Ascendant Group Limited
Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended 30 September, 2019

Ascendant Group Limited
Condensed Consolidated Interim Statement of Financial Position (Unaudited)
(In thousands of Bermuda Dollars)

	As at 30 September, 2019	As at 31 December, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	**$37,263**	$19,468
Investments	**10**	10
Accounts receivable	**26,263**	22,012
Long-term receivables, current portion	**266**	266
Investment in leases	**408**	374
Inventory	**48,391**	41,094
Prepaid expenses and other assets	**3,817**	1,811
	116,418	85,035
Non-current assets		
Property, plant and equipment (Note 4)	**378,758**	314,157
Investment property	**1,926**	1,987
Intangible assets and goodwill (Note 5)	**11,892**	12,419
Long-term receivables	**800**	1,049
Investment in leases	**3,428**	3,768
Right-of-use assets (Note 12)	**507**	-
Investment in associates	**2,757**	2,302
	400,068	335,682
Total assets	**$516,486**	$420,717

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

Ascendant Group Limited
Condensed Consolidated Interim Statement of Financial Position (Unaudited) (Continued)
(In thousands of Bermuda Dollars)

	As at 30 September, 2019	As at 31 December, 2018
LIABILITIES AND EQUITY		
Current liabilities		
Customer deposits	**$260**	$252
Trade and other payables	**43,146**	30,280
Deferred revenues	**1,201**	1,046
Bank borrowing (Note 10 and 13)	**6,385**	2,973
	50,992	34,551
Non-current liabilities		
Bank borrowing (Note 10 and 13)	**126,753**	51,701
Asset retirement obligation	**16,402**	15,871
Environmental clean-up obligation	**3,055**	2,943
Defined benefit obligation (Note 6)	**14,305**	5,905
Other post-retirement benefits (Note 6)	**36,834**	33,136
Lease liabilities (Note 12)	**508**	-
Derivative financial instruments (Note 11)	**9,682**	3,015
	207,539	112,571
Total liabilities	**258,531**	147,122
Equity		
Share capital	**10,511**	10,526
Share premium	**36,653**	34,246
Treasury shares	**(14,686)**	(13,466)
Contributed surplus	**22,550**	22,550
Accumulated OCI	**(49,663)**	(27,197)
Retained earnings	**251,301**	246,451
	256,666	273,110
Regulatory deferral account credit balances	**1,289**	485
Total liabilities, equity, and regulatory deferral account credit balances	**$516,486**	$420,717

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

ASCENDANT

Ascendant Group Limited
Condensed Consolidated Interim Statement of Earnings (Unaudited)
(In thousands of Bermuda Dollars except per share information)

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	**2019**	2018
CONTINUING OPERATIONS				
Revenues				
Operating revenues	**$71,072**	$69,514	**$176,366**	$173,831
Other income	**1,182**	1,043	**3,068**	2,254
	72,254	70,557	**179,434**	176,085
Expenses				
Operating, administrative, regulatory, and energy expenses (Note 13)	**54,538**	53,906	**150,487**	145,561
Depreciation, amortisation, accretion and impairment	**6,566**	6,440	**19,096**	18,356
	61,104	60,346	**169,583**	163,917
OPERATING INCOME	**11,150**	10,211	**9,851**	12,168
Net finance expense (Note 13)	**(634)**	(274)	**(1,471)**	(749)
Share of earnings of equity accounted investees	**287**	129	**454**	240
Earnings before net movement in regulatory account balances	**10,803**	10,066	**8,834**	11,659
Net movement in regulatory account deferral balances related to profit and loss	**(897)**	33	**(874)**	1,579
NET EARNINGS FOR THE PERIOD	**$9,906**	$10,099	**$7,960**	$13,238
EARNINGS PER SHARE				
Basic:				
Net earnings	**$ 1.05**	$1.02	**$ 0.84**	$1.34
Diluted:				
Net earnings	**$0.99**	$1.00	**$0.79**	$1.31

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

Ascendant Group Limited
Condensed Consolidated Interim Statement of Comprehensive Income (Unaudited)
(In thousands of Bermuda Dollars)

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	**2019**	2018
Net earnings for the period	**$9,906**	$10,099	**$7,960**	$13,238
Other comprehensive (loss) income:				
Items that will not be reclassified to profit and loss:				
Actuarial gains / (losses) on post retirement plans:				
1) Medical benefit plans	**(3,334)**	-	**(3,334)**	2,299
2) Defined benefit plan	**(11,796)**	-	**(11,796)**	5,479
3) Life insurance plan	**(669)**	-	**(669)**	523
Items that may be reclassified to profit and loss:				
(Loss)/gain on cash flow hedges (Note 11)	**(4,586)**	935	**(6,667)**	(707)
	(20,385)	935	**(22,466)**	7,594
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	**$ (10,479)**	$11,034	**$(14,506)**	$20,832

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

ASCENDANT

Ascendant Group Limited
Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)
(In thousands of Bermuda Dollars)

	Attributed to equity owners of the Company						
	Share Capital	**Share Premium**	**Treasury Stock**	**Contributed Surplus**	**Accumulated OCI**	**Retained Earnings**	**Total Equity**
Balance at 1 January, 2018	$10,205	$27,298	$(2,775)	$22,550	$(32,333)	$245,733	$270,678
Total comprehensive income for the period							
Net earnings for the period	-	-	-	-	-	13,238	13,238
Total other comprehensive income for the year	-	-	-	-	7,594	-	7,594
Transactions with shareholders recognised directly in equity:							
Dividends	-	-	-	-	-	(3,455)	(3,455)
Equity settled transactions	-	2,210	-	-	-	-	2,210
Movement in treasury stock	-	-	(6,228)	-	-	-	(6,228)
Movement in ordinary shares	250	2,352	-	-	-	-	2,602
Balance at 30 September ,2018	$10,455	$31,860	$(9,003)	$22,550	$(24,739)	$255,516	$286,639
Balance at 1 January, 2019	**$10,526**	**$34,246**	**$(13,466)**	**$22,550**	**$(27,197)**	**$246,451**	**$273,110**
Total comprehensive income for the period							
Net earnings for the period	**-**	**-**	**-**	**-**	**-**	**7,960**	**7,960**
Total other comprehensive loss for the year	**-**	**-**	**-**	**-**	**(22,466)**	**-**	**(22,466)**
Transactions with shareholders recognised directly in equity:							
Dividends	**-**	**-**	**-**	**-**	**-**	**(3,110)**	**(3,110)**
Equity settled transactions	**-**	**2,844**	**-**	**-**	**-**	**-**	**2,844**
Movement in treasury stock	**(67)**	**(1,258)**	**(1,220)**	**-**	**-**	**-**	**(2,545)**
Movement in ordinary shares	**52**	**821**	**-**	**-**	**-**	**-**	**873**
Balance at 30 September, 2019	**$10,511**	**$36,653**	**$(14,686)**	**$22,550**	**$(49,663)**	**$251,301**	**$256,666**

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

ASCENDANT

Ascendant Group Limited
Condensed Consolidated Interim Statement of Cash Flows (Unaudited)
(In thousands of Bermuda Dollars)

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	**2019**	2018
OPERATING ACTIVITIES				
Net earnings for the period	**$9,906**	$10,099	**$7,960**	$13,238
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation, amortisation and impairment	**6,271**	6,210	**18,279**	17,691
Asset retirement and environmental clean-up obligation accretion	**237**	230	**643**	665
Right-of-use asset depreciation (Note 12)	**58**	-	**174**	-
Share of profit of equity accounted investees	**(287)**	(129)	**(454)**	(240)
Change in fair value of investments	**-**	1	**-**	236
Defined benefit obligation and other post-retirement benefits	**(1,267)**	(655)	**(3,700)**	(4,597)
Non-cash employee benefits expense – share based payments	**1,008**	831	**2,845**	3,731
Changes in non-cash working capital balances (Note 13)	**5,225**	3,836	**(172)**	884
Net cash generated from operating activities	**21,151**	20,423	**25,575**	31,608
INVESTING ACTIVITIES				
Acquisition of property, plant, equipment and intangible assets	**(9,235)**	(18,295)	**(82,295)**	(54,816)
Net cash used in investing activities	**(9,235)**	(18,295)	**(82,295)**	(54,816)
FINANCING ACTIVITIES				
Proceeds from issuance of capital stock	**-**	19	**381**	384
Purchase of capital stock (treasury)	**-**	(3,158)	**(1,220)**	(6,228)
Dividends paid	**(989)**	(1,227)	**(3,110)**	(3,455)
Net cash proceeds from bank borrowing (Notes 10 and 13)	**3,699**	-	**80,639**	23,194
Repayment of bank borrowing (Notes 10 and 13)	**(733)**	6,325	**(2,175)**	5,044
Net cash generated from financing activities	**1,977**	1,959	**74,515**	18,939
Increase (decrease) in cash and cash equivalents	**13,893**	4,087	**17,795**	(4,269)
Cash and cash equivalents: Beginning of period	**23,370**	18,209	**19,468**	26,565
Cash and cash equivalents: End of period	**$37,263**	$22,296	**$37,263**	$22,296

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three and nine-month periods ended 30 September, 2019

1. OPERATIONS

Ascendant Group Limited is domiciled in Bermuda. The Company's registered office is at 27 Serpentine Road, Pembroke, HM07, Bermuda. These condensed consolidated interim 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) 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)
Ascendant Bermuda Insurance Limited ("ABIL")	Captive property insurance
AG Holdings Limited ("AG Holdings")	Parent company of the following non-utility business operations:
• Air Care Limited ("AIRCARE")	Sale and service of heating, ventilation and air conditioning air ("HVAC") systems , air quality monitoring, building automation and energy management, commercial plumbing, fire protection and commercial refrigeration services
• IFM Limited ("IFM")	Property and facilities management services
• iEPC Limited ("iEPC")	Engineering procurement, contracting and consulting services
• Ascendant Properties Limited	Property management

The consolidated financial statements of the Company as at 31 December 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), are available upon request from the Company's registered office above or at ascendant.bm.

2. BASIS OF PREPARATION

[a] Statement of compliance

These condensed consolidated interim financial statements, as at, and for the three and nine-month periods ended 30 September, 2019, have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements under IFRS.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 12 November, 2019.

[b] Basis of measurement

These condensed consolidated interim 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 (measured at present value of future obligations net of plan assets measured at fair value);
- Other post-retirement benefits (measured at present value of future benefits);
- Held for trading financial assets (measured at fair value); and
- Derivative financial instruments (measured at fair value).

[c] Functional and presentation currency

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

[d] Use of estimates and judgments

The preparation of the condensed consolidated interim 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 recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company, during the current three and nine month reporting periods, has consistently applied the accounting policies as outlined in its consolidated financial statements as at 31 December, 2018, which are available upon request from the Company's registered office above or at ascendant.bm.

The Company has also established the following new accounting policy stemming from the introduction of IFRS 16 effective 1 January, 2019:

IFRS 16 Leases – impact on adoption

IFRS 16 replaces IAS 17 *Leases* and related interpretations and it provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. IFRS 16 applies a control model, as outlined in Note 12, to identify leases, distinguishing between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer.

The Company adopted IFRS 16 *Leases* on 1 January, 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January, 2019. There were no changes to the Company's Consolidated Financial Statements as previously reported at 31 December, 2018 and the year then ended as a result of the adoption of IFRS 16.

As a lessee

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather in the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January, 2019.

The Company decided to apply recognition exemptions to leases with a duration of 12 months or less from the date of adoption of IFRS 16 and leases considered to meet the definition of low value under IFRS 16. For leases of other assets, which were classified as operating leases under IAS 17, the Company recognised right-of-use assets and lease liabilities.

As a lessor

The Company determined that it is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 5.5% as of 1 January, 2019.

In $000's	**2019**
Operating lease commitments identified at 31 December, 2018	$1,400
Discounted using the lessee's incremental borrowing rate at the date of initial application	840
Less: Short-term leases recognised on a straight-line basis as expense	(159)
Lease liability recognised at 1 January, 2019	**$681**

Right-of-use assets were measured at the amount equal to the lease liability. There were no onerous lease contracts that would have required an adjustment to the right-of-use asset at the date of initial application.

4. PROPERTY, PLANT AND EQUIPMENT

			30 September, 2019	31 December, 2018
$000's	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$6,014	$-	$6,014	$6,014
Generation Plant	271,157	193,115	78,042	74,209
Transmission Equipment	81,688	45,086	36,602	37,140
Distribution Equipment	178,053	78,455	99,598	102,325
Asset Retirement Obligation	3,535	1,773	1,762	1,946
General Plant	53,505	34,615	18,890	19,550
Other Physical Assets	15,990	6,909	9,081	9,774
Capital Work in Progress ('CWIP')	128,769	-	128,769	63,199
	$738,711	**$359,953**	**$378,758**	**$314,157**

As at 30 September, 2019, total capital work in progress ("CWIP") of $128.8 million is included in property, plant and equipment (as at 31 December, 2018: $63.2 million). CWIP is not subject to depreciation until brought into service.

Included in total CWIP is $98.8 million (as at 31 December, 2018: $47.1 million) associated with BELCO's replacement generation project (the "Replacement Generation"), consisting of four 14 megawatt ("MW") diesel engines replacing retiring engines that currently account for approximately 50% of the Company's current generation capacity. The Company received regulatory approval on 6 March, 2018 to proceed with the Replacement Generation project. Planned costs will be incurred over approximately two years. This project is being financed with cash and term loan facilities totaling US$107.5 million, described in Note 10. The balance of CWIP is comprised of $11.9 million in relation to transmission and distribution upgrades, $4.1 million spent on campus, $0.7 million to acquire vehicles, and $13.3 million in other capital expenditures.

5. INTANGIBLE ASSETS AND GOODWILL

			30 September, 2019	31 December, 2018
$000's	Cost	Accumulated Amortisation	Net Book Value	Net Book Value
Goodwill	$6,915	$-	$6,915	$6,915
Software in Progress	647	-	647	1,239
Software	15,952	11,622	4,330	4,265
	$23,514	**$11,622**	**$11,892**	**$12,419**

During either of the three month and the nine-month periods ended 30 September, 2019, no intangible assets subject to amortisation, other than software, were acquired.

6. EMPLOYEE FUTURE BENEFITS

The Company and its subsidiaries each maintain one or a combination of defined benefit pension plans and defined contribution pension plans for employees. The Company and certain subsidiaries also offer other post-retirement benefit ("OPEB") plans that provide medical benefit and life insurance benefits for qualifying employees.

Amounts related to the Company's defined benefit ("DB") pension plan obligation and other post-retirement benefit obligations are as follows:

	DB Pension Plan		**OPEB Plans**	
$000's	**As at 30 September, 2019**	**As at 31 December, 2018**	**As at 30 September, 2019**	**As at 31 December, 2018**
Net accrued benefit liability	**$(14,305)**	$(5,905)	**$(36,834)**	$(33,136)

The Company commissions preparation of Actuarial reports to support the accrued liability provision balances of its post retirement plans only for reporting periods ended 30 June and 31 December. The information herein was obtained from Actuarial reports supporting the accrued benefit liability balances of the Company's post retirement plans as at 30 June, 2019.

The DB Pension Plan accrued benefit liability position increased $8.4 million during the current period due primarily to:

- The actuarial losses on the Plan obligation increased by $20.2 million due to the discount rate used by the Company's actuary decreasing from 4.5% to 3.7% resulting in an actuarial loss of $17.5 million. In addition, the introduction of a one-time early retirement option in 2019 resulted in a number of plan members retiring earlier than projected resulting in an actuarial loss of $2.7 million;

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three and nine-month periods ended 30 September, 2019

- The fair value of the DB Pension Plan's accrued benefit obligations exceeded the DB Pension Plan's assets by $10.2 million at 30 June, 2019, a funded deficit, however in accordance with IFRIC 14, an additional liability is recorded whenever the present value of non-refundable future minimum required contributions relating to past service, less the present value of plan assets, exceeds the accounting liability as determined under IAS 19. This resulted in an increase of $5.2 million to the DB Pension Plan's liability at 30 June, 2019 (31 December, 2018: $Nil).
- These losses were offset by an actuarial gain on Plan assets of $13.6 million and contributions to the Plan of $2.5 million.

The net benefit cost of providing the DB Pension Plan and OPEB Plans is detailed in the following tables:

	Three months ended 30 September			
	DB Pension Plan		**OPEB Plans**	
$000's	**2019**	2018	**2019**	2018
Components of net benefit cost:				
Service cost	**-**	-	**39**	54
Interest cost on obligation	**1,769**	1,561	**357**	334
Interest income on assets	**(1,715)**	(1,449)	**-**	-
Non-investment expenses	**54**	54	**-**	-
Net benefit cost	**108**	166	**396**	388

	Nine months ended 30 September			
	DB Pension Plan		**OPEB Plans**	
$000's	**2019**	2018	**2019**	2018
Components of net benefit cost:				
Service cost	**-**	-	**77**	108
Interest cost on obligation	**3,537**	3,121	**713**	667
Interest income on assets	**(3,430)**	(2,898)	**-**	-
Non-investment expenses	**108**	108	**-**	-
Net benefit cost	**215**	331	**790**	775

For the three and nine months ended 30 September, 2019, the Company expensed $0.6 million and $1.8 million, respectively ($0.6 million and $1.9 million for the three and nine months ended 30 September, 2018, respectively) related to defined contribution plans.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three and nine-month periods ended 30 September, 2019

7. SEGMENTED INFORMATION

Continuing operations $000's	**BELCO**	**AG Holdings**	**All other (a)**	**Total**
As at and for the period ended 30 September, 2019				
Segment revenues	**$176,088**	**$27,611**	**$8,624**	**$212,323**
Less: Revenues from internal customers	**57**	**1,463**	**8,342**	**9,862**
Revenues from external customers	**176,031**	**26,148**	**282**	**202,461**
Segment net earnings (loss)	**14,619**	**4,219**	**(10,899)**	**7,939**
Segment assets	**466,715**	**34,411**	**30,154**	**531,280**
Segment liabilities and regulatory deferral credit balances	**252,187**	**17,191**	**6,970**	**276,348**

Continuing operations $000's	**BELCO**	**AG Holdings**	**All other (a)**	**Total**
As at and for the period ended 30 September, 2018				
Segment revenues	$173,474	$23,693	$7,532	$204,699
Less: Revenues from internal customers	28	3,789	7,309	11,126
Revenues from external customers	173,446	23,314	223	196,983
Segment net earnings (loss)	19,236	3,282	(9,300)	13,218
Segment assets	363,356	68,485	16,809	448,650
Segment liabilities and regulatory deferral credit balances	99,753	43,830	7,373	150,956

(a) All other, representing segments below the quantitative thresholds, are attributable to Ascendant Group Limited, the ultimate parent company, and ABIL, a captive property insurance company.

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

	Nine months ended 30 September	
$000's	**2019**	**2018**
Revenues from external customers	**$202,461**	$196,983
Cost of goods sold and discounts	**(23,027)**	(20,898)
Consolidated revenues	**$179,434**	$176,085

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three and nine-month periods ended 30 September, 2019

	Nine months ended 30 September	
$000's	**2019**	**2018**
Timing of revenue recognition:		
At a point in time	**745**	182
Over time	**201,716**	196,801
Revenue from external customers	**202,461**	196,983

Reconciliation of segment net earnings to total Group net earnings is noted below:

	Nine months ended 30 September	
$000's	**2019**	**2018**
Net earnings		
Total net earnings for reported segments	**$7,939**	$13,218
Elimination of inter-segment net earnings	**21**	20
Consolidated net earnings	**$7,960**	$13,238

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

	As at 30 September	
$000's	**2019**	**2018**
Assets		
Assets for reportable segments	**$531,280**	$448,650
Investments in associates	**2,757**	1,942
Elimination of intercompany assets	**(17,551)**	(30,140)
Consolidated assets	**$516,486**	$420,452

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

	As at 30 September	
$000's	**2019**	**2018**
Liabilities		
Liabilities for reportable segments	**$276,348**	$150,956
Elimination of intercompany liabilities	**(16,528)**	(17,143)
Consolidated liabilities and regulatory deferral account credit balances	**$259,820**	$133,813

8. RELATED PARTIES

Long-Term Incentive and Retention Programs

Long-term incentive and retention programme awards are granted periodically and are generally tied to the Company's share price or the fulfillment of strategic and performance objectives. Payment of awards are either in cash or in shares, as specified in the respective awards when granted. Awards vest over two to three year periods.

The Company's outstanding cash-settled awards at 30 September, 2019, accounted for as a liability and included in trade and other payables, totaled $2.6 million (at 31 December, 2018: $0.8 million). The Company's outstanding equity-settled awards totaled $6.6 million at 30 September, 2019 (at 31 December, 2018: $3.7 million). These balances have been included in share premium as a component of the Company's equity. The associated expense for the nine months ending 30 September, 2019 totaled $5.0 million (nine months ending 30 September, 2018: $3.7 million).

No Company shares were issued during the current period (nine months ending 30 September, 2018: 173,611 shares issued).

9. SHARE REPURCHASE PROGRAMME

In May 2018, the Company's Board of Directors authorised the repurchase of up to 1,000,000 Company shares through a share repurchase programme. This total represents approximately 10% of the Company's listed shares. The duration of this program was one year commencing 23 May, 2018, and therefore was completed 23 May, 2019. The purpose of the share repurchase program was to facilitate and improve shareholder liquidity.

During the nine months ended 30 September, 2019, the Company repurchased 139,395 shares, of which 72,467 shares at an average cost of $16.64 per share have been added to the treasury stock balance and the remaining 66,928 shares at an average cost of $19.80 per share were cancelled. During the nine months ended 30 September, 2018 the Company repurchased 388,784 shares at an average cost of $16.02 per share which were added to treasury stock. The balance in treasury stock as of 30 September, 2019 is 1,039,357 shares (as of 31 December, 2018: 966,890 shares).

10. BANK BORROWING

$000's	Authorised	**As at 30 September, 2019 Drawdown**	As at 31 December, 2018 Drawdown
The Bank of NT Butterfield & Son Limited -			
Overdraft facilities			
BELCO	$30,000	**$-**	$-
Ascendant	5,000	**-**	-
CIBC First Caribbean International Bank			
(Cayman) Limited – Revolving Credit Facility	50,000	**44,272**	17,420
HSBC – EKF Term Loan Facility	91,400	**76,330**	22,543
HSBC – Commercial Term Loan Facility	16,100	**12,536**	14,711
TOTAL BANK BORROWING	$192,500	**$133,138**	$54,674

Overdraft facilities:
BELCO's Bank of N.T. Butterfield & Son Limited overdraft facility, which expires on 31 July, 2020, allows for maximum drawings of up to $30 million, bearing interest at 1% per annum above the bank's Bermuda Dollar Base Rate on borrowings. There was no drawdown on this facility as at 30 September, 2019 (31 December, 2018: Nil).

Ascendant has a $5 million overdraft facility with the Bank of N.T. Butterfield & Son Limited bearing interest at 1% per annum above the bank's Bermuda Dollar Base Rate on borrowings. This facility expires on 31 July, 2020. As at 30 September, 2019, there was no drawdown on this facility (31 December, 2018: $Nil).

BELCO entered into an unsecured revolving credit facility with CIBC First Caribbean International Bank (Cayman) Limited on 18 December, 2018. The facility allows for maximum drawings of up to $50 million bearing interest at three month $US LIBOR plus 2.70% per annum. Interest is payable quarterly in arrears and is calculated on an actual/360 day basis. Principal repayments are due on maturity. The facility expires on 17 December, 2020. As at 30 September, 2019 the Company had drawn down $44.3 million on this facility (31 December, 2018: $17.4 million).

Term loan facilities:
The Company maintained through one of its affiliate companies a $15.5 million term loan facility with the Bank of N.T. Butterfield & Son Limited initiated in May 2012 to finance the acquisition of AIRCARE. The loan facility was for a period of eight years and interest was payable at 1.5% per annum above the bank's Bermuda Dollar Base Rate. The loan facility was secured by a debenture over assets of AIRCARE and undertakings as well as a guarantee from the Company. The remaining balance on the facility was repaid in December 2018.

On 1 June, 2016, the Company's affiliate IFM entered into a credit facility agreement with the Bank of N.T. Butterfield & Son Limited to assist in financing the acquisition, installation and maintenance of equipment. The facility, which had a term of 6 years, had a maximum principal amount of $2 million, bearing interest at the bank's Bermuda Dollar Base Rate. The remaining balance on the facility was repaid in December 2018.

On 21 June, 2018, the Company entered into a US$91.4 million, 13.5 year unsecured term loan facility at a floating interest rate of six month US$ LIBOR plus margin and fees totaling 1.976% together with a US$16.1 million, 5 year unsecured term loan facility at a floating interest rate of three month US$ LIBOR plus a margin of 2.75%. At the time of closing of these loan facilities, the Company entered into two interest rate swaps, outlined in Note 11, to fix the interest rates of these loans for their respective terms.

These loans are being used to fund the construction of BELCO's Replacement Generation and will be drawn down during the construction period. The 13.5 year term loan facility will be repaid in equal installments semi-annually commencing June 2020 while the 5 year term loan facility is being repaid in equal quarterly installments which commenced September 2018. As at 30 September, 2019, the Company had drawn down $88.9 million (31 December, 2018: $37.3 million) under these facilities.

11. DERIVATIVE FINANCIAL INSTRUMENTS

On 21 June, 2018, the Company entered into two cash flow interest rate swap contracts designated as cash flow hedges to mitigate the risk that LIBOR-based interest rates will increase over the life of its new term loan facilities described in Note 10. Under the terms of the interest rate swap contracts, the Company has fixed its LIBOR interest rate expense to 3.28% on its US$91.4 million term loan facility and 3.02% on its US$16.1 million term loan facility. The interest rate swap contracts effectively hedge exposure to increases in US dollar interest rates as both notional amounts and the term of the contracts closely match new term loan facilities being hedged.

The fair value of derivative instruments is the estimated amount that the Company would receive or have to pay in order to terminate the outstanding contracts as at the balance sheet date. As at 30 September, 2019, the fair value of the two cash flow interest rate swap contracts was a loss of $9.7 million which has been recognised as a derivative liability on the condensed consolidated interim statement of financial position (as at 31 December, 2018: $3.0 million). The $6.7 million change in fair value of the cash flow interest rate swap agreements has been recognised in OCI.

The derivative financial instruments are considered to be Level 2 financial instruments in the fair value hierarchy. Details around the classification and valuation techniques for the fair value hierarchy can be found in the accounting policies as outlined in the Company's consolidated financial statements as at 31 December, 2018.

12. LEASES

Operating Leases

As a lessor
The Company leases out its investment property and has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The 31 December, 2018 Consolidated Financial Statements set out information about the operating leases of investment property.

As a lessee
Right-of use assets
The Company leases property and land for the purpose of housing infrastructure for its core operations, the value of which is noted below:

$000's	**Right-of-use assets**
Balance at 1 January 2019	$681
Depreciation charge for the period	(174)
Balance at 30 September 2019	**$507**

Lease liabilities
The Company has entered into a number of operating lease arrangements largely for the purpose of renting warehouse space and land to house infrastructure for the Company's core operations. These leases have varying terms, clauses and renewal rights. The present value of lease liabilities is as outlined in the notes below:

$000's	**Lease Liabilities**
Balance at 1 January 2019	$681
Interest expense for the period	28
Principal payments for the period	(201)
Balance at 30 September 2019	**$508**

13. SUPPLEMENTAL INFORMATION TO CONDENSED CONSOLIDATED INTERIM STATEMENT OF EARNINGS

Operating, administrative, regulatory and energy expenses

	Three months ended 30 September		Nine months ended 30 September	
$000's	**2019**	2018	**2019**	2018
Operating and administrative expenses	**$23,132**	$22,428	**$72,477**	$70,838
Regulatory Authority fees	**895**	821	**2,259**	2,228
Purchased power/energy	**1,065**	893	**2,973**	2,796
Fuel	**29,446**	29,764	**72,778**	69,699
	$54,538	$53,906	**$150,487**	$145,561

Net finance expense

	Three months ended 30 September		Nine months ended 30 September	
$000's	**2019**	2018	**2019**	2018
Foreign exchange loss	**$61**	$104	**$264**	$300
Change in fair value of investments	**-**	-	**-**	(46)
(Loss)/gain on sale of investment properties	**115**	-	**(157)**	-
Interest expense	**458**	170	**1,364**	495
	$634	$274	**$1,471**	$749

STATEMENT OF CASH FLOWS

Changes in non-cash working capital balances

	Three months ended 30 September		Nine months ended 30 September	
$000's	**2019**	2018	**2019**	2018
Deferred revenues	**$(248)**	$818	**$155**	$1,011
Accounts receivable, long-term receivable and investment in leases	**(4,125)**	(4,627)	**(3,696)**	(6,849)
Inventory	**(9,743)**	7,496	**(7,297)**	(3,165)
Prepaid expenses and other assets	**(849)**	598	**(2,006)**	(795)
Regulatory deferral account debit/credit balances	**898**	(33)	**804**	(1,508)
Customer deposits	**2**	1	**8**	2
Trade and other payables	**19,350**	(417)	**12,866**	12,188
Non-cash share transactions	**-**	-	**(833)**	-
Lease liability	**(60)**	-	**(173)**	-
	$5,225	$3,836	**$(172)**	$884

Net debt reconciliation

$000's	Overdraft Facilities	Term loan facilities due within 1 year	Term loan facilities due after 1 year	Total
Net debt as at 1 January, 2018	$-	$2,479	$2,921	$5,400
Cash flows	1,467	(158)	26,929	28,238
Net debt as at 30 September, 2018	**$1,467**	**$2,321**	**$29,850**	**$33,638**
Net debt as at 1 January, 2019	$17,420	$2,973	$34,281	$54,674
Cash flows	26,852	3,412	48,200	78,464
Net debt as at 30 September, 2019	**$44,272**	**$6,385**	**$82,481**	**$133,138**

14. POTENTIAL SALE OF THE COMPANY

On 3 June, 2019 the Board of Directors announced that the Company had signed an agreement with Algonquin Power & Utilities Corp ("APUC") to sell the Company subject to shareholder and regulatory approvals. APUC's proposal offers Ascendant shareholders $36.00 per share, all cash to be paid on closing of the transaction. On 9 August, 2019, shareholders approved the sale at a special general meeting of shareholders. In the event that the sale of the Company receives all remaining regulatory approvals, the Company will owe financial advisory fees totaling $5.3 million.

15. CHANGES TO PRIOR PERIOD PRESENTATION

Certain comparative period balances on the condensed consolidated interim statements of earnings, comprehensive income, changes in equity and cash flows and accompanying notes have been reclassified to conform to the current presentation.