



ASCENDANT
GROUP LIMITED

2010 Six-Month Report

2010 GROUP HIGHLIGHTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	2 0 1 0	2 0 0 9	% CHANGE
Net Earnings	\$ 5,864,364	\$ 5,507,315	6.48
Basic and Fully Diluted Earnings per Share	\$ 0.56	\$ 0.53	5.66
Cash Dividends	\$ 4,400,410	\$ 4,383,119	0.39
Cash Dividends per Share	\$ 0.425	\$ 0.425	0.00
Market Price per Share	\$ 14.00	\$ 15.40	-9.09
Book Value per Share	\$ 31.03	\$ 30.19	2.78
Total Assets	\$386,353,132	\$362,540,873	6.57

SIX-MONTH REPORT TO THE SHAREHOLDERS

Ascendant Group Limited's consolidated net earnings increased 6.48 percent, or \$357,049 to \$5,864,364, for the first six months of the 2010 financial year from \$5,507,315 reported for the same period in 2009. Operating companies BELCO and Bermuda Gas both made positive progress in the first half of 2010.

Ascendant's share price at 30 June 2010 was \$14.00 or 9.09 percent below the 30 June 2009 market price of \$15.40. Share price at the end of 2009 was \$15.05. Book value increased 2.78 percent to \$31.03 as at 30 June 2010 versus \$30.19 as at 30 June 2009.

As we reported in the 2009 annual report, Ascendant has positioned itself to successfully address the move to International Financial Reporting Standard (IFRS) mandatory reporting requirements for publicly accountable enterprises in 2011. Ascendant is continuing to work through the IFRS impacts and to align its work practices to ensure that it is well positioned for the transition.

Bermuda Electric Light Company Limited

BELCO's operating results for the first six months of 2010 show revenue for electric sales decreased 4.04 percent or \$4,374,695. Fuel adjustment sales and expenses fell \$6,432,337, as the average cost of fuel for the current period was significantly lower than the average noted in the first half of 2009. Fuel adjustment revenue is offset by identical fuel costs reflected in Energy Supply expenses. On 1 January 2010, average tariff rate increases of 1.5 percent took effect, approved by the Price Control Commission and subsequently the Energy Commission, resulting in an increase in electric sales revenues of \$2,208,501. However, this was offset by a decrease in kilowatt hour (kWh) sales of 595,043 kWh; 297,336,434 kWh sold in 2010 versus 297,931,477 kWh sold in the same period last year, causing electric sales revenue to decrease by \$150,859.

The decrease is attributed to a 4.54 percent or 7,880,873 kWh decline in sales to large commercial customers. Average consumption in the hospitality, retail and international business sectors was lower, as businesses sought to control costs in light of continued weak economic conditions locally. Sales to residential customers were up 7,285,830 kWh or 5.87 percent as compared to 2009. This was due, in part, to an increase of 0.82 percent in the average number of residential customers as compared to the first six months of 2009, as well as an increase of 5.01 percent in average monthly consumption.

For the first six months of 2010, the peak demand for electricity was 118.8 megawatts (MW) on 29 June, representing an 8.79 percent increase, when compared to the 109.2 MW peak in the first half of 2009. The annual peak for 2009 was 122.3 MW on 17 August.

Overall operating expenses for the period were 4.65 percent lower, as compared to the first six months of 2009. This is largely driven by Energy Supply expenses, which fell \$5,163,168 or 7.51 percent. As noted above, fuel adjustment costs decreased \$6,432,337. In addition, material usage costs were down \$391,356, as Energy Supply's major engine overhaul schedule for the first half of 2010 was far less intensive than for the same period in 2009. This was offset by net increases of \$1,269,169 in other operating expenditures, such as maintenance contracts and outside contractor costs, as BELCO entered into a five-year gas turbine service contract with Siemens Industrial Turbomachinery, effective 1 March 2010. In addition, direct and indirect labour costs increased \$496,700 as a result of increases in payroll taxes, labour rates, overtime and training.

Administration and General expenses increased \$382,540 when comparing six-month results for 2010 and 2009. Approximately \$324,195 of this can be attributed to higher pension costs stemming from declines in returns and valuations of pension fund investments.

Depreciation expense fell \$214,301 when compared to last year, as a number of older generation assets reached the end of their established service life.

Bermuda Gas & Utility Company Limited

Bermuda Gas' net income increased \$24,816 or 4.16 percent to \$621,816 from \$596,955 reported for the same six-month period in 2009. Principal drivers for this were increased gas operation sales, which rose 13.28 percent, and appliance sales, which were up 10.95 percent.

PureENERGY Renewables, Ltd.

PureENERGY incurred a loss of \$239,535 for the first half of 2010 as compared to a loss of \$485,285 for the same period in 2009. While PureENERGY has seen growth in both solar domestic hot water and photovoltaic residential sales in 2010, this was offset by decreased photovoltaic commercial sales in what has become a very competitive market. PureENERGY realised significant cost savings through improvements in operating and administrative processes.

BELCO Properties Limited

Ascendant's property rental and development company, BELCO Properties, saw results decrease in the first half of 2010 to \$84,662 from \$126,720 during the same period in 2009. This was due to a decline in the results of Serpentine Properties Limited, BELCO Properties' wholly owned subsidiary, which saw decreased rental income as the property was being converted to accommodate Bermuda Gas.

InVenture Limited

In its first year of operation, InVenture has not reported significant revenue. InVenture has been investigating entry into new industries by leveraging the existing core strengths of Ascendant, including engineering and project management.

Sigma Corporate Services Company Limited

Sigma was incorporated in February 2010 to provide a range of support services. Sigma currently provides human resources and legal support services to Ascendant.

In the first half of 2010, we started the process of fitting together pieces that form the big picture for Ascendant. We are constructing a group of companies that is diversified and flexible, so that we can adapt and maximise our position with respect to changes in the regulatory environment, the economy and the energy industry. The structure, processes and people that we are putting in place are intended to ensure that Ascendant continues to be a leading local employer and contributor to the community, while delivering value to our customers and our shareholders.

A handwritten signature in blue ink, appearing to read 'A. L. Vincent Ingham', with a long horizontal flourish extending to the right.

A. L. VINCENT INGHAM
President & Chief Executive Officer

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30 JUNE 2010

	NOTES	30 JUNE 2 0 1 0	YEAR ENDED 31 DECEMBER 2 0 0 9
ASSETS			
Fixed Assets, Net	2	\$283,946,897	\$281,358,237
Intangible Assets, Net	3	5,044,975	5,806,406
		288,991,872	287,164,643
Current Assets			
Cash and Short-Term Investments		5,500,053	6,453,334
Accounts Receivable, less Provision		20,347,949	18,979,361
Materials and Supplies		30,648,126	29,519,438
Fuel and Lubricants		28,528,494	25,335,789
Prepaid Expenses		12,336,638	9,709,084
		97,361,260	89,997,006
		\$386,353,132	\$377,161,649
CAPITAL- ISATION AND LIABILITIES			
Capitalisation			
Capital Stock		10,405,812	10,381,354
Share Premium		27,414,006	27,102,430
Treasury Stock		(845,803)	(845,803)
Contributed Surplus		22,549,745	22,549,745
Retained Earnings		263,356,018	261,892,064
		322,879,778	321,079,790
Current Liabilities			
Customer Deposits		977,937	342,431
Accounts Payable		18,129,473	9,679,683
Accrued Liabilities		21,513,944	19,859,745
Bank Borrowing		22,500,000	25,500,000
		63,121,354	55,381,859
Other Liabilities			
Specific Provisions		352,000	700,000
		\$386,353,132	\$377,161,649

CONSOLIDATED STATEMENT OF EARNINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	30 JUNE 2 0 1 0	30 JUNE 2 0 0 9
Operating Revenue		
Sales of Electric Energy	\$103,898,980	\$108,273,675
Less: Discounts	3,261,209	2,996,676
	100,637,771	105,276,999
Gas Operations <i>(Net of Cost of Goods Sold)</i>	4,068,296	3,940,203
Property Operations	423,352	444,350
PureNERGY Renewables Operations <i>(Net of Cost of Goods Sold)</i>	153,693	(93,167)
Other Income	725,125	860,213
	106,008,237	110,428,598
Operating Expenses		
Energy Supply	63,614,608	68,777,774
Energy Delivery	4,598,047	4,706,205
Administration and General	15,070,883	14,688,343
Gas Operations	2,863,964	2,915,033
Property Operations	107,998	81,301
PureNERGY Renewables Operations	372,690	374,787
Depreciation and Amortisation	10,574,184	10,788,485
Taxes and Rent	2,668,431	2,413,709
	99,870,805	104,745,637
Operating Income	6,137,432	5,682,961
Interest Expense		
Interest on Debt	109,741	130,420
Other	29,611	36,691
	139,352	167,111
Earnings before Undernoted Items		
Foreign Exchange (Loss) Gain	(60,083)	117,064
Change in Fair Value of Held for Trading Investments	(73,633)	(125,599)
Net Earnings for the Period	\$ 5,864,364	\$ 5,507,315
Basic and Fully Diluted		
Earnings Per Share	\$ 0.56	\$ 0.53

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	30 JUNE 2 0 1 0	30 JUNE 2 0 0 9
Balance – Beginning of Period	\$261,892,064	\$251,554,585
Net Earnings for the Period	5,864,364	5,507,315
Cash Dividends Paid	4,400,410	4,383,119
Balance – End of Period	\$263,356,018	\$252,678,781

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	30 JUNE 2 0 1 0	30 JUNE 2 0 0 9
Cash Flows from Operating Activities		
Earnings from Operations	\$ 5,864,364	\$ 5,507,315
Adjustments to Cash Basis:		
Engine Overhaul Amortisation	1,718,880	1,254,826
Depreciation and Amortisation	10,574,184	10,788,485
Specific Provisions	(348,000)	(240,000)
Changes in Non-Cash		
Working Capital Balances		
Accounts Receivable	(1,368,588)	(900,027)
Inventory	(4,321,393)	1,490,835
Accounts Payable, Accrued Liabilities, and Customer Deposits	12,516,290	(1,083,742)
Prepaid Expenses	(2,627,554)	(2,361,158)
	22,008,183	14,456,534
Cash Flows from Investing Activities		
Acquisition of Fixed Assets and Intangibles	(15,897,088)	(15,927,503)
Cash Flows from Financing Activities		
Cash Proceeds from Issuance of Capital Stock	336,034	384,448
Purchase of Treasury Stock	0	(18,108)
Cash Proceeds from Bank Borrowing	20,500,000	32,000,000
Repayment of Bank Borrowing	(23,500,000)	(21,500,000)
Dividends Paid to Shareholders	(4,400,410)	(4,383,119)
	(7,064,376)	6,483,221
(Decrease) Increase in Cash and		
Short-Term Investments		
	(953,281)	5,012,252
Cash and Short-Term Investments		
Beginning of Period		
	6,453,334	4,373,751
Cash and Short-Term Investments		
End of Period		
	\$ 5,500,053	\$ 9,386,003
Supplementary Cash Flow Information		
Cash Interest Received	\$ 1,002	\$ 17,969
Cash Interest Paid	\$ 529,723	\$ 220,384

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

1 Significant Accounting Policies

These interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada, with the exception of the notes to the financial statements, which conform to the minimum disclosure requirements prescribed by CICA Handbook Section 1751 – Interim Financial Statements, and are presented in Bermuda Dollars which are on par with US Dollars.

These interim financial statements follow the same accounting policies and methods of their application as in 31 December 2009 annual financial statements and should be read in conjunction with the 31 December 2009 annual financial statements.

2 Fixed Assets, Net

	ORIGINAL COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	
			30 JUNE 2010	YEAR ENDED 31 DECEMBER 2009
Utility Plant	\$603,796,177	\$344,174,434	\$259,621,743	\$257,286,513
Other Physical Property	29,455,621	5,130,467	24,325,154	24,071,724
	\$633,251,798	\$349,304,901	\$283,946,897	\$281,358,237

Total capital work in progress of \$27,982,243 (31 December 2009: \$15,479,033) is embedded in fixed assets noted above. Capital work in progress is not subject to depreciation until brought into service.

3 Intangible Assets, Net

	GOODWILL	SOFTWARE IN PROGRESS	SOFTWARE VALUE	YEAR ENDED	
				30 JUNE 2010	31 DECEMBER 2009
Opening net book amount	\$ 718,006	\$ 5,788	\$ 5,082,612	\$ 5,806,406	\$ 5,186,229
Transfers	–	(5,788)	5,788	–	–
Acquisitions	–	–	30,429	30,429	1,244,363
Disposals	–	–	–	–	–
Amortisation	–	–	(791,860)	(791,860)	(624,186)
Closing net book amount	\$ 718,006	–	\$ 4,326,969	\$ 5,044,975	\$ 5,806,406
Cost	\$ 1,118,680	–	\$10,582,239	\$11,700,919	\$11,670,490
Accumulated Amortisation	(400,674)	–	(6,255,270)	(6,655,944)	(5,864,084)
Net book amount	\$ 718,006	–	\$ 4,326,969	\$ 5,044,975	\$ 5,806,406

There was no impairment of intangibles for the period ended 30 June 2010. During the six-month period ended 30 June 2010, \$30,429 (Year ended 31 December 2009: \$1,244,363) of intangible assets subject to amortisation were acquired.

4 Segmented Information (in 000s)

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

SIX MONTHS ENDED 30 JUNE	2 0 1 0	2 0 0 9	2 0 1 0	2 0 0 9	2 0 1 0	2 0 0 9
	ELECTRIC		ALL OTHERS (a)		TOTAL	
Total Revenues from						
External Customers	\$104,498	\$108,988	\$10,905	\$10,013	\$115,403	\$119,001
Intersegment Revenues	18	6	445	158	463	164
Segment Profit	5,604	5,485	260	22	5,864	5,507
Segment Assets	360,998	336,536	25,355	26,005	386,353	362,541

- (a) Revenues from segments below the quantitative thresholds are attributed to six operating segments of Ascendant Group Limited. Those segments include a propane supply company, a property holding and development company, a renewable energy company, a capital investment company, a management company and the holding company.

The accounting policies of the segments are the same as those described in Note 1, Significant Accounting Policies.

Reconciliation of segment revenues to total Company revenues is noted below.

	2 0 1 0	2 0 0 9
Total Revenues for Reportable Segments	\$115,403	\$119,001
Cost of Goods Sold and Discounts	(9,395)	(8,572)
Total Company Revenues	\$106,008	\$110,429

5 Pension Benefits

BELCO maintains a trusted, non-contributory, defined-benefit pension plan, covering all full-time employees hired before 31 December 2005. The total amount of defined-benefit cost recognised for the six-month period ending 30 June 2010 was \$1,614,400 (2009 – \$1,290,205). All employees hired after 31 December 2005 are enrolled in a contributory defined-contribution plan.

6 Subsequent Event

There were no subsequent events as at the date of the distribution of the six-month report.

DIRECTORS

J. Michael Collier	<i>Chairman</i>
Reginald S. Minors	<i>Deputy Chairman</i>
Gavin R. Arton	
James B. Butterfield	
A. David Dodwell	
Peter C. Durhager	
A. L. Vincent Ingham	
L. A. Joaquin	
Stanley A. Oliver	
Donna L. Pearman	
Kathryn R. Siggins	
Richard D. Spurling	
Dr. Wilbert N. E. Warner	
W. Edward Williams	
<hr/>	
Total shares held by Directors	54,401 *

**NOTE: Shares held by A.L.V. Ingham included in Officers' Total.*

OFFICERS

A. L. Vincent Ingham	<i>President & Chief Executive Officer</i>
Christopher A. Coelho	<i>Treasurer*</i>
Edith L. Robinson	<i>Secretary & General Counsel*</i>
<hr/>	
Total shares held by Officers	9,514

**NOTE: Effective 27 August 2010 and not included in Officers' Total Shares.*

ASCENDANT GROUP LIMITED

HEAD OFFICE

27 Serpentine Road
Pembroke HM 07, Bermuda

MAILING ADDRESS

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

TELEPHONE: 441-298-6100

FAX: 441-292-8975

E-MAIL: info@ascend.bm

WEBSITE: www.ascendantgroup.bm

ASCENDANT GROUP SUBSIDIARIES

Bermuda Electric Light Company Limited

Bermuda Gas & Utility Company Limited

PureENERGY Renewables, Ltd.

InVenture Limited

Sigma Corporate Services Company Limited

BELCO Properties Limited

BTS Limited

ASCENDANT GROUP LIMITED

Head Office

27 Serpentine Road, Pembroke HM 07, Bermuda

Telephone: 441-298-6100 fax: 441-292-8975

website: www.ascendantgroup.bm