5% increase.

Similarly, in 2011, Bermuda Gas elected not to pass along increases in propane gas wholesale prices to its customers, opting rather to reduce its margin on gas sales. Bermuda Gas turned its focus to operational efficiencies designed to enhance its long-range progress.

In addition, during the year, Bermuda Gas took steps in new directions. The company outfitted its fleet of vehicles with propane gas fuel-injection systems. It also undertook something new in connection with Ascendant Group's involvement in the Grand Atlantic condominium development in Warwick: Bermuda Gas installed its first underground, bulk propane gas tanks at the housing development to serve residential needs. The installation marks a step forward in providing aesthetically and environmentally friendly service. PureNERGY is also contributing to this project by adding solar hot water systems to the community's energy mix.

"Power" is the rate at which "energy" is converted, or, in other words, the rate at which work is performed. Value lies in performing work efficiently.

As Bermuda looks to reduce its dependence on imported fossil fuels and to participate in the global effort to address climate change, renewable energy generation will be integrated into Bermuda's energy mix. The 2011 White Paper outlines key energy policies for reducing fossil fuel dependency and maintaining energy security. It sets aggressive targets for reducing greenhouse gas emissions, including 30% of electricity generated from renewable sources by 2020 and no emissions growth after 2013. The White Paper outlines an ambitious agenda, and Ascendant Group is endeavouring to quantify what it means in terms of total investment requirements and planning, and likely impacts on the consumer.

Bermuda's home and business owners are beginning to invest in small-scale renewable energy solutions – primarily solar photovoltaic, solar hot water and micro wind turbine installations – as evidenced by the number of BELCO customers who are now connected to the company's transmission system; there were 44 such customers at the end of 2011, compared with 20 at the end of 2010. BELCO is also working to develop standards for power purchase agreements for potential large-scale renewable energy producers. In addition, BELCO is actively investigating the use of liquefied natural gas in its Central Plant, as a cleaner alternative to fossil fuel oil.

PureNERGY supports its affiliate Ascendant Group operating companies and, with the White Paper's targets for large- and small-scale renewables, we believe there will be additional roles for PureNERGY to play. Ascendant Group is encouraged by the Ministry of Environment, Planning & Infrastructure Strategy's proactive stance on ensuring that there is financing, tax relief and other incentives for home and business owners to enter into the small-scale renewable arena.

Bermuda Gas plays a key role in offering alternative energy solutions to Bermuda, as it continues to invest considerable effort into educating consumers about energy-efficient appliances and the benefits of propane gas as an affordable, cleaner fuel. The company's goal is to grow its customer base and expand the ways in which propane gas is used across the Island. Bermuda Gas is encouraging residential and commercial use of propane for heating water, and as a fuel for commercial and other vehicles, in addition to traditional uses for stoves and fireplaces. Clean energy is an important component of Ascendant Group's strategy to minimise the environmental impacts of Bermuda's electricity and transport sectors, and Bermuda Gas is well positioned to be a leader in this regard.

As new technology and alternative energy sources emerge, Ascendant Group will look increasingly to Bermuda Gas, PureNERGY and inVenture for solutions and development.

inVenture was incorporated in 2010 to pursue new engineering and technical opportunities on Island, anticipating involvement in public-private partnerships, particularly facilities management and engineering procurement and construction. inVenture, as a Bermudian company, understands the Island's requirements and is positioned to develop partnerships with local and international firms. inVenture will leverage Ascendant Group's collective expertise to deliver multi-faceted infrastructure projects that incorporate a balance of established and cutting-edge technologies.

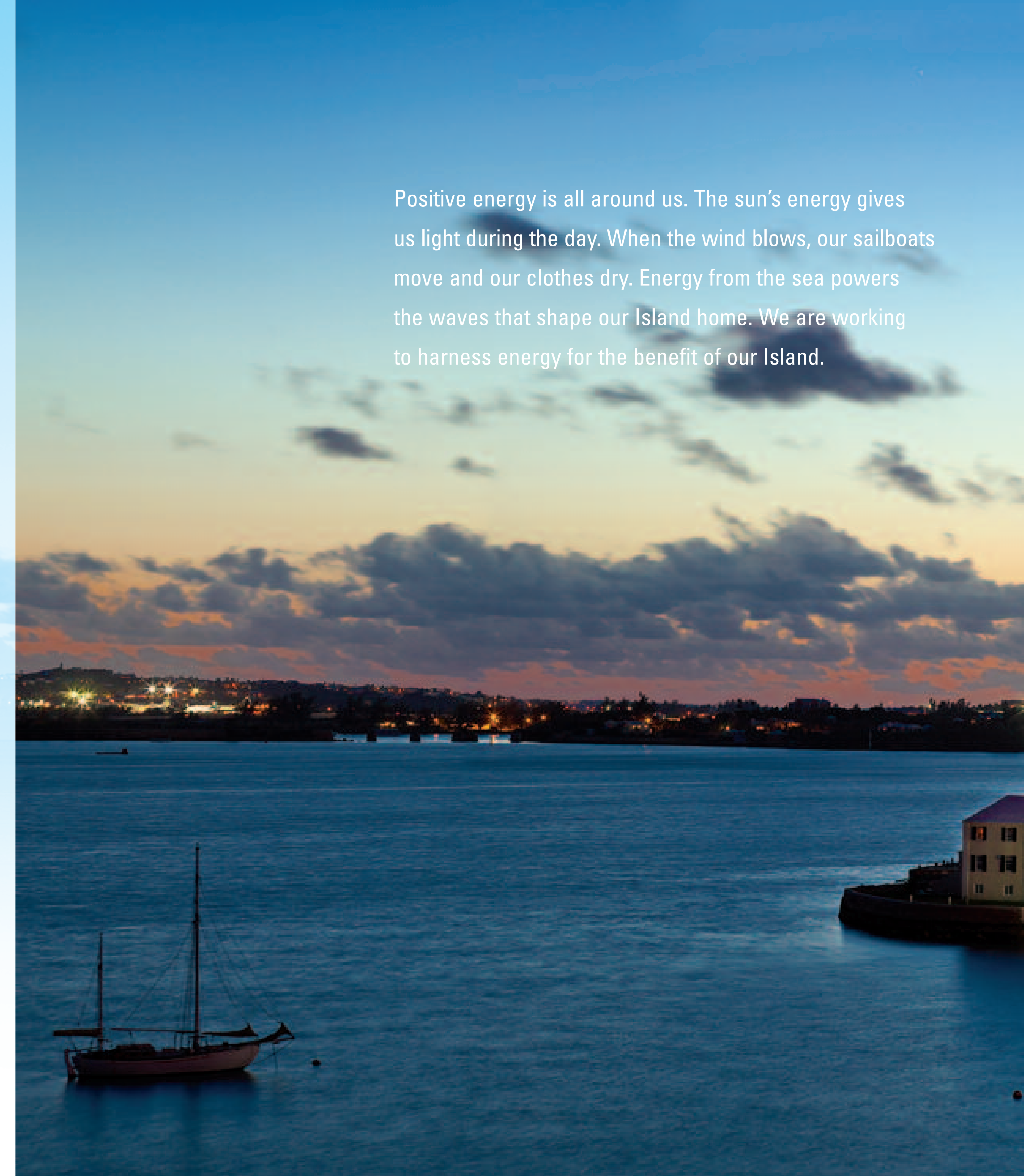
In 2011, two inVenture operating subsidiaries were formed, iFM Limited and iEPC Limited. iEPC was incorporated on 11 July 2011, and is a wholly owned subsidiary of inVenture. iEPC will provide engineering, procurement, construction and consulting services for Ascendant Group companies, as well as third parties. As at 31 December 2011, iEPC had not yet commenced operations.

iFM was originally incorporated as a wholly owned subsidiary of inVenture on 19 January 2011. iFM is now a joint venture company that is 60% owned and controlled by inVenture, and 40% owned and controlled by a Bermuda-registered, exempted subsidiary of Black & McDonald Limited (B&M). B&M is a privately held Canadian company and is considered a leading electrical, mechanical and facilities maintenance management contractor, operating across Canada, the United States and Bermuda. iFM brings together these strategic partners from Bermuda and Canada to deliver world-class facilities management services to clients in Bermuda.

Prior to 30 December 2011, iFM was a start-up company in the process of seeking new facilities management opportunities in Bermuda. On 30 December 2011, iFM entered into a three-year property management agreement with The Bank of N.T. Butterfield & Son Limited and its affiliates located in Bermuda. On 31 January 2012, iFM entered into a three-year property management agreement with HSBC Bank Bermuda Limited and its affiliates in Bermuda. Consequently, iFM did not have any financial activity during the 2011 fiscal year.

iFM headquarters are at 25 Serpentine Road, adjacent to Bermuda Gas and PureNERGY.

inVenture has a real opportunity to grow and support the Island's progress by building and maintaining infrastructure. inVenture's growth will be driven by incorporating new entities, taking strategic positions in existing companies, and acquisitions and joint ventures.



Positive energy is all around us. The sun's energy gives us light during the day. When the wind blows, our sailboats move and our clothes dry. Energy from the sea powers the waves that shape our Island home. We are working to harness energy for the benefit of our Island.

Ascendant Group companies have a history of reliability and are uniquely positioned to contribute to infrastructure development, helping create a brighter future.

Management's Discussion & Analysis of Results and Financial Condition should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto.

ASCENDANT GROUP

Earnings Overview

Consolidated net earnings for 2011 declined from 2010 results of $16.02 million to $11.12 million. As a result, earnings per share decreased 30.5% to $1.07, down from $1.54 in 2010. Net income results for 2011 from subsidiaries of Ascendant Group Limited were mixed, as reported in detail below.

Bermuda Electric Light Company Limited (BELCO) net income declined $1.49 million to $14.54 million from 2010 results of $16.03 million.

Bermuda Gas & Utility Company Limited net income results decreased 26.8%, or $353,916, to $969,104 from net income of $1.32 million reported in 2010.

BELCO Properties Limited consolidated net income results increased $474,369 to $652,245, when compared to $177,876 reported in 2010.

PureNERGY Renewables, Ltd. sustained a loss of $1.39 million in the current year, following a 2010 loss of $405,276.

inVenture Limited reported a consolidated net loss of $184,560 in 2011, as compared to a 2010 consolidated net loss of $72,035, while Sigma Corporate Services Company Limited recorded a 2011 net income of $28,670 after breaking even in 2010.

Net parent company expenditures increased $2.47 million during the current year to $3.55 million, from total net 2010 expenditures incurred of $1.08 million.

The market price of Ascendant Group's shares declined in 2011 from an opening value of $14.95, to a year-end price of $13.26. Management continues to believe that the share price is undervalued, as the Book Value of shares at year end was $31.45 and not reflective of the long-term value of the organisation.

The 2011 cash dividend of $0.85 per share was unchanged from 2010. The 2011 dividend yield, based on the year-end stock price of $13.26, was 6.4% compared to 5.7% in 2010, based on the 2010 year-end price of $14.95 per share.

Future Changes

As previously disclosed in its annual reports for the fiscal years ended 31 December 2009 and 2010, Ascendant Group plans to change its basis of accounting from Canadian Generally Accepted Accounting Principles (GAAP) to International Accounting Standards and will begin reporting under International Financial Reporting Standards (IFRS) effective for fiscal year 2013. As outlined in Note 2 to the Consolidated Financial Statements, "Future Accounting and Reporting Changes", the changeover to IFRS will affect the presentation of Ascendant Group's consolidated financial statements for the year ending 31 December 2013 and thereafter.

BELCO

Electricity Operating Revenue

Sales of electricity, net of fuel adjustment income, decreased $3.22 million in 2011 to $150.75 million, down from the $153.97 million achieved in 2010. Basic tariff rates and facility charges remained unchanged from 2010, following management's decision, which was ratified by the Board of Directors, not to increase these rates, although entitled to do so, given prior approval from the Price Control Commission in 2006. Management made this decision, as they believed an increase in basic tariff rates would further stress an already weak economy and slow down any potential recovery, which in the long term would not be in BELCO's best interest. This weakness in the local economy was primarily responsible for the decrease in the number of kilowatt hours (kWh) sold, which negatively impacted BELCO's net income by $3.22 million. In 2011, fuel adjustment income increased to $91.45 million, up $15.85 million from $75.60 million realised in 2010. This significant increase is attributed primarily to a 17.7% increase in the average price paid for a barrel of fuel equal to approximately $19.2 million. Fuel adjustment sales were also higher by $426,000 due to an increase in the price paid for kWh purchased from Bermuda Government's Tynes Bay incineration plant during the year. These increases were offset by $3.8 million in avoided fuel adjustment cost due to decreased generation, which is related to the decline in sales demand, as well as an improvement in the annual efficiency rate of kWh generated per barrel of fuel from 689.9 kWh in 2010 to 702.5 kWh in 2011. The corresponding increase in fuel expense is reflected in Energy Supply costs. Management tries to take advantage of temporary declines in world fuel prices by purchasing shipments ahead of their delivery date. In 2011, these forward purchases of fuel resulted in savings of approximately $5 million in comparison to cost that would have been paid, had it been purchased at contract prices. Also during 2011, BELCO entered into a new contract for the supply of fuel oil for its generation plant. This new contract resulted in fuel cost savings of $2.54 million in 2011. These savings were passed on to customers in the form of a lower fuel adjustment charge.

The table below presents the specific kWh sales levels and changes in the various rate classes.

	2011		2010	
	'000'S KWH	% CHANGE	'000'S KWH	% CHANGE
Residential	265,243	-4.2	276,824	1.9
Commercial	316,356	-1.3	320,527	-1.9
Other	54,918	-3.2	53,220	-7.7
Total	636,517	-2.2	650,571	-0.8

Residential

Residential kWh sales decreased 4.2% in 2011, following an increase in 2010 of 1.9%. Average consumption per customer decreased 4.2% during the year to an average monthly consumption of 678.5 kWh. The significant decrease of 11.58 million kWh is directly related to the economic downturn, as many metered residential units have become unoccupied due to non-Bermudian work permit holders leaving the Island, as a number of businesses either moved operations out of Bermuda or reduced staffing levels. Another sign of economic contraction is a decrease of 16 metered residential customers. Although not significant, this represents the first time the number of metered residential customers has decreased in the last 20 years. Many other active customers also reduced their overall monthly average consumption as fuel adjustment rates increased during the year.

Commercial/Other

Sales in the commercial sector were down 1.3%, or 4.17 million kWh, compared to a decrease of 1.9% in 2010. Business closures, reduced hours of operation, lower occupancy levels, and concerted efforts by many businesses to reduce operating costs through energy conservation, due directly to the Island's economic downturn, are primary factors responsible for the noted reduction. Business closures during the year led directly to the loss of 1.9 million kWh, while the net decreases in business consumption, ranging between 10 and 200 kWh annually, totalled 2.7 million kWh. Notable increases in consumption by several customers such as the Dame Lois Browne-Evans Building, Seon Place and XL House offset general overall decreases in commercial sales.

BELCO's peak demand for 2011 was 118.2 megawatts (MW), which is 3.8% lower than the 2010 peak of 122.8 MW, highlighting the fact that the Island's economy has contracted with businesses closing, downsizing and controlling costs, given reduced sales.

EXPENSES

Energy Supply (fuel)

Fuel costs are the most significant of the Energy Supply expenses. In 2011, total fuel costs increased $14.71 million from $107.34 million in 2010 to $122.05 million. This increase is due primarily to a 17.7% increase in the average cost of fuel or an additional $18.05 per barrel, up from $101.83 per barrel in 2010 to $119.88 per barrel in 2011. The increase in fuel costs resulted in an additional $18.12 million being spent on fuel during the current year. The increase was also due to a 34.0% increase in the average price paid to Bermuda Government for kWh generation received from the Tynes Bay incineration plant during the year. The total amount paid increased $425,954, as BELCO paid $1.79 million for 11.94 million kWh (2010: $1.39 million for 12.36 million kWh).

Increases noted were offset in part by improved efficiency and decreased generation volumes related to lower kWh demand. Average efficiency for 2011 was 702.5 kWh per barrel of fuel consumed, a 1.8% increase when compared to the average efficiency realised in 2010 of 689.9 kWh per barrel. This led to 18,295 less barrels consumed and fuel savings of $1.86 million. Overall, internal generation decreased significantly by 13.02 million kWh due to decreased kWh sales. Decreased internal generation resulted in approximately 18,869 less barrels being consumed, equivalent to $1.97 million.

BELCO's cost per barrel of fuel included a customs duty charge of $15.10 per barrel. For 2011, the total value of customs duty on 1,003,285 barrels of fuel consumed was $15.15 million (2010: $15.71 million).

Energy Supply (net of fuel)

Energy Supply expenses decreased by $1.16 million in 2011. Five major overhauls were carried out in 2011, as was the case in 2010; however, less costly materials and reduced expenditures were required and incurred. Total major overhaul expenditure deferred decreased $1.95 million, when compared to 2010, related directly to the reduced level of expenditure incurred in the current year. In 2010, BELCO absorbed $750,000, representing its insurance policy deductible, following a claim made when a gas turbine generating unit (GT5) incurred internal damage and was removed from service. No such expenditure was incurred in the current year. Insurance expenses increased $296,000, as the premium renewal in 2011 on Ascendant Group's main property insurance policy increased, as a result of several claims and changes in general insurance market rates.

Energy Delivery

Expenses in 2011 decreased $435,341 when compared to 2010. Unlike 2010, when BELCO incurred costs totalling $685,615 to restore customer services following Hurricane Igor, no windstorm or hurricane-related expenditure was incurred in 2011. Significantly less fault repair and rehabilitation work to both overhead and underground service was required in 2011, when compared to 2010. BELCO incurred $171,000 in costs, utilising a horticultural maintenance company to cut trees away from overhead power lines in a manner designed to limit the need for yearly maintenance. Labour-related expenditure increased significantly due to staff transfers into Energy Delivery from other operating units, early retirement incentives to reduce staff numbers, as well as several new hires to address vacancies carried over from 2010. Offsetting these labour cost increases were significant decreases in overtime costs. Total overtime costs incurred in overhead and underground maintenance alone was $547,000 less than that incurred in 2010, as a result of cost-control measures taken to enable 2011 operating result goals to be met in light of diminished sales. Energy Delivery benefitted from improvements made in general business work processes and planning, as well as the introduction of a more risk-based evaluation, decision-making process, as it relates to operation of the transmission and distribution system.

Administration and General (Ascendant Group)

Administration costs increased 12.57%, or $3.95 million, in 2011. At the beginning of the year, the Ascendant Group Board of Directors hired an international management consulting firm to provide guidance to ensure appropriate leadership is in place to steer Ascendant Group successfully into the future. This action supports the Board's commitment to address succession requirements, while growing group businesses and providing opportunities for career development.

As at 31 December 2011, BELCO imposed a "soft" freeze of their Defined Benefit Pension Plan (the DB Plan). The DB Plan, which was previously closed to new employees, effective 1 January 2006, provided a pension benefit to members equal to a percentage of an employee's average salary prior to retirement. The percentage benefit is based upon an employee's years of service up to a maximum benefit of 65%, while the average salary benefit is calculated as the average earnings over a consecutive three-year period in the 10 years immediately prior to retirement. Under the terms of the "soft" freeze of the DB Plan, the percentage benefit was frozen as at 31 December 2011. However, the pensionable earnings benefit to which the fixed percentage will be applied will continue to be calculated as previously noted. As a result of this decision, the Company incurred a one-time, non-cash expense of $3.38 million for the year ended 31 December 2011. Effective 1 January 2012, all employees covered under the DB Plan have been transitioned to a Defined Contribution Pension Plan. Also in 2011, a number of long-serving employees throughout the organisation received early retirement compensation packages totalling approximately $1.5 million, with $547,000 of this total charged to Administration. The net cost of early retirement, after considering employment costs avoided for 2011, was approximately $500,000. Although BELCO incurred significant one-time costs with the decisions to offer early retirement and freeze the DB Plan, the Company anticipates sizeable future cost reductions as a result of these actions.

BELCO Administration labour costs also decreased in 2011 as a result of staff transfers to Energy Delivery at the commencement of the year. BELCO recognised a negative adjustment of $292,000 on its Somers Isles group health insurance plan during the year, given deterioration in its overall plan asset position, as well as a $178,000 increase in employee medical benefit expenses.

Also in 2011, BELCO engaged an international energy consulting firm to prepare a cost-of-service study and to assist with the review and determination of tariff rate alternatives, rate case preparation and to develop an interconnection policy, all totalling $226,500.

Depreciation and Amortisation (Ascendant Group)

Depreciation and amortisation is one of the largest single operating costs, representing 10.6% of total operating expenditures this year. The net increase in depreciation and amortisation of $482,688 is primarily due to an increase of approximately $1.2 million in major engine amortisation. Offsetting this increase is a $721,673 decrease in depreciation and amortisation due to existing fixed assets reaching the end of their useful life during the year.

Interest

BELCO converted its $35 million credit facility with The Bank of N.T. Butterfield & Son Limited, which matured on 29 February 2012, into a $40 million overdraft facility, bearing variable interest rates. Subsequent to the year end, this facility was renewed and now expires on 28 February 2013. Along with financing fuel shipment receipts, this facility was used during the year to address working capital requirements. BELCO incurred interest costs in 2011 of $142,226 (2010: $234,946), which included facility fees of $31,735 (2010: $65,625). The 2011 effective rate of interest on outstanding debt of 4.3% was slightly less than the effective rate of interest on outstanding debt of 5.2% in 2010.

LIQUIDITY AND CAPITAL RESOURCES

Construction

BELCO invested $25.7 million in capital projects in 2011 compared to $29.5 million in 2010.

Energy Supply capital expenditures in 2011 totalled $5.1 million (2010: $10.44 million).

BELCO spent $3.6 million, as planned, on the North Power Station project in 2011. This project, budgeted to cost approximately $70 million over four years, involves the design and construction of three 14MW diesel generating units plus associated work. These engines, scheduled to begin commercial operation in July 2013, form an integral part of a multi-phase central plant development plan for the Pembroke Power Station, as part of BELCO's "New Energy Equation". Future planned phases of the New Energy Equation include large-scale renewable energy obtained through wind, solar and waste-to-energy production. The introduction of these engines is essential to meeting Bermuda's future energy demand, as three existing engines are scheduled for retirement in 2013, as are all East Power Station Phase I engines in 2017. After conducting a thorough tendering process, the contract to build and finance this project was awarded to the consortium of Burmeister & Wain Scandinavian Contractor (BWSC) and MAN Diesel & Turbo. However, the final contract scheduled to be signed between the consortium and BELCO on 1 March 2012 was postponed for three months on receipt of notice in February 2012 from Government's Energy Commission that BELCO's October 2011 submission to increase basic tariff rates, effective 1 January 2012, had been rejected. At the time of writing, BELCO has appealed this decision. If the appeal is not successful, the North Power Station project will be curtailed, leaving BELCO with no choice but to continue to meet Bermuda's future energy demand with older, less reliable generation plant.

A total of $2.5 million was spent on East Power Station upgrades during the year in order to support planned generation service through to 2020. Radiator fans were replaced in engine generating units E3 and E4, in service since 1989, due to the unacceptable risk associated with potential engine failure, given the poor condition of the fans. Plans also exist to replace the radiator fans in engine generating units E1 and E2, given their poor condition and to safeguard required generation capacity for the next several years. In addition, new 13.8 kilovolt (kV) switchgear was installed to provide sufficient redundancy to reduce the risk to generation, if the single existing 13.8 kV switchgear in the East Power Station (currently providing power to engine generating units E1 through E8) were to fail. In reviewing BELCO's operational risk, it was determined that the risk associated with this switchgear was unacceptable. Adding redundancy was assessed as the best option in order to secure generation supply. In addition, the current steam system, at the end of its useful life and presenting a serious safety hazard, was replaced with a new oil-fired hot water heating system. Heating generated from this system is necessary to enable the engines to operate using heavy fuel oil and to allow engine generating units E1 and E2 to be able to run for extended periods, increasing overall efficiency and lower costs of operation.

A total of $760,118 was spent to complete implementation of the internal power monitoring and control system. As noted in the 2010 annual report, this system enhances energy management and measurement within BELCO, giving engineering staff the information necessary to make cost-effective decisions and to reduce lost generation through lower internal usage.

An additional $438,784 was spent on the oil tank management system initiated in 2010. This system provides real-time information on oil levels in all major oil storage vessels, enhancing oil inventory management, as well as assisting in determining if oil leaks are present. This will enable BELCO to take timely action to mitigate environmental issues, conform with its International Organisation for Standards ISO 14001-compliant Environmental Management System and minimise costs.

East Power Station emissions stack repairs costing $343,652 were incurred during the year after a routine inspection in late 2010 revealed a crack, extending around the circumference of the chimney. The crack injection and carbon fibre repair work, carried out and completed at the end of August 2011, has restored the structural integrity of the emissions stack.

Capital expenditure incurred by Energy Delivery in 2011 totalled $15.6 million (2010: $12.08 million).

BELCO spent $1.26 million during the year (2009 and 2010: $3.56 million) on Phase II of the transmission protection modification project. The project's objective is to secure reliability of service through review and modification of key components of the transmission system, principally switchboards, as well as earthing sources, voltage restraint over current relays and other areas of the transmission system's protection controls. Costs incurred during the year were deemed necessary to ensure the existing system meets required system reliability and safety policy standards and ensure the minimisation of outages. This project is scheduled to be completed in 2012.

A total of $1.77 million was spent on logistical work in preparation for the Prospect-to-Flatts transmission cable replacement in 2012. The majority of the cable required for this project was acquired during the year with the intention of installing it in 2012. This project was moved forward to 2012 due to a number of factors, including the need to:

- Decrease the mean time between failures of the 0.075 in^2 22 kV cables from the south switchboard to Flatts;
- Minimise "in-feeds" to various switchboards to better enable protective relaying co-ordination; and
- Better facilitate power injection at the East End of the Island.

Project plans involve trench work between the Prospect and Flatts substations to facilitate the installation of two 300-millimetre cables and an associated pilot cable. However, this project may be removed from the list of 2012 priority initiatives, if BELCO does not succeed in its appeal, seeking to overturn the recent decision by Government's Energy Commission to reject the company's 2011 rate case submission, which requests an increase in basic tariff rates beginning in 2012. Even if the project is deferred, it is considered an extremely important project, as it will allow very old, problematic and operationally expensive 22 kV cables on the eastern portion of the Island to be retired, providing a more secure 22 kV link to the Flatts substation and mitigating possible overloads on Fort Hamilton feeds to Flatts.

Distribution system refurbishment costs totalled $2.71 million in 2011 (2010: $2.70 million). This work represents ongoing efforts to improve the security of overhead and underground high and low voltage networks. Work was carried out on both main and branch service lines, and involved upgrading or installing additional transformers, as well as replacing low and high voltage cable, where appropriate. This work was performed throughout the entire Island during the year.

A total of $1.45 million (2010: $2.71 million) was spent addressing customer-initiated projects requiring new supply services. Costs incurred to address new customer-initiated service included installation labour, transformers, cables, switchgear and overhead lines. Meter installations, transformer upgrades, facilitation of new or altered low voltage customer service and meter change-out work cost $1.09 million during the year (2010: $1.35 million).

In BELCO's Finance & Administration group, a total of $2.67 million was spent on information technology enhancements and initiatives during the year (2010: $1.38 million), as BELCO aims to enhance inventory management, and work-planning and scheduling applications.

Work carried out in 2011 to replace the current work management system cost a total of $1.39 million. The decision to replace this system was taken, given increasing costs associated with owning and supporting the existing system, difficulties experienced in supporting the current version of software in place, the inability of the existing system to meet critical business requirements and the fact the software would no longer be supported by the vendor. BELCO is replacing the system with IBM's Maximo Asset Management System, expected to go live in April 2012, providing numerous benefits.

Upgrades to network infrastructure and BELCO's data centre cost approximately $426,000 (2010: $308,000). Upgrades are undertaken to continuously improve system security, reliability, speed and capacity.

Financing and Capitalisation

BELCO has a $40 million overdraft facility with The Bank of N.T. Butterfield & Son Limited to finance short-term needs. At the end of the year, the net overdraft position was $26.1 million (2010: $23.5 million drawdown on $35 million credit facility), which has been used to finance heavy fuel oil purchased under its fuel contract with Shell Western Supply and Trading Limited, diesel fuel oil purchased under its fuel contract with ESSO Bermuda, as well as to address working capital requirements. Cash reserves were lower at the end of 2011, when compared to cash reserves at the end of 2010 due to reduced sales, increased aging of customer receivable balances, early retirement payments and year-end fuel shipment payments.

BERMUDA GAS

Bermuda Gas' net earnings for the year decreased to $969,104, down from $1.32 million achieved in 2010, a decrease of 26.8%. Net income was negatively impacted as lower sales margins were realised in 2011, following management's decision not to pass on increased costs to consumers in deference to the economic realities facing the Island.

Gas sales were 2.5% higher than 2010 sales, as price increases offset decreased volumes in both residential and commercial markets, directly related to the downturn in the local economy. Current year appliance sales decreased 3.0% when compared to 2010 sales. Appliance unit sales were slightly up on 2010 volumes, but this was more than offset by the need to lower prices and offer more discounts in a challenged marketplace due to the struggling economy and increased competition. Service sales decreased 3.2% due to the loss of a service technician during the year. Parts sales were also down 9.5% on 2010, again due directly to the economy. Increases in operating and administrative expenses due to new hires and sales training were offset by increases in other income.

Bermuda Gas capital expenditures incurred in 2011 totalled $1.95 million (2010: $661,000).

Bermuda Gas spent $1.56 million during the year (2010: $128,000) in order to finalise the building leasehold improvements project begun in 2010. This project involved bringing the Warehouse, Parts & Service Departments, Administration, Customer Care and Appliance Showroom under one roof at its new location on Serpentine Road, Pembroke. The building used to support Bermuda Gas operations is owned by affiliate company, Serpentine Properties Limited. All renovations were completed and occupancy granted in January 2012. New gas cylinders cost Bermuda Gas $238,300 during the year, while $25,400 was spent on fuel-injection systems used to convert diesel-fueled vehicles to propane-fueled vehicles in the Gas division. In addition, $111,800 was spent on the development and enhancement of information technology and business processes in Bermuda Gas' Finance and Administration department.

PURENERGY

PureNERGY realised a net loss for the year of $1.39 million as compared to a net loss of $405,276 in 2010. Related-party sales in 2011 totalled $106,000 (2010: $515,250). Although recent announcements regarding financing, tax relief and other incentives for small-scale renewable energy systems are encouraging for PureNERGY, management will reassess the operation of this company during 2012, if these do not result in opportunities.

BELCO PROPERTIES

BELCO Properties Limited realised consolidated results of $652,245 in 2011, as compared to $177,876 in 2010, due entirely to amended terms of its existing loan with Ascendant Group. Effective 31 December 2010, the loan is due on demand, bears no interest and has no structured period for repayment. Previously, the principle was repayable on an amortised basis over 30 years, bearing interest at 4% per annum.

INVENTURE

inVenture, formed to pursue new investment opportunities outside of the energy business, incurred costs totalling $184,560 (2010: $72,727) in pursuing and developing these new opportunities. During the year, inVenture incorporated two new organisations, iFM Limited and iEPC Limited, whose operations and purpose are outlined below.

iFM Operations

iFM was originally incorporated as a wholly owned subsidiary of inVenture on 19 January 2011. iFM is now a joint venture company that is 60% owned and controlled by inVenture, and 40% owned and controlled by a Bermuda-registered, exempted subsidiary of Black & McDonald Limited (B&M). B&M is a privately held Canadian company and is considered a leading electrical, mechanical and facilities maintenance management contractor, operating across Canada, the United States and Bermuda. iFM brings together these strategic partners from Bermuda and Canada to deliver world-class facilities management services to clients in Bermuda.

Prior to 30 December 2011, iFM was a start-up company in the process of seeking new facilities management opportunities in Bermuda. On 30 December 2011, iFM entered into a three-year property management agreement with The Bank of N.T. Butterfield & Son Limited and its affiliates located in Bermuda. On 31 January 2012, iFM entered into a three-year property management agreement with HSBC Bank Bermuda Limited and its affiliates in Bermuda. Consequently, iFM did not have any financial activity during the 2011 fiscal year.

iEPC Operations

iEPC was incorporated on 11 July 2011, and is a wholly owned subsidiary of inVenture. iEPC will provide engineering, procurement, construction and consulting services for Ascendant Group companies, as well as third parties. As at 31 December 2011, iEPC had not yet commenced operations and therefore did not have any financial activity during the year.

SIGMA

Sigma Corporate Services Company Limited was established during 2010 to provide corporate services to existing group entities, as well as to companies outside of the consolidated group. In addition to human resource, business performance and legal counsel services, Sigma now provides corporate communications services to the group, following the transfer of all staff from BELCO's External Relations & Corporate Communications group at the start of 2011. External revenues realised totalled $28,670, earned from a number of trade courses conducted during the year. All other revenues earned were solely from related entities and thus eliminated on consolidation, in accordance with generally accepted accounting principles. Operating expenses for 2011 of $3.77 million have been included in Administration and General expenses (2010: $1.44 million).

MANAGEMENT'S REPORT TO THE SHAREHOLDERS OF ASCENDANT GROUP LIMITED

The consolidated financial statements of Ascendant Group Limited presented in this report have been prepared by Company personnel in accordance with Bermudian and Canadian Generally Accepted Accounting Principles. The integrity and objectivity of the data in these financial statements are the responsibility of management. In preparing these statements, management makes informed judgments and estimates of the expected effects of events and transactions that are being reported.

The Company's system of internal accounting control is designed to provide reasonable assurance that assets are safeguarded and transactions are executed according to management's authorisation. Internal accounting controls also provide assurance that transactions are recorded properly, so that financial statements can be prepared according to Generally Accepted Accounting Principles. In addition, the Company's accounting controls provide reasonable assurance that errors or irregularities, which could be material to the financial statements, are prevented or detected by employees within a timely period as they perform their assigned functions. The Company's accounting controls are continually reviewed for effectiveness by management.

The accompanying consolidated financial statements have been audited by PricewaterhouseCoopers, independent auditors. Management has made available to PricewaterhouseCoopers all of the Company's financial records and related data, as well as representations we believe to be valid and appropriate. The accompanying report of the independent auditors is based on their audit conducted in accordance with Generally Accepted Auditing Standards.

CHRISTOPHER A. COELHO
Treasurer

INDEPENDENT **AUDITORS' REPORT** TO THE SHAREHOLDERS OF ASCENDANT GROUP LIMITED

We have audited the accompanying consolidated financial statements of Ascendant Group Limited, and its subsidiaries, which comprise the Consolidated Balance Sheet as at 31 December 2011, and the Consolidated Statement of Earnings, Consolidated Statement of Retained Earnings and Consolidated Statement of Cash Flows for the year then ended, and the related notes which comprise 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 consolidated financial statements in accordance with accounting principles generally accepted in Bermuda and Canada, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. 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 auditor's 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 auditor considers 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Ascendant Group Limited and its subsidiaries as at 31 December 2011, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS
Chartered Accountants

Dorchester House
Hamilton, Bermuda
27 April 2012

CONSOLIDATED **BALANCE SHEET**

As at 31 December 2011

	NOTES	2011	2010
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	5	$ 285,354,028	$ 286,300,457
Intangible Assets	6	6,439,093	5,090,360
		291,793,121	291,390,817
Current Assets			
Cash and Cash Equivalents	11	2,936,745	5,357,548
Accounts Receivable	3, 16, 18	25,611,573	20,960,048
Inventory	7, 14	73,498,685	56,973,291
Prepaid Expenses	4	6,849,089	8,442,260
		108,896,092	91,733,147
		$ 400,689,213	$ 383,123,964
CAPITALISATION AND LIABILITIES			
Capitalisation			
Capital Stock	8	$ 10,446,049	$ 10,416,961
Share Premium	8	27,916,530	27,552,973
Treasury Stock	8	(845,803)	(845,803)
Contributed Surplus		22,549,745	22,549,745
Retained Earnings		268,507,330	266,218,353
Minority Interest	9	4,000	0
		328,577,851	325,892,229
Current Liabilities			
Customer Deposits		301,330	331,928
Trade and Other Payables	13, 18	35,488,999	23,815,433
Future Health Costs	12	10,180,830	9,584,374
Bank Borrowing	10, 11	26,140,203	23,500,000
		72,111,362	57,231,735
		$ 400,689,213	$ 383,123,964

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED **STATEMENT OF EARNINGS**

For the year ended 31 December 2011

	NOTES	2011	2010
Revenues			
Operating Revenues	17	$ 243,986,776	$ 231,870,024
Other Income		2,116,642	2,008,083
	15	246,103,418	233,878,107
Expenses			
Energy Supply		152,432,465	138,884,288
Energy Delivery		9,435,291	9,870,632
Administration and General		35,655,419	31,703,043
Gas Operations		5,748,280	5,670,975
Property Operations		168,258	159,155
Renewables Operations		906,522	749,894
inVenture Operations		184,560	72,727
Depreciation and Amortisation		24,412,141	23,929,453
Taxes and Rent		5,675,809	6,165,426
		234,618,745	217,205,593
Operating Income		11,484,673	16,672,514
Interest Expense			
Interest on Debt		142,226	234,946
Other		91,444	82,215
		233,670	317,161
Earnings before Undernoted Items		11,251,003	16,355,353
Foreign Exchange Loss		(118,640)	(201,579)
Change in Fair Value of Held for Trading Investments		(11,093)	(132,491)
Net Earnings for the Year	4	$ 11,121,270	$ 16,021,283
Basic and Fully Diluted Earnings Per Share	4	$ 1.07	$ 1.54

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED **STATEMENT OF RETAINED EARNINGS**

For the year ended 31 December 2011

	NOTES	2011	2010
Balance – Beginning of Year	4	$ 266,218,353	$ 259,005,164
Net Earnings for the Year	4	11,121,270	16,021,283
Dividends Paid		(8,832,293)	(8,808,094)
Balance – End of Year		$ 268,507,330	$ 266,218,353

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED **STATEMENT OF CASH FLOWS**

For the year ended 31 December 2011

	NOTES	2011	2010
Cash Flows from Operating Activities			
Earnings for the Year		$ 11,121,270	$ 16,021,283
Adjustments to Cash Basis:			
Depreciation and Amortisation		24,412,141	23,929,453
Inventory Write-Off		30,667	39,746
Specific Provisions		0	(700,000)
Changes in Non-Cash Working Capital Balances:			
Accounts Receivable		(4,651,525)	(1,980,687)
Inventory	7	(16,556,061)	(2,157,811)
Prepaid Expenses		1,593,171	(1,620,076)
Customer Deposits		(30,598)	(10,503)
Trade and Other Payables		12,522,026	4,373,140
Future Health Costs		596,456	823,520
		29,037,547	38,718,065
Cash Flow Used in Investing Activities			
Acquisition of Property, Plant, Equipment and Intangible Assets		(25,658,905)	(29,491,907)
Cash Flows from/(Used in) Financing Activities			
Cash Proceeds from Issuance of Capital Stock	8	392,645	486,150
Cash Proceeds from Bank Borrowing		56,000,000	49,500,000
Repayment of Bank Borrowing		(53,359,797)	(51,500,000)
Dividends Paid to Shareholders		(8,832,293)	(8,808,094)
		(5,799,445)	(10,321,944)
Decrease in Cash and Cash Equivalents		(2,420,803)	(1,095,786)
Cash and Cash Equivalents Beginning of Year		5,357,548	6,453,334
Cash and Cash Equivalents End of Year		$ 2,936,745	$ 5,357,548
Supplementary Cash Flow Information			
Cash Interest Received		$ 3,473	$ 23,074
Cash Interest Paid		$ 1,131,711	$ 1,150,736

The accompanying notes are an integral part of these Consolidated Financial Statements.

1 Significant Accounting Policies

These consolidated financial statements, as at and for the year ending 31 December 2011, have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada that are applicable to a going concern, which assumes that the Company will continue to operate for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations. The Company's financial statements are presented in Bermuda Dollars, which are on par with US Dollars. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the revenue and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies are as follows:

a Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries, Bermuda Electric Light Company Limited (BELCO), Bermuda Gas & Utility Company Limited, inVenture Limited, BELCO Properties Limited, PureNERGY Renewables, Ltd. and Sigma Corporate Services Company Limited. All material intercompany accounts and transactions are eliminated on consolidation.

b Sales

The sales of electricity are based on consumption recorded by meter readings taken monthly during the year. As in previous years, no account has been taken of unread consumption at the end of the financial year. Sales of propane gas and appliances are recognised upon delivery to customers. Sales of appliance parts sold over the counter are recognised at time of sale, and service sales are recognised at the time the service project is completed.

c Property, Plant and Equipment

Property, Plant and Equipment are recorded at cost. Interest cost on funds borrowed for the construction of certain long-term assets has been capitalised. The capitalised interest is recorded as part of the asset to which it relates, and is depreciated over the estimated useful life of the asset.

Depreciation of generation plant, transmission equipment and distribution equipment, less estimated salvage value, is calculated on a straight-line basis over periods ranging from 15 to 24 years. Depreciation of general plant and other physical property is calculated on a straight-line basis over periods ranging from three to 24 years. The calculation of depreciation is based on the cost of each group of assets from the actual date that they are brought into service.

d Cash and Cash Equivalents

Cash and cash equivalents include cash on account and short-term, highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash, and which are subject to insignificant risk of change in value. No significant interest rate risk is associated with cash and cash equivalents held as at 31 December 2011 and 2010.

e Inventory

Inventory is comprised of materials and supplies, as well as fuel and lubricants. Materials and supplies are recorded at the lower of average cost, less provision for obsolescence and net realisable value. Fuel and lubricants are recorded at cost on a first-in, first-out basis.

f Foreign Currency Translation

Monetary assets and liabilities have been translated into Bermuda Dollars at rates of exchange that approximate those rates prevailing at the Company's year end. Transactions in foreign currencies during the year have been recorded at actual rates of exchange when incurred. Gains or losses arising on foreign currency translations are included in earnings for the year.

g Basic and Fully Diluted Earnings Per Share

Basic and fully diluted earnings per share are calculated by dividing net earnings by the weighted average number of common shares outstanding during the year.

h Pensions and Employee Future Benefits

BELCO maintained a trusteed, non-contributory, Defined Benefit Pension Plan (DB Plan) covering all full-time employees hired prior to 1 January 2006 through to 31 December 2011. Effective 1 January 2012, all employees covered under this plan have been transitioned to a Defined Contribution Plan, as the DB Plan was frozen as at 31 December 2011. The cost of pension benefits earned by employees under the DB Plan is determined using the projected benefits method prorated on service. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. The accrued benefit asset is included in prepaid expenses. Annual changes in net assets or obligations arising from changes in assumptions, plan amendments and transitional amounts are amortised over the expected average remaining service life of the employees covered by the plan. The excess of net experience gains or losses over 10% of the greater of the benefit obligation and the fair value of plan assets is amortised over the average remaining service period of active employees. BELCO's net benefit plan expense is included in administration and general expenses.

BELCO and Sigma maintain a Defined Contribution Plan for all employees hired after 31 December 2005. Contributions to the Defined Contribution Plan are expensed as incurred.

Bermuda Gas maintains a Defined Contribution Plan. Contributions to the Defined Contribution Plan are expensed as incurred.

BELCO and Bermuda Gas provide post-retirement medical benefits for substantially all employees on retirement. The Company uses the accrual basis of accounting for these benefits, whereby an accrual is made for the present value of the future benefits to be provided in the reporting period in which the employee has provided the related service. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are not recognised unless the cumulative unrecognised gain or loss at the end of the previous reporting period exceeds the greater of 10% of the plan assets or liabilities (the corridor approach).

i Intangibles

The Company classifies goodwill and computer software as intangibles. The Company no longer records amortisation on goodwill. Goodwill is tested for impairment on an annual basis, or more frequently if impairment indicators arise, using the discounted cash flow valuation method. As at 31 December 2011 and 2010, there was no impairment of the Company's goodwill. Computer software is amortised on a straight-line basis over five years. Software in progress is not subject to amortisation until brought into service.

j Financial Instruments

The Company classifies short-term investments, included in cash and cash equivalents, as held for trading, which are measured at fair value with gains and losses recognised in the statement of earnings. Financial assets and liabilities, other than those held for trading, are measured at amortised cost, and amortisation is calculated using the effective interest rate method.

The carrying values of cash and cash equivalents, accounts receivable, bank borrowings, customer deposits, trade and other payables approximate their fair value because of their short-term maturities.

2 Future Accounting and Reporting Changes

In February 2008, the Canadian Institute of Chartered Accountants (CICA) announced that Canadian generally accepted accounting principles for publicly accountable enterprises would be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after 1 January 2011. However, for companies preparing to adopt IFRS for the first time, it was unclear whether regulatory assets or liabilities currently on their balance sheets could continue to be recognised.

Consequently, in September 2010, the Canadian Accounting Standards Board (AcSB) deferred the requirement for qualifying rate-regulated entities to adopt IFRS for one year. In March 2012, the AcSB approved a further deferral of one year to 1 January 2013. A qualifying entity is an entity that has activities subject to rate regulation, as well as the parent company of such an entity, if the parent company is publicly traded. Subsequently, in March 2012, the AcSB decided to extend the deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities by one year to 1 January 2013, as there has been no discussion to date on the matter by the International Accounting Standards Board (IASB). The deferral of the mandatory changeover date for an additional year will permit the AcSB to consider the actions it might take should the IASB add to its agenda a project on the effects of rate regulation. Management has, therefore, decided to defer adoption of IFRS to 1 January 2013, as Ascendant Group is a qualifying entity, in line with the decision of the AcSB and decisions taken by most other qualifying entities that are also adopting IFRS for the first time.

The Company, meanwhile, has developed an IFRS changeover plan that addresses key areas, such as accounting policies, financial reporting, disclosure controls and procedures, information systems, education and training, and other business activities. The Company, as part of its changeover plan, has identified differences in accounting policies and with respect to certain choices upon conversion in accordance with IFRS 1, First-time Adoption of IFRS.

It is likely that the changeover to IFRS will affect the Company's consolidated financial statements for the year ending 31 December 2013 and thereafter. These anticipated changes arise from the elections available to first-time adopters of IFRS under IFRS 1 and required changes to the financial statements associated with this new basis of accounting.

3 Financial Statement Effects of Rate Regulation

In accordance with Bermuda's Energy Act 2009, BELCO is required to submit all requests for changes in basic customer tariff rates to the Bermuda Government's Energy Commission for review and either approval or denial. Included in the basic customer tariff rates is an amount required to recover the first $30 per barrel of fuel used to generate electricity. BELCO recovers the excess of total fuel costs above $30 per barrel from its customers through the fuel adjustment charge, which is also subject to prior approval by the Energy Commission. Any shortfall in the fuel adjustment recovery is included in accounts receivable. As at 31 December 2011, the fuel adjustment under-recovery was $1,790,363 (2010: $1,294,478).

4 Prior Year Restatement of Financial Statements

During the year, the Company reviewed the actuarial methodology applied to measure the defined benefit obligation relating to the BELCO DB Plan.

As a result of this review, the Company noted that the application of the previous methodology resulted in an under-accrual of the liability and corresponding pension expense based on the underlying terms of the DB Plan. The Company changed the methodology during the current financial year to correct the under-statement of the DB Plan liability and comply with CICA 3461 Employee Future Benefits. The Company has applied this accounting treatment on a retrospective basis as required by accounting principles generally accepted in Bermuda and Canada.

The effect of the restatement of prior year financial statements is as follows:

(i) Impact on Retained Earnings and Prepaid Expenses

The under-accrual due to the application of the previous actuarial methodology resulted in an understatement of the DB Plan liabilities (which is classified under Prepaid Expenses on the Consolidated Balance Sheet) and consequently an overstatement of Retained Earnings as follows:

Prepaid expenses as at 31 December 2010	
Balance as previously stated as at 31 December 2010	$ 12,000,160
Effect of prior period restatement	(3,557,900)
Restated amount	$ 8,442,260
Retained Earnings as at 1 January 2010	
Balance as previously stated as at 1 January 2010	$ 261,892,064
Effect of prior period restatement	(2,886,900)
Restated amount	$ 259,005,164
Retained Earnings as at 31 December 2010	
Balance as previously stated as at 31 December 2010	$ 269,776,253
Effect of prior period restatement	(3,557,900)
Restated amount	$ 266,218,353

(ii) Impact on Earnings for the previous financial year ended 31 December 2010

As a result of the under-accrual of the Plan liability the effect on previously reported earnings of the Company was as follows:

Net profit as previously reported for the financial year ended 31 December 2010	$ 16,692,283
Effect of prior period restatement	(671,000)
Restated profit for the financial year ended 31 December 2010	$ 16,021,283

The effect of the prior period restatement has been recorded through the 'Administration and General' expense on the Consolidated Statement of Earnings.

Previously reported Basic and Diluted Earnings Per Share	$ 1.60
Effect of prior period restatement	(0.06)
Restated Basic and Diluted Earnings Per Share	$ 1.54

5 Property, Plant and Equipment

	ORIGINAL COST	ACCUMULATED DEPRECIATION	2011 NET BOOK VALUE	2010 NET BOOK VALUE
Generation Plant	$ 323,295,773	$ (203,792,606)	$ 119,503,167	$ 110,113,204
Transmission Equipment	75,369,249	(36,219,595)	39,149,654	40,110,845
Distribution Equipment	178,830,305	(96,283,487)	82,546,818	89,062,454
General Plant	60,201,600	(41,063,458)	19,138,142	23,296,070
Other Physical Property	31,058,640	(6,042,393)	25,016,247	23,717,884
	$ 668,755,567	$ (383,401,539)	$ 285,354,028	$ 286,300,457

Total capital work in progress of $16,554,260 (2010: $13,418,877) is embedded in fixed assets noted above. Capital work in progress is not subject to depreciation until brought into service.

Freehold land of $15,184,983 (2010: $15,184,983) is included in fixed assets noted above. Freehold land is not subject to depreciation.

6 Intangible Assets

	GOODWILL	SOFTWARE IN PROGRESS	SOFTWARE	TOTAL VALUE
YEAR ENDED 31 DECEMBER 2010				
Opening net book amount	$ 718,006	$ 5,788	$ 5,082,612	$ 5,806,406
Transfers	–	–	–	–
Acquisitions	–	187,119	647,547	834,666
Disposals	–	–	–	–
Amortisation	–	–	(1,550,712)	(1,550,712)
Closing net book amount	$ 718,006	$ 192,907	$ 4,179,447	$ 5,090,360
AT 31 DECEMBER 2010				
Cost	$ 1,118,680	$ 192,907	$ 10,829,605	$ 12,141,192
Accumulated Amortisation	(400,674)	–	(6,650,158)	(7,050,832)
Net book amount	$ 718,006	$ 192,907	$ 4,179,447	$ 5,090,360
YEAR ENDED 31 DECEMBER 2011				
Opening net book amount	$ 718,006	$ 192,907	$ 4,179,447	$ 5,090,360
Transfers	–	(192,907)	192,907	–
Acquisitions	–	1,884,539	543,781	2,428,320
Disposals	–	–	(356,934)	(356,934)
Amortisation	–	–	(722,653)	(722,653)
Closing net book amount	$ 718,006	$ 1,884,539	$ $3,836,548	$ 6,439,093
AT 31 DECEMBER 2011				
Cost	$ 1,118,680	$ 1,884,539	$ 11,209,360	$ 14,212,579
Accumulated Amortisation	(400,674)	–	(7,372,812)	(7,773,486)
Net book amount	$ 718,006	$ 1,884,539	$ 3,836,548	$ 6,439,093

There was no impairment of intangible assets for the years ended 31 December 2011 and 2010. During the year ended 31 December 2011, $2,428,320 (2010: $834,666) of intangible assets, subject to amortisation, were acquired.

7 Inventory

During the year, the Company expensed inventory totalling $138,559,016 (2010: $125,523,215) as part of normal operations. Inventory written off during the year totalled $30,667 (2010: $39,746). Inventory is comprised as follows:

	2011	2010
Materials and Supplies	$ 33,537,124	$ 32,512,885
Fuel and Lubricants	39,961,561	24,460,406
	$ 73,498,685	$ 56,973,291

8 Capital Stock

	2011	2010
Capital stock comprises:		
Authorised – 20 million shares of a par value of $1 each (2010: 20 million par value $1)	$ 20,000,000	$ 20,000,000
Issued and fully paid – 10,446,049 shares of a par value of $1 each (2010: 10,416,961 par value $1)	$ 10,446,049	$ 10,416,961

A total of 9,814 shares (2010: 19,663) were purchased by employees under an Employee Purchase Scheme in 2011 at an average price per share of $11.60 (2010: $13.31) giving rise to an increase in share premium of $169,007 (2010: $242,043). Directors received a total of 14,924 shares during the year (2010: 15,944) as part of total Directors' fee compensation, giving rise to an increase in share premium of $194,550 (2010: $208,500). The average price of the shares issued to Directors in 2011 was $14.03 (2010: $14.08). A total of 4,350 shares were issued to employees during the year in recognition of long service, retirement and accomplishment, giving rise to an expense of $55,170. A total of 41,200 shares were held as treasury shares, as at 31 December 2011 (2010: 41,200).

9 Minority Interest

iFM was originally incorporated as a wholly owned subsidiary of inVenture on 19 January 2011. iFM is now a joint venture company that is 60% owned and controlled by inVenture, and 40% owned and controlled by a Bermuda-registered, exempted subsidiary of Black & McDonald Limited (B&M). B&M is a privately held Canadian company and is considered a leading electrical, mechanical and facilities maintenance management contractor operating across Canada, the United States and Bermuda. iFM brings together these strategic partners from Bermuda and Canada to deliver world-class facilities management services to clients in Bermuda.

Prior to 30 December 2011, iFM was a start-up company in the process of seeking new facilities management opportunities in Bermuda. On 30 December 2011, iFM entered into a three-year property management agreement with The Bank of N.T. Butterfield & Son Limited and its affiliates located in Bermuda. On 31 January 2012, iFM entered into a three-year property management agreement with HSBC Bank Bermuda Limited and its affiliates in Bermuda. Consequently, iFM did not have any financial activity during the 2011 fiscal year.

10 Bank Borrowing

On 14 November 2011, BELCO converted its $35 million loan facility with The Bank of N.T. Butterfield & Son Limited (the Bank) into an overdraft facility with a maximum limit of $40 million, bearing variable interest rates based on the Bank's Bermuda Dollar Base Rate on borrowings that extended to 28 February 2013. On 30 August 2011, Bermuda Gas established a $1.5 million overdraft facility with the Bank to be used to finance renovation work at its new facility at 25 Serpentine Road. As at 31 December 2011, a total of $26,140,203 in facility financing had been used by both companies, bearing interest of approximately 4.2% (2010: $23.5 million, bearing interest at approximately 4.9%). Subsequent to the Company's year end, these facilities were renewed and extended to 28 February 2013.

11 Capital Management

The Company includes capitalisation, bank borrowing, and cash and cash equivalents in the definition of capital as follows:

	2011	2010
Capitalisation	$ 328,577,851	$ 325,892,229
Bank Borrowing	26,140,203	23,500,000
Cash and Cash Equivalents	(2,936,745)	(5,357,548)
	$ 351,781,309	$ 344,034,681

The Company's objectives, when managing capital, are to maintain sufficient liquidity and ongoing access to capital in order to allow the Company to build and maintain its operational infrastructure and administrative systems. The Company's short-term capital management strategy is to generate and utilise positive cash flows from operations to meet annual capital expenditure and dividend payment requirements. Where a shortfall exists between internally generated cash inflows and required cash outflows, short-term debt financing will be utilised. The Company currently utilises a bank overdraft facility to address fuel financing, small-scale renovation work and other requirements. The Company's long-term strategic capital management plan considers all alternative financing options available to address large-scale plant generation expansion or replacement, and transmission and distribution projects.

12 Pensions and Post-Retirement Medical Benefits

BELCO maintains a trusteed, non-contributory, Defined Benefit Pension Plan, covering all full-time employees hired before 1 January 2006. Effective 1 January 2012, all full-time BELCO employees will be covered by a Defined Contribution Pension Plan. Total employer contributions paid to the Defined Contribution Pension Plan during the year by entity are as follows:

	2011	2010
Ascendant	$ 18,333	$ 12,402
BELCO	349,090	324,579
Bermuda Gas	154,165	145,013
Sigma	53,106	17,509
PureNERGY	7,059	4,171
	$ 581,753	$ 503,674

For BELCO, contributions to the Defined Contribution Pension Plan are for all employees hired subsequent to 31 December 2005.

The Company provides post-retirement medical benefits for substantially all employees on retirement.

The following table provides summaries of the pension and post-retirement medical benefit plans' estimated financial position as of 31 December:

	PENSION BENEFIT PLAN		MEDICAL BENEFIT PLAN	
	2011	2010	2011	2010
Accrued benefit obligation				
Balance – Beginning of year	$ 127,145,900	$ 122,775,000	$ 16,214,486	$ 15,249,496
Current service cost	2,363,300	2,604,700	643,090	371,213
Interest cost	7,460,100	7,361,800	1,188,537	1,210,178
Curtailment	3,379,100	–	–	–
Plan amendments and net actuarial loss	9,622,100	(230,100)	9,837,452	482,846
Benefits paid	(5,817,700)	(5,365,500)	(1,569,082)	(1,099,247)
Balance – End of year	$ 144,152,800	$ 127,145,900	$ 26,314,483	$ 16,214,486
Plan assets				
Fair value – Beginning of year	$ 116,502,000	$ 107,360,800	–	–
Actual gain on plan assets	6,786,300	9,565,800	–	–
Employer contributions	4,515,200	4,940,900	–	–
Benefits paid	(5,817,700)	(5,365,500)	–	–
Fair value – End of year	$ 121,985,800	$ 116,502,000	–	–
Funded status – plan (deficit)	$ (22,167,000)	$ (10,643,900)	$ (26,314,483)	$ (16,214,486)
Unamortised net actuarial loss	30,227,200	20,877,800	16,133,653	6,630,112
Unamortised transitional asset	(2,841,400)	(3,322,900)	–	–
Accrued benefit asset (liability)	$ 5,218,800	$ 6,911,000	$ (10,180,830)	$ (9,584,374)

The significant actuarial assumptions in measuring the Company's accrued benefit obligations are as follows (weighted-average assumptions, as at 31 December):

	PENSION BENEFIT PLAN		MEDICAL BENEFIT PLAN	
	2011 %	2010 %	2011 %	2010 %
Discount rate	5.25	5.75	5.75	8.00
Expected rate of return on plan assets	6.00	6.00	–	–
Rate of compensation increase	3.00	3.00	–	–

For measurement purposes, the annual rate of increase in the per capita cost of covered healthcare benefits was assumed to be 11.0% for 2011 and, thereafter, reducing 1.0% per year until reaching 5.0% after six years. In 2009, it was assumed to be 11.0% for 2010 and, thereafter, reducing 1.0% per year until reaching 5.0%.

The discount rate used by the Company's actuary in determining the accrued pension and medical benefit obligations is, in the opinion of management, consistent with market interest rates at the measurement date of high-quality debt instruments with cash flows that match the timing and amount of the expected benefit payments.

The Company's net benefit plan expense is as follows:

	PENSION BENEFIT PLAN		MEDICAL BENEFIT PLAN	
	2011	2010	2011	2010
Current service cost	$ 2,363,300	$ 2,604,700	$ 643,090	$ 371,213
Interest cost	7,460,100	7,361,800	1,188,537	1,210,178
Actual gain on plan assets	(6,786,300)	(9,565,800)	–	–
Curtailment	3,379,100	–	–	–
Actuarial loss on accrued benefit obligation	9,622,100	(230,100)	9,837,452	482,846
Pension loss before adjustment to recognise the long-term nature of the plans	16,038,300	170,600	11,669,079	2,064,237
Difference between expected and actual return on assets	(280,700)	3,136,900	–	–
Difference between actuarial gain (loss) recognised and actual actuarial loss on benefit obligation	(9,068,700)	1,091,100	(9,332,407)	341,376
Amortisation of transitional asset	(481,500)	(481,500)	–	–
Adjustments to recognise the long-term nature of the plans	(9,830,900)	3,746,500	(9,332,407)	341,376
	$ 6,207,400	$ 3,917,100	$ 2,336,672	$ 2,405,613

13 Long-Term Incentive Plan

The Company initiated a long-term incentive plan, effective 1 January 2009, aimed at retaining the services of its senior management group. This long-term incentive plan is a performance award, divided equally between cash and shares, with performance targets and results set and assessed annually. The shares vest and become unrestricted at the end of three years of participation. The total number of restricted shares allotted, as at 31 December 2011, was 18,547 with a market value of $245,933 (2010: 7,146 restricted shares; $106,833 market value). The total cost of the long-term incentive plan for 2011 was $348,331 (2010: $258,612).

14 Commitments

The Company has an arrangement with a fuel supplier to ensure adequate fuel will be available when needed for its electrical generation requirements. Commitments under these contracts to acquire heavy fuel in 2012, as at 31 December 2011, totalled US$14,995,271 (BD$15,199,508 approximately). Commitments under these contracts to acquire heavy fuel in 2011, as at 31 December 2010, totalled US$18,033,260 (BD$18,285,829).

The Company entered into a five-year engine parts and service contract, effective 1 January 2009, with MAN Diesel & Turbo. The total value of this contract (denominated in Euro) is €8,408,065 and is payable in equal yearly amounts of €1,681,613.

15 Segmented Information (in 000s)

Management has identified its reportable segments based on the different products and services that the operating companies offer.

	ELECTRIC 2011	2010	ALL OTHER (a) 2011	2010	TOTAL 2011	2010
Total Revenues from External Customers	$ 243,666	$ 231,253	$ 26,833	$ 22,438	$ 270,499	$ 253,691
Intersegment Revenues	50	46	352	846	402	892
Interest Revenue	3	24	7	523	10	547
Interest Expense	92	136	142	181	234	317
Amortisation of Capital Assets	23,501	22,903	911	1,026	24,412	23,929
Segment Profit	14,544	16,033	(3,423)	(12)	11,121	16,021
Segment Assets	383,355	357,661	17,334	25,463	400,689	383,124
Expenditures for Segment Capital Assets	23,695	28,674	1,964	818	25,659	29,492

a Revenues from segments below the quantitative thresholds are attributable to six operating segments of Ascendant Group Limited. Those segments include a propane supply company, property holding company, alternative renewable energy supply provider, venture capital company, corporate services provider and facilities management company. The accounting policies of the segments are the same as those described in Note 1, Significant Accounting Policies. Reconciliation of segment revenues to total Company revenues is noted below.

	2011	2010
Total Revenues for Reportable Segments	$ 270,499	$ 253,691
Cost of Goods Sold and Discounts	(24,396)	(19,813)
Total Company Revenues	$ 246,103	$ 233,878

16 Financial Assets and Liabilities

The Company manages its exposure to credit, liquidity, market (including foreign exchange, interest rate and commodity) and other risks in accordance with established risk-management policies and procedures. The Company's financial instruments and their designations are (i) held for trading: cash and cash equivalents; (ii) receivables: accounts receivable, less provision; and, (iii) current liabilities: bank borrowing, customer deposits, trade and other payables.

Credit Risk: There is a concentration of credit risk as all Company cash is held in accounts with two Bermuda banks. There is further credit risk as the Company may not be able to collect all of its customer accounts receivable that arise in the normal course of business, but this does not represent a significant concentration of credit risk as amounts are owed by a large number of customers on normal credit terms. The requirement for security deposits for certain customers, which are advance cash collections from customers to guarantee payment of electricity billings, further reduces the exposure to credit risk.

The maximum exposure to credit risk is the net carrying value of these financial instruments. The Company manages credit risk primarily by executing its credit and collection policy, including the requirement for security deposits, through the resources of its Customer Services Department. The aging of trade receivables is as follows:

	2011	2010
Not past due	$ 16,392,313	$ 14,141,205
Past due 31-60 days	3,174,826	1,969,886
Past due 61-90 days	1,079,768	583,147
Past due over 90 days	5,048,827	4,315,486
	25,695,734	21,009,724
Less: allowance for doubtful accounts	(3,303,462)	(3,396,618)
Less: allowance for discounts	(599,801)	(518,131)
	21,792,471	17,094,975
Fuel adjustment under-recovery	1,790,363	1,294,478
Other receivables	2,028,739	2,570,595
	$ 25,611,573	$ 20,960,048

Liquidity Risk: The Company's financial position could be adversely affected if it failed to arrange sufficient and cost-effective financing to fund, amongst other things, capital and operating expenditures, repayment of bank debt and pension funding obligations. The ability to arrange such financing is subject to numerous factors, including the results of operations and financial position of the Company, conditions in the capital and bank credit markets and general economic conditions. The Company manages short-term liquidity risk primarily by maintaining an overdraft facility of $40 million with The Bank of N.T. Butterfield & Son Limited, as mentioned in Note 10.

Market Risk: Exposure to foreign exchange rate fluctuations is immaterial as all receivables and payables are generally settled within a month. The Company is also exposed to limited commodity price risk (refer to Note 14). Market-driven changes in interest rates and changes in the Company's credit rating can cause fluctuations in interest costs associated with the Company's bank credit facility. The Company periodically refinances its credit facility in the normal course of business.

The Company's Defined Benefit Pension Plan is impacted by economic conditions. There is no assurance that the pension plan assets will earn the expected long-term rate of return in the future. Market-driven changes impacting the performance of the pension plan assets may result in material variations in actual return on pension plan assets from the expected long-term return on the assets. This may cause material changes in future pension liabilities and pension expense. Market-driven changes impacting the discount rate may also result in material variations in future pension liabilities and pension expense.

Carrying Values: Cash is carried at fair value. Short-term investments are designated as held for trading and are carried at fair value. The carrying value of receivables and current liabilities is amortised cost.

Fair Values: The fair value of short-term investments is determined through reference to the last trade price of third-party stocks held and listed on the Bermuda Stock Exchange (BSX). The fair value of the Company's remaining financial instruments approximates their carrying value, reflecting either their nature or normal trade credit terms.

Other Risks: As at 31 December 2011, the fair value of the Company's primary Defined Benefit Pension Plan assets was $121.99 million compared to fair value of plan assets of $116.5 million as at 31 December 2010. The increase in the fair value of pension plan assets during 2011 was due mainly to improved market conditions in 2011 as compared to 2010. The Company does not expect any difficulty in its ability to meet future pension funding requirements, as it expects the amounts will be financed from a combination of cash generated from operations and amounts available for borrowing under the existing bank credit facility.

17 Operating Revenues

Operating revenues (except electric operations) represent consolidated sales, net of costs of goods sold, from the Company's principal operating entities and is comprised as follows:

	2011	2010
Electric operations*	$ 235,384,579	$ 222,518,439
Gas operations	8,102,575	8,571,743
Property operations	776,520	833,081
Renewables operations (loss)	(305,568)	(53,239)
Sigma operations	28,670	0
	$ 243,986,776	$ 231,870,024

*Operating revenues from electric operations are shown gross of cost of goods sold and net of discounts.

18 Insurance Claims

In August 2010, the gas turbine generating unit GT5 experienced internal damage and had to be removed from service. The unit was repaired and returned to service on 17 August 2011. This matter is currently the subject of an insurance claim. The total claim filed under the Company's insurance policy for costs incurred to repair the physical damage to the unit is $2,354,260, and the insurance deductible under the policy at the time was $750,000. Consequently, the Company has recorded an insurance receivable of $1,604,260. The Company's insurers have formally accepted this claim as valid and the claim is presently in process.

On 11 June 2009, the base load generating unit E7 alternator suffered a sudden and unforeseen failure as a result of a stator earth fault. The stator was repaired and this unit was subsequently returned to service on 2 January 2010. Consequently the Company filed a claim under its insurance policy totalling $3,812,411. The deductible under the insurance policy at the time was calculated at $1,129,779. The Company set up an insurance receivable at the end of 2009 of $2,350,774 net of a $331,858 provision for potential non-collection of part of its total insurance claim. During 2010, the insurer's appointed adjusters advised that $78,236 of the claim be disallowed, and the Company received an interim payment of $1,300,000 on its claim. In February 2011, the Company agreed with its insurers to settle the remainder of the claim for $145,243. The remaining insurance receivable of $827,295, which pertains to additional fuel costs incurred by the Company above $30 per barrel, is being collected from its customers through the fuel adjustment charge.

COMPARATIVE STATISTICS 2002 – 2011

		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Ascendant Group Limited	Net Earnings (BD$) *(3) (5)*	11,121,270	16,021,283	19,506,881	20,099,108	20,399,518	21,618,657	28,539,158	18,482,511	17,268,247	22,510,495
	Earnings per Share of Common Stock (BD$) *(1) (4) (5)*	1.07	1.54	1.88	1.95	1.98	2.10	1.99	1.81	1.70	2.22
	Fully Diluted (BD$) *(4) (5)*	1.07	1.54	1.88	1.95	1.98	2.10	1.99	1.81	1.70	2.22
	Dividends Paid per Share (BD$)	0.85	0.85	0.85	0.85	0.83	1.22	1.54	1.54	1.54	1.54
	Shareholders' Equity (BD$)	328,577,851	325,892,229	321,079,790	309,740,288	295,479,703	282,798,684	268,868,037	247,688,525	236,457,764	226,688,499
	Bank Borrowing (BD$)	26,140,203	23,500,000	25,500,000	15,000,000	16,500,000	7,000,000	19,000,000	31,500,000	13,000,000	14,000,000
Bermuda Electric Light Company Limited	Total Utility Plant (BD$)	637,696,927	618,583,902	590,119,270	577,456,583	561,897,923	536,007,256	504,750,278	481,209,583	442,466,198	413,715,238
	Maximum Demand (Kilowatts)	118,200	122,800	122,300	119,800	117,700	117,200	113,800	108,200	114,600	108,000
	Kilowatt Hours Generated (Thousands)	716,784	730,224	738,455	728,938	718,670	708,937	694,081	667,196	664,356	643,905
	Annual System Load Factor	68.07%	66.73%	68.02%	68.67%	68.41%	67.80%	68.52%	68.48%	65.68%	66.47%
	Electricity Sales (Thousands of kWh)										
	Residential	265,243	276,824	271,682	268,563	275,677	271,215	268,919	257,903	251,396	241,509
	Commercial	316,356	320,527	326,728	319,018	314,334	311,408	302,608	293,863	295,386	290,542
	Other	54,918	53,220	57,673	57,373	53,810	48,742	45,127	43,232	43,250	42,675
	Total	636,517	650,571	656,083	644,954	643,821	631,365	616,654	594,998	590,032	574,726
	Gross Revenue for Electricity Sales (BD$)										
	Residential	70,029,825	72,682,858	68,369,024	64,386,543	62,050,283	59,533,194	57,653,222	54,080,515	52,742,764	50,706,892
	Commercial	68,578,421	69,368,449	69,925,457	67,554,268	65,532,520	64,616,922	62,313,214	59,838,817	59,993,648	58,107,613
	Other	12,139,731	11,916,549	12,387,449	12,241,136	11,871,254	10,152,318	9,438,419	8,956,520	9,536,736	8,840,745
	Fuel Adjustment	91,450,263	75,602,422	76,374,743	98,546,435	55,193,552	49,752,428	36,171,695	26,007,761	21,911,509	15,502,738
	Total	242,198,240	229,570,278	227,056,674	242,728,382	194,647,609	184,054,862	165,576,550	148,883,613	144,184,657	133,157,988
	Net Price per Kilowatt Hour (Cents) *(2)*										
	Residential	41.23	37.95	36.82	39.35	30.43	29.10	26.47	24.48	23.90	22.79
	Commercial	39.92	37.09	31.31	34.75	27.75	27.51	25.43	23.77	23.14	21.70

NOTE: 1 Figures have been adjusted for stock split and stock dividend.
NOTE: 2 Assuming average discount deducted and including proportionate share of Fuel Adjustment.
NOTE: 3 Net earnings for 2005 include insurance settlement net proceeds of $8,118,040.
NOTE: 4 The 2005 earnings per share including insurance settlement net proceeds of $8,118,040 is $2.78.
NOTE: 5 The 2010 comparative statistics have been restated due to the change in actuarial methodology affecting the Company's Defined Benefit Pension Plan as disclosed in Note 4 of the financial statements.

CORPORATE INFORMATION

ASCENDANT GROUP LIMITED

Publicly traded investment holding company

HEAD OFFICE
27 Serpentine Road,
Pembroke HM 07, Bermuda

MAILING ADDRESS
P.O. Box HM 3392,
Hamilton HM PX, Bermuda

Tel: 441-298-6100 Fax: 441-292-8975
E-mail: info@ascend.bm
Website: www.ascendantgroup.bm

BOARD OF DIRECTORS
J. Michael Collier *(Chair)*
Reginald S. Minors *(Deputy Chair)*
A.L. Vincent Ingham*
Gavin R. Arton
James B. Butterfield
A. David Dodwell
Peter C. Durhager
L.A. Joaquin
Donna L. Pearman
Stanley A. Oliver
Kathryn R. Siggins
Richard Spurling
Dr. Wilbert N.E. Warner
W. Edward Williams

* *Retired 31 December 2011*
** *Effective 2012*

BERMUDA ELECTRIC LIGHT COMPANY LIMITED

Electricity generating plant and transmission & distribution systems

HEAD OFFICE
27 Serpentine Road,
Pembroke HM 07, Bermuda

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P.O. Box HM 1026,
Hamilton HM DX, Bermuda

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Website: www.belco.bm

BOARD OF DIRECTORS
J. Michael Collier *(Chair)*
Reginald S. Minors *(Deputy Chair)*
A.L. Vincent Ingham*
Gavin R. Arton
James B. Butterfield
A. David Dodwell
Peter C. Durhager
L.A. Joaquin
Donna L. Pearman
Stanley A. Oliver
Kathryn R. Siggins
Richard Spurling
Dr. Wilbert N.E. Warner
W. Edward Williams

BERMUDA GAS & UTILITY COMPANY LIMITED

Distributor of propane gas, energy-efficient appliances, parts, repair, maintenance services

OFFICE
25 Serpentine Road,
Pembroke HM 07, Bermuda

MAILING ADDRESS
P.O. Box HM 373,
Hamilton HM BX, Bermuda

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Website: www.bermudagas.bm

BOARD OF DIRECTORS
Reginald S. Minors *(Chair)*
A.L. Vincent Ingham*
L.A. Joaquin
Donna L. Pearman
Dr. Wilbert N.E. Warner

PURENERGY RENEWABLES, LTD.

Provider of alternative energy solutions

OFFICE
25 Serpentine Road,
Pembroke HM 07, Bermuda

MAILING ADDRESS
P.O. Box HM 1026,
Hamilton HM DX, Bermuda

Tel: 441-299-2808 Fax: 441-295-2577
E-mail: info@purenergy.bm
Website: www.purenergy.bm

BOARD OF DIRECTORS
Peter C. Durhager *(Chair)*
A.L. Vincent Ingham*
Richard Spurling
Dr. Wilbert N.E. Warner
W. Edward Williams

INVENTURE LIMITED

Vehicle for investment and business diversification; operating companies, iFM, iEPC

27 Serpentine Road,
Pembroke HM 07, Bermuda

MAILING ADDRESS
P.O. Box HM 899,
Hamilton HM DX, Bermuda

Tel: 441-298-6177 Fax: 441-292-8975
E-mail: info@inventure.bm
Website: www.inventure.bm

BOARD OF DIRECTORS
Gavin R. Arton *(Chair)*
A.L. Vincent Ingham*
Peter C. Durhager
A. David Dodwell
Stanley A. Oliver
L.A. Joaquin**

SIGMA CORPORATE SERVICES COMPANY LIMITED

Provider of corporate and shared services to Ascendant Group

HEAD OFFICE
27 Serpentine Road,
Pembroke HM 07, Bermuda

MAILING ADDRESS
P.O. Box HM 3392,
Hamilton HM PX, Bermuda

Tel: 441-299-2803 Fax: 441-298-6117
E-mail: info@sigma.bm
Website: www.sigma.bm

BOARD OF DIRECTORS
Kathryn R. Siggins *(Chair)*
A.L. Vincent Ingham*
James B. Butterfield
Donna L. Pearman
Richard Spurling

BELCO PROPERTIES LIMITED

Property and rental development company, managing properties not used in electricity production; subsidiary company, Serpentine Properties Limited

MAILING ADDRESS
P.O. Box HM 1026,
Hamilton HM DX, Bermuda

Tel: 441-295-5111 Fax: 441-292-8975

BOARD OF DIRECTORS
J. Michael Collier *(Chair)*
A.L. Vincent Ingham*
Peter C. Durhager
Reginald S. Minors

BTS LIMITED

Investment holding company

MAILING ADDRESS
P.O. Box HM 1026,
Hamilton HM DX, Bermuda

Tel: 441-295-5111 Fax: 441-292-8975

BOARD OF DIRECTORS
J. Michael Collier *(Chair)*
A.L. Vincent Ingham*
Peter C. Durhager
Reginald S. Minors

INVESTOR SERVICES

Tel: 441-295-5111, Ext. 1213
E-mail: info@ascend.bm

ASCENDANT GROUP ORDINARY SHARES

RANGE	RECORD	COUNT
BALANCES AT 31 DECEMBER 2011		
01: Up to 100	931	37,389
02: 101 to 500	922	224,921
03: 501 to 1,000	404	301,356
04: 1,001 to 5,000	537	1,255,193
05: 5,001 to 10,000	108	795,300
06: 10,001 to 100,000	131	3,222,906
07: 100,001 to 1,000,000	15	4,608,984
	3,048	10,446,049

ASCENDANT GROUP ORDINARY SHARES

At 31 December 2011, the Directors of the Company held 71,637 shares; the Officers of the Company held 13,514 shares. Companies that held greater than 5% of the shares are Argus Investment Nominees Limited with 561,046, Murdoch & Company with 530,679, Lawrie (Bermuda) Limited with 700,000 and BCB Foreign Clients with 793,746 shares.

No rights to subscribe for shares in Ascendant Group have been granted to or executed by any Director or Officer.

There are no contracts of significance subsisting during or at the end of the financial year in which a Director was materially interested either directly or indirectly.

EXCHANGE LISTING

Ascendant Group's shares are listed on the Bermuda Stock Exchange (BSX).

BERMUDA STOCK EXCHANGE
P.O. Box HM 1369, Hamilton HM FX, Bermuda

Tel: 441-292-7212
Website: www.bsx.com

We encourage Ascendant Group Limited shareholders to help us increase efficiency and reduce expenditure and paper usage by electing to receive materials electronically.

SAVE TIME, MONEY & TREES
To sign up for electronic receipt of Shareholder Letters, Six-Month Reports, Annual Reports and Proxy Materials, send a message to info@ascend.bm or download the Electronic Election Form at www.ascendantgroup.bm

To sign up for Direct Deposit of Dividends, send a message to info@ascend.bm or download the Dividend Direct Deposit Form at www.ascendantgroup.bm

SCAN. VISIT.

CHOOSE ELECTRONIC

ASCENDANT GROUP **BOARD OF DIRECTORS**

1 **J. Michael Collier,** J.P.
Director since 1989
Retired, President & Chief Executive Officer,
The Bank of N.T. Butterfield & Son Limited

2 **Reginald S. Minors,** A.M.I.M.I.
Director since 1995
President & Chief Executive Officer,
Tools & Equipment Unlimited Ltd.

3 **A.L. Vincent Ingham,** J.P., P.Eng*
Director since 1999
President & Chief Executive Officer,
Ascendant Group

4 **Gavin R. Arton,** M.B.A.
Director since 2000
Retired, Senior Vice President,
Global Director of Corporate Social
Responsibility, XL Capital Ltd.

** Retired 31 December 2011*

5 **James B. Butterfield**
Director since 1993
Managing Director, Butterfield & Vallis

6 **A. David Dodwell,** J.P.
Director since 1988
President, The Reefs

7 **Peter C. Durhager**
Director since 2003
Executive Vice President &
Chief Administrative Officer,
RenaissanceRe Holdings Ltd.

8 **L.A. Joaquin,** J.P., F.C.A.
Director since 2005
Retired, Managing Partner,
Ernst & Young Bermuda

9 **Donna L. Pearman,** J.P.
Director since 2008
President, People's Pharmacy Limited

10 **Stanley A. Oliver,** M.P.A., P.Eng
Director since 2004
Retired, Head of Civil Service

11 **Kathryn R. Siggins,** F.C.A.
Director since 2004
Chief Operating Officer,
Opal Reassurance Limited

12 **Richard Spurling**
Director since 1993
Retired, Senior Partner, Appleby

13 **Dr. Wilbert N.E. Warner,**
F.R.C.P.(C), D.A.C.P.
Director since 1999
Specialist Consultant, Internal Medicine

14 **W. Edward Williams**
Director since 1993
Sales Representative,
Coldwell Banker (Bermuda Realty)

COMMITTEES

	EXECUTIVE	FINANCE	HUMAN RESOURCES & COMPENSATION	AUDIT & RISK	GOVERNANCE	OCCUPATIONAL HEALTH, SAFETY & ENVIRONMENT
J. Michael Collier	△	▲	▲			
Reginald S. Minors	▲	▲	▲			
A.L. Vincent Ingham*	▲	▲	▲			▲
Gavin R. Arton	▲	▲	△			
James B. Butterfield				▲		▲
A. David Dodwell				▲		
Peter C. Durhager	▲	△	▲		▲	
L.A. Joaquin				△	▲	
Donna L. Pearman						▲
Stanley A. Oliver						△
Kathryn R. Siggins	▲	▲	▲		▲	
Richard Spurling				▲	△	
Dr. Wilbert N.E. Warner						▲
W. Edward Williams						▲

△ *Chairman of Committee*

1 **Andrew D. Parsons,** M.B.A., C.A.
President, BELCO
Having joined BELCO as a senior accountant, Andrew has also managed Finance & Accounting, Information Technology, Customer Services, Purchasing, Transportation and Facilities Management. He has been a member of the executive team since 2003 and was named BELCO President in 2010.

2 **Christopher A. Coelho,** C.A.
Treasurer, Ascendant Group
Senior Vice President,
Finance and Administration, BELCO
Chris joined BELCO in 2009, after spending more than 20 years in the international business sector in Bermuda. He brings to Ascendant Group both commitment to the community and broad experience in finance, management and accounting.

3 **Edith L. Robinson,** LL.B.
General Counsel and
Corporate Secretary, Ascendant Group
Edith was called to the bar 19 years ago, and is qualified to practice law in three jurisdictions. She joined Ascendant Group in 2010.

4 **Michael D. Daniel,**
C.Eng, M.I.E.T., A.M.I.Mech.E
Senior Vice President,
Engineering, Environment and
Occupational Health & Safety, BELCO
Michael joined BELCO as an apprentice in 1989. He later earned an engineering degree and held various engineering positions in Energy Delivery. He became a manager in 2003, and in 2006, moved to Energy Supply. He recently completed a management programme at Harvard Business School. Today, he leads a team that is working to plan Bermuda's sustainable energy future.

5 **Linda C. Smith**
Senior Vice President,
Corporate Relations, Ascendant Group
After a career in journalism, Linda joined BELCO in 1988 and established the company's Corporate Communications Department. In 1996, she became the first female senior manager of BELCO and has been a member of the executive team since 2003.

6 **Robert B. Steynor,** C. Eng.
Senior Vice President, Operations, BELCO
Robert joined BELCO as a junior engineer in 1983 and has held various engineering and managerial positions in Energy Supply. He has been a member of the executive team since 2003, holding SVP positions in Energy Supply, Engineering and now Operations. Today, he leads a team that has day-to-day responsibility for supplying and delivering electrical energy to every customer in Bermuda, 24 hours a day, 365 days a year.

7 **Judith Uddin**
General Manager,
Bermuda Gas & Utility Company Limited
Judith joined Bermuda Gas in 2009 as Assistant Financial Controller, following more than a decade of ownership and management of two successful restaurants on the Island. She became Vice President, Operations and Administration in January 2011 and was promoted to General Manager of Bermuda Gas in the fall of 2011. Judith now has overall responsibility for the performance of the company.

BANKERS
HSBC Bank Bermuda Limited
Hamilton, Bermuda

The Bank of N.T. Butterfield & Son Limited
Hamilton, Bermuda

AUDITORS
PricewaterhouseCoopers
Hamilton, Bermuda

LEGAL COUNSEL
Conyers Dill & Pearman
Hamilton, Bermuda

Marshall Diel & Myers
Hamilton, Bermuda

Appleby (Bermuda) Limited
Hamilton, Bermuda

DESIGN & PRODUCTION
ADVANTAGE LTD.

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PANORAMIC VIEWS – ANTOINE HUNT
PORTRAITS – STEPHEN V. RAYNOR
& THE MALL PORTRAIT STUDIO

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ISLAND PRESS LIMITED

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ASCENDANT GROUP LIMITED

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