

March 22, 2016

**Bermuda First Investment Company Limited  
("BFIC" or the "Company")**

**Financial Results for the six months ended December 31, 2015**

For Immediate Release- (Hamilton, Bermuda) Bermuda First Investment Company Limited, a BSX listed investment holding company which owns a number of significant investments in BSX Bermuda listed companies, announces its results for the six months ended December 31, 2015.

Highlights:

- Revenue of \$0.3 million;
- Profit of \$1.7 million (including unrealized profit of \$2.4 million); and
- Market value of investments as at December 31, 2015 of approximately \$25.9 million.

Commenting on the results, J. Michael Collier, Chairman of BFIC said:

"During the first half of the year the value of our assets increased primarily on the back of the increase in the KeyTech share price following the announcement of their transaction with ATN. It remains frustrating that this transaction, 6 months after being announced, it still waiting for approval from regulators.

In order to generate sustainable returns, companies such as KeyTech and Ascendant need to invest in their infrastructure and offer 21<sup>st</sup> century services products to their customers. An environment that encourages investment and promotes first class infrastructure generates the best return for all stakeholders. Bermuda is not currently providing such an environment and in order to attract business and grow the economy this situation must be addressed. If this happens then all stakeholders from customers to shareholders will benefit."

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## **Financial summary**

For the quarter ended December 31, 2015, the Company reported revenue of \$0.1 million and an unrealised gains on its investments of approximately \$3.2 million, (relating to the movement in the value of the Company's investments between October 1, 2014 and December 31, 2015). Total expenses were \$0.5 million with \$0.3 million relating to accrued interest expense on the Company's unsecured 2019 loan notes. The Company's undiluted earnings per share for the quarter was \$1.38.

For the six months ended December 31, 2015, the Company reported revenue of \$0.3 million and an unrealised profit on the Company's investments of approximately \$2.4 million.

As at December 31, 2015, the Company's investments had a total value of \$25.9 million. The Company had net debt of \$6.4 million and unsecured long term seven year loan notes that it issued to its founder shareholders in October 2012 of \$18.5 million.

## **Key Investments**

### *KeyTech Limited ("KeyTech")*

KeyTech is still waiting for regulatory approval in both Cayman and Bermuda to the transaction it announced with ATN in early October 2015. We understand that KeyTech are expecting to receive the conditions from the Bermuda regulator to approve the transaction during March and will be aiming to complete in April.

On December 30, 2015, KeyTech released their results for the six months ended 30 September 2015. KeyTech announced a loss of \$3.1 million for the six-month period ended September 30, 2015, compared with a loss of \$19.9 million for the same period in the prior year. The loss for the period was related to one-time costs associated with the merger of Bermuda CableVision Limited and Logic Communications Ltd., redundancies and increased finance costs.

Operating revenues for the period were \$46.0 million. Data revenue growth is being driven by the success of Logic's bundled product of internet access and ISP in Bermuda as well as growth in Cayman. Television revenues increased from the acquisition of CableVision and WestStar. Voice revenues declined \$0.1 million as customers continue to move towards cellular and internet-based voice services. Total operating expenses increased \$22.8 million. KeyTech's long-term debt was reduced by \$3.2 million during the period. The company purchased the minority shares of Bermuda CableVision for \$3.4 million, and at the close of the ATN transaction, the company will retire the \$24.7 million of subordinated debt.

Earnings per share for the six-month period ending September 30th, 2015 was a loss of \$0.20 compared to a loss per share of \$1.20 for the same period last year.

### *Ascendant Group Limited ("Ascendant")*

Ascendant is due to release its results for the year ended December 31, 2015 shortly. We anticipate that the results will be stronger than 2014 due to increased sales at BELCO.

Ascendant is still awaiting a ruling from the Energy Commission in relation to its request for an increased rate tariff. This will be key to providing the necessary return on its assets to enable BELCO to invest in its proposed IRP. Until BELCO can properly forecast its capital expenditure on the back of its rate base it will be difficult for the company to submit its IRP.

The Government approved the Electricity Bill (subject to approval by the Senate) in February 2016. In essence this opens up the market for competition in the generation space but BELCO will be the sole license holder in the transmission and distribution (T&D) sector. Once the company has been given the order from the Energy Commission on the rate increase then Ascendant will need to look at how to structure its businesses moving forward.

The electricity infrastructure is vital to the success of Bermuda and we hope that the Government will realise that investment will only come about if companies can generate an acceptable return on their assets.

#### *Argus Group Holdings Limited (“Argus”)*

Argus released its results for the six months ended September 30, 2015 on December 15, 2015. The company announced a profit of \$3.0 million (2014: \$10.6 million), shareholders’ equity of \$120.4 million and total assets of \$2.1 billion. A dividend of \$0.08 a share was also declared.

The increase in long-term interest rates during the six months impacted the Group’s fixed income portfolio, resulting in unrealized losses of \$8.3 million reported for the period. This is in contrast with the decline in long-term interest rates during the corresponding prior year period that resulted in an increase in the fair value of the Group’s fixed income portfolio.

As a result of a one-time new business transaction in the prior year, net premiums earned decreased by \$7.1 million while net benefits and claims decreased by \$8.0 million within the Life & Pensions division of the Group. Operating expenses increased by \$228,000 or one per cent over the prior period.

These results were disappointing and highlight the Company’s exposure to movements in the fixed income markets. The core business remains steady and it is clear that the balance sheet is getting stronger each year. We would like to see a clear strategic plan and the company setting out how it is planning on growing the company when faced by a market in Bermuda which is stagnant at best.

#### *Other investments*

The Company’s other investments include small holdings in BF&M Limited, Bermuda Aviation Services Limited and Bermuda Press Holdings which are valued at approximately \$0.1 million.

-Ends-

Bermuda First Investment Company Limited is a BSX listed Bermuda exempt investment holding company with significant investments in a number of BSX listed Bermuda companies. Its main investments are in KeyTech Limited and Ascendant Group Limited. The Company's core strategy is to build strategic investments in local Bermudian companies. BFIC's shares and loan notes are publicly traded and listed on the Bermuda Stock Exchange [www.bsx.com](http://www.bsx.com) (Tickers: BFIC.BH and BFICN.BH).