ASCENDANT GROUP LIMITED
ANNUAL REPORT 2015

OUR ENERGY FUTURE

CONTENTS

LED street lights illuminate Mangrove Bay and Somerset Village

FINANCIAL HIGHLIGHTS	IFRS BASIS				
		2015		2014	CHANGE
Operating earnings (in 000's)	$	14,467	$	7,315	97.8%
Net Earnings (in 000's)	$	17,369	$	17,561	-1.1%
Basic Earnings per Share	$	1.63	$	1.63	0.0%
Fully Diluted Earnings per Share	$	1.62	$	1.63	-0.6%
Dividends (in 000's)	$	3,198	$	4,649	-31.2%
Dividends per Share	$	0.30	$	0.44	-31.8%
Market Price per Share (as at 31 December)	$	4.80	$	5.40	-11.1%
Book Value per share (as at 31 December)	$	23.24	$	22.35	4.0%
Total Assets (as at 31 December) (in 000's)	$	363,692	$	387,540	-6.2%

OUR VISION

To be Bermuda's trusted, preferred provider of energy & infrastructure solutions

OUR STRATEGY

Develop and implement the Integrated Resource Plan, achieve excellent operational performance in all businesses, grow our non-utility energy and infrastructure businesses

OUR MISSION

We will always meet our commitments

OUR VALUES

Accountability
Innovation
Integrity
Reliability
Respect
Safety
Stewardship

OUR GOALS

- Safe systems and practices
- Excellent, sustainable operations
- More reliable services
- Effective transformation to a different future
- New products, new services, new ways to serve customers
- Better pricing for customers
- Fair return for shareholders
- Employees make the difference
- Constructive relationships

Throughout our companies, we are focused on new energy infrastructure and technology opportunities to help our customers become more energy efficient.

2015 officially marked the beginning of a transformative period that will restructure Bermuda's electricity sector. The National Electricity Sector Policy of Bermuda, released in June 2015, and the enabling Electricity Act, tabled in the legislature in December and passed in March 2016, will facilitate opportunities for greater diversity of Bermuda's energy mix on both the supply and demand sides of our business. We support the general direction of the new Policy and legislation, recognizing that it will be the clarity and fairness of its implementation that will provide the signal for potential investors to participate with confidence in Bermuda's energy transformation.

Throughout the development of the new Policy and legislation, we have been working with internationally recognized policy, regulatory and rates consultants and continue to vigorously participate in Policy and regulatory discussions. As we expected, the Electricity Act requires the utility to periodically develop and submit an Integrated Resource Plan (IRP) to the electricity sector regulator. The IRP provides an optimized strategy for meeting energy demand reliably, sustainably and cost-effectively. An initial iteration of the IRP was developed in 2014, with the intent of submitting it to the regulator in early 2015. However, since then, world fuel oil and energy commodity prices continued to decrease dramatically, and there have been further credible developments in alternative technologies that required study and consideration. While renewable energy and greater energy efficiency remain key components of the IRP, we have delayed submitting the document in order to thoroughly consider how recent fuel market changes and technology advances have affected the suitability and viability of Liquefied Natural Gas (LNG) and large-scale deployment of small renewable energy systems.

In the meantime, lower world oil prices have had the beneficial effect of reducing the overall cost of electricity to consumers. Despite Government's increase on the Customs Duty on fuel oil from $23.05 to $31.79 per barrel in its 2016/2017 budget, the total fuel cost component of our rate is at the lowest level in five years. According to the Bermuda Digest of Statistics, fuel and power (including vehicular fuels) account for approximately four percent of the Consumer Price Index (CPI). The Digest details how this level has been consistently low over 40 years, while housing (27% of CPI) and education (15% of CPI) are up by half and healthcare (13% of CPI) has doubled during the

Air Care's project to provide new air conditioning and LED lighting systems to the Bermuda Institute of Ocean Sciences (BIOS) is compatible with its commitment to sustainable environmental practices.

24 BUILDINGS AND 18 MONTHS TO COMPLETE

15-YEAR AIR CARE-FUNDED CONTRACT

WILL SAVE BIOS $100,000 ANNUALLY

BIOS Housing units

40-year period tracked in the report. Despite these statistics, the cost of electricity, a large portion of which is Government Tax is perceived as a significant contributor to the high cost of living in Bermuda. Presently Customs Duty on fuel oil is approximately equal to the present world market price. Price stability is a prime focus for us.

Transforming energy infrastructure to meet the goals contained in the National Electricity Policy and the IRP will require substantial capital investment that is well beyond the retained earnings that BELCO has traditionally invested in the electricity system. Since 2000, BELCO has invested a total of $390 million into electricity infrastructure to provide Bermuda with a first-world electric system. This high level of investment has been maintained against a backdrop of an 11% decline in electricity sales between 2010 and 2014, primarily as a result of years of a progressively weakened economy and a significant reduction in Bermuda's population. BELCO cannot sustain these levels of investment with its present earnings. Our ability to invest in plant will eventually begin to affect reliability.

In 2015, BELCO's generation performed well with fewer forced outages resulting in improved fuel efficiency. BELCO retired three of its oldest engines in accordance with its Asset Rationalization Plan. Annual customer minutes lost increased from an average of three hours up to 7.2 hours due to rehabilitative work required on the distribution system following two back-to-back hurricanes in 2014, as well as multiple cable faults, primarily in the east end of the Island where extensive replacements are needed. At our present ability to invest, it will not be possible to access substantial long-term external capital investment required to achieve the goals of the National Electricity Policy and the IRP.

In anticipation of the need to raise capital externally, and in accordance with the June 2014 Energy Commission (EC) directive, BELCO filed a rate case on 3 June 2015. As part of the filing to the EC, BELCO prepared a Cost of Service Study and a Cost of Capital Report indicating that a suitable return for BELCO, in line with peer island utilities, should be 10.5%, well above the 1.81% realized in 2013, and the 3.34% in 2014. The Minister of Economic Development granted the EC two extensions to the 60-day deadline to render a decision. At the time of writing this report, BELCO had just received the EC's directive and was reviewing it.

In anticipation of upcoming regulatory changes, Ascendant Group Limited continuously reviews and adjusts practices and business models to successfully position our Company for what will be a very different future. Change is not without challenge and navigation requires constant attention, collaboration, consultation and sometimes compromise amongst stakeholders.

Our focus is on excellent operational performance across all businesses and that includes strategically adjusting our participation in non-utility energy and infrastructure business, as opportunities present. In April 2016, following an expression of interest from Rubis Energy Bermuda Ltd. (Rubis), we sold our propane distribution and commercial service company, Bermuda Gas, to propane supplier Rubis for consideration of $17.7 million plus final adjustments to reflect the working capital in the business. All 18 employees remained with Bermuda Gas under the new ownership. The sale followed the June 2015 closure of Bermuda Gas' non profitable appliance and service operations.

PRIORITIES, POLICY & PARTICIPATION

Bermuda has begun its recovery from eight years of recession. There is renewed interest in energy, infrastructure and tourism-related developments, and the IRP aligns with the view of Bermuda's National Energy Policy for greater diversity in Bermuda's energy portfolio. Both the Policy and the IRP include consideration of alternative fuel sources for generation, increased reliance on renewable energy, distributed generation, energy efficiency and conservation. This will require major financial investments in infrastructure, supply-and-demand-side technology, and products and services that will sustain Bermuda's high level of electricity reliability and enhance customer experience with the provision of new tools to better manage energy costs. The National Policy and the IRP share the same objectives: a least cost, high quality, secure, environmentally sustainable and affordable electricity system for Bermuda. The challenge is – how best to get there.

The Electricity Act opens the bulk generation market to multiple licensed providers (including our own power generation organization) selling to BELCO, the sole Transmission, Distribution and Retail (TD&R) provider. The Act transfers responsibility for the regulation of electricity from the Energy Commission to the Regulatory Authority (RA). The RA will receive BELCO's IRP, lead an iterative, public process and oversee procurement, approve tariffs and issue licenses. The new regulatory regime is intended to facilitate investment in an increasing number of supply-and-demand-side alternatives to Bermuda's energy mix. These might include utility scale renewable energy and liquefied natural gas (LNG).

According to the Ministerial statement issued on the Electricity Act, the RA will ensure that BELCO, as the TD&R licensee, is able to attract investment capital by receiving a reasonable rate of return on its investments. This is important, as the Company needs capital to maintain reliability and enhance its systems to receive power production from other suppliers and to implement the technologies and services required to meet National Policy goals. This may include Advance Metering Infrastructure (AMI) to facilitate demand-side management, energy efficiency, greater conservation and distributed energy resources.

Corporately, and across our group of companies, there continues to be sustained effort to reduce operating and legacy costs. The changes have proven challenging for employees, retirees and management with disputes on a number of items currently in proceedings. These difficult decisions have included: wage and salary freezes, little or no incentive compensation, changes to pension plans and health insurance benefits. Employees who joined BELCO prior to 1 January 2006 were enrolled in a Defined Benefit Pension (DB) Plan. On 1 January 2012 all employees covered under the DB Plan were transitioned to a Defined Contribution (DC) Plan and the DB Plan was soft frozen, removing further benefits stemming from length of service. The Company has implemented a hard freeze of the DB Plan for a portion of salaried employees capping long-term liability and volatility. These are difficult issues as we balance finding equitable solutions to our legacy costs that reduce the Company's ongoing financial burden while being considerate of the impacts these changes will have on our employees and retirees in various demographic groups.

Another challenging but necessary decision has been to change the health insurance benefit for employees who retire from the Company after 1 May 2015. The Company proposed the same change for retirees who left before May 2015. Both of these proposed changes have been challenged and are currently in different dispute resolution processes.

FINANCIAL PERFORMANCE

Ascendant Group Limited's consolidated financial statements for this 2015 Annual Report have been prepared in accordance with International Financial Reporting Standards

Ascendant is launching a series of Electric Vehicle initiatives including cars, trucks and infrastructure.

BELCO HAS INSTALLED

7

EV CHARGING STATIONS

(IFRS), effective as of 1 January 2014. Previous annual reports were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP), which the Canadian Accounting Standards Board has superseded with IFRS. A discussion on the new accounting standards that have an impact on the Company's accounts was highlighted extensively in the 2014 Annual Report.

A summary of the Group's financial results is highlighted as follows (in 000's):

	2015	2014	Change
BELCO	$ 17,865	$ 10,714	66.7%
Bermuda Gas	$ 623	$ 397	56.9%
AG Holdings	$ 517	$ 1,497	- 65.5%
ABIL	$ 337	$ 14	–
Ascendant Unallocated Expenses	$ (4,875)	$ (5,307)	8.1%
Ascendant Operating Earnings	$ 14,467	$ 7,315	97.8%
Restructuring/ Discontinued Operations	$ (2,103)	$ (193)	-989.6%
Retiree Benefit Plan Amendments	$ 5,005	$ 10,439	- 52.1%
Net Income	$ 17,369	$ 17,561	- 1.1%

The Company's underlying operating earnings in 2015 were $14.5 million, a $7.2 million increase compared to 2014 revised operating earnings. The increase in operating earnings was largely driven by a $7.2 million improvement at BELCO reflecting higher sales, reduced windstorm expense and a reduction in bad debt expense. Bermuda Gas operating earnings, excluding discontinued operations, were up $0.2 million due to a decline in propane costs, partially offset by lower sales volume. AG Holdings Limited (AGH) profits declined $0.98 million compared to 2014, as a result of a reduction in iFM earnings due to the loss of a large contract and lower sales revenues at iEPC, partly offset by an increase in Air Care's earnings (which were significantly impacted in 2014 by a loss on a major construction project).

The Company's consolidated net income was $17.4 million, a $0.2 million decrease compared to Ascendant Group's consolidated net income in 2014. The revised 2014 consolidated net income includes a change to current employee post-retirement benefits, which reduced the Company's long-term future healthcare liabilities by $10.4 million as well as the impact of Bermuda Gas' discontinued operations.

Basic earnings per share remained unchanged from 2014 to 2015 at $1.63. The market price ended the year at $4.80 compared with $5.40 at 31 December 2014. Book value increased to $23.24 in 2015, up 4.0% from $22.35 in 2014. The quarterly dividend of 7.5¢ remained in effect in 2015.

The Government-contracted streetlight project puts Bermuda at the forefront of jurisdictions switching to LED street lighting and represents a move towards utility-scale energy conservation.

STREETLIGHT PROJECT SPANS TWO YEARS

REDUCES GOVERNMENT'S ENERGY BILL UP TO 50%

REPLACE 4,400 HIGH PRESSURE SODIUM (HPS) STREETLIGHT FIXTURES WITH LED TECHNOLOGY

A number of activities are underway as Bermuda prepares to host the June 2017 America's Cup, including training Bermuda's Youth Team.

OVERVIEW OF 2015

In 2015, BELCO's sales volume increased 2.3% from 577 million kilowatt hours (kWh) in 2014 to 590 million kWh. The increase was almost entirely driven by Residential sales, which were higher due to warmer temperatures (compared to 2014 and historical averages), meter corrections resulting from BELCO's 2014 meter audit, and the relative absence of adverse weather events compared with 2014 when Bermuda experienced two back-to-back major hurricanes. Sales to large Demand and Commercial customers remained flat, as energy efficiency and conservation measures essentially offset the increase in degree cooling days.

BELCO's overall fuel consumption increased as a result of the higher generation output corresponding to the overall increase in sales. Declining fuel oil prices resulted in decreased fuel cost from $117.2 million in 2014 to $92.8 million in 2015.

BELCO is continuing work on the IRP considering price variations and potential trending in fuel sources and renewable energy to present a plan that will provide Bermuda with greater flexibility and affordability. This includes de-emphasizing consideration of a national water-heating program and wide-scale deployment of small solar systems. Instead, recently it appears the most cost effective renewable strategy would be utility scale renewable energy and storage. The cost of these utility scale technologies are decreasing providing opportunity to leverage both lower costs and economies of scale. The IRP is a living document reflecting a continuous process that includes ongoing reviews, periodic updates and national debate.

Renewable energy, energy efficiency and conservation play major roles in National Electricity Policy and the IRP. Integrating new energy resources and demand-side technology into the Island's energy system requires making improvements to the infrastructure. The grid is the facilitator for a more diverse and flexible electric system. BELCO has been piloting advance meter technology at its own properties and, given regulatory support, will expand the pilot and move to wide-scale deployment of AMI.

During 2015, BELCO was awarded a Bermuda Government contract to replace 4,400 High Pressure Sodium (HPS) streetlight fixtures with Light Emitting Diode (LED) technology. The contract includes a financing component that will see the Government pay for the initiative over a 10-year period through energy savings. This project puts Bermuda at the forefront of jurisdictions switching to LED street lighting

Dedication, stamina and being a team player is what it took for applicants to be selected for Team Bermuda in the Red Bull Youth America's Cup.

BELCO WILL POWER THE AC VILLAGE

UP TO 32 YOUTH TEAMS COULD COMPETE

TEAM BERMUDA IS TRAINING HARD

and represents a move towards utility-scale energy conservation.

All of our companies are focused on strengthening operations, excelling in customer service and identifying new infrastructure and energy industry opportunities. iFM works with its commercial customers to efficiently manage their facilities. In 2015, Air Care was awarded a contract to provide new air conditioning and LED lighting systems to the Bermuda Institute of Ocean Sciences (BIOS) for their 24 buildings in St. George's. Installation will cost approximately $1.2 million and require approximately 18 months to complete. The project, progressing under a 15-year Air Care-funded performance contract, is expected to save BIOS approximately $100,000 annually and is compatible with BIOS' commitment to sustainable environmental practices.

Ascendant Group and BELCO recently began a trial program testing electric vehicles (EV) for 'inclusion in our companies' fleets as vehicles are replaced. In 2016, we will launch a series of EV related programs. The EV infrastructure rollout began with the installation of seven EV charging stations on Ascendant Group properties. In preparation for the America's Cup, a fleet of BMW EVs was brought to the Island for the World Series event that took place in October 2015. In addition to environmental benefits that EVs provide versus vehicles powered by fossil fuels, the Ascendant initiative is also being undertaken with a view to reducing costs, as EVs have great potential to help save on fuel and maintenance.

Ascendant Group is committed to partnering with Government and others in efforts to revitalize the Bermuda economy and brand. A number of significant development projects are underway as Bermuda prepares to host the prestigious June 2017 America's Cup, and we are working with those involved to ensure the energy infrastructure required is in place.

As significant partners in the success of the America's Cup event, Ascendant Group and BELCO are also sponsors of America's Cup Bermuda.

Ascendant Group has major responsibilities to the community at large. As a provider of energy and infrastructure services, a major employer of Bermudians, a taxpayer, a purchaser of local goods and services and a contributor to community activities and organizations, our Company's performance has a significant economic and social impact on the Island.

Our people bring experience, skill, innovation and commitment to their jobs to ensure that Bermuda has first-world energy and infrastructure services. We thank them, and we thank the Board of Directors for their oversight and guidance. Of particular mention is Director Richard Spurling who will be retiring from the Board in May 2016, having served since 1993. Mr. Spurling, retired Senior Partner at the law firm Appleby, has served on numerous Board committees including Audit, Scholarship, Nominations and recently as Chairman of our Governance Committee.

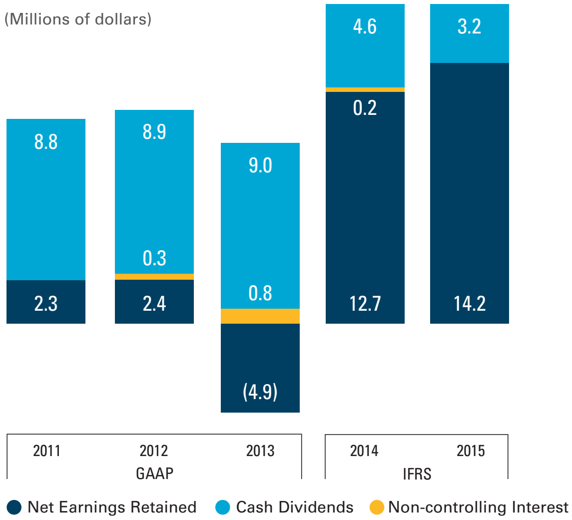
We also extend our appreciation to all employees who contributed to getting Bermuda back to normal after Hurricane Joaquin on 4 October 2015 for their unwavering commitment and stamina. The Company and the community were very well served.

Peter C. Durhager
Chairman of the Board

Walter M. Higgins
President & Chief Executive Officer

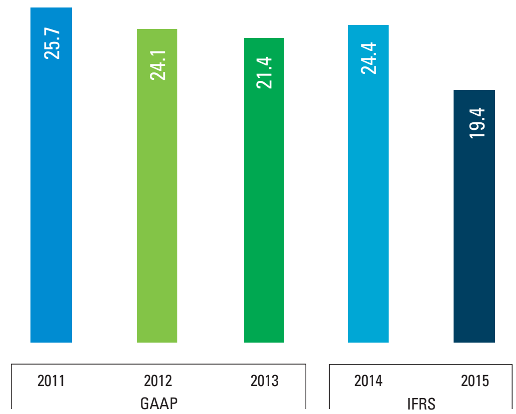
NET EARNINGS

(Millions of dollars)



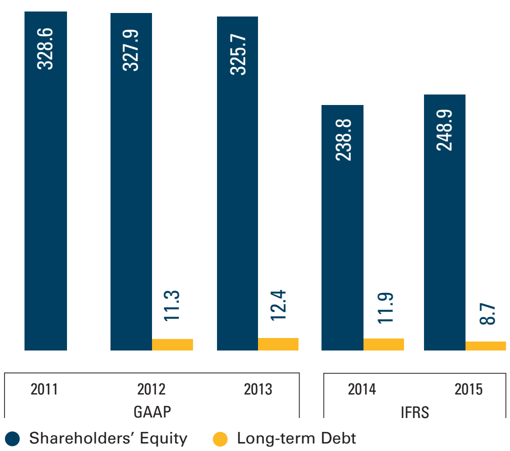
ANNUAL INVESTMENT IN OUR BUSINESS

(Millions of dollars)



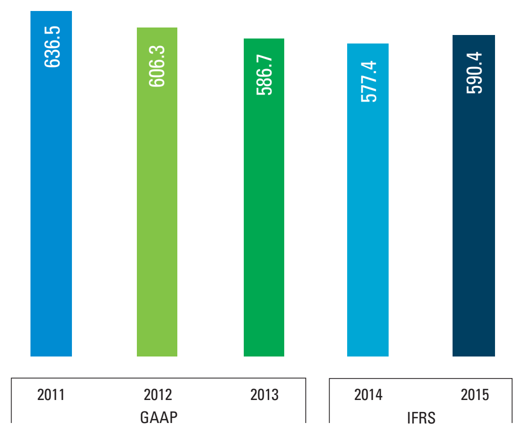
CAPITALIZATION

(Millions of dollars)



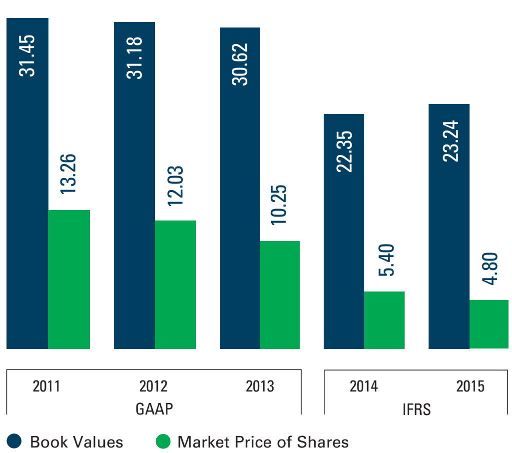
ELECTRICITY (kWh) SALES

(Millions of kWh as at 31 December of each fiscal year)



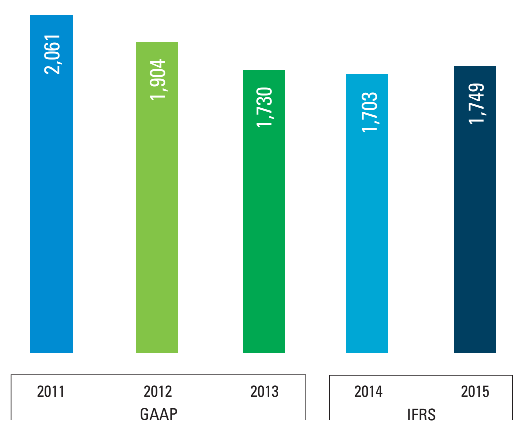
BOOK VALUE & MARKET PRICE OF SHARES

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



PROPANE GAS SALES

(Thousands of US Gallons as at 31 December of each fiscal year)



Ascendant Group Limited's consolidated financial statements for this 2015 annual report have been prepared in accordance with International Financial Reporting Standards (IFRS), effective as of 1 January 2014. Previous annual reports were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). A discussion of the new accounting standards that have an impact on the Company's accounts was highlighted extensively in the 2014 Annual Report.

This "Management's Discussion & Analysis of Results and Financial Condition" may contain forward-looking statements which involve inherent risks and uncertainties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based upon current plans, estimates and expectations. Actual results may differ materially from those projected in such forward-looking statements and, therefore, undue reliance should not be placed on them.

This discussion and analysis should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto.

EXECUTIVE OVERVIEW

Ascendant Group Limited is a Bermuda-based, publicly traded holding company that provides energy and infrastructure solutions through its wholly owned subsidiaries Bermuda Electric Light Company Limited (BELCO), Bermuda Gas & Utility Company Limited (Bermuda Gas) and AG Holdings Limited (AG Holdings).

Fiscal year 2015 reflected a year of stabilization for the Company, as the core utility business saw a rebound in overall profitability driven by a combination of increased sales, a reduction in bad debt expense and an accounting gain associated with a change in the Company's Defined Benefit Pension Plan (DB Pension Plan) for a portion of its salaried employees. The higher year-on-year electricity sales were due to a number of factors including warmer weather, improved residential billings following BELCO's prior year meter audits, and the lower impact of windstorms compared to 2014. Demand and Commercial class sales remained largely flat, and we are continuing to see an increase in energy efficiency efforts. In 2015, the Group's subsidiaries continued their efforts to participate in this trend through the BELCO LED streetlight and Air Care BIOS energy efficiency projects.

While the implementation of the Integrated Resource Plan (IRP) was delayed due to various external factors, the Company continued to focus on achieving operational excellence through change in business processes, practices and organizational structure. Towards this end, Bermuda Gas shut down its appliance and service business lines in 2015 to stem continuing losses from these lines and focus on its core propane commodity business line. Following an expression of interest from Rubis Energy Bermuda Ltd., Bermuda Gas was sold for consideration of $17.7 million plus final adjustments to reflect the working capital in the business. All 18 employees remained with Bermuda Gas under the new ownership. As in recent previous years, the Company continued its use of experienced consultants to assist management with its transformation, its electricity rate filing and for its input into the Electricity Act.

Net Earnings for the Year

The following table presents an analysis of our net income for the years ended 31 December 2015 and 2014:

	2015 000's	2014 000's	VARIANCE 000's	VARIANCE %
BELCO	$ 17,865	$ 10,714	$ 7,151	66.7
Bermuda Gas	623	397	226	56.9
AG Holdings	517	1,497	(980)	-65.5
ABIL	337	14	323	NM
Unallocated Group Expenses	(4,875)	(5,307)	432	8.1
Operating Earnings	14,467	7,315	7,152	97.8
Restructuring & Discontinued Operations	(2,103)	(193)	(1,910)	-989.6
Retirement Benefit Plan Amendments	5,005	10,439	(5,434)	-52.1
Net Income	$ 17,369	$ 17,561	$ (192)	-1.1

The Company's underlying operating earnings in 2015 were $14.5 million, a $7.2 million increase compared to 2014 revised operating earnings. The increase in operating earnings was largely driven by a $7.2 million improvement at BELCO reflecting higher sales, reduced windstorm expense and a reduction in bad debt expense. Bermuda Gas' operating earnings, excluding restructuring charges and discontinued operations, were up $0.2 million due to a decline in propane costs partially offset by lower sales volumes. AG Holdings operating earnings declined $0.98 million compared to 2014, as a result of a reduction in iFM earnings due to the loss of a large contract and lower sales revenues at iEPC, partly offset by an increase in Air Care's earnings (which were significantly impacted in 2014 by a loss on a major construction project).

The Company's consolidated net income was $17.4 million, a $0.2 million decrease when compared to Ascendant Group's consolidated net income in 2014. The 2015 consolidated net income included a $5.0 million gain for the reduction in long-term liability stemming from an amendment to the DB Pension Plan that hard freezes the post-retirement benefit for a portion of the salaried employees, as well as one-off costs associated with the closure and discontinued operations of Bermuda Gas. The revised 2014 consolidated net income includes a change to current employee post-retirement benefits which reduced the Company's long-term future healthcare liabilities by $10.4 million as well as the impact of Bermuda Gas' discontinued operations.

Basic earnings per share at 31 December 2015 and 2014 was $1.63. The market price of Ascendant Group's shares as listed on the Bermuda Stock Exchange (BSX) ended the year at $4.80 compared with $5.40 at 31 December 2014, a decline of 11.1%. Book value increased to $23.24 in 2015, up 4.0% from $22.35 in 2014. In June 2014, the Company reduced the quarterly cash dividend paid to shareholders. The reduced dividend of $0.075 (7.5¢) remained in effect in 2015.

PRIMARY FACTORS AFFECTING ASCENDANT GROUP'S BUSINESS

The following is a summary of the primary factors we expect will continue to have the greatest impact on Ascendant Group's performance.

Bermuda's Economy – Persistent economic recession in Bermuda has had a profound impact on our operating subsidiaries. Until last year, BELCO's core electricity sales have declined annually since 2009. Over the past year and a half, there has been some stabilizing of the economy, as new companies relocate to the Island and the early effects of the America's Cup begin to be felt. This general trend, combined with a hotter 2015 (compared to 2014 and historical averages) and improved Residential class meter billings saw kilowatt hour (kWh) sales increase 13.0 million kWh or 2.3% from 577.4 million kWh in 2014 to 590.4 million kWh in 2015. Many customers continued their efforts to conserve and reduce their electric energy consumption, a trend we believe will continue in spite of lower oil prices. Separate from electricity sales, we have not seen any economic uptake with respect to the goods and services provided by the Company's other operations during the year.

Regulatory Environment – As the Island's major provider of electricity, BELCO is currently regulated by the Bermuda Government's Energy Commission for its future fuel adjustment rate and basic tariff rate requests. In March 2016, the Bermuda Government passed a law which transfers oversight of the Electricity Sector to the Regulatory Authority. The new law also establishes a new framework for determining the future energy mix, re-affirms BELCO as the transmission, distribution and retail provider, and allows for new entrants to supply bulk generation through planning and solicitation processes to be overseen by the regulator. The new framework will require all key stakeholders to develop a collaborative approach which determines the best energy solution that addresses the policy goals of meeting affordability, reliability and environmental objectives.

Operating Expenses – Ascendant Group continually seeks ways to manage and reduce operating costs without disruption to customer service. Fuel is the largest cost representing approximately 46.7% of total expenses in 2015, so every effort is made to secure the best fuel prices, as well as to use fuel efficiently. Compensation and benefits represent the second largest category of expenses for the Company. Over the last several years, Ascendant Group has taken steps to control compensation and benefits costs through early retirements and changes to employee benefits. The Company is continually reviewing options to reduce overall compensation and benefits cost, whilst ensuring that we have the optimal number of skilled, competent staff to meet operational requirements and maximize productivity in a safe, secure working environment.

Competition – Bermuda is a competitive marketplace for all of the Company's operating subsidiaries. Ascendant Group endeavors to offer outstanding energy and infrastructure services and products, as well as to find new opportunities in the marketplace. In all of our operating units, the objective is to be price-sensitive, as well as efficient and effective at managing costs while meeting customers' requirements in order to compete successfully.

Relationship with Company Unions – Staff in several of our operating companies belong to bargaining units, represented by either the Electricity Supply Trade Union (ESTU) or the Bermuda Industrial Union (BIU). The Company strives to maintain productive relationships with the unions in order to ensure that our operations are able to control compensation and benefits costs, while maintaining sufficient well-trained staff to support operating activities. In 2015, this relationship was tested as the Company moved forward with initiatives to reduce future healthcare liabilities as well as cap certain DB pension plan exposures. In accordance with the Collective Bargaining Agreement, the ESTU and the Company are currently in arbitration to resolve their dispute on future retiree healthcare benefits.

Weather Conditions – Weather stimulates buyers to consider whether to purchase air conditioning, gas appliances and other products and services from the Company. It also determines the rate at which heating or air conditioning powered by electricity or gas is consumed. Consequently, the operations of most Ascendant Group operating subsidiaries are affected, positively or negatively, by climatic conditions. In some years, hurricanes and winter storms result in significant costs to restore and rehabilitate electric service, while also causing revenue to be lost through service outages. The Company experienced a significant storm in October 2015 related to Hurricane Joaquin. BELCO was the operating unit most affected by this storm and, following lessons learned in 2014, its Incident Command Team responded efficiently and effectively.

RATES AND REGULATION

In June 2015, BELCO submitted a filing to the Bermuda Energy Commission applying for an increase in its base rates to reflect its 2013 test year cost basis, updated for known and measureable adjustments. After a period of public comment, the Energy Commission solicited responses from BELCO related to the consultation responses, as well as questions related to the detailed submission. The potential implications associated with BELCO's conversion to IFRS accounting standards were also explained to the Energy Commission. As of 31 December 2015, and as of 15 April 2016, the date of approval of these consolidated financial statements, the Energy Commission had not provided a final directive on the rate filing.

RESULTS OF OPERATIONS

BELCO

BELCO's net income increased $2.4 million to $22.9 million for the year, as compared to 2014 net income results of $20.5 million. Included in the above noted results are non-recurring, post retirement benefit plan amendment gains totaling $5.0 million in 2015 associated with the Company's DB pension plan and $9.8 million in 2014 associated with the Company's medical benefit plan. These gains have been recognized in compliance with International Accounting Standard (IAS) 19, the International Financial Reporting Standard (IFRS) outlining accounting for employee benefits. These plan amendments are described in detail in Note 15.

BELCO's kWh sales increased 13.0 million kWh, or 2.3%, from 577.4 million kWh sold in 2014 to 590.4 million kWh sold in 2015 largely due to a 4.2% or 10 million kWh increase in residential sales. Residential customers in general increased their overall use of air conditioning in the second half of the year given hotter than average temperatures experienced. Correction of metering errors associated with several large residential customers also contributed to the overall increase in residential sales. Demand and commercial customer 2015 sales were only slightly higher than 2014. Increase sales stemming from the addition of the King Edward VII Memorial Hospital's Acute Care Wing, as well as the opening of the Elbow Beach over the winter months, were negated by large energy efficiency and conservation measures taken by a number of customers, photovoltaic (PV) installations as well as business closures due to challenges in the overall economy.

Sales of electricity net of fuel adjustment and discounts for 2015 totaled $138.2 million, as compared to $136.3 million in 2014, an increase of $1.9 million. The increase is largely due to residential customer consumption and metering error corrections noted above. The Company also wrote back $125,000 to revenues (2014: $615,000) of its provision for over-billed metered sales. This provision was established in 2013 following an audit of both demand and commercial customer meter installations which led to the discovery that a number of these customers had been over-billed. This provision at year end totaled $505,000. It is expected audit work of remaining demand and commercial customers will be completed in 2016.

BELCO Statistics: 2011 – 2015

	2015	2014	2013	2012	2011
Maximum Demand (KILOWATTS)	108,000	106,800	110,100	113,700	118,200
Kilowatt Hours Generated (000s kWh)	662,307	648,863	665,204	688,179	716,784
Electricity Sales (000s kWh)					
Residential	245,498	235,523	244,421	249,749	265,243
Commercial	290,552	291,350	295,043	307,269	316,356
Other	54,377	50,492	47,240	49,328	54,918
Total	590,427	577,365	586,704	606,346	636,517
Net Price per Kilowatt Hour (CENTS)					
Residential Total	40.17	44.29	44.89	44.93	41.23
Energy	26.81	26.98	27.08	26.18	25.66
Fuel	13.36	17.31	17.81	18.75	15.57
Commercial Total	32.68	36.00	36.34	36.49	33.85
Energy	21.81	21.93	21.92	21.26	21.07
Fuel	10.87	14.07	14.42	15.23	12.78
Total Metered Connections	35,833	35,766	35,666	35,770	35,862

Fuel adjustment revenues (FAR) decreased $24.7 million from $91.5 million in 2014 to $66.8 million in 2015. This is due to the dramatic decrease in the average price paid for a barrel of fuel, which fell from $128.60 in 2014 to $101.06 in 2015. Partly offsetting the fuel unit price decrease was the increase in generation output. Overall fuel efficiency improved from 700.18 kWh/barrel to 709.65 kWh/barrel largely due to improved availability of the Company's baseload generating units. The Company does not earn or incur any profit or loss on fuel adjustment; hence, this revenue is offset by identical fuel costs reflected in Purchased Power/Energy, Fuel expenses and the net movement in regulatory account deferral balances related to profit and loss.

Total Ascendant Group operating expenses decreased $27.7 million in 2015 to $197.5 million, compared to $225.2 million in 2014, largely due to the aforementioned decrease in fuel costs.

Other significant changes in BELCO operating expenses in 2015 as compared to 2014 include:

- Labor overtime costs decreased $1.9 million from $6.5 million in 2014 to $4.6 million in 2015. In 2014, there were 10 major unplanned plant outages as well as six major engine overhauls that sharply increased overtime expenditure. In 2015, there were no major unplanned events and only two major overhauls were carried out with two additional planned major overhauls scheduled for the end of the year, deferred to 2016 as the expected number of total run hours was not realized.
- The Company significantly reduced its bad debt provision for uncollectable customer accounts resulting in a $1 million benefit when compared to its 2014 bad debt expense experience. Improvement in the timely management of customer accounts as well as lower average monthly customer bills due to lower fuel prices and reduced fuel adjustment rate charges came together during the year to enable this benefit to be realized.
- Windstorm expenses decreased $1.3 million. Expenses resulting from Hurricane Joaquin in 2015 were minor when compared to expenses incurred in 2014 resulting from Hurricanes Fay and Gonzalo.
- Consulting costs decreased $693,000 from $1.8 million in 2014 to $1.1 million in 2015 as significant additional consulting costs were incurred in 2014 associated with improving Revenue Assurance performance, the 'meter-to-bill-to-cash' process, as well as processes and procedures within the Company's Protection, Control & Metering (PC&M) Department. The 2014 spend was driven by a need to ensure non-technical losses related to theft, unbilled and under-billed meters, as well as non-billed,

non-paying accounts were eliminated or minimized following 2013 audit findings of demand and commercial customer meter installations, as well a detailed review of the Company's bad debt provision requirements.

- Engine lubricating oil expenditure decreased $977,000 from $3.95 million in 2014 to $2.98 million in 2015. This is due to an increase in overall efficiency realized given the retirement of less efficient plant, fewer planned major overhauls in 2015, and no major unplanned events as was the case in 2014.

Bermuda Gas

Bermuda Gas reported a net loss for the year of $1.48 million as compared to a 2014 net income of $855,000 due largely to severance packages, inventory write down and other restructuring costs associated with the closure of its appliance and service business lines in June. Losses from discontinued operations totaled $2.1 million in 2015 compared to $193,000 in 2014. The Company recognized $0.6 million from continuing operations as compared to $1.05 million in 2014. Gas sales for 2015 fell 1.95% when compared to 2014 due to decreased volume, however, the cost of propane decreased significantly during the year leading to a 15.44% increase in gas business gross margins.

Subsequent to year-end, the Company has entered into an amalgamation transaction agreement with Rubis Energy Bermuda Ltd. to merge its subsidiary, Rubis Gas Bermuda Ltd., with Bermuda Gas. In consideration of this merger, AGL will receive $17.7 million subject to further purchase price adjustments to reflect the final agreed working capital and future healthcare liability balances as of 29 February 2016.

AG Holdings

AG Holdings manages all of the Company's non-utility business operations including Air Care Limited, iEPC Limited, iFM Limited, PureNERGY Renewables, Ltd. and Ascendant Properties Limited. Net earnings from AG Holdings for 2015 of $517,000 have decreased $980,000 or 65.5% versus earnings of $1.5 million in 2014.

Net income from iFM, the Company's joint venture with the Bermuda-registered, exempted subsidiary of Black & McDonald Limited (B&M) decreased to $15,700, from $275,000 realized in 2014. The decrease is directly due to the loss of the Company's facility maintenance contract with HSBC at the end of 2014, while the facility management agreement with the Bank of Butterfield was renewed for four years.

iEPC Limited realized a loss of $870,000 for the year as compared to the 2014 loss of $420,000. The primary reason for the increase in loss was the underutilization of iEPC Limited staff as was anticipated due to the postponement of BELCO IRP related work until the regulatory environment, procedures and requirements have been resolved and established.

Ascendant Properties Limited results decreased $404,000 from net income of $362,000 recognized in 2014 to a realized loss of $42,000 during the current year. The decrease in APL earnings was due to increased facility fees and repair expenses, decreased rent revenues due to lease terminations, and an increase in shared services management fees.

Air Care current year results increased $183,000 or 10.1% to $2.0 million as compared to 2014 net income of $1.8 million. In April 2014, the Company completed its buy out of Air Care when it acquired the remaining 15% stake in the company from the previous shareholders. Results for 2014 were negatively impacted by a significant loss sustained on the controls installation project at King Edward VII Memorial Hospital (KEMH). Air Care continued to experience challenges in securing new maintenance agreements in the current economic climate with many existing customers either reducing or canceling contracts prior to, or at time of, contract renewal. Management intends to hire a new dedicated sales representative to maintain a focus in the coming year on this key success factor. Air Care, through the dedication of its staff and management team, realized improved results through strong cost control measures taken during the year. Staff reductions have also contributed to overall reduced costs.

In June 2015, Air Care entered into a 15-year agreement with the Bermuda Institute of Oceanic Services (BIOS), which incorporates maintenance service, as well as a loan to fund Air Care's installation of more efficient air conditioning and lighting fixtures. The loan is priced at market rate and will be repaid from future energy savings.

ABIL

As noted in our 2014 annual report, Ascendant Bermuda Insurance Limited (ABIL) is a class 1 licensed insurance company under the Insurance Act 1978 of Bermuda and provides coverage for any deductible, related plant and property losses of BELCO, subject to a maximum aggregate recovery of $750,000. In 2015, ABIL had net income of $337,000. The Company was incorporated on 28 April 2014 and had net income of $14,000 for the eight months ended 31 December 2014. The improvement in earnings was driven by a reduction in BELCO claims in 2015.

Unallocated Group Expenditures

Net corporate expenditures decreased $432,000 or 8.1% in 2015 to $4.9 million from $5.3 million in 2014. Significant items that comprise this variance are as follows:

- Consulting and legal fees decreased approximately $693,000 in 2015. Significant fees incurred in 2014 associated with the Company's IRP, recruitment efforts to fill two key positions, namely Chief Financial Office and Human Resource Vice President and transformation of Finance Group processes and systems were not incurred again in 2015.
- Research costs incurred in 2014 totaling $341,000, associated with the review of a potential business development opportunity were not incurred again in 2015.
- Information technology maintenance contract costs increased $311,000 in 2015 due primarily to transfer of responsibility and related maintenance contract charges from BELCO to Ascendant's Information Technology shared services group.

LIQUIDITY AND CAPITAL EXPENDITURE

The Company's liquidity needs are driven by factors that include: fuel prices; impact of weather on customer bills; working capital requirements of all operating entities; timing of construction of plant and expenditures associated with capital projects; repayment of debt; timing and receipt of credit sales; and amounts and timing of dividend payments.

Cash Flows from Operating Activities – Liquidity needs are first met with net cash provided by operating activities. Net cash provided by operating activities totaled $47.8 million and $26.7 million for 2015 and 2014, respectively. Operating activities produced more cash in 2015 due primarily to the decrease in inventory in 2015 as compared to 2014, largely due to timing of fuel receipts as well as the large decrease in trade and other payables in 2014 as compared to the decrease in 2015. The decrease in trade and other payables in 2014 related to a BELCO fuel shipment totaling $15.3 million received at the end of 2013 and paid for during 2014.

Cash Flows from Investing Activities – Ascendant Group has a continuing need for cash resources and capital to invest in electric utility plant, replacement facilities and equipment and any investment activity. The bulk of the $19.5 million spent on acquisition of property, plant, equipment and intangible assets (2014: $24.4 million) was spent on BELCO-related capital projects. Major 2015 capital expenditure included:

Integrated Resource Plan (IRP) – $699,100 (2014: $1.6 million). Current year expenses largely represent further development and iterations of the IRP. Expenses were also incurred in developing the transition to utilizing natural gas through preliminary frontend engineering design (Pre-FEED) and frontend engineering design (FEED) work. These costs were incurred following a letter of support received from the Bermuda Government in July 2015 to progress with a Natural Gas Transition Plan. However, additional IRP work planned for the year was suspended following direction from the Minister of Economic Development to postpone its IRP filing until the new regulatory process was completed. Subsequent to year-end, the Company has taken the opportunity to revise the IRP to better align it with the new Electricity Act 2016, as well as reflect the dramatic decrease in oil prices since the 2015 IRP was produced. The end result will be a plan that best reflects greater diversification and flexibility in generating power to meet the countries energy demand. As reported in last year's annual report, implementation and execution of the IRP is considered critical to the long-term future of both the Company and Bermuda.

Grid Modernization – $2.7 million (2014: $969,000). The Company prepared a three-to-five year strategic road map in 2014 for the implementation of Advanced Metering Infrastructure (AMI), associated high value information technology, as well as changes in business programs and processes to optimize use of resources. During the current year, the Company spent $1.9 million on phase six of the grid modernization project representing Alpha testing (infrastructure and proof of concept related expenditure) of the system before full deployment of AMI, as well as refinement of business processes, revenue protection and distribution automation analysis. Originally, full AMI deployment was scheduled to be launched at the end of 2015 with completion targeted for the end of 2017. However, the project's schedule was revised during the year, given delays in receipt of required configured meters. The Company now aims to launch by the end of 2016 with full deployment by the end of 2018. The Company has commenced Beta testing in 2016 which will result in a deployment of approximately 1,000 meters with software integrations linked to billing customers. Ultimately, full AMI deployment will represent advanced meters installed Island-wide, providing two-way communications and enhanced capabilities related to outage management, daily network operations and greatly enhanced customer information and ability to monitor energy usage.

The Company spent $459,000 replacing its Interactive Voice Response System (IVR) during the year. This system is the primary interface with customers when electric outages occur due to plant issues, storms, or planned outages. Other systems such as the Outage Management System (OMS) are also functionally reliant on the IVR system. The existing system was well past end-of-life and was no longer supported by the system vendor so replacement was essential. The Company also spent a further $381,000 on the eventual replacement of its existing OMS as well as on an Enterprise Service Bus (ESB) both of which will result in more robust and improved service data as well as enabling integration with the AMI project.

Rehabilitation of transmission and distribution systems due to hurricane events – $250,500 (2014: $1.53 million). In October 2015, Hurricane Joaquin brushed the Island leaving thousands without power, which the Company quickly restored. Costs incurred, associated with restoration of service and rehabilitation of the system, totaled $298,000 of which $250,500 was capitalized and $47,500 was expensed. In contrast, the Company incurred $2.9 million in total damages resulting from direct hits on Bermuda by Hurricanes Fay and Gonzalo in October 2014 with $1.53 million capitalized and the balance expensed.

System Refurbishment and Upgrades – $3.0 million (2014: $3.14 million). Significant spend is required annually to improve the security and integrity of both the overhead and underground transmission and distribution network throughout the Island. Planned work carried out in 2015 was based on circuit inspections, fault data and customer issues reported and typically involving the replacement of transformers, circuits, cut-outs, etc.

Meter service and new supply – $2.7 million (2014: $2.8 million). These costs are incurred annually to address new supply service and other customer-initiated service projects. Costs include labor, installation, transformers, cables, overhead lines, etc.

Major substation 22kV switchgear replacement (Mullet Bay, Harrington Sound, Fractious Street) – $1.3 million (2014: $868,000). The Company recognized in 2013 the need to replace their 22kV switchboards at all three substation locations, given the considered high risk for failure as each was 20-plus years old. The risk to service was also compounded by the fact these boards were no longer manufactured and spare parts are no longer available. New switchboards were purchased in 2014 and installed and placed into service in the current year.

Major substation transformer replacement (Harrington Sound, St. John's Road, Fort Hamilton) – $421,400 (2014: $172,000). The Company has or is in the process of replacing these key substation transformers to restore the Company standard for firm service capacity given the age, condition, or limited capacity of existing transformers to meet increased demand in these service areas.

Electric vehicles and charging station infrastructure pilot projects – $343,800 (2014: $98,040). The Company purchased and received six electric vehicles (EVs) and several charging stations during the year. Performance metrics are being recorded and evaluated to determine expected fuel savings, maintenance costs and performance. Quarterly reports have been prepared in this regard and a full assessment will be conducted after one full year in operation to compare actual versus projected savings and performance of the EVs. The Company's fleet technicians have received on-site manufacturer's maintenance and troubleshooting training on servicing the EVs.

Cash Flows from Financing Activities – Proceeds from the issuance of capital stock is associated with 28,651 Company shares issued during 2015 (2014: 43,679 shares) in accordance with the Company's long-term incentive plan, Directors' fees, retirement and employee service awards, as well as employee purchases.

Net proceeds from bank borrowings decreased in 2015 by $26.9 million due to a $23.8 million decrease in the balance drawn down by BELCO under its overdraft facility with The Bank of N.T. Butterfield & Son Limited (2015: $10.9 million – 2014: $34.8 million) used to finance fuel shipments, as well as a decrease in Air Care borrowing of $3.05 million related to Air Care 2014 acquisition financing. Dividends paid to Ascendant Group shareholders in the current year totaled $3.2 million (2014: $4.6 million).

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

TO THE SHAREHOLDERS OF ASCENDANT GROUP LIMITED

The accompanying audited consolidated financial statements of Ascendant Group Limited and all the information in this Annual Report are the responsibility of management and are approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS).

The significant accounting policies used are described in Note 3 to the consolidated financial statements. Certain amounts in the financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting. The CEO and the CFO have supervised an evaluation of the effectiveness of the Company's internal control over the financial reporting, as at 31 December 2015. Based on this evaluation, the CEO and CFO have concluded that the Company's internal control over financial reporting as at 31 December 2015, was effective to provide reasonable assurance regarding the reliability of the Company's financial reporting and the presentation of its consolidated financial statements for external purposes in accordance with applicable accounting principles.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors, and all of its members are independent directors. The Audit Committee meets periodically with management, as well as with the internal and independent auditors, to discuss disclosure controls and procedures, internal control over financial reporting, management information systems, accounting policies, audit and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the consolidated financial statements, the Management's Discussion and Analysis and the independent auditor's report. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or reappointment of the independent auditor, and reviews and approves the terms of its engagement as well as the fee, scope and timing of its services.

The consolidated financial statements have been audited on behalf of the shareholders by PricewaterhouseCoopers Ltd., independent auditor, in accordance with International Standards on Auditing. The independent auditor has full and free access to the Audit Committee and may meet with or without the presence of management.

Walter M. Higgins
President & Chief Executive Officer

Mark Takahashi
Senior Vice President & Chief Financial Officer

INDEPENDENT **AUDITOR'S 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 statement of financial position as at 31 December 2015, 31 December 2014 and 1 January 2014 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Ascendant Group Limited and its subsidiaries as at 31 December 2015, 31 December 2014 and 1 January 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Dorchester House
Hamilton
Bermuda
22 April 2016

CONSOLIDATED **STATEMENT OF FINANCIAL POSITION**

As at 31 December 2015

	NOTES	31 DECEMBER **2015**	31 DECEMBER **2014**	1 JANUARY **2014**
ASSETS				
Non-current assets				
Property, plant and equipment	5	$ 267,579,557	$ 277,023,572	$ 276,950,727
Investment property	7	2,354,348	2,463,853	2,579,100
Intangible assets and goodwill	6	11,585,967	12,620,510	13,868,916
Investment in joint venture	12	708,662	578,300	302,963
		282,228,534	292,686,235	293,701,706
Current assets				
Cash and cash equivalents		7,573,709	9,209,034	6,957,636
Investments	8	156,065	153,237	133,717
Accounts receivable	23	18,535,039	22,183,434	27,763,880
Assets classified as held for sale	22	8,600,150	–	–
Inventory	9	44,938,343	61,364,303	69,167,808
Prepaid expenses and other assets		1,660,448	1,697,324	1,951,453
		81,463,754	94,607,332	105,974,494
Regulatory deferral account debit balances	4	–	246,213	–
TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES		$ 363,692,288	$ 387,539,780	$ 399,676,200
EQUITY AND LIABILITIES				
Non-current liabilities				
Bank borrowing	13,23	$ 8,696,770	$ 11,895,631	$ 12,359,198
Asset retirement obligation	19,23	14,084,674	13,413,976	12,775,215
Environmental clean-up obligation	19,23	1,307,030	1,126,242	1,185,516
Defined benefit obligation	15,23	24,832,500	31,821,000	19,576,000
Other post retirement benefits	15,23	30,150,690	32,085,288	40,675,388
		79,071,664	90,342,137	86,571,317
Current liabilities				
Customer deposits	23	259,629	263,829	495,858
Trade and other payables	23	16,736,746	19,492,585	35,342,452
Liabilities classified as held for sale	22	2,689,914	–	–
Redemption liability	12	–	–	2,509,081
Deferred revenues	23	1,027,440	1,048,138	554,425
Bank borrowing	13,23	13,915,079	37,612,342	29,839,636
		$ 34,628,808	$ 58,416,894	$ 68,741,452

The accompanying notes on pages 28 to 67 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED **STATEMENT OF FINANCIAL POSITION** *(Continued)*

As at 31 December 2015

	NOTES	31 DECEMBER **2015**	31 DECEMBER **2014**	1 JANUARY **2014**
Equity				
Share capital	10	$ 10,710,391	$ 10,681,740	$ 10,638,061
Share premium	10	30,414,724	30,283,782	29,956,798
Treasury stock	10	(845,803)	(845,803)	(845,803)
Contributed surplus		22,549,745	22,549,745	22,549,745
Accumulated OCI	15	(21,343,310)	(17,131,788)	–
Retained earnings		207,413,980	193,243,073	179,683,347
Equity attributable to shareholders		248,899,727	238,780,749	241,982,148
Non-controlling interest	12	–	–	1,176,837
Total equity		248,899,727	238,780,749	243,158,985
Regulatory deferral account credit balances	4	1,092,089	–	1,204,446
TOTAL EQUITY, LIABILITIES AND REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES		$ 363,692,288	$ 387,539,780	$ 399,676,200

The accompanying notes on pages 28 to 67 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED **STATEMENT OF INCOME**

For the year ended 31 December 2015

	NOTES	31 DECEMBER **2015**	31 DECEMBER **2014**
Continuing operations			
Revenues			
Operating revenues		$ 222,893,173	$ 247,158,615
Other income		1,207,776	1,515,530
	18	224,100,949	248,674,145
Expenses			
Operating and administrative expenses		76,225,287	80,112,311
Purchased Power/Energy		1,988,764	2,231,390
Fuel		92,789,509	117,151,964
Depreciation, amortization and accretion		26,485,102	25,696,867
		197,488,662	225,192,532
Operating income		26,612,287	23,481,613
Finance expense			
Foreign exchange loss		334,286	235,340
Change in fair value of investments		(2,828)	(19,521)
Interest expense		1,083,728	1,203,920
Net finance expense		1,415,186	1,419,739
Share of profit of equity accounted investee		15,702	275,337
Earnings before net movements in regulatory deferral account balances		25,212,803	22,337,211
Net movement in regulatory account deferral balances related to profit and loss	4	(5,740,184)	(4,583,542)
Earnings after net movements in regulatory deferral account balances		19,472,619	17,753,669
Discontinued operations			
Net loss for the year from discontinued operations	21	(2,103,157)	(192,714)
Net earnings for the year	18	17,369,462	17,560,955
Net earnings attributed to:			
Shareholders		$ 17,369,462	$ 17,313,528
Non-controlling Interest (NCI)	12	–	247,427
		$ 17,369,462	$ 17,560,955
Basic earnings per share from:			
Continued operations	11	$ 1.83	$ 1.65
Discontinued operations	11	(0.20)	(0.02)
Net earnings for the year	11	$ 1.63	$ 1.63
Fully diluted earnings per share	11	$ 1.62	$ 1.63

The accompanying notes on pages 28 to 67 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED **STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2015

	NOTES		31 DECEMBER **2015**		31 DECEMBER **2014**
Net earnings for the year		$	17,369,462	$	17,560,955
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Actuarial gains / (losses) on post retirement plans:					
1) Medical benefit plan	15		187,755		(79,288)
2) Defined benefit pension plan	15		(4,056,100)		(16,529,500)
3) Life insurance plan	15		(343,177)		(523,000)
			(4,211,522)		(17,131,788)
Total comprehensive income for the year		$	13,157,940	$	429,167
Total comprehensive income attributed to:					
Shareholders		$	13,157,940	$	181,740
Non-controlling Interest			–		247,427
		$	13,157,940	$	429,167

The accompanying notes on pages 28 to 67 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED **STATEMENT OF CASH FLOWS**

For the year ended 31 December 2015

	NOTES	31 DECEMBER **2015**	31 DECEMBER **2014**
Cash flows from operating activities			
Net earnings for the year		$ 17,369,462	$ 17,560,955
Adjustments for:			
Depreciation, amortization and accretion		26,485,102	25,696,867
Cash and cash equivalents classified as held for sale	22	(3,092,735)	–
Share of loss (profit) of equity accounted investee		(15,702)	(275,337)
Inventory write off		1,204,237	320,222
Changes in non-cash working capital balances:			
Short-term Investments		(2,828)	(19,520)
Deferred revenue		(20,698)	493,713
Accounts receivable		1,986,510	5,580,446
Inventory		14,914,653	7,483,283
Prepaid expenses and other assets		(19,993)	254,129
Regulatory deferral account debit and credit balances		1,338,302	(1,450,659)
Defined benefit obligation and other post-retirement benefits		(11,450,013)	(13,476,888)
Customer deposits		(4,200)	(232,029)
Trade and other payables		(1,750,532)	(15,849,867)
Asset retirement and environmental clean-up obligations		851,486	579,487
Net cash generated from operating activities		47,793,051	26,664,802
Cash flows from investing activities			
Acquisition of interest in a subsidiary from non-controlling interest		–	(3,038,415)
Acquisition of property, plant, equipment and intangible assets		(19,493,290)	(24,406,059)
Net cash used in investing activities		(19,493,290)	(27,444,474)
Cash flows from financing activities			
Proceeds from issuance of capital stock	10	159,593	370,663
Dividends paid	10	(3,198,555)	(4,648,732)
Net (repayment of) proceeds from bank borrowing		(26,896,124)	7,309,139
Net cash (used in) generated from financing activities		(29,935,086)	3,031,070
(Decreased) increase in cash and cash equivalents		(1,635,325)	2,251,398
Cash and cash equivalents beginning of year		9,209,034	6,957,636
Cash and cash equivalents end of year		$ 7,573,709	$ 9,209,034
Supplementary Cash Flow Information			
Cash Interest Received		$ 4,729	$ 4,568
Cash Interest Paid		$ 1,776,888	$ 2,357,014

The accompanying notes on pages 28 to 67 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED **STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the year ended 31 December 2015

	NOTES	SHARE CAPITAL	SHARE PREMIUM
Balance at 1 January 2014		$ 10,638,061	$ 29,956,798
Total comprehensive income for the year:			
Net earnings for the year		–	–
Movement in OCI		–	–
Transactions with owners of the Company recognized directly in equity			
Decrease in Non-controlling Interest		–	–
Dividends	10	–	–
Issue of ordinary shares	10	43,679	326,984
Balance at 31 December 2014		10,681,740	30,283,782
Balance at 1 January 2015		10,681,740	30,283,782
Total comprehensive income for the year:			
Net earnings for the year		–	–
Movement in OCI		–	–
Transactions with owners of the Company recognized directly in equity			
Dividends	10	–	–
Issue of ordinary shares	10	28,651	130,942
Balance at 31 December 2015		$ 10,710,391	$ 30,414,724

The accompanying notes on pages 28 to 67 are an integral part of these Consolidated Financial Statements.

ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY					
TREASURY STOCK	CONTRIBUTED SURPLUS	ACCUMULATED OCI	RETAINED EARNINGS	NON-CONTROLLING INTEREST	TOTAL EQUITY
$ (845,803)	$ 22,549,745	$ –	$ 179,683,347	$ 1,176,837	$ 243,158,985
–	–	–	17,313,528	247,427	17,560,955
–	–	(17,131,788)	–	–	(17,131,788)
–	–	–	894,930	(1,424,264)	(529,334)
–	–	–	(4,648,732)	–	(4,648,732)
–	–	–	–	–	370,663
(845,803)	22,549,745	(17,131,788)	193,243,073	–	238,780,749
(845,803)	22,549,745	(17,131,788)	193,243,073	–	238,780,749
–	–	–	17,369,462	–	17,369,462
–	–	(4,211,522)	–	–	(4,211,522)
–	–	–	(3,198,555)	–	(3,198,555)
–	–	–	–	–	159,593
$ (845,803)	$ 22,549,745	$ (21,343,310)	$ 207,413,980	$ –	$ 248,899,727

1 OPERATIONS

Ascendant Group Limited (the Company) is domiciled in Bermuda. The Company's registered office is at 27 Serpentine Road, Pembroke, HM07, Bermuda. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the Company). The Company is mainly involved in Energy (electric power generation, transmission and distribution, propane sales and small scale renewable systems) and Infrastructure (sale and service of heating, ventilation and air condition systems, air quality monitoring, building automation and energy management, commercial plumbing, fire protection, commercial refrigeration, property and facilities management, engineering consulting service) businesses.

Principal Operating Subsidiaries	Principal Activity
Bermuda Electric Light Company Limited (BELCO)	Electric utility (generation, transmission & distribution)
Bermuda Gas & Utility Company Limited (Bermuda Gas)	Propane gas distribution
Ascendant Bermuda Insurance Limited (ABIL)	Captive property insurance
AG Holdings Limited	Parent company of the following non-utility business operations:
• Air Care Limited	Sale and service of air condition systems, air quality monitoring, building automation and energy management, commercial plumbing, fire protection and commercial refrigeration services
• iFM Limited	Property and facilities management services
• PureNERGY Renewables, Ltd.	Small-scale renewable energy systems and solutions
• iEPC Limited	Engineering procurement, contracting and consulting services
• Ascendant Properties Limited	Property management

The consolidated financial statements of the Company as at 31 December 2014, which were prepared in accordance with accounting principles generally accepted in Bermuda and Canada, are available upon request from the Company's registered office above or at www.ascendant.bm.

2 BASIS OF PREPARATION

a Statement of compliance

These consolidated financial statements, as at and for the year ended 31 December 2015, have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Company's first consolidated financial statements prepared in accordance with IFRS, and IFRS I *First-time adoption of International Financial Reporting Standards* has been applied.

An explanation of how the transition to IFRS has affected the reported consolidated financial position, consolidated financial performance and cash flows of the Group is provided in Note 26.

These consolidated financial statements were authorized for issue by the Board of Directors on 15 April 2016.

b Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the consolidated statement of financial position:

- Defined benefit obligation;
- Other post-retirement benefits; and
- Held for trading financial assets are measured at fair value.

c Functional and presentation currency

These consolidated financial statements are presented in Bermuda Dollars which is the Company's functional currency, which is on par with the US Dollar.

d Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in the following notes:

- Note 3(l)(i) – impairment of financial assets;
- Note 3(l)(ii) – impairment of non-financial assets;
- Note 3(m) – provisions including asset retirement and environmental clean up obligations;
- Note 3(c) – useful lives of property, plant and equipment;
- Note 3(i) – useful lives of intangible assets;
- Note 3(j) – useful lives of investment property;
- Note 3(h) – defined benefit pension plan and other post-retirement benefits;
- Note 23 – allowance for impairment of receivables.

3 SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements and in preparing the opening IFRS consolidated statement of financial position as at 1 January 2014 for the purposes of the transition to IFRS, unless otherwise indicated.

a Principles of consolidation

Consolidation

IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

These consolidated financial statements include the financial statements of the Company and its controlled subsidiaries, Bermuda Electric Light Company Limited (BELCO), Bermuda Gas & Utility Company Limited (Bermuda Gas), Ascendant Bermuda Insurance Limited (ABIL) and AG Holdings Limited. All material intercompany accounts and transactions have been eliminated upon consolidation.

The financial statements of subsidiaries are included in the consolidated financial statements only from the date that control commences until the date that the control ceases.

Joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Under IFRS 11, the Company classifies its interest in joint arrangements as either joint operations or joint ventures depending on the Company's rights to the assets and obligations for the liabilities of the arrangements. When making the assessment, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

For joint ventures, the Company applies the equity method of accounting and investments are initially recognized at cost. Under the equity method, the Company's share of profit or loss and other comprehensive income of the joint venture (equity accounted investee) is included from the date that joint control commences until the date joint control ceases.

b Revenue recognition

The sales of electricity are based on consumption recorded by meter readings taken monthly during the year. The Company accrues for unread consumption at the end of each financial year. Sales of propane gas and appliances are recognized upon delivery to customers. Sales of appliance parts sold over the counter are recognized at time of sale, and service sales are recognized at the time the service project is completed. Sales from contracts are provided for using the percentage of completion method. Maintenance sales are earned over the term of the individual contracts. The unearned portion, calculated on a pro rata basis, is deferred and included in the consolidated statement of financial position as unearned revenue. Where revenues recognized on long-term contracts based on the percentage completion method exceed the amount billed to date, unbilled revenue is recorded.

Revenues from the regulated distribution of electricity in Bermuda include variable and fixed charges. Variable charges are recognized using meter readings on delivery of the commodity to customers and include an estimate of usage not yet billed. Fixed charges are based on the distribution service provided during the period.

Other revenues are recognized when products are delivered or services are rendered. Billings in excess of earned revenue are classified as deferred revenues on the consolidated statement of financial position.

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income over the term of the lease.

C Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset, and includes the cost of dismantling and removing the assets and restoring the site on which they are located. Interest cost on funds borrowed for the construction of certain long-term assets has been capitalized. Capitalized interest is recorded as part of the asset to which it relates, and is depreciated over the estimated useful life of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major overhaul costs are capitalized and depreciated on a straight-line basis over the period to the next major overhaul, which varies from three to eight years. The cost of repairs and maintenance activities, which are performed every two years or less and do not extend or enhance the life of the asset, are charged to profit or loss during the period in which they are incurred.

The Company allocates the amount initially recognized in property, plant and equipment to its significant components and depreciates each component separately. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted where necessary.

Depreciation of property, plant and equipment is calculated on a straight-line basis. The calculation of depreciation is based on the cost less residual value of each group of assets from the actual date that they are brought into service. Significant components of individual assets are reviewed annually. If a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Generation plant	24 years
Transmission equipment	24 years
Distribution equipment	24 years
General plant	3 to 24 years
Other physical assets	3 to 24 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss in the consolidated statement of comprehensive income.

Strategic spare parts

The Company holds major spare parts and stand-by equipment, measured at cost less accumulated depreciation, under property, plant and equipment.

The Company allocates the amount initially recognized in property, plant and equipment to its significant components and depreciates each component separately. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted where necessary.

Depreciation of spare parts is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful economic lives (from 16 to 31 years), and is generally recognized in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognized in profit and loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain or loss recognized in other comprehensive income and presented in the revaluation reserve. Any loss is recognized in profit or loss.

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 2015, 31 December 2014 and 1 January 2014.

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 realizable 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 Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the year adjusted for treasury shares held. Diluted earnings per share are determined by adjusting the weighted average number of shares for the effects of all dilutive potential shares which comprise options granted to employees.

h Employee short-term and long-term benefits

i Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii Defined contribution pension plan

A defined contribution pension plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

iii Defined benefit pension plan (DB Plan)

A defined benefit pension plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the DB Plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The Company's net obligation in respect of the DB Plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting the amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan and reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

All previously unamortized actuarial gains and losses at 1 January 2014, the date of transition to IFRS, were recognized in retained earnings (see Note 26). The Company recognizes all actuarial gains and losses arising subsequently from the DB Plan in other comprehensive income (OCI) and expenses related to the DB Plan in personnel expenses in profit or loss.

Remeasurements of the net defined liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the DB Plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss when the curtailment occurs. The Company recognizes gains and losses on the settlement of a DB Plan when the settlement occurs.

iv Other long-term employee benefits

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 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 recognized immediately in the OCI in the statement of comprehensive income in the period in which they arise.

BELCO provides post-retirement life insurance to existing retirees. The Company accounts for post-retirement life insurance in line with accounting for the DB Plan.

v Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recgonized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

i Intangibles

The Company classifies goodwill and computer software as intangibles. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis, or more frequently if impairment indicators arise. As at 31 December 2015, 31 December 2014 and 1 January 2014 there was no impairment of the Company's goodwill. Computer software is measured at cost less accumulated amortization and impairment losses. Computer software is amortized on a straight-line basis over periods ranging from five to 10 years. Software in progress is not subject to amortization until brought into service. Amortization is based on cost of an asset less its residual value. The method of amortization, residual values and useful lives of the assets are reviewed annually and adjusted where necessary.

j Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and any adjustment for impairment.

Investment property is amortized over the estimated useful life of 24 years. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its depreciated historical cost at the date of reclassification becomes its cost for subsequent accounting.

k Financial instruments

The Company classifies short-term investments as held for trading. Financial assets other than those held for trading are classified as loans and receivables. Financial liabilities are classified as other financial liabilities.

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

i Financial assets and financial liabilities – recognition and derecognition

The Company initially recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

ii Financial assets – measurement

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

Loans and receivables
These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost, less impairment losses, using the effective interest method.

iii Financial liabilities – measurement

Financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

iv Fair value hierarchy

In estimating fair value, the Company utilizes quoted market prices when available. Financial assets are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Management's judgment as to the significance of a particular input to the fair value measurement may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly (i.e., derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs wherever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

v Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity. When common shares are repurchased the amount of consideration paid is recognized as a deduction from equity. Repurchased shares are classified as treasury shares.

l Impairment

i Financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security; or
- Observable data indicating that there is a measureable decrease in the expected future cash flows from a Company's financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortized cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred, but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the sestimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

ii Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (cash generating units or CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

m Provisions

The Company recognizes provisions when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized in the interest expense.

Management evaluates the likelihood of the contingent events based on the probability of exposure to the potential loss. Actual results could differ from these estimates.

A contingent asset is not recognized in the consolidated financial statements. However, a contingent asset is disclosed when an inflow of economic benefit is probable.

Asset retirement obligations

Asset retirement obligations (ARO) are legal and constructive obligations connected with the retirement of tangible long-lived assets. These obligations are measured at management's best estimate of the expenditure required to settle the obligation and are discounted to present value when the effect is material. Cash flows for AROs are adjusted to take risks and uncertainties into account and are discounted using a pre-tax, risk-free discount rate.

Initially, an ARO is recorded in provisions, with a corresponding increase to property, plant and equipment. Subsequently, the carrying amount of the provision is accreted over the estimated time period until settlement of the obligation, with the accretion expense recognized as interest expense. The asset is depreciated over its estimated useful life. The carrying value is evaluated annually, or more frequently if events or circumstances dictate, taking into account changes in the estimate of future cash flows and a discount rate that reflects the current market assessment of the time value of money.

Environmental clean-up obligation

In accordance with the Company's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognized when the land is contaminated.

Warranties

A provision for warranties is recognized when the underlying products and services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated possibilities.

Restructuring

A provision for restructuring is recognized when the Company has approved a detailed formal restructuring plan and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for.

n Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued for the start of the comparative period.

o Income tax

As the Company is domiciled in Bermuda, it is not subject to taxation on profit or capital gains. Accordingly, no provision for income tax or deferred tax has been made in the consolidated financial statements.

p Finance expense

Finance expense is comprised of interest on borrowings, changes in fair value of held for trading investments and foreign currency gains and losses incurred in the year.

q Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer, Chief Financial Officer, three Chief Operating Officers, and members of the Board of Directors, who make decisions about resources to be allocated to the segment and assess its performance principally on the basis of profit or loss adjusted for regulatory items as shown in Note 18, Segmented Information.

r Standards issued, but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015; however, the Company has not applied the following new or amended standards in preparing these consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

4 RATE REGULATION

The Company's wholly owned subsidiary, the Bermuda Electric Light Company Limited (BELCO), is an electric utility subject to rate regulation as outlined under the Bermuda Energy Act 2009 (the Energy Act).

Nature and economic effects of rate regulation in Bermuda

As of year end 2015, BELCO was regulated by the Bermuda Government's Energy Commission (EC), in accordance with the Energy Act. The EC consists of a Chairman and four other members, all of whom are appointed by the Minister responsible for the Department of Energy (the Minister).

Any change to electricity prices requires a formal written submission to the EC for its consideration with respect to the level of adjustment, the date on which the variation would be effective, and any other terms and conditions upon which the variation may be made. In exercising its discretion, the EC needs to consider; (a) the costs of providing the service; (b) the needs of the business for adequate working capital and reasonable reserves; (c) the need to afford investors a reasonable rate of return; (d) the public interest; and (e) any other matters which the Commission deems relevant.

The EC has up to 60 days to render a decision, or a longer period as allowed by the Minister. BELCO has the right to appeal any EC direction to the Minister within 21 days of being notified of that direction. The Minister shall make a decision on an appeal as soon as possible after the hearing, but in no event later than 60 days after the receipt of the notice of appeal.

Under current practice, BELCO's request for tariff adjustments is related to either the Basic Tariff Rate (BR) or the Fuel Adjustment Rate (FAR). BR case submissions to the EC are supported using a cost of service regulatory model incorporating BELCO's operating costs, depreciation and a return on capital. BELCO's operating costs included in the BR incorporate a standard fuel charge of $30.00 per barrel for BELCO's direct fuel costs as well as the relative equivalent component included in purchased kilowatt-hours from the Tynes Bay waste-to-energy facility.

BELCO's actual fuel costs in excess of $30.00 per barrel are separately recovered through the FAR. Given the relative volatility of fuel prices, FAR submissions to the EC are currently made on a monthly basis in accordance with EC defined minimum filing report requirements. This relatively frequent adjustment process allows for the pass-through of actual fuel costs in a timely manner.

Changes to Bermuda's Electricity Regulation

On 5 June 2015, the National Electricity Sector Policy of Bermuda (the Policy) was established. The Policy seeks to achieve the objectives, by enabling the introduction of new technologies to the Island, of lower cost of service, reducing local pollution as well as the emissions of global greenhouse gases produced by electricity generation, improve the security of supply, and improve affordability, all while maintaining or improving quality of service.

In support of the Policy, the Electricity Act 2015 was tabled in the legislature in December and enacted in March 2016, which provides for the transfer of responsibility for the regulation of electricity from the EC to the Regulatory Authority.

The new law establishes a regulatory framework for the electricity sector in Bermuda, which:

- transfers and expands the scope associated with independent regulatory oversight of the electricity sector to the Regulatory Authority;
- outlines an integrated resource planning process for setting detailed policy that is participative, and encourages the achievement of competing objectives in the manner that best serves the public interest;
- establishes policy-implementing rules and processes regarding:
  - generation planning and procurement, which promote least cost, diversification in the primary energy sources and technologies for electricity generation, and demand reduction;
  - electricity supply restrictions, which include a licensing framework that confirms BELCO as a transmission, distribution, and retail services licensee as well as a bulk generation licensee; facilitates competition with respect to new bulk electricity generation requirements; and is open to distributed electricity generation by end-users;
  - electricity supply standards that promote reliable, high quality electricity supply in line with industry best practice, encourage responsive and reasonable customer service, and safeguards against public safety and property loss; and
  - tariff-setting principles that will provide for the recovery of reasonable costs inclusive of efficiently incurred operating costs, prudently incurred investment in assets, a return on investment commensurate with returns in business undertakings with comparable risks, and that is sufficient to attract needed capital.

Financial statement effects of rate regulation

As at 31 December 2015, the Company over-recovered under the EC approved fuel adjustment tariff $1,092,089 in order to limit the need to increase future month FARs in light of projected increased fuel costs to be used in operations to meet demand. The Company over-recovered $1,204,466 under the EC approved fuel adjustment tariff as at 1 January 2014 for the same reason. As at 31 December 2014, unrecovered fuel purchase costs associated with barrels of fuel used to meet electric sales demand totaled $246,213. The Company has early adopted IFRS 14, *Regulatory Deferral Accounts* and has accounted for these balances as regulatory deferral account debit and credit balances and changes in the regulatory deferral account related to profit and loss in accordance with this standard. The equalization effect of rate regulation on the Company's consolidated statement of comprehensive income as at 31 December 2015 was $5,740,184 (31 December 2014: $4,583,542).

A reconciliation of the carrying amounts of the regulatory deferral account balances is presented below:

	2015	2014
Balance at 1 January	$ 246,213	$ (1,204,446)
Amounts recognized in the consolidated statement of income as net movements in regulatory account deferral balances	(5,740,184)	(4,583,542)
Amounts recognized in the consolidated statement of income as:		
Interest expense recovery	1,004,465	1,528,241
Basic tariff revenue equalization	3,397,417	4,505,960
Balance at 31 December	$ (1,092,089)	$ 246,213

5 PROPERTY, PLANT AND EQUIPMENT

	NOTES		LAND		GENERATION PLANT
Cost					
Balance at 1 January 2014		$	6,014,262	$	332,527,319
Additions			–		8,468,365
Disposals			–		(692,281)
Balance at 31 December 2014			**6,014,262**		**340,303,403**
Balance at 1 January 2015			6,014,262		340,303,403
Additions			–		2,913,337
Disposals			–		(7,939,173)
Assets classified as held for sale	22		–		–
Balance at 31 December 2015		**$**	**6,014,262**	**$**	**335,277,567**
Accumulated depreciation and impairment losses					
Balance at 1 January 2014			–		233,902,687
Depreciation			–		10,667,810
Disposals			–		(613,158)
Balance at 31 December 2014			**–**		**243,957,339**
Balance at 1 January 2015			–		243,957,339
Depreciation			–		11,286,567
Disposals			–		(7,281,385)
Assets classified as held for sale	22		–		–
Balance at 31 December 2015		**$**	**–**	**$**	**247,962,521**
Carrying amounts					
At 1 January 2014			6,014,262		98,624,632
At 31 December 2014			6,014,262		96,346,064
At 31 December 2015		**$**	**6,014,262**	**$**	**87,315,046**

TRANSMISSION EQUIPMENT	ASSET RETIREMENT OBLIGATION	DISTRIBUTION EQUIPMENT	GENERAL PLANT	OTHER PHYSICAL ASSETS	TOTAL
$ 81,468,886	$ 3,924,924	$ 185,941,207	$ 63,716,573	$ 35,130,538	$ 708,723,709
2,827,099	–	6,960,142	1,792,324	3,933,295	23,981,225
–	–	(611,927)	(144,148)	(20,426)	(1,468,782)
84,295,985	3,924,924	192,289,422	65,364,749	39,043,407	731,236,152
84,295,985	3,924,924	192,289,422	65,364,749	39,043,407	731,236,152
730,451	–	10,119,860	374,705	5,778,194	19,916,547
(151,055)	(389,992)	(1,560,669)	(1,041,636)	(1,867,869)	(12,950,394)
–	–	–	–	(7,248,206)	(7,248,206)
$ 84,875,381	$ 3,534,932	$ 200,848,613	$ 64,697,818	$ 35,705,526	$ 730,954,099
41,554,953	–	98,051,220	47,688,448	10,575,674	431,772,982
2,960,036	426,780	5,833,807	2,486,875	1,086,172	23,461,480
–	–	(249,295)	(144,149)	(15,280)	(1,021,882)
44,514,989	426,780	103,635,732	50,031,174	11,646,566	454,212,580
44,514,989	426,780	103,635,732	50,031,174	11,646,566	454,212,580
2,965,155	426,780	5,923,948	2,341,617	1,341,032	24,285,099
–	–	(1,671,181)	(1,038,295)	(1,296,238)	(11,287,099)
–	–	–	–	(3,836,038)	(3,836,038)
$ 47,480,144	$ 853,560	$ 107,888,499	$ 51,334,496	$ 7,855,322	$ 463,374,542
39,913,933	3,924,924	87,889,987	16,028,125	24,554,864	276,950,727
39,780,996	3,498,144	88,653,690	15,333,575	27,396,841	277,023,572
$ 37,395,237	$ 2,681,372	$ 92,960,114	$ 13,363,322	$ 27,850,204	$ 267,579,557

Total capital work in progress of $17,380,403 (31 December 2014: $13,667,988 and 1 January 2014: $11,134,806) is embedded in property, plant and equipment noted above. Capital work in progress is not subject to depreciation until brought into service.

Asset retirement obligations included in utility plant as at 31 December 2015 amounted to $2,681,372 (31 December 2014: $3,498,144 and 1 January 2014: $3,924,924).

During the year ended 31 December 2015, there were no transfers to investment property (see Notes 7 & 26) – (31 December 2014: $NIL; 1 January 2014: $3,353,398).

Upon transition to IFRS, the Company had external valuations of certain of its land and buildings commissioned by Bermuda Realty Company Limited. These valuations revealed that the market values of certain items of land and buildings were below its depreciated historic cost. Management therefore reduced the net book value of these items down to its market value. This resulted in the Company recognizing an impairment loss in the amount of $NIL for the year ended 31 December 2015 (31 December 2014: $NIL and 1 January 2014: $9,014,669).

6 INTANGIBLE ASSETS AND GOODWILL

	GOODWILL	SOFTWARE IN PROGRESS	SOFTWARE	TOTAL
Cost				
Balance at 1 January 2014	$ 8,033,656	$ 85,587	$ 15,184,798	$ 23,304,041
Acquisitions	–	9,000	167,869	176,869
Transfers	–	(30,567)	30,567	–
Disposals	–	–	–	–
Balance at 31 December 2014	**$ 8,033,656**	**$ 64,020**	**$ 15,383,234**	**$ 23,480,910**
Balance at 1 January 2015	8,033,656	64,020	15,383,234	23,480,910
Acquisitions	–	282,990	110,910	393,900
Transfers	–	(9,000)	9,000	–
Disposals	–	–	(19,996)	(19,996)
Assets classified as held for sale	–	–	(384,227)	(384,227)
Balance at 31 December 2015	**$ 8,033,656**	**$ 338,010**	**$ 15,098,921**	**$ 23,470,587**
Accumulated amortization and impairment losses				
Balance at 1 January 2014	400,674	50,435	8,984,016	9,435,125
Amortization	–	4,585	1,420,690	1,425,275
Transfers	–	–	–	–
Disposals	–	–	–	–
Balance at 31 December 2015	**$ 400,674**	**$ 55,020**	**$ 10,404,706**	**$ 10,860,400**
Balance at 1 January 2015	400,674	55,020	10,404,706	10,860,400
Amortization	–	–	1,359,020	1,359,020
Transfers	–	–	–	–
Disposals	–	–	(19,996)	(19,996)
Assets classified as held for sale	–	–	(314,804)	(314,804)
Balance at 31 December 2015	**$ 400,674**	**$ 55,020**	**$ 11,428,926**	**$ 11,884,620**
Carrying amounts				
At 1 January 2014	**7,632,982**	**35,152**	**6,200,782**	**13,868,916**
At 31 December 2014	**7,632,982**	**9,000**	**4,978,528**	**12,620,510**
At 31 December 2015	**$ 7,632,982**	**$ 282,990**	**$ 3,669,995**	**$ 11,585,967**

There was no impairment of intangible assets and goodwill for the period ended 31 December 2015.

7 INVESTMENT PROPERTY

	2015	2014
Balance at 1 January	$ 2,463,853	$ 2,579,100
Less: Depreciation	109,505	115,247
Balance at 31 December	$ 2,354,348	$ 2,463,853

Investment property comprises a number of commercial properties that are leased to third parties. Each lease contains an initial non-cancellable period of two years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

In accordance with IAS 40 *Investment Property*, the Company has adopted the cost model as its accounting policy for investment property. Using the cost model, the Company depreciates the cost of investment property over its estimated useful life using the straight-line method and deducts any accumulated impairment losses.

The Company utilized the exemption under IFRS 1 *First-time adoption of IFRS* to account for investment property using deemed cost as at 1 January 2014, the transition date. Deemed cost at date of transition was determined based on an independent valuation of investment properties.

Based on the independent valuation, certain investment properties were determined to be impaired and written down to their recoverable amounts and deemed cost. The total impairment balance of $774,298 was written off to opening retained earnings (refer to Note 26b).

On 24 February 2015, the Company's investment properties were valued by an independent, professionally qualified property valuation company having experience with the location and categories of the various properties being valued. The total fair market value of the Company's investment properties was determined to be $4.2 million based on the valuation report obtained.

8 INVESTMENTS

The Company's investments are all traded on the Bermuda Stock Exchange and therefore have been classified as Level 1 securities. There have been no transfers between the levels during the year.

9 INVENTORY

During the year, the Company expensed inventory totaling $110,691,255 (2014: $137,479,078) as part of normal operations. Inventory written off during the year totaled $1,204,237 (2014: $320,222). The provision for obsolescence as at 31 December 2015 was $681,846 (31 December 2014: $544,523; 1 January 2014: $555,845).

	31 DECEMBER 2015	31 DECEMBER 2014	1 JANUARY 2014
Materials and supplies	$ 28,730,738	$ 31,936,947	$ 32,800,083
Fuel and lubricants	16,207,605	29,427,356	36,367,725
	$ 44,938,343	$ 61,364,303	$ 69,167,808

10 SHARE CAPITAL

	31 DECEMBER 2015	31 DECEMBER 2014	1 JANUARY 2014
Share capital comprises:			
Authorized ($1.00 par value) – 20 million shares	$ 20,000,000	$ 20,000,000	$ 20,000,000
Issued and fully paid ($1.00 par value) – 10,710,391 shares (31 December 2014: 10,681,740 shares; 1 January 2014: 10,638,061 shares)	$ 10,710,391	$ 10,681,740	$ 10,638,061

Movement in issued and fully paid share capital was attributed to:

1) The Company's employee share purchase plan (employees may acquire stock at a 10% discount of the stock market trade value price of Company shares at time of purchase);
2) Stock issued to Directors as part of total annual Director fee compensation; and
3) Employee awards for long service, retirement and accomplishment.

The impact of these items on capital stock and share premium for the years ended 31 December 2015 and 31 December 2014 was as follows:

	SHARES ISSUED AND FULLY PAID	SHARE CAPITAL	SHARE PREMIUM
1 January 2014	$ 10,638,061	$ 10,638,061	$ 29,956,798
Employee share purchase plan	27,131	27,131	224,200
Directors' fee compensation	14,400	14,400	86,400
Awards (long service, retirement, accomplishment)	2,148	2,148	16,384
	43,679	43,679	326,984
31 December 2014	10,681,740	10,681,740	30,283,782
Employee share purchase plan	12,707	12,707	67,629
Directors' fee compensation	14,400	14,400	57,600
Awards (long service, retirement, accomplishment)	1,544	1,544	5,713
	28,651	28,651	130,942
31 December 2015	$ 10,710,391	$ 10,710,391	$ 30,414,724

There were no shares issued during the years ended 31 December 2015 and 31 December 2014 attributed to the Company's long-term incentive plan described in detail in Note 20.

Dividends

The following dividends were declared and paid by the Company:

	31 DECEMBER 2015	31 DECEMBER 2014
30 cents per qualifying ordinary share (31 December 2014: 44 cents)	$ 3,198,555	$ 4,648,732

Treasury stock

A total of 41,200 shares were held as treasury shares as at 31 December 2015 (31 December 2014: 41,200 shares; 1 January 2014: 41,200 shares).

11 EARNINGS PER SHARE

Basic earnings per share (EPS) is computed by dividing profit attributable to shareholders of Ascendant Company Limited (AGL) by the weighted average number of ordinary shares outstanding during the reported period. Earnings per share are diluted by potential shares. Potential shares are issuable under the Company's long-term incentive program (LTIP). The Company's LTIP is described in detail in Note 20.

A dilutive effect arose in 2015 as a result of time-vested and performance-based retention shares to be issued in the future under the LTIP. The dilutive impact of these shares in the current year is to reduce earnings per share by $0.01 (2014 dilutive impact: $NIL).

The following table sets forth the computation for basic and fully diluted earnings per share:

	NOTES	31 DECEMBER 2015	31 DECEMBER 2014
Numerator			
Net earnings from continuing operations before rate-regulated activities		$ 25,212,803	$ 22,337,211
Less: rate-regulated activities	4	(5,740,184)	(4,583,542)
Less: NCI		–	(247,427)
Net earnings from continuing operations after rate-regulated activities attributable to AGL shareholders		19,472,619	17,506,242
Net loss from discontinued operations attributable to AGL shareholders	21	(2,103,157)	(192,714)
Net earnings attributable to AGL shareholders		$ 17,369,462	$ 17,313,528
Denominator			
Weighted average number of shares outstanding – Basic		10,662,165	10,629,281
Add: Dilutive potential shares from the LTIP	20	90,278	–
Weighted average number of shares outstanding – Fully diluted		$ 10,752,443	$ 10,629,281
Basic and fully diluted earnings / (loss) per share attributable to AGL shareholders:			
Basic EPS:			
Continuing operations before rate-regulated activities		$ 2.37	$ 2.08
Effect of rate regulation		(0.54)	(0.43)
Continuing operations after rate-regulated activities		1.83	1.65
Discontinued operations		(0.20)	(0.02)
Net earnings		$ 1.63	$ 1.63
Fully Diluted EPS:			
Continuing operations		1.82	1.65
Discontinued operations		(0.20)	(0.02)
Net earnings		$ 1.62	$ 1.63

12 NON-CONTROLLING INTEREST AND JOINT VENTURE

Joint Venture

iFM is a joint venture company that is 60% owned by the Company and 40% owned by Black & McDonald Limited (B&M). B&M, a privately held Canadian company, is 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.

iFM has been accounted for in the Company's consolidated financial statements using the equity method in accordance with IFRS 11 *Joint Arrangements*.

Non-controlling Interest – Investment in Air Care

On 30 May 2012, the Company acquired 7,114 shares representing a 57% interest in Air Care, a privately held company that is a leading provider of heating, ventilation and air conditioning systems and related services in Bermuda. The remaining 5,338 shares, or 43% interest, was agreed to be acquired from minority shareholders in three annual tranches on the anniversary date of 1 August, beginning in 2012, based on an outlined earnings before interest, depreciation and amortization formula. Contingent consideration for the remaining shares was recognized as a redemption liability being $2,509,081 at 1 January 2014. The portion of the purchase price paid to acquire Air Care in excess of its net assets has been recognized as goodwill and is included in intangible assets (see Note 6). On 30 July 2014, the final 15% interest in Air Care was acquired and it is now wholly owned by the Company. There was no outstanding redemption liability as at 31 December 2015 and 31 December 2014.

13 BANK BORROWING

Bank borrowing is comprised as follows:

	31 DECEMBER 2015	31 DECEMBER 2014	1 JANUARY 2014
Current Liabilities			
The Bank of N.T. Butterfield & Son Limited overdraft facility	$ 10,944,355	$ 34,789,745	$ 29,839,636
The Bank of N.T. Butterfield & Son Limited revolving loan facility	2,970,724	2,822,597	–
	$ 13,915,079	$ 37,612,342	$ 29,839,636

BELCO's overdraft facility, which expired on 29 February 2016, had a maximum amount of $41 million, bearing variable interest rates based on the Bank's Bermuda Dollar Base Rate on borrowings. The Company's Board approved a $20 million decrease in the overdraft facility limit, which as at 31 December 2015 was $41 million, to $21 million on the facility renewal date. The facility was renewed and extended to 30 June 2016.

The total drawdown on this facility as at 31 December 2015 amounted to $10,944,355 bearing interest of approximately 4.8% (31 December 2014: $34,789,745, bearing interest of approximately 4.8% and 1 January 2014: $29,839,636, bearing interest of approximately 4.8%).

	31 DECEMBER 2015	31 DECEMBER 2014	1 JANUARY 2014
Non-current Liabilities			
The Bank of N.T. Butterfield & Son Limited revolving loan facility	$ 8,696,770	$ 11,895,631	$ 12,359,198

In May 2012, the Company obtained, through one of its affiliated companies, a revolving loan facility in the maximum principal amount of $15.5 million from The Bank of N.T. Butterfield & Son Limited to finance the acquisition of Air Care. Drawdowns were available during a revolving period of 39 months, a period during which interest only was payable. The loan is for a term of eight years and interest is payable at 1.5% per annum above the Bank's Bermuda Dollar Base Rate. The loan is secured by a debenture over assets of Air Care and undertakings as well as a guarantee from the Company. The current and non-current portions of the total draw downs against the revolving facility as at 31 December 2015, amounted to $2,970,724 and $8,696,770 (31 December 2014: $2,822,597 and $11,895,631; 1 January 2014: $NIL and $12,359,198).

On 31 July 2015, Bermuda Gas renewed its overdraft facility agreement with the Bank. The facility, which expires on 31 July 2016, has a maximum principal amount of $750,000 (31 December 2014: $750,000; 1 January 2014: $750,000). As at 31 December 2015, there is no drawdown on this facility.

14 FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit & Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit & Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers the demographics of the Company's customer base, including the default risk within specific segments of Bermuda's economy as well as Bermuda as a whole as these factors may have an influence on credit risk, particularly in the current economic circumstances. There is no concentration of credit risk as sales are spread out among a broad group of customers.

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance for bad debts is determined through a customer by customer account review and assessment for impairment based on aging of account balances, history of customer payments and regular discussions with customers to determine their ability to pay outstanding balances due to the Company.

Investments

The Company has limited its credit risk exposure to several investments in large, well-established local businesses listed on the Bermuda Stock Exchange (BSX). The Company has not made any further investments in local or overseas company stocks in over 10 years. These investments are marked to market monthly and reflect current fair market values as reported in the BSX.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the Company's functional currency the Bermuda Dollar. The Company, in its normal course of business, is required to acquire both goods and services from overseas vendors requiring payment in US Dollars (USD), Pounds Sterling (GBP) and the Euro (EUR).

The Company currently mitigates its foreign currency exposure through use of foreign currency hedges as considered appropriate when addressing significant capital projects involving large foreign currency payables; and by structuring most contracts with foreign vendors providing goods or services to be paid in US dollars, which is traded on par with the Bermuda dollar.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risk identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance when this is effective.

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 utilize 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 utilized. The Company currently utilizes a bank overdraft facility to address fuel financing, and other working capital 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. There were no changes in the Company's approach to capital management during the year. The Company or any of its subsidiaries, other than ABIL, are not subject to any externally imposed minimum capital requirements.

15 POST-RETIREMENT BENEFIT PLANS

Defined Contribution (DC) Pension Plan

Total employer contributions paid to the DC pension plan during the year by the Company are as follows:

	31 DECEMBER **2015**	31 DECEMBER **2014**
Ascendant Group	$ 248,092	$ 269,460
BELCO	1,070,406	1,196,084
Bermuda Gas	103,545	137,235
AG Holdings	331,781	513,364
	$ 1,753,824	$ 2,116,143

Defined Benefit (DB) Pension Plan

The Company's subsidiary, BELCO, maintained a trusteed, non-contributory Defined Benefit (DB) Pension Plan, covering all full-time employees hired before 1 January 2006. The DB Pension Plan 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 of benefit 65%, while the average salary is calculated as the average earnings over a consecutive three-year period in the 10 years immediately prior to retirement.

As at 31 December 2011, BELCO imposed a "soft" freeze of the DB Pension Plan. Under the terms of this "soft" freeze, the percentage benefit was frozen; however the pensionable earnings benefit to which the fixed percentage will be applied will continue to be calculated as previously noted.

Effective 1 January 2012, all full-time employees covered under this plan have been transitioned to a DC Pension Plan.

On 20 October 2015, the Company filed a Deed of Amendment with the Bermuda Pension Commission (Pension Commission) to hard freeze benefits effective 31 December 2015 for members who were employed and remunerated on a salaried basis at 31 December 2015. The Pension Commission approved this amendment. The Company expect to file an additional Deed of Amendment in 2016 to clarify the intent of the benefits hard freeze for members who were employed and remunerated on a salaried basis on 31 December 2015 and who will not satisfy eligibility requirements to retire with an unrestricted pension by 31 December 2025. This subsequent amendment is expected to be approved by the Pension Commission.

The amendment for purposes of determining future DB Pension Plan accrued benefit obligations involves the following:

- Hard freeze salaries of certain active salaried employees (i.e. those not entitled to an unrestricted early retirement benefit on or before 31 December 2015);
- Project salaries of other salaried active members to the earliest of their expected termination/retirement date and 31 December 2025.

As a result of the amendment, the Company has recognized a curtailment gain of $5,005,000. Under IFRS IAS 19, the associated gain resulting from the plan is recognized in the current year in operating and administrative expenses.

Group life insurance plan

The current group life insurance plan provides coverage until death for all active employees and existing retirees. The current life insurance plan for active employees represents a standard employment benefit and net premiums are expensed as incurred. Continuation of these benefits at retirement is at the discretion of the Company. The current life insurance plan for existing retirees is a non-standard benefit which has been accounted in accordance with IAS 19 in line with the DB Pension Plan accounting requirements. As at 31 December 2015, the Company has determined liability for existing retirees entitled to death benefits under the existing group life insurance plan was $3,784,746 (31 December 2014: $3,414,000 and 1 January 2014: $2,891,000).

Medical Benefit Plan

BELCO and Bermuda Gas provide post-retirement medical benefits for substantially all employees on retirement.

In 2014, the Company amended its healthcare plan in respect of its active employees. The impact of the healthcare plan amendments was to reduce the Company's accrued benefit obligation by $10,439,004. Under IFRS IAS 19, the associated gain resulting from plan amendment must be recognized in the current year in which the amendment is made. The Company has recognized a plan amendment gain of $10,439,004 in 2014 operating and administrative expenses.

The following table provides summaries of the Company's DB Pension, Medical Benefit, and Life Insurance post-retirement plans' estimated financial position as of 31 December:

	DB PENSION PLAN		MEDICAL BENEFIT PLAN		LIFE INSURANCE PLAN	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Accrued benefit obligation						
Balance – Beginning of year	$186,869,000	$164,450,000	$ 28,671,288	$ 37,784,388	$ 3,414,000	$ 2,891,000
Service cost – employer	–	–	364,782	1,040,174	–	–
Employee contributions	–	–	–	–	–	–
Interest cost	6,084,900	6,593,400	941,055	1,964,789	180,095	–
Net actuarial (gain) / loss due to:						
Changes in experience	–	(692,400)	(3,195,672)	79,288	343,177	523,000
Changes in demographic assumptions	7,276,600	2,898,600	3,007,917	–	–	–
Changes in economic assumptions	(11,628,800)	20,892,100	–	–	–	–
Plan amendments	(5,005,000)	–	–	(10,439,004)	–	–
Benefits paid	(7,174,800)	(7,272,700)	(1,738,819)	(1,758,347)	(152,526)	–
Less: Liabilities classified as held for sale (Note 22)	–	–	(1,684,607)	–	–	–
Balance – End of year	$176,421,900	$186,869,000	$ 26,365,944	$ 28,671,288	$ 3,784,746	$ 3,414,000
Plan Assets						
Fair value – Beginning of year	155,048,000	144,874,000	–	–	–	–
Interest credit	5,144,400	5,892,900	–	–	–	–
Employer contributions	7,168,000	5,232,000	–	–	–	–
Employee contributions	–	–	–	–	–	–
Non-investment expenses	(187,900)	(247,000)	–	–	–	–
Benefits paid	(7,174,800)	(7,272,700)	–	–	–	–
Actuarial gain / (loss)	(8,408,300)	6,568,800	–	–	–	–
Fair value – End of year	151,589,400	155,048,000	–	–	–	–
Accrued benefit asset / (liability)	$ (24,832,500)	$ (31,821,000)	$ (26,365,944)	$ (28,671,288)	$ (3,784,746)	$ (3,414,000)

The Company's net benefit expense recognized in consolidated statement of income is:

	DB PENSION PLAN		MEDICAL BENEFIT PLAN		LIFE INSURANCE PLAN	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Current service costs	$ –	$ –	$ 364,782	$ 1,040,174	$ –	$ –
Administration costs	187,900	247,000	–	–	–	–
Net interest expense	940,500	700,500	941,055	1,964,789	180,095	–
Plan amendment	(5,005,000)	–	–	(10,439,004)	–	–
Settlements	–	–	–	–	–	–
Total net benefit expense	$ (3,876,600)	$ 947,500	$ 1,305,837	$ (7,434,041)	$ 180,095	$ –

DB Pension Plan Asset Breakdown

The following table shows the breakdown of the fair value of the Company's DB pension plan assets by major category:

	31 DECEMBER 2015		31 DECEMBER 2014		1 JANUARY 2014	
Equity securities	$ 40,209,000	26.5%	$ 41,573,000	26.8%	$ 38,052,000	26.3%
Debt securities	111,152,000	73.3%	113,319,000	73.1%	$ 104,434,000	72.1%
Cash	228,400	0.2%	156,000	0.1%	$ 2,388,000	1.6%
Total	$ 151,589,400	100.0%	$ 155,048,000	100.0%	$ 144,874,000	100.0%

The Company's actuarial (gains) and losses are recognized in other comprehensive income at 31 December are as follows:

	DB PENSION PLAN 2015	DB PENSION PLAN 2014	MEDICAL BENEFIT PLAN 2015	MEDICAL BENEFIT PLAN 2014	LIFE INSURANCE PLAN 2015	LIFE INSURANCE PLAN 2014
Cumulative amount at 1 January	$ 16,529,500	$ –	$ 79,288	$ –	$ 523,000	$ –
Recognized during the year	4,056,100	16,529,500	(187,755)	79,288	343,177	523,000
Cumulative amount at 31 December	$ 20,585,600	$ 16,529,500	$ (108,467)	$ 79,288	$ 866,177	$ 523,000

The primary actuarial assumptions in measuring the Company's accrued benefit obligations at 31 December are as follows:

	DB PENSION PLAN 2015	DB PENSION PLAN 2014	MEDICAL BENEFIT PLAN 2015	MEDICAL BENEFIT PLAN 2014	LIFE INSURANCE PLAN 2015	LIFE INSURANCE PLAN 2014
Economic Assumptions						
Discount rate (weighted-average):	3.50%	3.32%	4.40%	5.18%	4.40%	4.30%
Active member obligations	4.90%	4.50%	4.40%	5.00%	4.40%	4.30%
Inactive member obligations	3.05%	2.57%	4.40%	5.20%	4.40%	4.30%
Inflation rate	2.25%	2.25%	2.25%	2.25%	N/A	N/A
Increase in pensionable earnings	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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.

For measurement purposes, the annual rate of increase in the per capita cost of covered healthcare was assumed to be 7.00% in 2016 grading down to 4.00% per annum from 2019 onward. In 2014, it was assumed to be 7% and, thereafter reducing 1% per year until reaching 3.00% after four years while for current retirees, the annual rate of increase in the per capita cost of covered healthcare benefits was assumed to be 8.00% and, thereafter, reducing 1% per year until reaching 5% after three years. In 2014, it was assumed that this rate would average 4% over the future for all retirees.

Assumptions regarding future mortality are based on published statistical and mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plan are as follows:

LONGEVITY AT AGE 65 FOR CURRENT PENSIONERS	DB PENSION PLAN 31 DECEMBER 2015	DB PENSION PLAN 31 DECEMBER 2014	MEDICAL BENEFIT PLAN 31 DECEMBER 2015	MEDICAL BENEFIT PLAN 31 DECEMBER 2014	LIFE INSURANCE PLAN 31 DECEMBER 2015	LIFE INSURANCE PLAN 31 DECEMBER 2014
Males	22.3	22.2	22.3	20.0	22.3	22.3
Females	24.6	24.5	24.6	23.0	24.6	24.6

LONGEVITY AT AGE 65 FOR CURRENT MEMBERS AGED 45	DB PENSION PLAN 31 DECEMBER 2015	DB PENSION PLAN 31 DECEMBER 2014	MEDICAL BENEFIT PLAN 31 DECEMBER 2015	MEDICAL BENEFIT PLAN 31 DECEMBER 2014	LIFE INSURANCE PLAN 31 DECEMBER 2015	LIFE INSURANCE PLAN 31 DECEMBER 2014
Males	23.4	21.4	23.4	22.0	23.4	22.3
Females	25.5	23.0	25.5	25.0	25.5	24.6

Sensitivity Analysis: Post Retirement Benefits

The calculation of the various post retirement benefit plan obligation is sensitive to the assumptions set out above. The following tables show the impact on the various post retirement benefit plans of changes to the assumptions while holding other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the DB Pension Plan obligation to significant actuarial assumptions the same method (present value of the DB Pension Plan obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the DB Pension Plan liability recognized within the consolidated statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

DB PENSION PLAN	31 DECEMBER 2015		1 DECEMBER 2014	
Effect of 1% increase in discount rate	$ (21,661,600)	-12.3%	$ (24,695,100)	-13.2%
Effect of 1% decrease in discount rate	27,179,200	15.4%	31,434,500	16.8%
Effect of 1% increase in salary scale	4,910,300	2.8%	7,281,800	3.9%
Effect of 1% decrease in salary scale	(4,362,300)	-2.5%	(6,342,100)	-3.4%
Effect of 10% increase in mortality rates	(3,359,800)	-1.9%	(2,888,200)	-1.5%
Effect of 10% decrease in mortality rates	$ 3,709,300	2.1%	$ 3,215,400	1.7%
MEDICAL BENEFIT PLAN				
Effect of 1% decrease in discount rate	$ 3,831,100	13.7%	$ 2,006,990	7.0%
Effect of 1% increase in discount rate	$ (3,186,200)	-11.4%	$ (1,720,277)	-6.0%
LIFE INSURANCE PLAN				
Effect of 1% decrease in discount rate	$ 599,595	15.8%	$ 563,524	16.5%
Effect of 1% increase in discount rate	$ (484,980)	-12.8%	$ (453,042)	-13.3%

The following table shows the projected non-pension post retirement cash flows (contributions to be paid) for the years following 31 December 2015:

	LESS THAN A YEAR	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	OVER 5 YEARS	TOTAL
DB Pension Plan	$ 7,311,232	$ 7,367,201	$ 22,621,449	$ 41,557,180	$ 78,857,062
Medical Benefit Plan	1,862,934	1,856,093	5,648,288	9,605,706	18,973,021
Life Insurance Plan	152,500	159,000	522,100	1,066,800	1,900,400
Total	$ 9,326,666	$ 9,382,294	$ 28,791,837	$ 52,229,686	$ 99,730,483

16 EMPLOYMENT BENEFIT EXPENSE

	31 DECEMBER **2015**	31 DECEMBER **2014**
Short-term employee benefits		
Wages and salaries	$ 41,748,171	$ 44,375,089
Bonuses	1,974,739	777,170
Contributions to Government Pension, and DC Pension and Medical Benefit Plans	5,083,027	6,660,762
All other	1,843,147	1,892,937
	50,649,084	53,705,958
Post-employment benefits		
DB Pension Plan	1,615,527	2,589,604
Medical Benefit Plan	1,673,970	1,890,718
Life Insurance Plan	557,783	582,551
	3,847,280	5,062,873
Post-retirement plan amendments		
DB Pension Plan	(5,005,000)	–
Medical Benefit Plan	–	(10,439,004)
	(5,005,000)	(10,439,004)
Termination benefits		
Redundancies and separation benefit payments	787,030	356,150
Equity Transactions		
Directors fees (share value at issue date)	72,000	100,800
Long service awards	7,257	18,532
Discount on share purchases – active employees	8,008	25,098
	87,265	144,430
Total employee benefit expense	$ 50,365,659	$ 48,830,407

17 EQUITY SETTLED SHARE PURCHASE PLAN

The Company provides an opportunity for all of its current and retired employees to participate in an Employee Share Purchase Plan. Under the terms of the plan, an employee must have completed six months of employment to be eligible to subscribe for shares. The shares are sold at market price, as determined by the Bermuda Stock Exchange at the close of business on the day of subscription, less a discount of 10%, up to a maximum of 2,000 shares in any one year. Shares can also be paid for via the Company payroll deduction mechanism; when subscribing for shares through this mechanism a minimum purchase of 50 shares is necessary. The market price prevailing on the date of application, less 10% discount, will be the price that is paid for shares even though they might not be completely paid for until some months later (up to a maximum period of one year). Shares issued under this plan must be held by the employee for a minimum period of one year under which time the related discounts will vest; any disposition of shares before this period would require the discounts previously given to be refunded to the Company. During the year ended 31 December 2015, 12,707 shares were issued to employees under the employee share purchase plan (31 December 2014: 27,131 shares issued) were granted to employees under this plan.

18 SEGMENTED INFORMATION (In $000's)

Reportable segments correspond to the Company's internal organization structure. The Company operates the reportable segments noted below, which are managed as separate business units as they operate in different industries requiring different marketing strategies and technologies. The Company evaluates each segment's performance based on its contribution to profit or loss. The accounting policies of the reportable segments are the same as those described in Note 3.

- Bermuda Electric Light Company Limited (BELCO) – Provides electric utility services and is a rate regulated company.
- Bermuda Gas & Utility Company Limited (Bermuda Gas) – Is a distributor of propane gas.
- AG Holdings Limited (AG Holdings) – A subsidiary of AGL and parent company of entities other than BELCO, Bermuda Gas, AGL, and Ascendant Bermuda Insurance Limited (ABIL) that provide the following services:
  1) Property and facility management services;
  2) Property management;
  3) Renewable energy solutions;
  4) Engineering procurement, contracting and consulting; and
  5) HVAC, air quality monitoring, building and energy management.
- Ascendant Bermuda Insurance Limited (ABIL) – a captive property insurance company.

CONTINUING OPERATIONS	BELCO	BERMUDA GAS	AG HOLDINGS	ALL OTHER (a)	TOTAL
As at 31 December 2015					
Revenues from external customers	$ 218,613	$ 15,405	$ 17,182	$ (107)	$ 251,093
Revenues from internal customers	82	–	909	489	1,480
Segment revenues	$ 218,695	$ 15,405	$ 18,091	$ 382	$ 252,573
Interest expense	204	92	722	66	1,084
Depreciation and amortization	25,074	577	599	235	26,485
Segment profit (loss)	32,057	(628)	439	(14,499)	17,369
Segment assets and regulatory deferral account debit balances	322,018	8,600	28,478	4,596	363,692
Capital expenditure	16,873	289	1,375	956	19,493
Segment liabilities and regulatory deferral account credit balances	$ 97,957	$ 2,690	$ 12,815	$ 1,331	$ 114,793

CONTINUING OPERATIONS	BELCO	BERMUDA GAS	AG HOLDINGS	ALL OTHER (a)	TOTAL
As at 31 December 2014					
Revenues from external customers	$ 240,821	$ 16,796	$ 24,727	$ (957)	$ 281,387
Revenues from internal customers	95	–	1,064	177	1,336
Segment revenues	$ 240,916	$ 16,796	$ 25,791	$ (780)	$ 282,723
Interest expense	194	169	758	83	1,204
Depreciation and amortization	24,101	570	850	176	25,697
Segment profit (loss)	30,191	1,472	974	(15,076)	17,561
Segment assets and regulatory deferral account debit balances	343,600	10,424	29,963	3,553	387,540
Capital expenditure	23,092	510	670	134	24,406
Segment liabilities and regulatory deferral account credit balances	$ 128,349	$ 3,083	$ 16,132	$ 1,195	$ 148,759

(a) All other, representing segments below the quantitative thresholds, are attributable to AGL, the ultimate parent company, and ABIL.

Reconciliation of segment revenues to total Group revenues is noted below:

	31 DECEMBER **2015**	31 DECEMBER **2014**
Revenues from external customers	$ 251,093	$ 281,387
Cost of goods sold and discounts	(26,992)	(32,713)
Consolidated revenues	$ 224,101	$ 248,674

Reconciliation of segment profit to total Company profit is noted below:

	31 DECEMBER **2015**	31 DECEMBER **2014**
Profit or loss		
Total profit or loss for reported segments	$ 22,668	$ 39,802
Elimination of inter-segment profits	(3,212)	(22,323)
Elimination of discontinued operations	(2,103)	(193)
Share of profit of equity accounted investees	16	275
Consolidated profit	$ 17,369	$ 17,561

Reconciliation of segment assets to total Company assets is noted below:

	31 DECEMBER **2015**	31 DECEMBER **2014**
Assets		
Assets for reportable segments	$ 362,983	$ 386,962
Investments in equity accounted investees	709	578
Consolidated assets	$ 363,692	$ 387,540

Reconciliation of segment liabilities to total Company liabilities is noted below:

	31 DECEMBER **2015**	31 DECEMBER **2014**
Liabilities		
Liabilities for reportable segments	$ 114,793	$ 148,759
Consolidated liabilities	$ 114,793	$ 148,759

19 PROVISIONS

	ASSET RETIREMENT OBLIGATIONS	ENVIRONMENTAL CLEAN-UP OBLIGATION	TOTAL
Balance at 1 January 2014	$ 12,775,215	$ 1,185,516	$ 13,960,731
Accretion expense	638,761	(59,274)	579,487
Balance at 31 December 2014	$ 13,413,976	$ 1,126,242	$ 14,540,218
Balance at 1 January 2015	13,413,976	1,126,242	14,540,218
Accretion expense	670,698	180,788	851,486
Balance at 31 December 2015	**$ 14,084,674**	**$ 1,307,030**	**$ 15,391,704**

Asset retirement obligation (ARO)

The ARO provision represents the present value of decommissioning and restoration costs associated with the Company's power generation engines and related facilities. The Company estimates that the undiscounted amount of cash flow required to settle the AROs is approximately $16.8 million, which will be incurred between 2021 and 2036. The discount rate used to calculate the fair value of the ARO was 5% (31 December 2015: 5% and 1 January 2014: 5%).

Environmental clean-up obligation

The Company has recognized a provision for its environmental clean-up obligation with respect to the decommissioning and remediation of its Old Power Station at the Central Power Station. The present value of the costs to be incurred for site restoration has been estimated at approximately $1.3 million at 31 December 2015 (31 December 2014: $1.1 million; 1 January 2014: $1.2 million). The discount rate used to calculate the fair value of the environmental clean-up obligation was 5% (31 December 2014: 5% and 1 January 2014: 5%).

Over-billed metered sales liability

The Company's subsidiary, BELCO, conducted an audit during 2013 of both demand and commercial customer meter installations to determine the accuracy and completeness of metered sales from these customer groups. The audit's findings revealed:

- A number of customers had not been billed, as meter installations connections were not entered into the BELCO's billing system (customers were subsequently notified and related sales receivables recovered); and
- A number of customers had been either over- or under-billed due to various meter connection issues.

As a result of these findings, the Company implemented the following policies:

- In those instances where a customer has been over-billed, and the amount can be readily determined, the Company will seek to credit the customer's account for the error; and
- In those instances where a customer has been under-billed, the Company will not seek recovery of any unbilled amount from the customer.

At 31 December 2015, the provision for over-billed metered sales decreased from the initial accrued liability balance of $2,363,050 as at 31 December 2013 to $504,680 (31 December 2014: $699,025), due to settlement with several customers during the current year totaling $69,345 (2014: $1,049,377) and $125,000 (2014: $614,648) in provision being written back to income, given remaining known errors expected to be settled in early 2016, as well as a revision to a contingent provision for potential remaining error in customer accounts still to be audited. An audit of remaining customer accounts is expected to be completed in 2016. The over-billed metered sale liability provision is included in trade and other payables.

20 RELATED PARTIES

Key management personnel compensation

Key management personnel include both Directors and Executives of the Group.

Compensation paid to key management personnel for employee services for the year ended 31 December is as follows:

	31 DECEMBER 2015	31 DECEMBER 2014
Salaries, fees and other short-term employee benefits	$ 2,854,277	$ 2,644,698

Effective 1 January 2013, the Company has implemented a Long-Term Incentive Plan (LTIP) aimed at retaining the services of its officers and incentivizing performance in the best interest of its shareholders. LTIP grants were authorized by the Board of Directors in 2013, 2014 and 2015. The LTIP is comprised of an initial grant of a target number of restricted performance shares of the Company, based on a calculated percentage of each officer's salary divided by the average 30-day share price in the previous December. Each LTIP initial grant will vest on the third anniversary of the effective award date, multiplied by a factor of 0% – 150% based on the achievement of certain pre-determined objectives as solely determined by the Board of Directors. These performance- and time-restricted shares can only vest early for an officer's retirement or a change in control of the Company, in which case they would vest on a pro rata basis relative to time served and would only be paid at the end of the vesting period if performance objectives were met.

In addition to the LTIP program, the Company has issued a total of 225,000 restricted shares to certain officers in 2014 and 2015 for retention and performance alignment purposes. These restricted shares will vest on the third anniversary of each award date, with 125,000 shares subject to performance. The performance restricted shares can vest early for an officer's retirement or change of control of the Company, subject to the satisfactory fulfillment of strategic objectives as solely determined by the Board of Directors. The time restricted shares can only vest early for a change in control of the Company, in which case they would vest on a pro rata basis relative to time served.

As at the reporting date, the performance conditions associated with the LTIP have not been met, while 50% of the performance conditions associated with the retention program have been determined to have been met as at 31 December 2015. Consequently, for the purpose of calculating diluted EPS, 90,278 retention-related shares have been included in the diluted EPS computation on a pro rata basis relative to the three-year vesting period.

	INITIAL GRANT @TARGET	CURRENT GRANT @TARGET	DILUTIVE SHARES
2013 LTIP	$ 89,072	$ –	$ –
2014 LTIP	102,628	–	–
2015 LTIP	154,631	–	–
Retention (Performance)	125,000	62,500	62,500
Retention (Time)	100,000	27,778	27,778
	$ 571,331	$ 90,278	$ 90,278

21 DISCONTINUED OPERATIONS

In June 2015, the Company's subsidiary Bermuda Gas, discontinued its parts and appliance sales operations. Revenues and expenses related to parts and appliance operations have therefore been presented in the consolidated statement of income as net loss for the year from discontinued operations. These operations were not classified as held for sale or discontinued operations at 31 December 2014 and therefore the comparative statement of comprehensive income has been re-presented to show the discontinued operations separately from continuing operations. Management committed to a plan to discontinue this division early in June 2015 following a strategic decision to place greater focus on the Company's key competencies, being the supply of commercial and residential gas.

An analysis of the results of discontinued operations is provided below:

	31 DECEMBER 2015	31 DECEMBER 2014
Results of discontinued operation		
Revenue	$ 4,596,163	$ 6,979,122
Expenses	(6,699,320)	(7,171,836)
Loss from operating activities and for the period	$ (2,103,157)	$ (192,714)

Included within the expenses of discontinued operations is a loss on disposal of property, plant and equipment totaling $240,664.

In addition, service operations have been scaled back and only gas service work is being performed, however as the work is not separately identifiable, all service work is considered part of continuing operations.

As all service and administrative costs have been included in continuing operations, management expects that there will be future decreases in these costs as a result of the discontinued operations.

22 ASSETS / LIABILITIES CLASSIFIED AS HELD FOR SALE

In accordance with IFRS 5, the assets and liabilities of the Company's subsidiary, Bermuda Gas, for the year ending 31 December 2015, have been presented in the consolidated statement of financial position as held for sale following approval of the Company's Board to explore a potential sale of Bermuda Gas in December 2015.

Assets classified as held for sale is comprised as follows:

Cash & cash equivalents	$ 3,092,735
Trade and other receivables	1,661,885
Inventories	307,070
Property, plant and equipment	3,412,168
Intangible assets	69,423
All other assets	56,869
	$ 8,600,150

Liabilities classified as held for sale is comprised as follows:

Trade and other payables	$ 909,124
Provisions	96,183
Employee benefit obligations	1,684,607
	$ 2,689,914

23 FINANCIAL ASSETS AND LIABILITIES

The Company manages its exposure to credit, liquidity, market (including interest rate) and other risks in accordance with established risk management policies and procedures (see Note 14). The Company's financial instruments and their designations are (i) held for trading: cash and cash equivalents and investments; (ii) loans and receivables: accounts receivable; and (iii) other liabilities: bank borrowing, customer deposits, trade and other payables, asset retirement and environmental clean-up obligations.

Interest rate risk: The Company's interest-bearing assets and liabilities include cash and cash equivalents, current and non-current bank borrowing. The interest rate risk faced by the Company is largely a result of its cash and cash equivalents and bank borrowing at variable rates.

Credit risk: There is a concentration of credit risk as all Company cash is held 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 Care Department.

The aging of trade receivables is as follows:

	31 DECEMBER **2015**	31 DECEMBER **2014**	1 JANUARY **2014**
Not past due	$ 14,437,756	$ 17,347,378	$ 19,445,802
Past due 31-60 days	1,692,550	2,285,349	2,639,287
Past due 61-90 days	619,975	798,853	1,043,735
Past due over 90 days	5,125,074	7,012,666	8,656,843
	21,875,355	27,444,246	31,785,667
Less: allowance for doubtful accounts	(3,962,376)	(5,184,555)	(6,000,788)
Less: allowance for discounts	(316,779)	(352,783)	(475,772)
	17,596,200	21,906,908	25,309,107
Other receivables	938,839	276,526	2,454,773
Total accounts receivable	$ 18,535,039	$ 22,183,434	$ 27,763,880

	31 DECEMBER **2015**	31 DECEMBER **2014**	1 JANUARY **2014**
Allowance for impairment			
Opening balance	$ 5,184,555	$ 6,000,788	$ 5,192,470
Increase in allowance	324,306	366,710	702,241
Amounts written off/(back)	(1,546,485)	(1,182,943)	106,077
Closing balance	$ 3,962,376	$ 5,184,555	$ 6,000,788
Allowance for discounts			
Opening balance	$ 352,783	$ 475,772	$ 543,736
Decrease in discounts	(36,004)	(122,989)	(67,964)
Closing balance	$ 316,779	$ 352,783	$ 475,772

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 borrowing, 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 overdraft facilities totaling $21.75 million with the Bank of N. T. Butterfield & Son Limited, as explained in Note 13.

The following table categorizes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are contractual undiscounted cash flows. Balances due within 12 months approximate carrying values, as the impact of discounting is not significant.

	CARRYING AMOUNT	LESS THAN 1 YEAR	GREATER THAN 1 YEAR
As at 31 December 2015			
Bank borrowing	$ 22,611,849	$ 13,915,079	$ 8,696,770
Asset retirement obligation	14,084,674	–	14,084,674
Environmental clean-up obligation	1,307,030	–	1,307,030
Defined benefit obligation	24,832,500	7,311,232	17,521,268
Other post retirement benefits	30,150,690	2,015,434	28,135,256
Trade and other payables	16,736,746	16,736,746	–
Customer deposits	259,629	259,629	–
Total financial liabilities	$ 109,983,118	$ 40,238,120	$ 69,744,998

	CARRYING AMOUNT	LESS THAN 1 YEAR	GREATER THAN 1 YEAR
As at 31 December 2014			
Bank borrowing	$ 49,507,973	$ 37,612,342	$ 11,895,631
Asset retirement obligation	13,413,976	–	13,413,976
Environmental clean-up obligation	1,126,242	–	1,126,242
Defined benefit obligation	31,821,000	7,174,800	24,646,200
Other post retirement benefits	32,085,288	1,891,375	30,193,913
Trade and other payables	19,492,585	19,492,585	–
Customer deposits	263,829	263,829	–
Total financial liabilities	$ 147,710,893	$ 66,434,931	$ 81,275,962

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. Market-driven changes in interest rates 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 DB 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 amortized 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. 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 2015, the fair value of the Company's primary Defined Benefit Pension Plan assets was $152 million compared to fair value of plan assets of $155 million, as at 31 December 2014 (refer to Note 15). The decrease in the fair value of pension plan assets during 2015 was due mainly to unfavorable market conditions in 2015, as compared to 2014. 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 BELCO's existing bank credit facility.

Sensitivity analysis

The analysis below illustrates the extent to which the Company's results are impacted by financial instruments and the underlying market risks (interest rate risk and commodity price risk).

This analysis reflects the sensitivity of reasonable possible changes in Bermuda interest rates. Sensitivities are reflected in changes to profit or loss. Changes in the world market price of fuel used to generate electricity do not directly impact profitability as fuel costs in excess of $30.00 per barrel are separately recovered through the FAR (Note 4).

A 50 basis point increase or decrease in interest rates of both bank overdraft and revolving loan facilities would increase or decrease net earnings, net of non-controlling interests by approximately $173,000.

24 COMMITMENTS

The Company has an arrangement with fuel suppliers to ensure adequate fuel will be available when needed for its electrical generation requirements. Commitments under these contracts to acquire heavy fuel in 2016, as at 31 December 2015, totaled US$23,183,100 (BD$23,504,599). Commitments under these contracts to acquire heavy fuel in 2015, as at 31 December 2014, totaled US$19,323,522 (BD$19,591,497).

The Company entered into a five-year engine parts and service contract effective 1 January 2014, with MAN Diesel & Turbo at an annual price of EURO €1,095,000 plus US Dollar $467,790.

The Company has entered into a three-year contract effective 30 November 2015, with LED Roadway Lighting Ltd. at a total price of $1,699,281 to provide 4,400 LED Lighting fixtures which will be installed on behalf of the Government of Bermuda. The lighting fixtures are expected to be installed on or before 31 December 2017.

25 SUBSEQUENT EVENTS

The Company has evaluated subsequent events up to 15 April 2016. On 11 April 2016, the Company entered into an amalgamation agreement with Rubis Energy Bermuda Ltd. to merge its subsidiary with Bermuda Gas. In consideration of this merger, AGL will receive $17.7 million subject to further purchase price adjustments to reflect the final agreed working capital and future healthcare liability balances as at 29 February 2016. The transaction is expected to close by the end of April 2016.

26 TRANSITION TO IFRS

As stated in Note 2(a), these are the Company's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 3 have been applied in preparing the consolidated financial statements for the year ended 31 December 2015, the comparative information for both the year ended 31 December 2014, and in the preparation of an opening IFRS statement of financial position as at 1 January 2014 (the Company's date of transition).

An explanation of how the transition from previous accounting principles generally accepted in Bermuda and Canada (Previous GAAP) to IFRS has affected the Company's financial position, 1 January 2014 is set out in the following tables:

RECONCILIATION OF EQUITY	NOTES	PREVIOUS GAAP	EFFECT OF TRANSITION TO IFRS	IFRS	PREVIOUS GAAP	EFFECT OF TRANSITION TO IFRS	IFRS
			1 JANUARY **2014**			31 DECEMBER **2014**	
Assets							
Non-current assets							
Property, plant and equipment	a,b,c,d,g	$ 281,874,805	$ (4,924,078)	$ 276,950,727	$ 282,053,094	$ (5,029,522)	$ 277,023,572
Investment property	a,b	–	2,579,100	2,579,100	–	2,463,853	2,463,853
Intangible assets and goodwill		13,868,916	–	13,868,916	12,620,510	–	12,620,510
Investment in joint venture	d	–	302,963	302,963	–	578,300	578,300
		295,743,721	(2,042,015)	293,701,706	294,673,604	(1,987,369)	292,686,235
Current assets							
Cash and cash equivalents	d,h	7,580,325	(622,689)	6,957,636	10,280,882	(1,071,848)	9,209,034
Investments	h	–	133,717	133,717	–	153,237	153,237
Accounts receivable	d,i,l	21,569,693	6,194,187	27,763,880	17,098,594	5,084,840	22,183,434
Inventory	c,d	72,698,771	(3,530,963)	69,167,808	65,117,717	(3,753,414)	61,364,303
Prepaid expenses and other assets	e	23,600,453	(21,649,000)	1,951,453	27,165,824	(25,468,500)	1,697,324
		125,449,242	(19,474,748)	105,974,494	119,663,017	(25,055,685)	94,607,332
Regulatory deferral account debit balances	i	–	–	–	–	246,213	246,213
Total assets and regulatory deferral account debit balances		$ 421,192,963	$ (21,516,763)	$ 399,676,200	$ 414,336,621	$ (26,796,841)	$ 387,539,780
Equity and liabilities							
Non-current liabilities							
Bank borrowing		12,359,198	–	12,359,198	11,895,631	–	11,895,631
Asset retirement obligation	g	–	12,775,215	12,775,215	–	13,413,976	13,413,976
Environmental clean-up obligation	j	–	1,185,516	1,185,516	–	1,126,242	1,126,242
Defined benefit plan obligation	e	–	19,576,000	19,576,000	–	31,821,000	31,821,000
Other post-retirement benefits	e,f	14,041,937	26,633,451	40,675,388	16,628,487	15,456,801	32,085,288
		26,401,135	60,170,182	86,571,317	28,524,118	61,818,019	90,342,137
Current liabilities							
Customer deposits		495,858	–	495,858	263,829	–	263,829
Trade and other payables	d	35,667,601	(325,149)	35,342,452	20,120,096	(627,511)	19,492,585
Redemption liability		2,509,081	–	2,509,081	–	–	–
Deferred revenues	d	566,925	(12,500)	554,425	1,048,138	–	1,048,138
Bank borrowing		29,839,636	–	29,839,636	37,612,342	–	37,612,342
		69,079,101	(337,649)	68,741,452	59,044,405	(627,511)	58,416,894
Total liabilities		$ 95,480,236	$ 59,832,533	$ 155,312,769	$ 87,568,523	$ 61,190,508	$ 148,759,031

	Notes	Effect of previous GAAP	Transition to IFRS	IFRS	Effect of previous GAAP	Transition to IFRS	IFRS
		1 January **2014**			31 December **2014**		
Equity							
Share capital		$ 10,638,061	$ –	$ 10,638,061	$ 10,681,740	$ –	$ 10,681,740
Share premium	k	29,901,982	54,816	29,956,798	30,203,868	79,914	30,283,782
Treasury stock		(845,803)	–	(845,803)	(845,803)	–	(845,803)
Contributed surplus		22,549,745	–	22,549,745	22,549,745	–	22,549,745
Accumulated OCI	e	–	–	–	–	(17,131,788)	(17,131,788)
Retained earnings	m	262,291,905	(82,608,558)	179,683,347	264,178,548	(70,935,475)	193,243,073
Non-controlling interest		1,176,837	–	1,176,837	–	–	–
Total equity		325,712,727	(82,553,742)	243,158,985	326,768,098	(87,987,349)	238,780,749
Regulatory deferral account credit balances	i	–	1,204,446	1,204,446	–	–	–
Total equity, liabilities and regulatory deferral account credit balances		$ 421,192,963	$ (21,516,763)	$ 399,676,200	$ 414,336,621	$ (26,796,841)	$ 387,539,780

Reconciliation of comprehensive income for the year ended 31 December 2014.

	NOTES	PREVIOUS GAAP	EFFECTS OF TRANSITION TO IFRS	IFRS
Continuing operations				
Revenues				
Operating revenues	d,i,l	$ 244,612,514	$ 2,546,101	$ 247,158,615
Other income	d	1,608,239	(92,709)	1,515,530
		246,220,753	2,453,392	248,674,145
Expenses				
Operating and administrative expenses	d,k	214,283,999	(134,171,688)	80,112,311
Purchased Power/Energy		–	2,231,390	2,231,390
Fuel		–	117,151,964	117,151,964
Depreciation and amortization	a,d,c,g,j	24,622,188	1,074,679	25,696,867
		238,906,187	(13,713,655)	225,192,532
Operating income		7,314,566	16,167,047	23,481,613
Finance expense				
Foreign exchange loss		235,340	–	235,340
Change in fair value of investments		(19,521)	–	(19,521)
Interest expense	d	1,210,875	(6,955)	1,203,920
Net finance expense		1,426,694	(6,955)	1,419,739
Share of profit of equity accounted investee		–	275,337	275,337
Earnings before net movements in regulatory deferral account balances		5,887,872	16,449,339	22,337,211
Net movement in regulatory account deferral balances related to profit and loss	i	–	(4,583,542)	(4,583,542)
Earnings after net movements in regulatory deferral account balances		5,887,872	11,865,797	17,753,669
Discontinued Operations				
Net loss for the period from discontinued operations		–	(192,714)	(192,714)
Net earnings for the year		$ 5,887,872	$ 11,673,083	$ 17,560,955
Other comprehensive income:				
Actuarial gains / (losses) on post retirement plans:				
Medical benefit plan	e	–	(79,288)	(79,288)
Defined benefit pension plan	e	–	(16,529,500)	(16,529,500)
Life insurance plan	e	–	(523,000)	(523,000)
Total comprehensive income for the period		5,887,872	(5,458,705)	429,167
Basic earnings per share from:				
Continued operations		$ 0.53	$ 1.12	$ 1.65
Discontinued operations		–	(0.02)	(0.02)
Net earnings for the year		0.53	1.10	1.63
Fully diluted earnings per share from continuing operations		$ 0.53	$ 1.10	$ 1.63

Reconciliation of comprehensive income for the year ended 31 December 2014.

	PREVIOUS GAAP	EFFECTS OF TRANSITION TO IFRS	IFRS
Total comprehensive income (loss) attributable to:			
Shareholders	$ 5,640,445	$ (5,458,705)	$ 181,740
Non-controlling interest	247,427	–	247,427
	5,887,872	(5,458,705)	429,167
Total comprehensive income (loss) attributable to:			
Continuing operations	5,887,872	(5,265,991)	621,881
Discontinued operations	–	(192,714)	(192,714)
	$ 5,887,872	$ (5,458,705)	$ 429,167

a Under IFRS, the Company holds property which meets the definition of investment property. These properties have been reclassified from property, plant and equipment to investment properties.

The impact arising from the above changes is summarized as follows:

	DEBIT/(CREDIT)	
	31 DECEMBER **2014**	1 JANUARY **2014**
Consolidated statement of financial position		
Property, plant and equipment	$ (3,054,564)	$ (3,353,398)
Investment property	3,238,151	3,353,398
Consolidated statement of comprehensive income		
Depreciation and amortization	$ (183,587)	$ –

b At the date of transition to IFRS, the Company obtained independent valuations for the property, plant and equipment which indicated that certain properties were impaired. The Company wrote down these properties to their recoverable amounts.

The impact arising from the above changes is summarized as follows:

	DEBIT/(CREDIT)	
	31 DECEMBER **2014**	1 JANUARY **2014**
Consolidated statement of financial position		
Property, plant and equipment	$ (9,014,669)	$ (9,014,669)
Investment property	(774,298)	(774,298)
Retained earnings	$ 9,788,967	$ 9,788,967

c The Company previously held strategic spare parts in inventory. In accordance with IFRS the Company has reclassified these items to property, plant and equipment and depreciated the items based on their remaining useful lives.

The impact arising from the above changes is summarized as follows:

	DEBIT/(CREDIT)	
	31 DECEMBER **2014**	1 JANUARY **2014**
Consolidated statement of financial position		
Property, plant and equipment	$ 3,550,097	$ 3,530,860
Inventory	(3,686,813)	(3,530,860)
Consolidated statement of comprehensive income		
Depreciation and amortization	$ 136,716	$ –

d The Company previously proportionately consolidated its joint venture interest in iFM on a line by line basis. Under IFRS, this investment is accounted for on the equity basis.

The impact arising from the above changes is summarized as follows:

	DEBIT/(CREDIT)	
	31 DECEMBER **2014**	1 JANUARY **2014**
Consolidated statement of financial position		
Removal of iFM cash	$ (918,611)	$ (488,972)
Removal of iFM inventory	(66,601)	(103)
Removal of iFM property, plant and equipment	(8,530)	(11,795)
Removal of iFM accounts receivable	(212,069)	(139,742)
Removal of iFM trade and other payables	627,511	325,149
Removal of iFM deferred revenues	–	12,500
Investment in joint venture	578,300	302,963
Consolidated statement of comprehensive income		
Remove iFM operating revenues	559,449	–
Remove iFM other income	92,709	–
Remove operating expenditure	(366,601)	–
Remove iFM depreciation	(3,265)	–
Remove interest expense	(6,955)	–
Share of profit of equity accounted investee	$ (275,337)	$ –

e Under previous GAAP, the Company accounted for its DB pension plan and post-retirement medical benefit plan using the deferral and amortization approach for actuarial gains and losses. Upon transition to IFRS, immediate recognition is required for actuarial gains and losses in the period in which they arise. The DB pension plan obligation under previous GAAP was included within prepaid expenses. Upon transition to IFRS, this amount has been separately reclassified. Under previous GAAP, the Company did not account for the BELCO group life plan for existing retirees. Upon transition to IFRS, this has been accounted for in accordance with IAS 19 in line with defined pension plan accounting requirements.

The impact arising from the above change is summarized as follows:

	DEBIT/(CREDIT) 31 DECEMBER **2014**	1 JANUARY **2014**
Prepaid Expense	$ (25,468,500)	$ (21,649,000)
Defined benefit obligation	(31,821,000)	(19,576,000)
Other post-retirement benefits	(25,895,805)	(26,633,451)
Accumulated OCI	17,131,788	–
Retained earnings	66,053,517	67,858,451
Operating and administrative expenses (pension expense)	(1,923,483)	–
Actuarial loss associated with DB Plan	16,529,500	–
Actuarial loss associated with Life Insurance Plan	523,000	–
Actuarial loss associated with Medical Benefits Plan	$ 79,288	$ –

f During the year ended 31 December 2014, the Company experienced a plan amendment with respect to its other post-retirement benefits. Under previous GAAP this amount was offset against the unamortized actuarial losses. Under IFRS, the plan amendment is recognized immediately as other income.

The impact arising from the above change is summarized as follows:

	DEBIT/(CREDIT) 31 DECEMBER **2014**	1 JANUARY **2014**
Consolidated statement of financial position		
Other post-retirement benefits	$ 10,439,004	$ –
Consolidated statement of comprehensive income		
Operating and administrative expenses	$ (10,439,004)	$ –

g Under IFRS, the Company is required to recognize an asset retirement obligation for the costs associated with decommissioning its long-lived assets such as its power generating plant. Management has calculated their best estimate of this obligation based on the remaining lines of assets to be decommissioned. These estimates have been present valued using a discount rate of 5%.

The impact arising from the above changes is summarized as follows:

	DEBIT/(CREDIT) 31 DECEMBER **2014**	1 JANUARY **2014**
Consolidated statement of financial position		
Property, plant and equipment	$ 3,498,144	$ 3,924,924
Asset retirement obligation	(13,413,976)	(12,775,215)
Consolidated statement of comprehensive income		
Depreciation and amortization	426,780	–
Accretion on asset retirement obligation	$ 638,761	$ –

h Under previous GAAP, the Company accounted for investments held in traded equities in cash and cash equivalents. Under IFRS, these investments are separately disclosed on the statement of financial position.

The impact arising from the above changes is summarized as follows:

	DEBIT/(CREDIT)	
	31 DECEMBER **2014**	1 JANUARY **2014**
Consolidated statement of financial position		
Cash and cash equivalents	$ (153,237)	$ (133,717)
Investments	153,237	133,717

i Under previous GAAP, the Company accounted for its under/over recovery of fuel adjustments with respect to net regulatory deferral account balances within accounts recoverable and revenue. Under IFRS, the Company has disclosed its regulatory deferral account balances and movement separately.

The impact arising from the above changes is summarized as follows:

	DEBIT/(CREDIT)	
	31 DECEMBER **2014**	1 JANUARY **2014**
Consolidated statement of financial position		
Accounts receivable	$ (246,213)	$ 1,204,446
Regulatory deferral account debit balances	246,213	(1,204,446)
Consolidated statement of comprehensive income		
Revenue	(4,583,542)	–
Movement in regulatory deferral account debit balances	$ 4,583,542	$ –

j Under IFRS, the Company has a constructive obligation for environmental clean up related to soil and water remediation. Management have calculated their best estimate of this obligation which has been present valued using a discount rate of 5%.

The impact arising from the above changes is summarized as follows:

	DEBIT/(CREDIT)	
	31 DECEMBER **2014**	1 JANUARY **2014**
Consolidated statement of financial position		
Environmental clean-up obligation	$ (1,126,242)	$ (1,185,516)
Retained earnings	1,126,242	1,185,516
Consolidated statement of comprehensive income		
Depreciation and amortization	$ (59,274)	$ –

k The Company allows employees to purchase shares at a discount of 10% below market price. Under previous GAAP, the Company did not make an adjustment for this employee benefit. In accordance with IFRS, this represents an employee benefit which is required to be recognized in equity.

The impact arising from the above changes is summarized as follows:

	DEBIT/(CREDIT)	
	31 DECEMBER **2014**	1 JANUARY **2014**
Consolidated statement of financial position		
Share premium	$ (79,914)	$ (54,816)
Retained earnings	79,914	54,816
Consolidated statement of comprehensive income		
Operating and administrative expenses	$ 25,098	$ –

l Under previous GAAP, the Company did not make a revenue accrual for unread consumption. Under IFRS, the Company has changed its policy to accrue revenue for unread consumption.

The impact arising from the above changes is summarized as follows:

	DEBIT/(CREDIT)	
	31 DECEMBER **2014**	1 JANUARY **2014**
Consolidated statement of financial position		
Accounts receivable	$ 5,543,122	$ 5,129,483
Retained earnings	(5,543,122)	(5,129,483)
Consolidated statement of comprehensive income		
Revenue	$ (413,639)	$ –

m The above changes increase (decrease) retained earnings as follows:

		DEBIT/(CREDIT)	
		31 DECEMBER **2014**	1 JANUARY **2014**
b	Impairment of property, plant and equipment	$ (9,014,669)	$ (9,014,669)
b	Impairment of investment property	(774,298)	(774,298)
a,c,j	Depreciation	106,145	–
e	DB pension plan – recognition of unamortized actuarial losses	(40,760,000)	(41,225,000)
e	Medical benefit plan – recognition of unamortized actuarial losses	(21,879,517)	(23,742,451)
e	Recognition of group life insurance obligation	(3,414,000)	(2,891,000)
f	Medical benefit plan – plan amendment	10,439,004	–
g	Accretion on asset retirement obligation	(9,915,832)	(8,850,291)
j	Environmental clean-up obligation	(1,185,516)	(1,185,516)
k	Employee share purchase benefit	(79,914)	(54,816)
l	Revenue accrual	5,543,122	5,129,483
		$ (70,935,475)	$ (82,608,558)

FIVE-YEAR SUMMARY 2011 – 2015

	IFRS BASIS		GAAP BASIS		
	2015	2014	2013	2012	2011
Net Earnings (BD$)	17,369,462	17,560,955	4,888,760	11,531,364	11,121,270
Basic Earnings per Share of Common Stock (BD$)	1.63	1.63	0.39	1.07	1.07
Fully Diluted Earnings per Share of Common Stock (BD$)	1.62	1.63	0.39	1.07	1.07
Dividends paid per share (BD$)	0.30	0.44	0.85	0.85	0.85
Book value per common stock (BD$)	23.24	22.35	30.62	31.18	31.45
Price / Earnings ratio (P/E RATIO)	2.95	3.32	26.28	11.24	12.39
Dividend payout ratio	0.18	0.27	2.18	0.79	0.79
Total Assets (BD$)	363,692,288	387,539,780	421,192,963	414,020,567	400,689,213
Return on Assets	4.78%	4.53%	1.16%	2.79%	2.78%
Shareholder Equity (BD$)	248,899,727	238,780,749	325,712,727	327,911,176	328,577,851
Return on Equity	6.98%	7.35%	1.50%	3.52%	3.38
Debt / Equity ratio	9.08%	20.73%	29.31%	26.26%	21.95%
Market capitalization (BD$)	51,409,877	57,681,396	109,040,125	126,528,075	138,514,610
Share closing price (BD$)	4.80	5.40	10.25	12.03	13.26
Number of shareholders	3,138	3,170	3,178	3,041	3,048
Total Employees	412	454	454	436	376
Donations & Financial Assistance	352,035	437,788	668,824	531,301	467,651

CORPORATE INFORMATION

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Hamilton HM DX, Bermuda

TEL: 441.295.5111 FAX: 441.292.8975
E-MAIL: info@belco.bm
WEBSITE: www.belco.bm

Walter M. Higgins
President & Chief Executive Officer

Denton E. Williams
Senior Vice President
& Chief Operating Officer

BERMUDA GAS & UTILITY COMPANY LTD.

Distributor of propane gas
and related services

REGISTERED OFFICE
27 Serpentine Road
Pembroke HM 07, Bermuda

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

TEL: 441.295.3111 FAX: 441.295.8311
E-MAIL: info@bermudagas.bm
WEBSITE: www.bermudagas.bm

Judith Uddin
General Manager
& Chief Operating Officer

AG HOLDINGS LIMITED

Non-utility energy and infrastructure investment holding company

REGISTERED 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@ascendant.bm
WEBSITE: www.ascendant.bm

Michael D. Daniel
President & Chief Operating Officer

AIR CARE LTD.

HVAC, air quality monitoring, building automation and energy management, commercial plumbing, fire protection and commercial refrigeration services

REGISTERED OFFICE
27 Serpentine Road
Pembroke HM 07, Bermuda

MAILING ADDRESS
P.O. Box HM 1750
Hamilton HM GX, Bermuda

TEL: 441.292.7342 FAX: 441.295.1656
E-MAIL: info@aircare.bm
WEBSITE: www.aircare.bm

Brendan Stones
General Manager

IFM LIMITED*

Property and facilities
management services

REGISTERED OFFICE
27 Serpentine Road
Pembroke HM 07, Bermuda

TEL: 441.298.6200 FAX: 441.295.2577
WEBSITE: www.ifm.bm

* Jointly owned with
Black & McDonald Limited

IEPC LIMITED

Engineering procurement,
contracting and consulting

REGISTERED OFFICE
27 Serpentine Road
Pembroke HM 07, Bermuda

TEL: 441.298.6155 FAX: 441.295.2577
WEBSITE: www.ascendant.bm

PURENERGY RENEWABLES, LTD.

Renewable energy solutions

REGISTERED OFFICE
27 Serpentine Road
Pembroke HM 07, Bermuda

TEL: 441.299.2808 FAX: 441.295.2577
E-MAIL: info@purenergy.bm
WEBSITE: www.purenergy.bm

ASCENDANT PROPERTIES LIMITED

REGISTERED OFFICE
27 Serpentine Road
Pembroke HM 07, Bermuda

Property management company
WEBSITE: www.ascendant.bm

ASCENDANT BERMUDA INSURANCE LIMITED

Captive property insurance company

REGISTERED OFFICE
27 Serpentine Road
Pembroke HM 07, Bermuda

MAILING ADDRESS
Victoria Hall
11 Victoria Street
Hamilton HM 11, Bermuda

ASCENDANT GROUP **BOARD OF DIRECTORS**

1 **Peter C. Durhager**
Chairman of the Board
Director since 2003
Chairman, America's Cup Bermuda (ACBDA)
Retired, Executive Vice President &
Chief Administrative Officer,
RenaissanceRe Holdings Ltd.

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

3 **Walter M. Higgins**
Director since 2012
President & Chief Executive Officer,
Ascendant Group and BELCO

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

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

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

7 **A. Shaun Morris**
Director since 2013
General Counsel & Group Chief Legal Officer
The Bank of N.T. Butterfield & Son Limited

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

9 **Michael L. Schrum**
Director since 2013
Chief Financial Officer,
The Bank of N.T. Butterfield & Son Limited

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

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

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

13 **Alasdair Younie**
Director since 2013
Director, ICM Limited

COMMITTEES

	EXECUTIVE	STRATEGIC REVIEW & FINANCE	HUMAN RESOURCES & COMPENSATION	AUDIT & RISK	GOVERNANCE	CORPORATE RESPONSIBILITY
Peter C. Durhager	● (Chairman)	●			●	●
L.A. Joaquin	●	●		● (Chairman)	●	
Walter M. Higgins	●					
Gavin R. Arton	●	●	● (Chairman)			
James B. Butterfield			●	●		
A. David Dodwell				●		●
A. Shaun Morris			●		●	
Donna L. Pearman				●		●
Michael L. Schrum	●	● (Chairman)				
Richard Spurling	●			●	● (Chairman)	
Dr. Wilbert N.E. Warner	●		●			● (Chairman)
W. Edward Williams		●			●	
Alasdair Younie		●		●		

● Chairman of Committee

ASCENDANT GROUP **OFFICERS**

EXECUTIVE CORPORATE OFFICERS

1 **Walter M. Higgins**
President & Chief Executive Officer,
Ascendant Group and BELCO

2 **Michael D. Daniel**
C.Eng, M.I.E.T., A.M.I.Mech.E
Senior Vice President, Ascendant Group
President & Chief Operating Officer,
AG Holdings

3 **Denton E. Williams,** M.I.E.T., M.I.E.E.E.
Senior Vice President, Ascendant Group
Chief Operating Officer, BELCO

4 **Judith Uddin**
General Manager & Chief Operating Officer,
Bermuda Gas

5 **Mark Takahashi**
Senior Vice President &
Chief Financial Officer, Ascendant Group

6 **Cheryl-Ann Mapp,** LL.B.
General Counsel & Corporate Secretary,
Ascendant Group

7 **Linda C. Smith**
Senior Vice President,
Corporate Relations, Ascendant Group

8 **Zehena Davis**
Vice President,
Human Resources, Ascendant Group

OFFICERS

ASCENDANT GROUP

S. Abayomi Carmichael
Risk, Management & Analysis and Treasurer

David Faries
Group Controller

Caroline Rance
Information Technology

Carol Ross-DeSilva
Internal Audit & Process Improvement

BELCO

Ian Maule
Fuel & Logistics

Dennis Pimentel
Grid Operations

Roger L. Todd
Power Generation

AG HOLDINGS

Warren Moulaison
iFM

Michael Maughan
iEPC

Brendan Stones
Air Care

SHAREHOLDER INFORMATION

INVESTOR SERVICES

Tel: 441.295.5111, Ext. 1213
E-mail: info@ascendant.bm

ASCENDANT GROUP ORDINARY SHARES

RANGE	RECORD COUNT	BALANCE
BALANCES AT 31 DECEMBER 2015		
Up to 100	998	42,909
101 to 500	994	242,720
501 to 1,000	383	284,785
1,001 to 5,000	523	1,239,830
5,001 to 10,000	98	711,265
10,001 to 100,000	122	3,176,247
100,001 to 1,000,000	19	4,007,835
Over 1,000,000	1	1,004,800
	3,138	10,710,391

ASCENDANT GROUP ORDINARY SHARES
At 31 December 2015, the Directors of the Company held 94,252 shares; the Officers of the Company held 60,245 shares. Companies that held greater than 5% of the shares are Harcourt Account 1380430 with 1,004,800, Lawrie (Bermuda) Limited with 700,000 and Argus Investment Nominees Limited with 561,046.

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 (AGL.BH) 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 shareholders to help us increase efficiency, while reducing expenditure and paper usage by electing to receive materials electronically.

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

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

SCAN. VISIT.

CHOOSE ELECTRONIC

BANKERS

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

HSBC Bank Bermuda Limited
Hamilton, Bermuda

AUDITORS

PricewaterhouseCoopers Ltd.
Hamilton, Bermuda

LEGAL COUNSEL

Cheryl-Ann Mapp, LL.B.
General Counsel & Corporate Secretary,
Ascendant Group

ECO-FRIENDLY PRODUCTION
In producing this Annual Report we have chosen production methods that aim to minimize the impact on our environment. Printed using soy-based litho inks on paper made of virgin fiber sourced from sustainable and well-managed forests. Paper stock is FSC certified; mill where the paper was produced is certified in accordance with ISO 14001 and EMAS environmental guidelines. Bleaching process is Elemental Chorine free.

THE USE OF THIS PAPER MEANS:
16% less wood used
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12% less greenhouse gas emitted
22% less wastewater
18% less solid waste

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ADVANTAGE LTD.

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SUPPLIED BY AMERICA'S CUP
EVENT AUTHORITY

PRINTING
ISLAND PRESS LIMITED

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