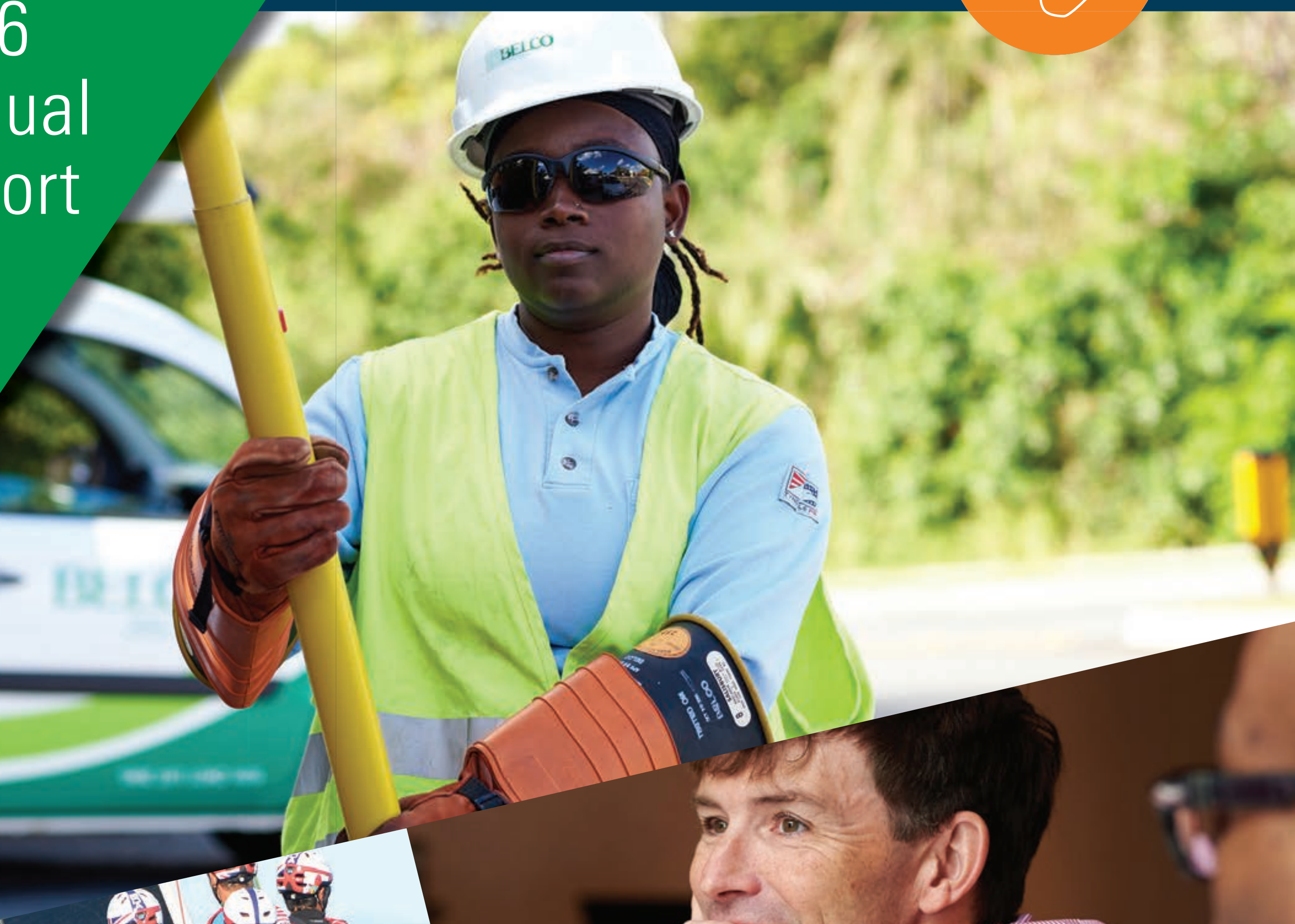
ASCENDANT

THE WAY FORWARD

2016 Annual Report



CONTENTS

Financial Highlights

	2016	2015	CHANGE
Core Earnings (in $000's)	$ 13,882	$ 13,845	0.3%
Net Earnings (in $000's)	$ 24,911	$ 17,370	43%
Basic Earnings per Share	$ 2.38	$ 1.63	46%
Fully Diluted Earnings per Share	$ 2.29	$ 1.62	41%
Dividends (in $000's)	$ 3,149	$ 3,199	-2%
Dividends per Share	$ 0.30	$ 0.30	0%
Market Price per Share (as at 31 December)	$ 6.75	$ 4.80	41%
Book Value per share (as at 31 December)	$ 25.07	$ 22.37	12%
Total Assets (as at 31 December) (in $000's)	$ 376,162	$ 363,692	3%

MISSION

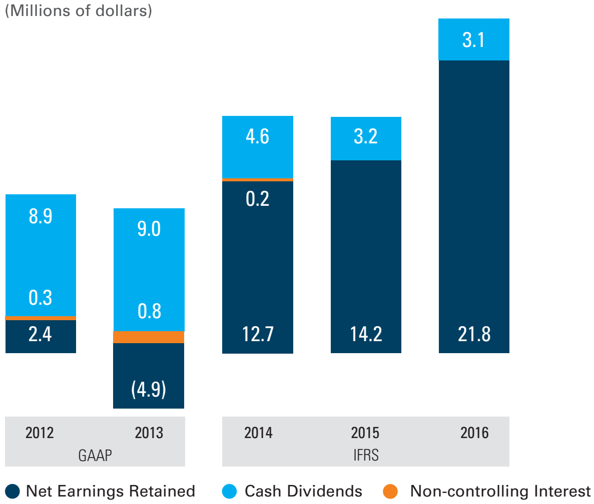
Every day we provide the people of Bermuda with energy and services to enhance their lives.

VISION

By 2021, Ascendant Group is the most respected, sustained and progressive energy and services organization in the Atlantic.

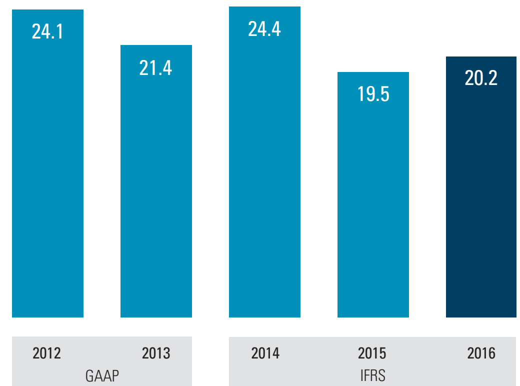
Net Earnings

(Millions of dollars)



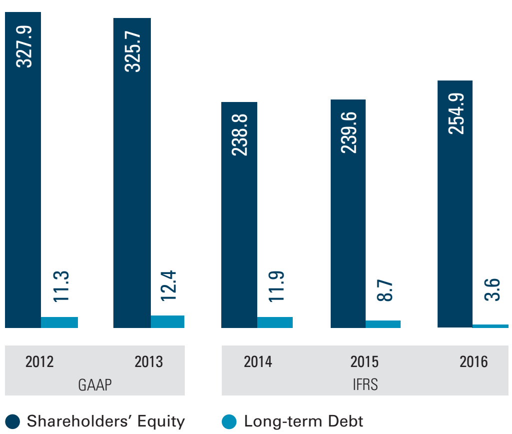
Annual Investment in Our Business

(Millions of dollars)



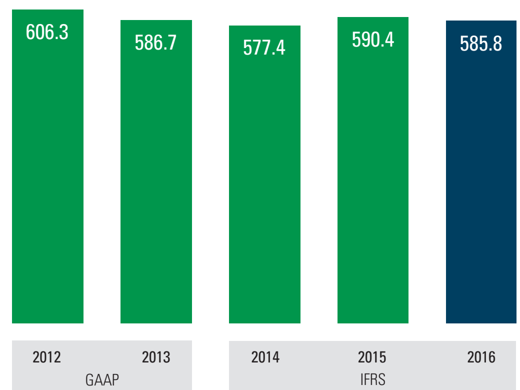
Total Capitalization

(Millions of dollars)



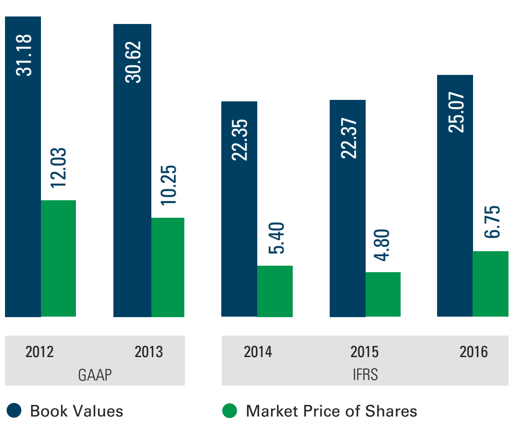
Electricity (kWh) Sales

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



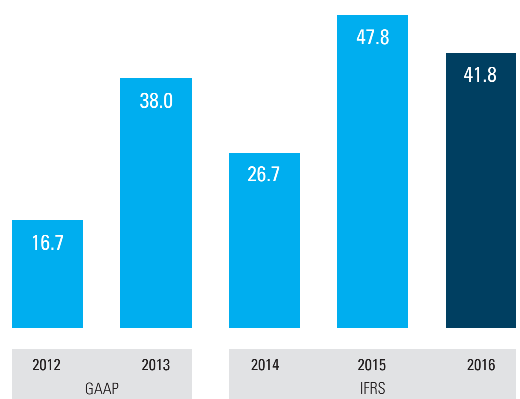
Book Value & Market Price of Shares

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



Cash Flow from Operations

(Millions of dollars)



Chairman's Message

Now it is time for all parties to be decisive and to get moving. Bermuda's energy infrastructure underpins its economic backbone. Our international business and tourism sectors, as well as our wider community, expect reliable energy. Bermuda's reputation, economic success and way of life depends on it.

Dear Shareholders,

The theme of our 2016 Annual Report is "THE WAY FORWARD".

Our Company has been in a challenging transitional period for over a decade. During this time, we navigated a number of difficult external factors affecting our business and our community. Not least amongst the hurdles have been the deep, prolonged economic recession and the complete restructuring of the regulatory regime governing Bermuda's energy sector. The recession and contemporaneous reduction in number of residents and guest workers reduced electricity demand and reduced the population base across which Bermuda's fixed cost of energy delivery are spread. The regulatory and national energy strategy took time for the Government to consider, develop and begin to implement. All of this delayed required investment in new plant. Our generation, transmission and distribution assets have continued to age and require increasingly expensive maintenance and fuel costs to safely and reliably meet the expectations of the community, to the tune of some $80 million over the past five years.

Over this period, we prepared multiple studies and planning documents, initiated numerous regulatory filings and consulted and collaborated extensively with a wide range of individuals and community groups.

This decade of discussions involved two Bermuda Government administrations and their Opposition counterparts as well as their respective advisers and consultants, numerous Government departments, international renewable energy developers, interest groups and the wider Bermuda community. We listened and have aligned our forward planning with the objectives captured in The National Electricity Sector Policy of Bermuda.

While we continue to provide safe and reliable energy for Bermuda, we are committed to embracing a diverse mix of solutions to provide our community sustained reliability, affordability, greater information and choice. This includes incorporating alternative fuel options, supply and demand-side management techniques, renewable energy, grid modernization, greater customer control over personal energy usage and environmental improvements.

We must now move forward. There are many positive benefits to be gained in considering new technologies, including alternative and renewable energy sources. However, there is also an urgent and compelling need to reduce the risk of generators and transmission assets that have surpassed their useful life. We can no longer wait to replace aging infrastructure and should be investing in next generation plant that will carry us into the future as alternative and renewable energy sources and utility-scale storage solutions cannot meet all of Bermuda's requirements.

It has been a long journey deliberating "The Way Forward". Now it is time for all parties to be decisive and to get moving. Bermuda's energy infrastructure underpins its economic backbone. Our international business and tourism sectors, as well as our wider community, expect reliable energy. Bermuda's reputation, economic success and way of life depends on it.

There is a renewed buzz around tourism. There are new developments on the horizon that are being actualized as well as opportunities to showcase Bermuda to the world, up to and beyond the 2017 America's Cup.

Navigating "The Way Forward" is a collective effort with contributions from a diverse group of highly experienced people. Of particular mention is our former President & Chief Executive Officer Walter Higgins who, having led the Company from 2012, has retired, and we are grateful to have benefitted from his deep knowledge of the Industry and his guidance over the last four years. Sean Durfy is our new President & Chief Executive Officer. Sean joined us after many years in the energy and airline industries in Canada. We welcome him, and his passion and expertise as our Company evolves to a broader and brighter future.

There have also been changes at the Board of Directors. We are very pleased that Leah Dean, Senior Vice President of Group Human Resources at Renaissance Re joined our Board in June 2016. Ms. Dean manages a global team of HR professionals in Bermuda, the United States, United Kingdom, Ireland and Singapore. Her skills and experience make her a key addition to our Board, and we look forward to her contribution. Ms. Dean replaces Richard Spurling who retired from the Board after 24 years of service. We are grateful to Mr. Spurling for his unwavering guidance and commitment to our Company over many years.

As we look ahead, there is much to accomplish. Your Board of Directors is a dedicated and committed team, optimistic about the future and supportive of management and the entire Ascendant Team as they implement our corporate strategy and move our Company forward.

Peter Durhager, CHAIRMAN

DELIBERATING "THE WAY FORWARD"

2006	Extensive stakeholder consultation of BELCO's Electricity Discussion Document
2007	BELCO Energy Plan proposes eight-phase development of new North Power Station to be built over 20 years
2008	BELCO Energy Plan fails to receive full Energy Commission approval. Alternative plan sees BELCO install three 4.5 MW gas turbines over three years. BELCO issues a local and international Solicitation of Interest for Large-Scale Renewable Energy Projects. Competitive bidding process failed to produce a feasible solution
2009	Government of Bermuda releases its Green Paper on Energy
2010	Extensive stakeholder consultation of new BELCO Energy Plan, The New Energy Equation, including a two-day open house attended by 750 people
2011	Government of Bermuda White Paper on Energy
2012	Final Planning Permission given for new North Power Station. Energy Commission does not approve tariff increase needed to support construction of the new power station
2013	Bermuda feels the worst effects of the world-wide economic recession
2014	Government of Bermuda hosts Bermuda's first Energy Summit
2015	Government of Bermuda tables The National Electricity Sector Policy of Bermuda in Parliament
2016	BELCO submits a new Integrated Resource Plan to the Energy Commission. The Electricity Act is passed in Parliament and late in the year regulatory control of the energy sector moves from the Energy Commission to the new Regulatory Authority

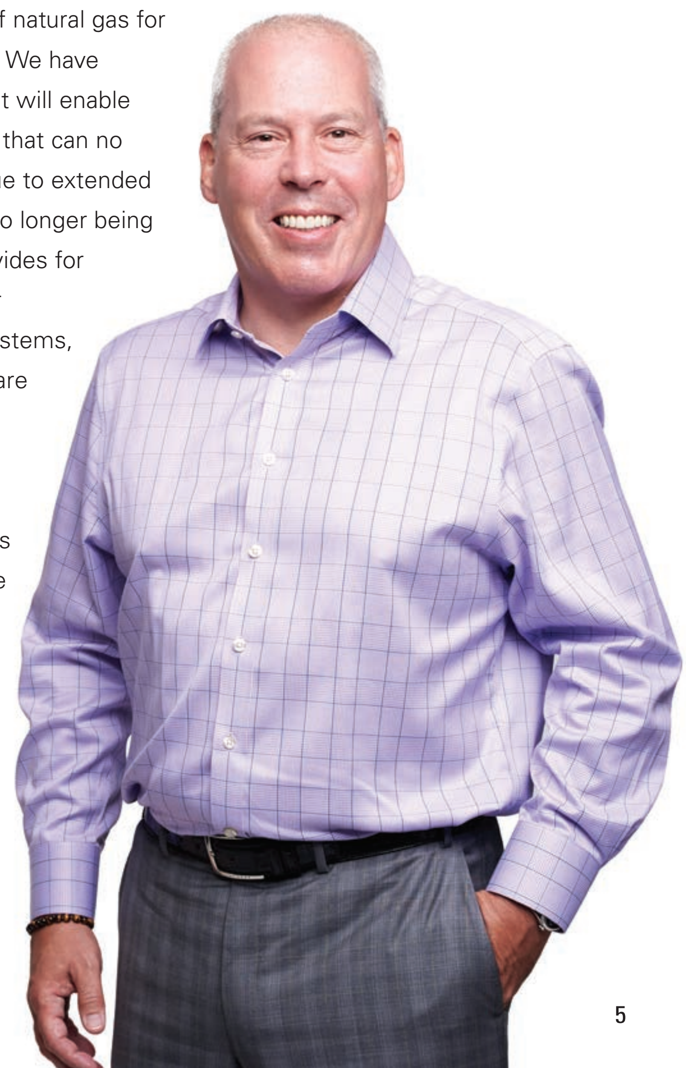
Letter from our President & CEO

We have an invigorating slate of new corporate initiatives intended to improve profitability and customer experience, strengthen our operating companies' brands, improve business processes and increase growth opportunities.

Since joining Ascendant in September of 2016, I have been incredibly impressed by the team that runs BELCO, Air Care, iFM and iEPC. The most important asset that any company has is an engaged group of people who believe in their future. As an organization with over 108 years of history, I am exhilarated to see that our family is strong and looking forward to all the challenges and excitement that our industries will offer in the future. To that end, the foundation for the future is strong and this is evidenced by a very successful 2016 for Ascendant Group Limited.

As the old adage goes – "our future is bright", and we saw that in 2016 with an improving economy and more clarification of the new regulatory environment in which BELCO will operate. We focused our efforts in resetting our corporate strategy and now have a clear view of "The Way Forward". We have an invigorating slate of new corporate initiatives intended to improve profitability and customer experience, strengthen our operating companies' brands, improve business processes and increase growth opportunities. To execute these initiatives successfully, the Company will need to concentrate on engaging our people and using technology, so we are focusing on our corporate culture and building employee programs to stimulate empowerment, accountability and pride in all that we do.

Our go-forward plan is to replace aging assets with new, more efficient and environmentally friendly technologies and embrace a more diverse energy portfolio with an alternative fuel option of natural gas for greater long-term price stability. We have developed a robust program that will enable us to retire old generating units that can no longer be considered reliable due to extended age and, in some cases, parts no longer being available. Our program also provides for upgrades and expansions to our transmission and distribution systems, replacing cables of which 25% are over 60 years old and past their useful lives. In order to ensure the success of future economic developments, such as Morgan's Point and Dockyard projects, the hotel near Fort St. Catherine, the new Bermuda Air Terminal, the Solar Photovoltaic project and a St. George's town marina, our grid infrastructure will need substantial upgrades to increase capacity.



Bermuda is exceptionally beautiful. It is also unique, as is our role in the Bermuda community. We live on a small, isolated island where practically everything is imported and our tiny size limits any benefits of economies of scale.

In other jurisdictions, Utilities can tap into large national or international grid systems for back-up electricity supply, but we must build and maintain an infrastructure that can independently meet all of Bermuda's needs, all of the time and with reliability that is on par with North American standards. We are the only business on the Island that operates under an obligation to serve. That means, we are obligated to make the necessary financial investments in plant and equipment to keep the lights on for all of Bermuda. We have honored this obligation for over 100 years.

"The Way Forward" continues our commitment to our obligation to serve and to our Mission: Every day we provide the people of Bermuda with energy and services to enhance their lives. It is our people who deliver upon the Mission. They are out there every day – rain, blow or shine, to keep aging plant and equipment operating safely, effectively and efficiently, but every day it is becoming more and more challenging. A decade of delays in agreeing to a go-forward plan with Government and regulators has left aged and deteriorating plant and equipment still in service that desperately needs to be replaced to continue to keep the lights on. As anyone who has owned an old car can attest, at some point the costs of repair outweigh the cost of purchasing a new one. We are at that point.

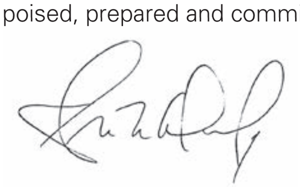
By not receiving approval for the new electricity generating units that would have been in service in 2012, our Company has spent $80 million over the expected cost of the new plant just to keep the existing aging plant operating. As time moves on, it is also getting more difficult, and in some cases impossible, to source replacement parts. Aging plant increases the cost of insurance, and the additional expenses and lost efficiencies affect the price of electricity and ultimately reliability.

The time for "THE WAY FORWARD" is now.

I am very fortunate to have a great team of people here at Ascendant Group Limited. Since my appointment to this position, I have met with most of them. I have also met with customers, regulators, investors, Members of Parliament, Government representatives and business and community leaders. While each group has particular interests, the commonality is their overall friendliness and strong commitment to Bermuda.

I was in Bermuda for only a few weeks when we had an unwelcomed visit from Hurricane Nicole. This was my first ever hurricane, and one my family and I will long remember as the storm ripped the roof from our home, which then landed on the car. My Ascendant colleagues are well versed in how to respond to hurricanes and I thank them for providing me advice and assistance in true Bermudian style. I was incredibly impressed with how our Company prepares for severe storms and how quickly restoration efforts begin and are completed. There were numerous grateful notes and social media postings. I was very proud to see the commitment and dedication of our people and it heartens me to know how much our community appreciates what we do when we are in the throes of a very difficult situation. We will build on this – as our mission states "Every day we provide the people of Bermuda with energy and services to enhance their lives."

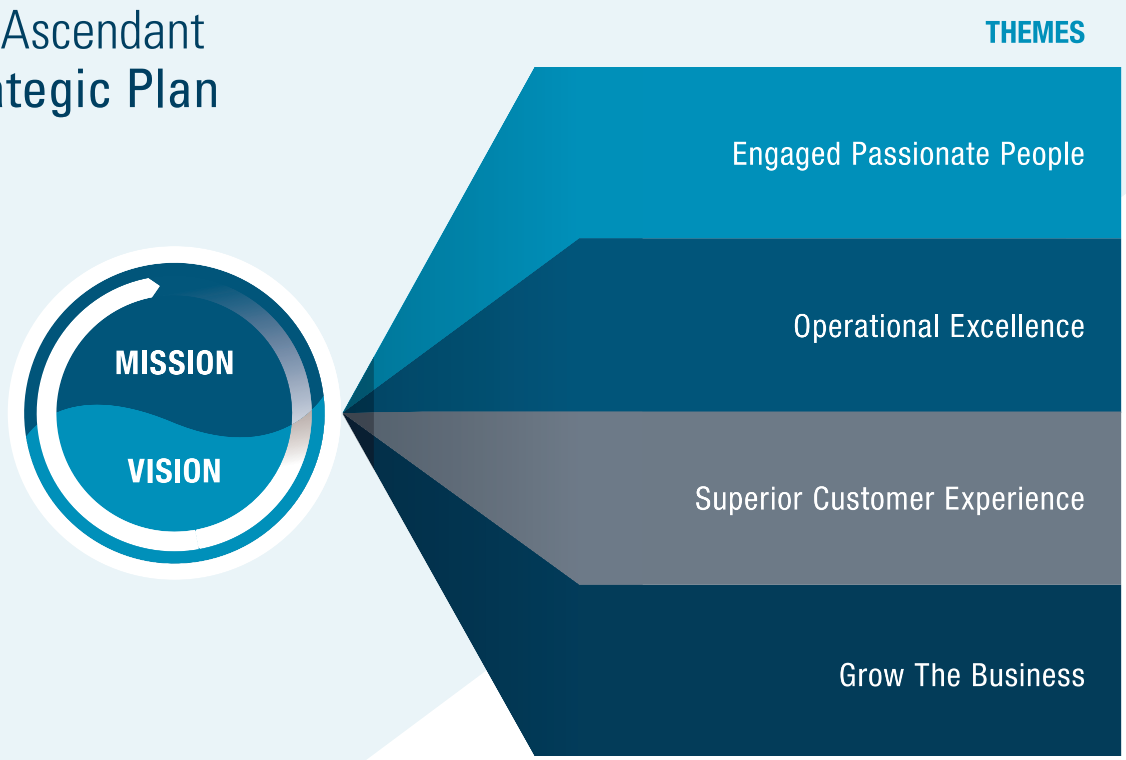
I am very happy to be leading Ascendant Group at this particular time. I believe we have an amazingly talented team poised, prepared and committed to delivering "The Way Forward" for the benefit of our community and all stakeholders.



Sean Durfy, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Employees across Ascendant Group participated in a series of intense working sessions to develop the five-year Strategic Plan

The Ascendant Strategic Plan



VALUES | Safety, Respect, Teamwork, Continuous Improvement, Accountability, Integrity

ENGAGED PASSIONATE PEOPLE

Employees are passionate about the success of our Company. They are customer-focused, Ascendant Brand ambassadors.

Year in Review

Ascendant Group Limited's core earnings in 2016 were essentially flat at $13.9 million compared with $13.8 million in 2015. An increase in Bermuda Electric Light Company Limited (BELCO) operating earnings, following an increase in basic tariff rates effective 1 June 2016 as well as lower operating costs, was offset by increased Ascendant Group expenses and higher claims at the Group's captive insurance company, Ascendant Bermuda Insurance Limited (ABIL). Ascendant Group's non-utility companies in AG Holdings recorded lower operating earnings in 2016 due to inventory write-downs and relocation costs at Air Care and higher rental vacancies at Ascendant Properties Limited.

Net Earnings for the Year

In $000's	2016	2015	VARIANCE Change	VARIANCE Change
BELCO	**$ 24,260**	$ 17,865	$ 6,395	36%
AG Holdings	**543**	517	26	5%
ABIL	**(68)**	337	(405)	NM
Unallocated Group Expenses	**(10,853)**	(4,874)	(5,979)	-123%
Core Earnings	**13,882**	13,845	37	0.3%
Discontinued Operations	**11,734**	(1,480)	13,214	NM
Retirement Benefit Plan Amendments	**(705)**	5,005	(5,710)	NM
Net Income	**$ 24,911**	$ 17,370	$ 7,541	43%

The Energy Commission approved a basic tariff increase for BELCO effective 1 June 2016 that allowed the Utility to achieve a 7% return on rate base in 2016 and 8% in 2017.

In April 2016, Ascendant Group sold Bermuda Gas to RUBis Energy Bermuda Ltd. at a purchase price of $17.7 million plus adjustments for working capital and pension liabilities. Net proceeds from the sale of Bermuda Gas, inclusive of pre-closing dividends received and transaction costs, were $19 million. A portion of the proceeds from the sale of Bermuda Gas are being deployed to repurchase up to 1.5 million Ascendant Group Limited shares through an open market program. The authorized purchase represents approximately 14.1% of Ascendant Group's total outstanding shares. The share repurchase program became effective 19 May 2016, with an initial duration of one year.

The sale of Bermuda Gas, including discontinued operations, contributed $11.7 million to Ascendant Group Limited's consolidated 2016 net earnings of $24.9 million. Basic earnings per share increased 46.0% to $2.38 for 2016, compared to $1.63 in 2015. The market price per share increased 40.6%, the first annual increase since 2001, moving from $4.80 as at December 2015 to $6.75 at the close of 2016. Book value increased 12.1% to $25.07 in 2016 from $22.37 in 2015.

Operational Overview

The Energy Commission approved a basic tariff increase for BELCO effective 1 June 2016 that allowed the Utility to achieve a 7% return on rate base in 2016 and 8% in 2017. The tariff increase was granted to allow the Utility to make the ongoing investments required to continue to deliver reliable electricity service. The directive was in response to a June 2015 filing and in accordance with a 2014 Energy Commission directive instructing the Utility to file in 2015. The Energy Commission ruled that revenues above the allowed return on capital be set aside in a Tariff Stabilization Fund. The Fund balance at year-end 2016 was approximately $6.6 million.

An aggressive timeline for replacement of essential electricity infrastructure is critical as delays increase the cost of providing service.

BELCO sales volume decreased 0.79% from 590 million kilowatt hours (kWh) in 2015 to 586 million kWh in 2016. Sales to residential customers were down marginally 0.02%. Large commercial sales decreased 0.90% and small commercial, street lighting and other sales were down 1.5%.

Overall fuel consumption decreased as a result of reduced generation output corresponding to the decrease in meter-read sales. Overall fuel costs decreased $15.2 million from $92.8 million in 2015 to $77.6 million. The average cost of a barrel of fuel was $85.91 in 2016, down from $101.06 in 2015. The Customs Duty BELCO pays per barrel for fuel increased 38% in 2016. Government tax on fuel has increased annually over the past two consecutive years from $15.10 per barrel in 2014 to $31.79 in 2016.

Ascendant Group Limited's non-utility companies operating under AG Holdings Limited performed well during the year. Air Care led the way with a number of large projects in progress involving LED lighting and street lighting, HVAC systems and fire protection systems. Sales of maintenance agreements that declined during the recent recessionary years have begun to recover, with 2016

OPERATIONAL EXCELLENCE

Our Company seeks continual process improvements that exceed stakeholders' expectations. We do this by increasing asset utilization, improving return on capital investments, reducing operational expenses and increasing profits.

recording the first increase in several years. However, Air Care's net income was negatively affected by inventory and receivables impairment.

iFM's profitability improved in 2016 owing to a new, large energy performance contract for LED lighting, HVAC controls design and construction. Our engineering, procurement and construction business iEPC changed its fee management structure and is realizing operating profits and expanding support to internal and external customers. Ascendant Properties Limited, which owns and operates Ascendant Group's non-utility real estate experienced a loss due to a number of vacant rental units and the months that Serpentine Properties was vacant after the departure of Bermuda Gas and before Air Care moved into the facility. In 2016, the decision was made to discontinue operations of PureNERGY Renewables Ltd. PureNERGY was established in 2008 to stimulate interest in small-scale renewable energy systems.

While we continue to provide safe and reliable energy for Bermuda, we are committed to embracing a diverse mix of solutions to provide our community sustained reliability, affordability, greater information and choice.

Ascendant is committed to supporting America's Cup 2017, the America's Cup Red Bull Bermuda Youth Team and the sailing legacy program, Endeavour.

GROW THE BUSINESS

Through innovative, entrepreneurial ideas and decision making, we increase the asset base of our Company to increase shareholder value.

Operational Highlights

The primary focus of Bermuda Electric Light Company (BELCO) in 2016 was navigating the final leg of over a decade's journey of energy sector reform. In accordance with the Energy Commission's 2015 directive, BELCO filed its Integrated Resource Plan (IRP) with the Energy Commission in June. The IRP is a technical and economic analysis of future energy mix options for Bermuda that aligns with the objectives of the National Electricity Policy of Bermuda. In October, as per the Electricity Act 2016, responsibility for regulating the energy sector was moved from the Energy Commission to the Regulatory Authority. The Regulatory Authority is now the authority that will review BELCO's energy infrastructure requirements and proposal to build a new 60 megawatt (MW) dual fuel power station, that can operate using fuel oil and/or natural gas. The proposal is to replace old generators and transmission and distribution cables that need to be retired.

An aggressive timeline for replacement of essential electricity infrastructure is critical as delays increase the cost of providing service. Not only is it more expensive and less efficient to try to keep old plant operating, but in some cases replacement equipment is becoming unavailable.

Over the past 20 years, BELCO's sponsorship of the annual Rubber Duck Derby has raised $2.5 million for Bermuda's only hospice.

BELCO is also focused on maximizing the potential of the grid to improve service and customer experience. The Utility is completing its Advance Metering Infrastructure (AMI) pilot program and plans to fully deploy advanced meters to all customers within the next 18 months. The roll-out will create temporary job opportunities for three additional meter readers and five installers and, once complete, will facilitate the quicker restoration of service, improved customer information and customer convenience options.

An island-wide LED Street Lighting Program is nearing completion. Under a contract with the Bermuda Government, BELCO is replacing approximately 4,400 high pressure sodium fixtures with LED technology. The program is expected to save the Bermuda Government, and ultimately taxpayers, approximately 50% in street-lighting costs.

Air Care is also helping to make Bermuda more energy efficient by replacing a large quantity of streetlights damaged during hurricanes Fay and Gonzalo in 2014 with new high-efficiency LED units.

In addition, the program contributes to national energy efficiency and conservation goals by reducing fuel consumption and carbon emissions from street lighting by approximately 57%.

Air Care is also helping to make Bermuda more energy efficient. Under contract with the West End Development Corporation, Air Care is replacing a large quantity of streetlights damaged during hurricanes Fay and Gonzalo in 2014 with new high-efficiency LED units. The project will be completed in time for the America's Cup. Air Care is also nearing completion of the replacement of aging air conditioning systems and lighting with more modern and efficient systems at the Bermuda Institute of Ocean Sciences (BIOS).

In 2016, Air Care moved into the Serpentine Road facility vacated by Bermuda Gas and is benefiting from larger warehousing and storage space and a new showroom. Air Care also re-branded in 2016 to increase exposure to all of its product and service lines including fire protection, lighting, energy efficiency, building automation systems, commercial plumbing, refrigeration and ventilation.

SUPERIOR CUSTOMER EXPERIENCE

We are the preferred provider of energy and services. We achieve this by exceeding customer expectations. Our customers view us as trusted advisors and partners. They value us for identifying and delivering progressive solutions.


Karen Maranzana Thank you BELCO!! My 5 year old said he wanted to be a doctor or a superhero to help people and my 7 year old told him, if you want to be a superhero, you need to work for BELCO!! You guys are wonderful!!! THANK YOU!!!
Like · Reply · October 14, 2016 at 6:52am

Bermuda Electric Light Company (BELCO) What a wonderful thing to say!!! Thank-you so much!!
Like · Reply · 1 · October 14, 2016 at 12:59pm

Mi DeSilva Amazing job Belco! To go from 29,000 odd people out of power on Thursday at 5:00 to 4,651 in less then 24 hours!! You rock! Thank you, again for all your hard work.
Like · Reply · 11 · October 14, 2016 at 4:51pm

Bermuda Electric Light Company (BELCO) Thanks so much MI! Our folks (those u c and those u don't) are busting their butts!!!
Like · Reply · 4 · October 14, 2016 at 6:27pm

Numerous grateful social media posts in response to BELCO's quick restoration of power following Hurricane Nicole.

Commitment to Our Mission

"Every day we provide the people of Bermuda with energy and services to enhance their lives," and we do this in a number of ways. In 2016, BELCO provided over $230,000 in scholarships and educational awards to Bermudian university and college students, many of whom also joined us for summer employment. We host annual STEM Camps for qualified secondary school students and provide quality mentoring and training for our employees. In 2016, Ascendant Group's Monitored Professional Development Scheme for graduate engineers was reaccredited for three years by the Institution of Mechanical Engineers and Institution of Engineering and Technology. As part of this program and others, our professional employees mentor fellow employees who aspire to internationally recognized designations.

We are committed to our community and support economic development and opportunities for our young people. As a sponsor of America's Cup initiatives, we are helping to provide world-class opportunities for the Bermuda Red Bull Youth Team and school students throughout the Island, who are taking part in activities provided by the America's Cup Endeavour initiative.

In 2016, we celebrated the 20th anniversary of BELCO's title sponsorship of the Rubber Duck Derby in support of Bermuda's only hospice. The event held in June each year continues to grow in popularity. Annually, hundreds turn out for a day of family fun for a good cause. The 2016 Derby campaign was the most successful ever, with $178,000 raised. Over the past 20 years the Rubber Duck Derby has contributed over $2.5 million to the hospice facility.

We are committed to our community and support economic development and opportunities for our young people. As a sponsor of America's Cup initiatives, we are helping to provide world-class opportunities for the Bermuda Red Bull Youth Team.

Financial Section

Management's Discussion & Analysis
of Results and Financial Condition

Ascendant Group Limited's consolidated financial statements for this 2016 Annual Report have been prepared in accordance with International Financial Reporting Standards (IFRS).

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) and AG Holdings Limited (AG Holdings). Bermuda Gas & Utility Company Limited (Bermuda Gas), a wholly owned subsidiary of the Company in 2015, was sold during the year. This sale is highlighted in the Company's consolidated financial statements and accompanying notes.

The Group's core earnings were essentially flat at $13.9 million as improved profitability at BELCO, following a rate increase that was implemented in June, was offset by increased unallocated Group expenses and higher claims at the Group's captive insurance company, Ascendant Bermuda Insurance Limited (ABIL). The Company's net income increased 43% from $17.4 million to $24.9 million, largely due to a $11.7 million gain on the sale of Bermuda Gas in April. In 2015, the Company recognized a $5.0 million plan amendment gain associated with a change in the defined benefit program for a portion of the salaried employees (which would be offset in future periods by an increase in the Company payments into the defined contribution program).

The proceeds from the sale of Bermuda Gas allowed the Company to allocate a portion of the proceeds to a share repurchase program of up to 1.5 million shares. In 2016, the Company repurchased 823,000 shares, of which 595,000 shares were retired. The Company's strong operating cash flows allowed it to reduce its consolidated debt to $8.8 million, resulting in a year-end debt to total capitalization ratio of 3.3%. The Company's low gearing and strong operating cash flow leaves it well positioned to raise more appropriate longer-term debt to support anticipated capital programs associated with the need to upgrade BELCO's transmission and distribution network, replace its aging generation assets or invest in other businesses in support of growth and diversification.

Net Earnings for the Year

The following table presents an analysis of our net income for the years ended 31 December 2016 and 2015:

			VARIANCE	
In $000's	**2016**	2015	Change	Change
BELCO	$ 24,260	$ 17,865	$ 6,395	36%
AG Holdings	543	517	26	5%
ABIL	(68)	337	(405)	NM
Unallocated Group Expenses	(10,853)	(4,874)	(5,979)	-123%
Core Earnings	13,882	13,845	37	0.3%
Discontinued Operations	11,734	(1,480)	13,214	NM
Retirement Benefit Plan Amendments	(705)	5,005	(5,710)	NM
Net Income	$ 24,911	$ 17,370	$ 7,541	43%

Changes in the above-noted results are described in the following page.

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 – The general economic condition of Bermuda has a significant impact on the Company as changes in population, consumer income, employment and housing are all factors that can impact sales. After many years of persistent recession, the past two years have seen some encouraging signs that Bermuda's economy is moving in the right direction. Many of the major economic indicators such as employment, employment income, air visitors, construction activity and retail sales increased in 2016. The build-up to the America's Cup has seen an increase in relocations to the Island with attendant positive early effects associated with household consumption and retail sales. Longer-term, there is some hope that the America's Cup will provide a sustained boost to the tourism sector. It remains to be seen, however, whether the Government's deficit reduction strategy (which has seen the rate of increase in Bermuda's national debt slow) and the impact of rising taxes will affect international business sector competitiveness.

Regulatory Environment – The Company's wholly owned subsidiary, Bermuda Electric Light Company Limited (BELCO), is an electric Utility that operates within a regulated environment with the normal inherent uncertainties associated with the approval of rates, which allow a reasonable opportunity to recover its costs including a timely and fair return on its investments. The underlying framework for this regulation changed with the 27 February 2016 legislative assent of the Electricity Act 2016 that became operative on 28 October 2016. The Electricity Act 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 from the Energy Commission to the Regulatory Authority. The Electricity Act also establishes a new framework for determining the future energy mix, re-affirms BELCO as the transmission, distribution and retail provider, and allows for the regulator to oversee the process to determine new sources of bulk generation supply.

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 39.8% of total expenses in 2016, so every effort is made to secure the best fuel prices, as well as to use fuel efficiently. BELCO has been subject to fuel tax increases for two successive years, largely offsetting the reduction in world market prices. Compensation and benefits represent the second largest category of expenses for the Company. Over the last several years, Ascendant Group has taken steps to mitigate increasing legacy benefit costs through changes to economically unsustainable retirement health-care programs. The Company regularly reviews its staffing levels and employment policies to ensure that the right level of skilled staff are in place to meet operational requirements, replace an aging workforce, and remain efficient in an evolving regulatory environment.

Competition – Bermuda is a competitive marketplace for all of the Company's operating subsidiaries. In addition, pursuant to the Electricity Act, the Regulatory Authority is responsible for making decisions with respect to procurement of new generation, including potentially through third-party generators selling to BELCO. 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 to ensure that it maintains a motivated and 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. 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 and other products and services from the Company. It also has a significant impact on the amount of heating or air conditioning powered by electricity that 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 replace damaged assets and restore electric service, while also causing revenue to be lost through service outages. In order to mitigate some of this risk, the Company maintains commercial insurance coverage which management believes is reasonable and consistent with other similar companies. In October 2016, the Company was impacted by Hurricane Nicole. BELCO was the operating unit most affected by this storm and, following lessons learned in recent years, its Incident Command Team responded efficiently and effectively.

Environmental Matters – BELCO's operations are subject to Bermuda environmental protection laws concerning air emissions, water discharge, noise, land use activities and the handling and disposal of materials and waste products. In order to manage the overall risk, BELCO has registered its Environmental Management System to the ISO 14001: 2004 standard. Under this standard, companies are required to establish, document, implement, maintain and continually improve their environmental performance with the aim of pollution prevention. In order to maintain the Company's registration, an external audit must be conducted every three years for recertification along with intermediate internal and surveillance audits. An external audit was conducted in June 2016, and BELCO registration was subsequently recertified as a result.

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. As the Regulatory Authority did not regulate electricity until October 2016, electricity rates were increased in June 2016 pursuant to the Energy Commission's March 2016 directive on BELCO's 2015 rate filing. Moving forward, the Regulatory Authority is not bound to follow the same tariff methodology established under the March 2016 Energy Commission's directive. In the interim, BELCO has been directed to implement the Energy Commission's directive with respect to rates and other matters.

Results of Operations

BELCO

BELCO's net income increased 3.0%, or $684,000, to $23.6 million for the year, as compared to 2015 net income results of $22.9 million. Included in these comparative year results are non-recurring plan amendment losses and gains associated with the Company's post-retirement benefit plans. In 2016, the Company recognized a $705,000 plan amendment loss associated with its life insurance plan, while in 2015, the Company recognized a $5 million plan amendment gain associated with its defined benefit (DB) pension plan. These losses and 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 Note 15.

BELCO's kWh sales decreased 4.6 million kWh, or 0.79%, from 590.4 million kWh sold in 2015 to 585.8 million kWh sold in 2016. Major factors contributing to the overall decrease in kWh sales were:

- Milder average temperatures in 2016 than in 2015 requiring less cooling days. The year 2015 was recorded as the hottest year in the North Atlantic on record;
- Closure of several commercial properties during the current year;
- Increased use of renewable energy in both the residential and commercial customer base;
- An increase in energy conservation with a noticeable increase in the fourth quarter of 2016 in the residential customer base; and
- Continued introduction of energy efficiency systems and retrofit programs.

Despite the overall decline in metered sales in 2016, the Company realized an increase in kWh sales in 2016 attributed to the growth of the America's Cup Village in Dockyard, the main venue serving Bermuda as host of the 35th America's Cup in 2017. The Company is pleased to be an active participant in making this event successful through its involvement in new infrastructure necessary to meet the event's energy requirements.

Sales of electricity, net of fuel adjustment and discounts, for 2016 totaled $147.6 million, as compared to $138.2 million in 2015, an increase of $9.4 million, or 6.8%. The increase is due to the Energy Commission's approval on 31 March 2016 of the Company's June 2015 base rate filing request to increase basic tariff rates effective 1 June 2016. This is described in Note 4. The new methodology for establishing allowed tariff rates is based on a reasonable return on rate base or the underlying assets required to support customer electric service.

BELCO Statistics: 2012 – 2016

	2016	2015	2014	2013	2012
Maximum Demand (KILOWATTS)	110,600	108,000	106,800	110,100	113,700
Kilowatt Hours Generated (in 000s kWh)	653,376	662,307	648,863	665,204	688,179
Electricity Sales (in 000s kWh)					
Residential	245,105	245,498	235,523	244,421	249,749
Commercial	286,588	290,552	291,350	295,043	307,269
Other	54,081	54,377	50,492	47,240	49,328
Total	585,774	590,427	577,365	586,704	606,346
Average Net Price per Kilowatt Hour (CENTS)					
Residential Total	38.80	40.17	44.29	44.89	44.93
Energy (1)	29.59	27.89	28.44	28.56	27.76
Fuel Adjustment (2)	9.21	12.28	15.85	16.33	17.17
Commercial Total	33.40	32.68	36.00	36.34	36.49
Energy (1)	24.19	20.40	20.15	20.01	19.32
Fuel (2)	9.21	12.28	15.85	16.33	17.17
Total Metered Connections	35,891	35,833	35,766	35,666	35,770

(1) Total usage charges (net of discounts) divided by total sales volume.
(2) Total fuel adjustment revenues divided by total sales volume.

Fuel adjustment revenues (FAR) decreased $15.0 million from $66.8 million in 2015 to $51.8 million in 2016. This is due primarily to the decrease in the average price paid for a barrel of fuel which decreased 15.0% in 2016 from an average price paid of $101.06 per barrel in 2015 (a decrease of 21.4% from 2014) to an average price of $85.91 per barrel in 2016. FAR also decreased as a result of a decrease in overall kWh generation due to decreased kWh sales as well as increased fuel efficiency, which increased from 709.65 kWh/barrel in 2015 to 713.38 kWh/barrel in 2016. While overall world market prices for fuel have decreased, duty on fuel imports have increased approximately 38% from $23.05 per barrel effective 1 April 2015 to $31.79 effective 1 April 2016, representing 38% of the 2016 average price paid for a barrel of fuel. 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 $3.3 million in 2016 to $194.2 million, compared to $197.5 million in 2015. The net overall decrease in operating expenses is due primarily to the aforementioned decrease in fuel costs.

Other significant changes in BELCO operating expenses in 2016 as compared to 2015 include:

- The Company has recognized $600,000 in new regulatory fees during the current year. These new fees were accrued as directed by the Regulatory Authority in its letter to the Company dated 22 December 2016 and represent annual fees totaling $3.37 million pro-rated for the period 28 October to 31 December 2016.
- Defined contribution (DC) top-up pension plan expenses totaling $733,000 were incurred in 2016. These expenses represent a final agreed settlement with those employees hired under the Company's defined benefit (DB) pension plan due to retire after 1 January 2026. The top-up benefit is described in Note 15.

- The Company realized a net increase in materials used to maintain aging generating units of $939,000 when comparing 2016 material issue expenses to 2015, highlighting the need for aged plant to be replaced in the near future to maintain reliable generation at lower annual operating costs.
- A restatement in the Company's 2015 year-end post-retirement medical benefit liability led to the Company recognizing an additional $409,000 in future healthcare expenses in the current year. The restatement of the Company's year-end post-retirement medical benefit liability is described in Note 15.
- Various capital projects assessed to not have future economic value and therefore requiring write-off in the current year totaled approximately $380,000.
- Overtime costs realized in 2016 were 17.7%, or $806,000, higher than in 2015 primarily in the power generation and overhead line operations and maintenance areas due to a major failure of the E3 generating unit and follow-up maintenance post-Hurricane Nicole.
- Inventory obsolescence write-off expense for the year totaled approximately $207,000 (2015: $241,000).
- Payroll tax rates increased from 14.5% to 15.5% in 2016 effective 1 April 2016, with the Company sharing the increase 50/50 with its employees. The increase in payroll tax rates is primarily responsible for a net $160,000 increase in 2016 payroll tax expenses.

AG Holdings

Net earnings from AG Holdings for 2016 of $543,000 increased 5%, or $26,000, as compared to 2015 earnings of $517,000. AG Holdings manages the Company's non-utility, non-regulated business operations. Operating companies making up AG Holdings include AIRCARE Ltd. (Air Care), iEPC Limited (iEPC), IFM Limited (iFM), Ascendant Properties Limited (Ascendant Properties), and PureNERGY Renewables, Ltd. (PureNERGY).

Air Care's current year results decreased $729,000, or 36.5%, to $1.3 million as compared to 2015 net income of $2.0 million. Current year results were negatively impacted by non-recurring write-offs in inventory and receivables as well as relocation costs totaling $1.5 million. Operationally, Air Care had a good year with net sales increasing approximately 13.5% as compared to 2015 due to an increase in project and maintenance sales.

iEPC realized a significant improvement in its results with 2016 net income of $62,000 compared to a net loss of $870,000 in 2015. The earnings improvement is largely due to changes made to the charge-out methodology of iEPC operating expenses to affiliates, which better reflect the value of engineering shared services provided as well as $90,000 earned in 2016 from services provided to third parties.

The Company's share of iFM earnings improved from $16,000 in 2015 to $151,000 in 2016. The significant improvement in earnings is due to additional project work from its existing facilities management contract with The Bank of N.T. Butterfield & Son, decreased use of subcontractors and other cost controls as well as new business. Subsequent to year-end, the Company indirectly acquired the 40% stake indirectly held by joint venture partner Black & McDonald Group Limited. iFM is now a 100% owned indirect subsidiary of the Company effective 17 March 2017, the date of acquisition. The acquisition of the remaining stake in iFM aligns with the Company's strategic objectives.

Ascendant Properties recognized a net loss for the year of $143,000 as compared to a net loss of $42,000 in 2015. The increased loss is due to vacancies of the various rental properties held. The largest rental losses came from vacancy of space occupied previously by Bermuda Gas following its sale to RUBis Energy Bermuda in April 2016, as well as the loss of a long-term tenant at Tremont House in July 2015 and short-term rental properties being held vacant or occupied for periods shorter than experienced in 2015. Air Care now occupies the space formerly utilized by Bermuda Gas following their move from their former Mills Reach location, effective September 2016, while the Tremont House property was leased to a new tenant, effective October 2016.

PureNERGY realized a net loss in 2016 of $253,000 compared to a net loss of $182,000 in 2015. The Company intends to liquidate this business in 2017 in order to concentrate on its core regulated and non-regulated businesses, which align with its five-year plan and strategic initiatives.

ABIL

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 2016, ABIL realized a net loss of $68,000 compared to a net income of $337,000 in 2015. The loss sustained in 2016 is due to an end-of-year claim made by BELCO related to crankshaft damage experienced in engine generating unit E3 in October 2016, requiring an increase in the outstanding loss reserve provision of $525,000.

Unallocated Group Expenditures

Net corporate expenditures increased $6.0 million, or 123%, in 2016 to $10.9 million from $4.9 million in 2015. Significant items that comprise this variance are as follows:

- Salaries and related costs increased $4.7 million in 2016 when compared to 2015. The largest component of this increase is related to the increase in the long-term incentive plan (LTIP) provision during the year. The LTIP is described in Note 20. Also contributing to the increase were bonus fees associated with the transition of the Chief Executive Officer and bonuses paid to staff who significantly assisted with Hurricane Nicole restoration efforts.
- iEPC engineering shared service costs increased by $389,000 due to:
  - Engineering and bid-related work associated with the Government’s solicitation for a 6 MW solar facility at the Bermuda Airport;
  - Researching potential large-scale solar projects at Bulls Head and WEDCO locations;
  - Time spent managing the successful reaccreditation of the Ascendant Group Monitored Professional Development Scheme of Engineers; and
  - Research into establishing a Project Management Office (PMO) including the development of a project management methodology and standardizing project and contract documentation.
- Donations increased by $200,000 in the current year representing part of the Company’s three-year, $1 million commitment to the success of the America’s Cup, and The Red Bull Youth's America's Cup events being held in Bermuda in 2017.
- Information technology maintenance contract costs increased $252,000 in 2016 due primarily to cyber security enhancement and the additional technology associated with the future introduction of Advanced Metering Infrastructure (AMI).
- Consultant costs increased $167,000 in 2016 as compared to 2015. Consulting costs incurred in the current year included the executive search for the position of Chief Executive Officer (CEO) to replace departing CEO Mr. Walter Higgins, as well as assistance and support received in developing the Company’s five-year strategic plan and strategic initiatives road map. These increases were partially offset by a reduction in consulting fees associated with advice received in addressing developing regulatory legislation and administration requirements, as well as settlement of litigation matters incurred in 2015.

Discontinued Operations (Bermuda Gas)

The Company sold its subsidiary Bermuda Gas to RUBis Energy Bermuda (RUBis) in April 2016 at a purchase price of $17.7 million plus adjustments for working capital and future healthcare liability. The total gain on sale, as at 31 December 2016 after all adjustments was $11.7 million. The Company has also recognized net income from Bermuda Gas of $78,000 from its 2016 operations prior to the date of sale, as compared to a total net loss of $1.48 million in 2015 ($2.1 million loss from discontinued operations net of $623,000 profit on continuing operations).

The sale of Bermuda Gas is described in Note 21. Part of the proceeds received from the sale of Bermuda Gas were used to finance a share buyback program which is described in Note 10.

Retiree Benefit Plan Amendment

The Company recognized a $705,000 plan amendment loss in the current year on its group life insurance plan following management’s decision to provide staff employed, as at 31 December 2016, with a $15,000 post-retirement death benefit. In 2015, the Company recognized a $5 million plan amendment gain on its DB pension plan.

Liquidity and Capital Expenditure

The Company's primary sources of liquidity and capital resources are net funds generated from operations and bank credit facilities. These sources are primarily to satisfy capital and intangible asset expenditures, service and repay debt and pay dividends.

The following table outlines the summary of cash flow for 2016 compared to 2015:

Cash Flows

In $000's	2016	2015	Change	Change
Cash and cash equivalents – beginning of year	$ 7,574	$ 9,209	$ (1,635)	-18%
Cash provided by / (used in):				
Operating Activities	41,849	47,793	(5,944)	-12%
Investing Activities	(2,563)	(19,493)	16,930	87%
Financing Activities	(22,368)	(29,935)	7,567	25%
Cash and cash equivalents – end of year	$ 24,492	$ 7,574	$ 16,918	223%

Cash Flows from Operating Activities – Cash flow provided by operations, after working capital adjustments, was $41.8 million for 2016, a decrease of $5.9 million from $47.8 million in 2015. The decrease compared to 2015 was primarily driven by an increase in working capital, partly offset by improved profits at BELCO associated with the June 2016 tariff increase. The increase in working capital requirements was largely due to the timing of fuel receipts.

Cash Flows from Investing Activities – Cash used in investing activities totaled $2.6 million in 2016, a $16.9 million decrease compared to $19.5 million in 2015. The reduction in net investments reflects the sale of Bermuda Gas in April 2016, which resulted in net cash proceeds of $17.6 million. Total Company expenditures in capital and intangible assets were $20.2 million, a nominal increase compared to $19.5 million in 2015.

Cash Flows from Financing Activities – Total bank borrowing decreased $13.8 million to $8.8 million at year-end 2016 (2015: $22.6 million). At year-end, the Company had three loan facilities in place – an AGL $10.0 million one-year facility, a BELCO $18.0 million overdraft facility and an Air Care term loan facility maturing in 2020 guaranteed by AGL. At year-end 2016, the BELCO short-term facilities were undrawn and available. The Air Care outstanding balance was $5.7 million (2015: $11.7 million) and AGL had drawn down $3.1 million on its overdraft facility (2015: $NIL).

The Company repurchased approximately 823,000 Company shares during the year for approximately $5.7 million, as part of an authorized share buyback program, with 595,000 shares canceled and 228,000 shares held as treasury shares. This was offset from proceeds totaling $252,000 associated with approximately 51,000 Company shares issued during 2016 (2015: 28,651 shares issued) in accordance with the Company's employee share purchase plan and directors' fees. Dividends paid to Ascendant Group shareholders in the current year totaled $3.1 million (2015: $3.2 million).

Cash Flow Requirements – The Company expects that operating expenses and interest costs will generally be paid from the Company's operating cash flows, with residual cash flows available for capital expenditures and dividend payments. Capital expenditures required to complete a major capital program, such as planned transmission upgrades or investment in new generation assets, are expected to be financed from a combination of proceeds from operating cash, debt and equity pursuant to anticipated acceptable outcomes under the new regulatory regime.

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.

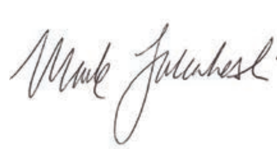
The Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting. The CEO and the CFO have supervised an evaluation of the effectiveness of the Company's internal control over the financial reporting, as at 31 December 2016. Based on this evaluation, the CEO and CFO have concluded that the Company's internal control over financial reporting, as at 31 December 2016, 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 & Risk Committee.

The Audit & Risk Committee is appointed by the Board of Directors, and all of its members are independent directors. The Audit & Risk 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 & Risk Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit & Risk 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 & Risk Committee and may meet with or without the presence of management.

Sean Durfy
PRESIDENT & CHIEF EXECUTIVE OFFICER



Mark Takahashi
SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER

Independent auditor's report

To the Shareholders and Board of Directors of Ascendant Group Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ascendant Group Limited (the Company) and its subsidiaries (together 'the Group') as at December 31, 2016, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2016;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

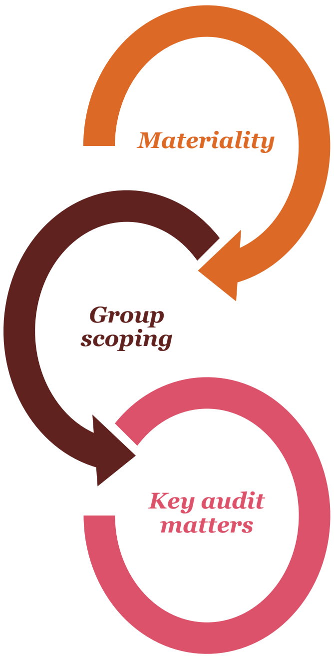
Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the consolidated financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

PricewaterhouseCoopers Ltd., Chartered Professional Accountants, P.O. Box HM 1171, Hamilton HM EX, Bermuda
T: +1 (441) 295 2000, F: +1 (441) 295 1242, www.pwc.com/bermuda

Our audit approach

Overview



Materiality

- *Overall group materiality: $1,100,000, which represents 0.5% of total revenues.*

Group scoping

- We performed full scope audits on the two key operating subsidiaries, being Bermuda Electric Light Company Limited ("BELCO") and Air Care Ltd.
- The audit engagement team was the auditor for both the parent and the subsidiaries.
- Audit coverage: 100% of consolidated revenues

Key audit matters

- Valuation of Capital Work-in-Progress ("CWIP")
- Revenue recognition on projects undertaken by Air Care Ltd.
- Valuation of post retirement benefit obligations
- Valuation of environmental clean-up and asset retirement obligations
- Valuation of allowance for doubtful trade receivables of BELCO

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	$1,100,000
How we determined it	0.5% of total revenues
Rationale for the materiality benchmark applied	We chose total revenues as the benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements and because, in our view, it is a stable benchmark in comparison to net income in recent years. On this basis we believe that revenue is an important metric for the financial performance of the Group. We chose 0.5% which is within a range of acceptable benchmarks.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $55,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of Capital Work-in-Progress ("CWIP") *See note 5 to the consolidated financial statements for detail of CWIP balances.* CWIP as at December 31, 2016 totalled $17.2m and represented ongoing capital projects that have not yet been completed and brought into service. Depreciation is not charged against CWIP. The valuation of CWIP requires management to determine whether each project remains viable, is expected to be completed and will generate future economic benefits for the Group. This assessment involves judgement, particularly in respect of projects which have the potential to be impacted by future decisions on the Group's Integrated Resource Plan ("IRP") submitted to the electricity sector regulator in 2016. The most significant project of this type within CWIP is in respect of costs of $3.0m incurred from 2010 to date related to management's proposed new power plant (the "North Power Station") which originally envisaged a new-build diesel or natural gas fuelled plant and which management assert remains applicable to the Group's IRP. An unfavourable response to the IRP from the electricity sector regulator could result in impairment of this balance.	We tested additions to CWIP in the year to supporting invoices or internal labour charge allocation. We also tested transfers from CWIP of completed projects brought into service to the applicable property, plant and equipment category, including agreeing compliance with management's policy on capitalisation of assets and commencement of depreciation. We found no material exceptions in these tests. We selected a sample of projects and performed the following procedures: - evaluation of the current status of the project in comparison with the original approved budget and project plan, including planned completion date and remaining available budget to complete; - challenging management's evaluation of CWIP carrying value through assessment of the nature of the project in comparison with the wider corporate objectives of the Group, consistency with the IRP, and forming our own view as to whether management's assertion in respect of the future economic benefits to the Group on completion of the project is appropriate; - testing, on a sample basis to supporting invoices, the continued expenditure on the project. We obtained management's IRP and checked for consistency of the plan with the original costs incurred in respect of the North Power Station plan included in CWIP. Our procedures included discussions with relevant senior engineering staff in respect of the dual-fuel capability of the North Power Station in the event of a favourable response to the Group's IRP. We did not identify any exceptions or contradictory information in these procedures that would materially impact the carried CWIP balances.

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition on projects undertaken by Air Care Ltd. *See note 3b to the consolidated financial statements for disclosures in respect of revenue recognition accounting policies* Project revenue at Air Care Ltd. totalled $8.4m for the year ended December 31, 2016 Certain projects undertaken by the Group's subsidiary, Air Care Ltd., span a period greater than one year or are incomplete as at December 31, 2016. Revenue on these projects is recognised based on the 'percentage of completion' method whereby the stage of completion of projects are determined by management based on the costs incurred and expected costs required to complete. The assessment of costs to complete projects requires estimation and judgement by management, and as such is an area of increased focus in our audit.	For a sample of projects not complete as at December 31, 2016, we reperformed the calculation of percentage of completion through testing, on a sample basis, costs incurred to date to an invoice or internal labour charge allocation. We also evaluated the current projected costs to complete, as prepared by project engineers and reviewed by senior management, against the original project budget and timetable and current status at the date of our audit procedures. For a sample of projects completed in the year, we compared the outcome of these projects with the projected costs to complete at the previous year end. We found no material exceptions in these tests.

Reference: Independent auditor's report on the Consolidated Financial Statements of Ascendant Group Limited and its subsidiaries *as at December 31, 2016*
Page 5 of 10

Key audit matter	How our audit addressed the Key audit matter
Valuation of post retirement benefit obligations *See notes 3(h) and 15 to the consolidated financial statements for disclosure of detail of post retirement benefit plans, accounting policies and significant assumptions used in the valuation of these obligations.* The Group has significant post retirement benefit obligations to its current and former employees, consisting of defined benefit pension, medical benefit and retiree life insurance schemes. At December 31, 2016 the gross post retirement benefit obligations totalled $212.0m. The valuation of these obligations requires significant levels of judgement and technical expertise in selecting appropriate assumptions. Changes to the key assumptions including salary increases, inflation, discount rates, and mortality can have a material impact on the calculation of the liability. Management engage an independent, third party actuary to assist in the determination of post retirement benefit liabilities. As described in note 15 to the consolidated financial statements, management has restated the December 31, 2015 medical benefit plan obligation of BELCO in respect of an error in the determination of this obligation in the prior year.	We have tested the significant judgements made by management and the Group's third party actuary as set out below. We agreed the discount and inflation rates used in the valuation of the post retirement benefit obligations to relevant benchmarks. We compared the assumptions around mortality to Canadian national and industry averages as also used by the Group's third party actuary which are considered to represent an appropriate and generally accepted proxy for Bermuda. We compared assumptions for salary increases to historic trends, as restricted by certain amendments and curtailments set out in documents filed with the Bermuda Pension Commission. We tested employee data used by the Group's third party actuary to current and historic payroll information retained by the Group's Human Resources department and found no material exceptions. Our procedures, as set out above, included engaging our actuarial experts to assist in the assessment of the work performed by the Group's third party actuary and the determination of an independent discount rate. We did not identify any material exceptions or contradictory information in these procedures that would require adjustment to management's assumptions in respect of the post retirement benefit obligations. We agreed the restated December 31, 2015 medical benefit plan obligation of BELCO to supporting analysis prepared by the Group's third party actuary and evaluated the treatment and presentation of the recorded restatement.

Key audit matter	How our audit addressed the Key audit matter
Valuation of environmental clean-up and asset retirement obligations *See notes 3(m) and 19 to the consolidated financial statements for disclosure of detail of accounting policies, estimation method and discount rate assumption in respect of these obligations.* As at December 31, 2016, environmental clean-up and asset retirement obligations totalled $1.4m and $14.6m respectively. Over time, the operations of BELCO have created an environmental impact that will require remediation in the future, primarily of the Old Power Station site at the Central Power Station. Furthermore BELCO has certain legal and constructive obligations to eventually retire its long-lived tangible assets, primarily its power generation engines and related facilities, which includes the costs of decommissioning and site restoration. We focused on this area as these provisions require significant judgement in determining the form of remediation or decommissioning and the timing and value of projected cash flows associated with them, including the accuracy of the site surveys, transportation costs and changes in the discount rate applied. In 2015, management engaged a third party US engineering and environmental consultant to assist in the assessment of these obligations and whose appraisal covers 100% of the environmental clean-up provision and 45% of the asset retirement obligation. Management performed an internal assessment of the asset retirement obligation for the remaining 55% of this balance. In 2016, management have asserted that these assessments remain applicable.	We obtained the report commissioned by management and prepared by a third party US engineering and environmental consultant. We obtained management's internal assessment of the asset retirement obligation for the remaining 55% of this balance. We assessed the independence and competence of management's third party consultant, the terms and scope of their engagement and the relevant industry standards under which their work was performed and their report prepared and we found no matters that would impact our audit approach. We tested the significant inputs to the assessment of both of these obligations, including BELCO labor rates, external equipment hire and transportation rates, site monitoring costs, water rights and purchase dates and service lives of power generation engines to supporting internal and external information and historical actual costs incurred in previous asset decommissioning undertaken by BELCO. We found no material exceptions in these tests. We agreed the discount and inflation rates used in the valuation of these obligations to relevant benchmarks. We evaluated management's planned decomissioning dates for power generation assets in comparison with the service lives of these assets and the draft IRP referred to above. We recalculated the supporting discounted cash flow analyses based on the above information. We found no material exceptions in these tests.

Key audit matter	How our audit addressed the Key audit matter
Valuation of allowance for doubtful trade receivables of BELCO *See notes 3 and 22 to the consolidated financial statements for disclosures of related accounting policies and aging of trade receivables of the Group* Total trade receivables of BELCO as at December 31, 2016 amount to $16.7m after an allowance of $3.8m. The current economic environment in Bermuda remains challenging for many of the customers of BELCO, across both residential and commercial sectors. The valuation of the allowance for doubtful trade receivables requires management to make judgements and assumptions in respect of the collectability of trade receivables on both a customer by customer and overall basis, based on past results, direct customer interactions and available collection data subsequent to December 31, 2016.	We tested the trade receivables aging analysis used by management as the basis for determining the allowance for doubtful trade receivables by recalculating the aging categorisation for a sample of receivable balances to evidence of the date of invoicing. We identified no exceptions in our testing. We evaluated management's policy for the determination of the allowance for doubtful trade receivables in comparison with historical trends and the overall level of subsequent cash receipts and checked the application of this policy to the outstanding trade receivables at December 31, 2016. We performed testing over a sample of individual trade receivable balances as at December 31, 2016 through agreement to subsequent cash receipts or other appropriate supporting documentation to obtain evidence over the recoverability of these amounts. We found no material exceptions in these tests.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the engagement team. This consisted of full scope audits on the two key operating subsidiaries, being BELCO and Air Care Ltd. as these components are individually significant to the Group. We also performed audit procedures over the income and expense of Bermuda Gas & Utility Company Limited to the date of its disposal by the Group. Based on our scoping, we also performed additional audit procedures on select account balances and transactions within the Group.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Paul Byrne.

PricewaterhouseCoopers Ltd.

PricewaterhouseCoopers Ltd., Chartered Professional Accountants
Hamilton
Bermuda

April 28, 2017

Consolidated **Statement of Financial Position**

As at 31 December 2016

In $000's	NOTES	2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	5	$ 264,900	$ 267,580
Investment property	7	2,251	2,354
Intangible assets and goodwill	6	9,798	11,586
Investment in leases	24	1,563	487
Investment in joint venture	12	861	709
		279,373	282,716
Current assets			
Cash and cash equivalents		24,492	7,574
Investments	8	223	156
Accounts receivable	22	19,671	17,945
Investment in leases	24	260	103
Assets classified as held for sale	21	-	8,600
Inventory	9	50,538	44,938
Prepaid expenses and other assets		1,605	1,660
		96,789	80,976
TOTAL ASSETS		$ 376,162	$ 363,692
EQUITY AND LIABILITIES			
Non-current liabilities			
Bank borrowing	13,22	$ 3,593	$ 8,697
Asset retirement obligation	19,22	14,641	14,085
Environmental clean-up obligation	19,22	1,372	1,307
Defined benefit obligation	15,22	18,528	24,832
Other post-retirement benefits (RESTATED)	15,22	40,225	39,443
		78,359	88,364
Current liabilities			
Customer deposits	22	251	259
Trade and other payables	4,22	27,932	16,737
Liabilities classified as held for sale	21	-	2,690
Deferred revenues		1,322	1,027
Bank borrowing	13,22	5,220	13,915
Tariff stabilization fund	4	6,579	-
		$ 41,304	$ 34,628

The accompanying notes on pages 40 to 72 are an integral part of these Consolidated Financial Statements.

Consolidated **Statement of Financial Position** *(Continued)*

As at 31 December 2016

In $000's	NOTES	2016	2015
Equity			
Share capital	10	$ 10,166	$ 10,710
Share premium	10	27,035	30,415
Treasury stock	10	(2,342)	(846)
Contributed surplus		22,550	22,550
Accumulated OCI (RESTATED)	15,21	(32,139)	(30,635)
Retained earnings		229,620	207,414
Total equity		254,890	239,608
Regulatory deferral account credit balances	4	1,609	1,092
TOTAL EQUITY, LIABILITIES AND REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES		$ 376,162	$ 363,692

The accompanying notes on pages 40 to 72 are an integral part of these Consolidated Financial Statements.

Consolidated **Statement of Income**

For the year ended 31 December 2016

In $000's	NOTES	2016	2015
Continuing operations			
Revenues			
Operating revenues		$ 214,450	$ 222,893
Other income		2,575	1,208
	18	217,025	224,101
Expenses			
Operating and administrative expenses	4,15	89,240	76,225
Purchased Power/Energy		1,614	1,989
Fuel		77,639	92,790
Depreciation, amortization and accretion		25,702	26,485
		194,195	197,489
Operating income		22,830	26,612
Finance expense			
Foreign exchange loss		392	334
Change in fair value of investments		(67)	(3)
Interest expense		722	1,084
Net finance expense		1,047	1,415
Share of profit of equity accounted investee	12	151	16
Earnings before net movement in regulatory account balances		21,934	25,213
Net movement in tariff stabilization fund	4	(6,579)	-
Net movement in regulatory account deferral balances related to profit and loss	4	(2,178)	(5,740)
Earnings after net movements in regulatory account balances		13,177	19,473
Discontinued operations			
Net income/(loss) for the year from discontinued operations	21	78	(2,103)
Gain on sale of discontinued operations	21	11,656	-
Net earnings for the year		$ 24,911	$ 17,370
Basic earnings per share from:			
Continued operations	11	$ 1.26	$ 1.83
Discontinued operations	11	1.12	(0.20)
Net earnings for the year	11	$ 2.38	$ 1.63
Fully diluted earnings per share	11	$ 2.29	$ 1.62

The accompanying notes on pages 40 to 72 are an integral part of these Consolidated Financial Statements.

Consolidated **Statement of Comprehensive Income**

For the year ended 31 December 2016

In $000's	NOTES	2016	2015
Net earnings for the year		$ 24,911	$ 17,370
Other comprehensive income:			
Items that were reclassified in equity:			
Reclassification of actuarial gain on disposal of subsidiary	21	(444)	-
Items that will not be reclassified to profit or loss:			
Actuarial gains / (losses) on post-retirement plans:			
1) Medical benefit plan (RESTATED)	15	256	(9,104)
2) Defined benefit pension plan	15	(1,297)	(4,056)
3) Life insurance plan	15	(19)	(343)
		(1,060)	(13,503)
Total comprehensive income for the year		$ 23,407	$ 3,867

The accompanying notes on pages 40 to 72 are an integral part of these Consolidated Financial Statements.

Consolidated **Statement of Cash Flows**

For the year ended 31 December 2016

In $000's	NOTES	2016	2015
Cash flows from operating activities			
Net earnings for the year		$ 24,911	$ 17,370
Adjustments for:			
Gain on sale of discontinued operations	21	(11,656)	-
Net income relating to sale of discontinued operations	21	(78)	-
Depreciation, amortization and accretion		25,702	26,485
Cash and cash equivalents classified as held for sale	21	-	(3,093)
Share of equity accounted investee profit		(151)	(16)
Change in fair value of investments		(67)	(3)
Inventory write-off	9	873	1,204
Defined benefit obligation and other post-retirement benefits		(6,582)	(11,450)
Asset retirement and environmental clean-up obligations		621	851
Changes in non-cash working capital balances:			
Deferred revenue		295	(21)
Accounts receivable and investment in leases		(2,959)	1,987
Inventory		(6,473)	14,915
Prepaid expenses and other assets		55	(20)
Regulatory deferral account credit balances		517	1,338
Tariff stabilization fund		6,579	-
Customer deposits		(8)	(4)
Trade and other payables		10,270	(1,750)
Net cash generated from operating activities		41,849	47,793
Cash flows from investing activities			
Net proceeds from sale of discontinued operations		17,644	-
Acquisition of property, plant, equipment and intangible assets		(20,207)	(19,493)
Net cash used in investing activities		(2,563)	(19,493)
Cash flows from financing activities			
Proceeds from issuance of capital stock	10	252	160
Purchase of capital stock (canceled)	10	(4,176)	-
Purchase of capital stock (treasury)	10	(1,496)	-
Dividends paid	10	(3,149)	(3,199)
Net repayment of bank borrowing		(13,799)	(26,896)
Net cash used in financing activities		(22,368)	(29,935)
Increase / (decrease) in cash and cash equivalents		16,918	(1,635)
Cash and cash equivalents beginning of year		7,574	9,209
Cash and cash equivalents end of year		$ 24,492	$ 7,574
Supplementary Cash Flow Information			
Cash Interest Received		$ 4	$ 5
Cash Interest Paid		$ 763	$ 1,777

The accompanying notes on pages 40 to 72 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2016

In $000's	NOTES	ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY						
		SHARE CAPITAL	SHARE PREMIUM	TREASURY STOCK	CONTRIBUTED SURPLUS	ACCUMULATED OCI	RETAINED EARNINGS	TOTAL
Balance at 1 January 2015		$ 10,682	$ 30,284	$ (846)	$ 22,550	$ (17,132)	$ 193,243	$ 238,781
Total comprehensive income for the year:								
Net income for the year		-	-	-	-	-	17,370	17,370
Total other comprehensive income for the year (RESTATED)		-	-	-	-	(13,503)	-	(13,503)
Transactions with owners of the Company recognized directly in equity:								
Dividends	10	-	-	-	-	-	(3,199)	(3,199)
Movement in ordinary shares	10	28	131	-	-	-	-	159
Balance at 31 December 2015 (RESTATED)		**$ 10,710**	**$ 30,415**	**$ (846)**	**$ 22,550**	**$ (30,635)**	**$ 207,414**	**$ 239,608**
Balance at 1 January 2016		$ 10,710	$ 30,415	$ (846)	$ 22,550	$ (30,635)	$ 207,414	$ 239,608
Total comprehensive income for the year:								
Net earnings for the year		-	-	-	-	-	24,911	24,911
Reclassification of OCI on disposal of subsidiary	21	-	-	-	-	(444)	444	-
Total other comprehensive income for the year		-	-	-	-	(1,060)	-	(1,060)
Transactions with owners of the Company recognized directly in equity:								
Dividends	10	-	-	-	-	-	(3,149)	(3,149)
Movement in treasury stock	10	-	-	(1,496)	-	-	-	(1,496)
Movement in ordinary shares	10	(544)	(3,380)	-	-	-	-	(3,924)
Balance at 31 December 2016		**$ 10,166**	**$ 27,035**	**$ (2,342)**	**$ 22,550**	**$ (32,139)**	**$ 229,620**	**$ 254,890**

The accompanying notes on pages 40 to 72 are an integral part of these Consolidated Financial Statements.

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, 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)
Ascendant Bermuda Insurance Limited (ABIL)	Captive property insurance
AG Holdings Limited (AG Holdings)	Parent company of the following non-utility business operations:
• AIRCARE Ltd. (Air Care)	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 (iFM)	Property and facilities management services
• PureNERGY Renewables, Ltd. (PureNERGY)	Small-scale renewable energy systems and solutions
• iEPC Limited (iEPC)	Engineering procurement, contracting and consulting services
• Ascendant Properties Limited (Ascendant Properties)	Property management

The consolidated financial statements of the Company as at 31 December 2015, which were prepared in accordance with International Financial Reporting Standards (IFRS), 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 2016, have been prepared in accordance with International Financial Reporting Standards (IFRS).

These consolidated financial statements were authorized for issue by the Board of Directors on 28 April 2017.

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 22 – 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 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, BELCO, ABIL and AG Holdings. All material intercompany accounts and transactions have been eliminated upon consolidation.

The results of Bermuda Gas & Utility Company Limited have been consolidated to the date of disposal, as described in Note 21.

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 air conditioning systems sold over the counter are recognized at time of sale. Air conditioning systems delivered and installed are recognized when the installation is completed, unless the installation is considered a long-term contract. Sales from contracts are accounted 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 10 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 2016 and 2015.

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 long-term incentive plan (LTIP) and retention shares programs 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.

The Company recognizes all actuarial gains and losses from the DB Plan in other comprehensive income (OCI) and expenses related to the DB Plan in operating and administrative 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

The Company provides 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 benefits to existing retirees. The Company accounts for post-retirement life insurance in line with accounting for the DB Plan. BELCO amended its group life insurance plan in 2016 to extend post-retirement benefits to current employees as at 31 December 2016, retiring in the future (Note 15).

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 recognized 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 2016 and 2015 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 purposes. 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 either canceled and/or held 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 include:

- 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 measurable 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 estimated 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, two Chief Operating Officers, the Chief Strategic Development Officer, 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 financial performance 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 2017; 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.

IFRS 16 Leases

IFRS 16 establishes a new framework for lessee accounting, which requires that all leased assets be recognized on the balance sheet if the lease definition is met. It replaces existing lease accounting guidance contained in IAS 17 *Leases*.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if IFRS 15 *Revenue from Contracts with Customers* is also early adopted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

4 Rate Regulation

The Company's wholly owned subsidiary, Bermuda Electric Light Company Limited (BELCO), is an electric Utility subject to rate regulation as outlined under the Electricity Act 2016 (the Electricity Act) which received legislative assent on 27 February 2016 and became operative on 28 October 2016.

Nature and economic effects of rate regulation in Bermuda

The Electricity Act 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 from the Energy Commission 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:
  1. Generation planning and procurement, which promote least cost, diversification in the primary energy sources and technologies for electricity generation, and demand reduction;
  2. 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;
  3. 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
  4. 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.

The Energy Commission continued its oversight of the sector through 28 October 2016 when the Regulatory Authority was officially stood-up.

BELCO's current base rate tariffs were approved on 31 March 2016 and effective on 1 June 2016 pursuant to a directive issued by the Energy Commission in response to its 3 June 2015 rate filing. Specifically, the Energy Commission approved tariff levels established to provide a 7% return on the test-year (2013) rate base in 2016 and an 8% return on the year-end 2016 rate base in 2017, excluding any assets which were funded by debt. As the changes to the base tariffs were implemented on 1 June 2016, the Energy Commission allowed for an additional supplemental surcharge be added to the base tariff to make up for the shortfall caused by the delay. This supplemental surcharge was removed in 2017.

The Energy Commission directive did not change the mechanism for fuel cost recovery as BELCO's actual fuel costs in excess of $30.00 per barrel continue to be recovered separately through the Fuel Adjustment Rate (FAR). Given the relative volatility of fuel prices, FAR submissions to the Regulatory Authority are currently made on a monthly basis in accordance with Energy Commission defined minimum filing report requirements. This relatively frequent adjustment process allows for the pass-through of actual fuel costs in a timely manner.

The Regulatory Authority is not bound to follow the same tariff methodology established under the March 2016 Energy Commission Directive. However, until otherwise specifically directed by the Regulatory Authority, BELCO will continue to implement the Energy Commission's directive with respect to rates and other matters.

Financial statement effects of rate regulation

Fuel Adjustment Rate (FAR) Revenues

As at 31 December 2016, the Company over-recovered $1.6 million (31 December 2015: $1.1 million) in FAR Revenues approved by the Regulatory Authority 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 early adopted IFRS 14 *Regulatory Deferral Accounts* and has accounted for these balances as regulatory deferral account credit balances and net movement in regulatory account deferral balances 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 2016 was $2.2 million (31 December 2015: $5.7 million).

Tariff Stabilization Fund

In the event that the targeted return is exceeded for a given fiscal year, the Energy Commission directed that the excess differential is to be allocated to a tariff stabilization account to be used to defer tariff increases or to make up revenue requirement shortfalls similar to the FAR balancing account concept. As at 31 December 2016, BELCO's operating earnings exceeded the permitted return as determined by the Commission's directive requiring a deferral of earnings through the tariff stabilization account totaling $6.6 million.

Regulatory Authority Fees

The Company's rate-regulated subsidiary BELCO was advised by the Regulatory Authority in its letter dated 22 December 2016 to accrue for Regulatory Authority fees for the period 28 October through to 31 December 2016, based on a proposed annual fee of $3.37 million. Further, BELCO was advised to make required provision of Regulatory Authority fees prorated on the proposed annual fee for the period 28 October 2016 through to 31 March 2017 as well as an annual fee of $3.37 million for the period 1 April 2017 to 31 March 2018.

As at 31 December 2016, BELCO has accrued and recognized regulatory fee expenses based on this directive totaling $600,000.

Regulatory Authority fees are passed onto the consumer, based on monthly metered kilowatt-hour consumption. The introduction of Regulatory Authority fees on monthly electric consumer bills will commence in 2017.

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

FAR REVENUES (OVER)/UNDER RECOVERED BALANCE (in $000's)	2016	2015
Balance at 1 January	$ (1,092)	$ 246
Amounts recognized in the consolidated statement of income as net movement in regulatory account deferral balances related to profit and loss	(2,178)	(5,740)
Amounts recognized in the consolidated statement of income as:		
Interest expense recovery	270	1,004
Basic tariff equalization	1,391	3,398
Balance at 31 December	$ (1,609)	$ (1,092)

TARIFF STABILIZATION FUND BALANCE (in $000's)	2016	2015
Balance at 1 January	$ -	$ -
Deposits / (Withdrawals)	(6,579)	-
Balance at 31 December	$ (6,579)	$ -

REGULATORY AUTHORITY FEES PROVISION BALANCE (in $000's)	2016	2015
Balance at 1 January	$ -	$ -
Fees accrued during the year	(600)	-
Fees paid during the year	-	-
Balance at 31 December	$ (600)	$ -

5 Property, Plant and Equipment

In $000's	NOTES	LAND	GENERATION PLANT	TRANSMISSION EQUIPMENT	DISTRIBUTION EQUIPMENT	ASSET RETIREMENT OBLIGATION	GENERAL PLANT	OTHER PHYSICAL ASSETS	TOTAL
Cost									
Balance at 1 January 2015		$ 6,014	$ 340,303	$ 84,296	$ 192,289	$ 3,925	$ 65,365	$ 39,044	$ 731,236
Additions		-	2,913	730	10,120	-	375	5,780	19,918
Disposals		-	(7,939)	(151)	(1,561)	(390)	(1,042)	(1,868)	(12,951)
Assets classified as held for sale	21	-	-	-	-	-	-	(7,248)	(7,248)
Balance at 31 December 2015		**$ 6,014**	**$ 335,277**	**$ 84,875**	**$ 200,848**	**$ 3,535**	**$ 64,698**	**$ 35,708**	**$ 730,955**
Balance at 1 January 2016		$ 6,014	$ 335,277	$ 84,875	$ 200,848	$ 3,535	$ 64,698	$ 35,708	$ 730,955
Additions		-	8,442	4,103	6,934	-	1,285	584	21,348
Disposals		-	(414)	-	(455)	-	(354)	-	(1,223)
Balance at 31 December 2016		**$ 6,014**	**$ 343,305**	**$ 88,978**	**$ 207,327**	**$ 3,535**	**$ 65,629**	**$ 36,292**	**$ 751,080**
Accumulated depreciation and impairment losses									
Balance at 1 January 2015		$ -	$ 243,957	$ 44,515	$ 103,636	$ 427	$ 50,031	$ 11,647	$ 454,213
Depreciation		-	11,286	2,965	5,923	427	2,342	1,342	24,285
Disposals		-	(7,281)	-	(1,671)	-	(1,038)	(1,297)	(11,287)
Assets classified as held for sale	21	-	-	-	-	-	-	(3,836)	(3,836)
Balance at 31 December 2015		**$ -**	**$ 247,962**	**$ 47,480**	**$ 107,888**	**$ 854**	**$ 51,335**	**$ 7,856**	**$ 463,375**
Balance at 1 January 2016		$ -	$ 247,962	$ 47,480	$ 107,888	$ 854	$ 51,335	$ 7,856	$ 463,375
Depreciation		-	11,394	3,013	6,105	245	2,342	674	23,773
Disposals		-	(414)	-	(249)	-	(305)	-	(968)
Balance at 31 December 2016		**$ -**	**$ 258,942**	**$ 50,493**	**$ 113,744**	**$ 1,099**	**$ 53,372**	**$ 8,530**	**$ 486,180**
Carrying amounts									
At 31 December 2015		**$ 6,014**	**$ 87,315**	**$ 37,395**	**$ 92,960**	**$ 2,681**	**$ 13,363**	**$ 27,852**	**$ 267,580**
At 31 December 2016		**$ 6,014**	**$ 84,363**	**$ 38,485**	**$ 93,583**	**$ 2,436**	**$ 12,257**	**$ 27,762**	**$ 264,900**

Total capital work in progress of $16.8 million (2015: $17.4 million) is embedded in property, plant and equipment noted above. Capital work in progress is not subject to depreciation until brought into service. Included in total capital work in progress is $3.0 million incurred during the period 2007 to 2013 related to the Company's North Power Station. The carrying value of this asset is dependent upon approval of the Company's Integrated Resource Plan (IRP) by the Regulatory Authority. Failure to obtain approval may result in this amount being recognized as an impairment loss in the future.

Asset retirement obligations included in Utility plant as at 31 December 2016 amounted to $2.4 million (2015: $2.7 million).

During the year ended 31 December 2016, there were no transfers to investment property (Note 7) – (2015: $NIL).

6 Intangible Assets and Goodwill

In $000's	NOTES	GOODWILL	SOFTWARE IN PROGRESS	SOFTWARE	TOTAL
Cost					
Balance at 1 January 2015		$ 8,034	$ 64	$ 15,383	$ 23,481
Acquisitions		-	283	111	394
Transfers		-	(9)	9	-
Disposals		-	-	(20)	(20)
Assets classified as held for sale	21	-	-	(384)	(384)
Balance at 31 December 2016		**$ 8,034**	**$ 338**	**$ 15,099**	**$ 23,471**
Balance at 1 January 2016		$ 8,034	$ 338	$ 15,099	$ 23,471
Acquisitions		-	140	98	238
Transfers		-	(37)	37	-
Disposals		-	-	(2,521)	(2,521)
Sale of Bermuda Gas		(1,119)	-	-	(1,119)
Balance at 31 December 2016		**$ 6,915**	**$ 441**	**$ 12,713**	**$ 20,069**
Accumulated amortization and impairment losses					
Balance at 1 January 2015		$ 401	$ 55	$ 10,405	$ 10,861
Amortization		-	-	1,359	1,359
Disposals		-	-	(20)	(20)
Assets classified as held for sale	21	-	-	(315)	(315)
Balance at 31 December 2015		**$ 401**	**$ 55**	**$ 11,429**	**$ 11,885**
Balance at 1 January 2016		$ 401	$ 55	$ 11,429	$ 11,885
Amortization		-	-	1,308	1,308
Disposals		-	-	(2,521)	(2,521)
Sale of Bermuda Gas		(401)	-	-	(401)
Balance at 31 December 2016		**$ -**	**$ 55**	**$ 10,216**	**$ 10,271**
Carrying amounts					
At 31 December 2015		$ 7,633	$ 283	$ 3,670	$ 11,586
At 31 December 2016		**$ 6,915**	**$ 386**	**$ 2,497**	**$ 9,798**

There was no impairment of intangible assets and goodwill for the year ended 31 December 2016 (2015 – $Nil).

During the year, the Company sold its subsidiary Bermuda Gas & Utility Company Limited (Bermuda Gas) resulting in the elimination of goodwill net of accumulated amortization noted above. See Note 21 for details.

7 Investment Property

In $000's	2016	2015
Balance at 1 January	$ 2,354	$ 2,464
Less: Depreciation	103	110
Balance at 31 December	$ 2,251	$ 2,354

Investment property comprises a number of commercial properties that are leased to third parties. Each lease contains an initial non-cancelable 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.

8 Investments

The Company's investments are all traded either on the Bermuda Stock Exchange or the New York Stock Exchange and have therefore 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 $89.8 million (2015: $110.7 million) as part of normal operations. Inventory written off during the year totaled $873,000 (2015: $1.2 million). The provision for obsolescence as at 31 December 2016 was $443,000 (31 December 2015: $682,000).

In $000's	2016	2015
Materials and supplies	$ 26,918	$ 28,731
Fuel and lubricants	23,620	16,207
	$ 50,538	$ 44,938

10 Share Capital

In $000's	2016	2015
Share capital comprises:		
Authorized ($1.00 par value) – 20 million shares	$ 20,000	$ 20,000
Issued and fully paid ($1.00 par value) – 10.2 million shares (2015: 10.7 million shares)	$ 10,166	$ 10,710

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;
3) Employee awards for long service, retirement and accomplishment; and
4) Buyback of outstanding shares.

The impact of these items on capital stock and share premium for the years ended 31 December 2016 and 2015 was as follows:

In 000's	ORDINARY SHARES	SHARE CAPITAL	SHARE PREMIUM
1 January 2015	10,682	$ 10,682	$ 30,284
Employee share purchase plan	13	13	67
Directors' fee compensation	14	14	58
Awards (Long Service, retirement, accomplishments)	1	1	6
31 December 2015	**10,710**	**$ 10,710**	**$ 30,415**
1 January 2016	**10,710**	**$ 10,710**	**$ 30,415**
Employee share purchase plan	17	17	67
Directors' fee compensation	34	34	134
Shares canceled following share buyback	(595)	(595)	(3,581)
31 December 2016	**10,166**	**$ 10,166**	**$ 27,035**

There were no shares issued during the years ended 31 December 2016 and 2015 attributed to the Company's long-term incentive plan described in Note 20.

Dividends

The following dividends were declared and paid by the Company:

In $000's	**2016**	2015
30 cents per qualifying ordinary share (2015: 30 cents)	$ 3,149	$ 3,199

Treasury stock

Following the sale of Bermuda Gas, described in Note 21, the Company's Board authorized a share buyback program which allowed up to 1.5 million Company shares to be repurchased with up to 500,000 Company shares to be held as treasury stock. Using a portion of the total proceeds from the sale of Bermuda Gas, approximately 823,000 Company shares were repurchased through an open-market program at an average cost of $6.89 per share of which 595,000 shares were canceled at an average price of $7.02 per share. The remaining 228,000 shares were added to treasury stock to address potential dilution associated with the Long-Term Incentive Plan (LTIP) program. As at 31 December 2016, a total of 269,000 shares were held as treasury stock (31 December 2015: 41,200 shares).

Detail of the movement in the treasury stock account for the years ended 31 December 2016 and 2015 is as follows:

In 000's	TREASURY SHARES	TREASURY STOCK
1 January 2015	(41)	$ (846)
Shares repurchased during the year	-	-
Cancellation of shares during the year	-	-
31 December 2015	**(41)**	**$ (846)**
1 January 2016	**(41)**	**$ (846)**
Shares repurchased during the year	(823)	(5,672)
Cancellation of shares during the year	595	4,176
31 December 2016	**(269)**	**$ (2,342)**

11 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing profit attributable to shareholders of Ascendant Group 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 Note 20.

A dilutive effect arose in 2016 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 $0.09 (2015 dilutive impact: $0.01).

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

	NOTES	2016	2015
Numerator (in $000's)			
Net earnings from continuing operations before rate-regulated activities		$ 21,934	$ 25,213
Less: movement in tariff stabilization fund	4	(6,579)	-
Less: movement in regulated account deferred balances related to profit and loss	4	(2,178)	(5,740)
Net earnings from continuing operations after rate-regulated activities		13,177	19,473
Net gain/(loss) from discontinuing operations	21	78	(2,103)
Gain on sale of discontinued operations	21	11,656	-
Net earnings		$ 24,911	$ 17,370
Denominator (in 000's)			
Weighted average number of shares outstanding – Basic		10,487	10,662
Add: Diluted potential shares from the LTIP	20	382	90
Weighted average number of shares outstanding		10,869	10,752
Basic and fully diluted earnings / (loss) per share:			
Basic EPS:			
Continuing operations before rate-regulated activities		$ 2.10	$ 2.37
Effect of rate regulation		(0.84)	(0.54)
Continuing operations after rate-regulated activities		1.26	1.83
Discontinued operations		1.12	(0.20)
Net earnings		$ 2.38	$ 1.63
Fully Diluted EPS:			
Continuing operations		$ 1.21	$ 1.82
Discontinued operations		1.08	(0.20)
Net earnings		$ 2.29	$ 1.62

12 Joint Venture

At 31 December 2016 and 2015, IFM Limited (iFM), a joint venture, facilities management services company, was 60% indirectly owned by the Company and 40% indirectly owned by Black & McDonald Group Limited (B&M), a privately held Canadian company.

iFM has been accounted for using the equity method in accordance with IFRS 11 *Joint Arrangements*.

On 17 March 2017, the Company, through its subsidiary, reached an agreement with B&M to purchase their 40% indirect stake in iFM. The Company will account for iFM effective from the date of acquisition as a subsidiary.

13 Bank Borrowing

Bank borrowing is comprised as follows:

In $000's	2016	2015
Current Liabilities		
The Bank of N.T. Butterfield & Son Limited overdraft facility – BELCO	$ -	$ 10,944
The Bank of N.T. Butterfield & Son Limited overdraft facility – AGL	3,124	-
The Bank of N.T. Butterfield & Son Limited revolving loan facility	2,096	2,971
	$ 5,220	$ 13,915

BELCO's overdraft facility, which expired on 28 February 2017, had a maximum amount of $18 million, bearing variable interest rates based on the bank's Bermuda Dollar Base Rate on borrowings. The Company's Board approved to maintain the existing overdraft limit of $18 million when the facility was renewed and extended to 31 July 2017. There was no drawdown on this facility as at 31 December 2016 (2015: $10.9 million drawdown, bearing interest of approximately 4.8%).

In April 2016 the Company's Board approved an overdraft facility for Ascendant Group Limited (AGL). The overdraft facility was established on 23 August 2016 for $5 million, bearing interest at 1% per annum above the bank's Bermuda dollar borrowing base rate, with an expiration date of 1 July 2017. As at 31 December 2016, the Company had drawn down $3.1 million on this facility, bearing interest of approximately 4.8%.

In $000's	2016	2015
Non-current Liabilities		
The Bank of N.T. Butterfield & Son Limited revolving loan facility	$ 3,593	$ 8,697

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.

During 2016, Air Care made a lump-sum repayment against the outstanding loan balance of $3.5 million. The repayment was financed primarily through an additional $3.0 million investment by the parent company, AGL, through use of proceeds from the sale of Bermuda Gas. The current and non-current portions of the total drawdowns against the revolving facility as at 31 December 2016 amounted to $2.1 million and $3.6 million (2015: $3.0 million and $8.7 million) respectively.

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.

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. 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) and New York Stock Exchange (NYSE). 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 and NYSE.

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:

In $000's	2016	2015
Ascendant Group	$ 237	$ 248
BELCO	1,833	1,070
Bermuda Gas	13	104
AG Holdings	350	332
	$ 2,433	$ 1,754

The BELCO 2016 balance includes $733,000 in DC pension plan top up expense associated with the DB Pension Plan hard freeze finalized during the year described in detail on the following page.

Defined Benefit (DB) Pension Plan

The Company's subsidiary, BELCO, maintained a trusteed, non-contributory 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 benefit of 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 were 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. As a result of this amendment, the Company recognized a curtailment gain of $5.0 million. In compliance with IFRS IAS 19, the associated gain resulting from the plan amendment was recognized in 2015 in operating and administrative expenses.

The Company filed an additional Deed of Amendment on 1 January 2016 clarifying the intent of the benefits hard freeze for members who were employed and remunerated on a salaried basis on 31 December 2015 but would not satisfy eligibility requirements to retire with an unrestricted pension by 31 December 2025. This revised amendment was approved by the Pension Commission and enables the following:

- Employees retiring between 1 January 2016 and 31 December 2025 will have their DB Pension Plan soft frozen and be eligible for early retirement offerings. These employees will have their DB Pension benefit hard frozen effective 1 January 2026; and
- Employees due to retire after 1 January 2026 will have their DB Pension Plan hard frozen as at 31 December 2015. These employees will receive a monthly top-up to their DC Pension Plan until their former Earliest Unrestricted Retirement Date. The top-up is intended to help offset the effect of the hard freeze on the DB Pension Plan retirement benefit.

Group Life Insurance Plan

The current Ascendant Group life insurance plan provides coverage for all active employees and existing retirees. For active employees, this represents a standard employment benefit and net premiums are expensed as incurred. For existing retirees, this is a non-standard benefit which has been accounted in accordance with IAS 19 in line with DB Pension Plan accounting requirements.

In 2016, management proposed amending the plan to reflect a change in its intent concerning the provision of post-retirement benefits for active employees as at 31 December 2016, from a discretionary retirement benefit to a plan that provides a prescribed post-retirement death benefit equal to $15,000 to BELCO's Electric Supply Trade Union (ESTU) representatives.

Current year results reflect a plan amendment increase in expense and year-end liability of $705,000 stemming from the proposed benefit change. As at 31 December 2016, the Company has determined liability for existing retirees and future retirees (effective 1 January 2017) was $4.6 million (2015: $3.8 million). At the date of issue of these consolidated financial statements, management has not resolved this plan amendment with the ESTU. Any final agreed change in the existing group life insurance plan is not expected to exceed the current plan amendment proposed and accounted for in 2016.

Medical Benefit Plan

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

During the current year, it was observed that there was an inconsistency in the prior year post-retirement benefit liability between the disclosed assumptions and the assumptions used to determine the liability, specifically in respect of the assumed annual rate of increase in the per capita cost of covered healthcare as set out below. Our third-party actuary updated the post-retirement benefit liability calculation to reflect the disclosed assumptions, resulting in an increase in the 31 December 2015 provision from $26.4 million to $35.7 million, an increase of $9.3 million, which reduced other comprehensive income accordingly. There was no impact on the healthcare expense for the year ended 31 December 2015, or the post-retirement benefit obligation at 1 January 2015. 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 (RESTATED)		LIFE INSURANCE PLAN	
In $000's	**2016**	2015	**2016**	2015	**2016**	2015
Accrued benefit obligation						
Balance – Beginning of year	$ 176,422	$ 186,869	$ 35,658	$ 28,671	$ 3,785	$ 3,414
Service cost – employer	-	-	270	365	-	-
Interest cost	6,138	6,085	1,541	941	163	180
Net actuarial (gain) / loss due to:						
Changes in experience	175	-	(186)	(3,196)	(101)	343
Changes in demographic assumptions	-	7,277	-	12,301	-	-
Changes in economic assumptions	(2,717)	(11,629)	(70)	-	120	-
Plan amendments	-	(5,005)	-	-	705	-
Benefits paid	(8,276)	(7,175)	(1,610)	(1,739)	(50)	(152)
Less: Liabilites classified as held for sale (Note 21)	-	-	-	(1,685)	-	-
Balance – End of year	$ 171,742	$ 176,422	$ 35,603	$ 35,658	$ 4,622	$ 3,785
Plan assets						
Fair value – Beginning of year	$ 151,590	$ 155,048	$ -	$ -	$ -	$ -
Interest credit	5,338	5,145	-	-	-	-
Employer contributions	8,617	7,168	-	-	-	-
Non-investment expenses	(216)	(188)	-	-	-	-
Benefits paid	(8,276)	(7,175)	-	-	-	-
Actuarial gain / (loss)	2,985	(8,408)	-	-	-	-
Fair value – End of year	$ 160,038	$ 151,590	$ -	$ -	$ -	$ -
Funded surplus / (deficit)	$ (11,704)	$ (24,832)	$ (35,603)	$ (35,658)	$ (4,622)	$ (3,785)
Impact of minimum funding requirements	(6,824)	-	-	-	-	-
Accrued benefit asset / (liability)	$ (18,528)	$ (24,832)	$ (35,603)	$ (35,658)	$ (4,622)	$ (3,785)

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

	DB PENSION PLAN		MEDICAL BENEFIT PLAN		LIFE INSURANCE PLAN	
In $000's	**2016**	2015	**2016**	2015	**2016**	2015
Current service costs	$ -	$ -	$ 270	$ 365	$ -	$ -
Administration costs	216	188	-	-	-	-
Net interest expense	800	940	1,541	941	163	180
Plan amendment	-	(5,005)	-	-	705	-
Total net benefit expense / (gain)	$ 1,016	$ (3,877)	$ 1,811	$ 1,306	$ 868	$ 180

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:

In $000's	2016		2015	
Equity securities	$ 44,674	27.9%	$ 40,209	26.5%
Debt securities	114,928	71.8%	111,152	73.3%
Cash	436	0.3%	229	0.2%
Total	$ 160,038	100.0%	$ 151,590	100.0%

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

	DB PENSION PLAN		MEDICAL BENEFIT PLAN (RESTATED)		LIFE INSURANCE PLAN	
In $000's	2016	2015	2016	2015	2016	2015
Cumulative amount at 1 January	$ 20,586	$ 16,530	$ 9,183	$ 79	$ 866	$ 523
Recognized during the year	1,297	4,056	188	9,104	19	343
Cumulative amount at 31 December	$ 21,883	$ 20,586	$ 9,371	$ 9,183	$ 885	$ 866

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

	DB PENSION PLAN		MEDICAL BENEFIT PLAN		LIFE INSURANCE PLAN	
	2016	2015	2016	2015	2016	2015
Economic Assumptions						
Discount rate (weighted-average):	4.00%	3.50%	4.20%	4.40%	4.20%	4.40%
Active member obligations	4.60%	4.90%	4.20%	4.40%	4.20%	4.40%
Inactive member obligations	3.68%	3.05%	4.20%	4.40%	4.20%	4.40%
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 4.00% per annum for legacy retirees (retirees as at 31 December 2015) and 0.00% for future retirees as the Company's contributions are capped.

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

	DB PENSION PLAN		MEDICAL BENEFIT PLAN		LIFE INSURANCE PLAN	
LONGEVITY AT AGE 65 FOR CURRENT PENSIONERS	2016	2015	2016	2015	2016	2015
Males	22.4	22.3	22.4	22.3	22.4	22.3
Females	24.6	24.6	24.6	24.6	24.6	24.6

LONGEVITY AT AGE 65 FOR CURRENT MEMBERS AGED 45	DB PENSION PLAN 2016	DB PENSION PLAN 2015	MEDICAL BENEFIT PLAN 2016	MEDICAL BENEFIT PLAN 2015	LIFE INSURANCE PLAN 2016	LIFE INSURANCE PLAN 2015
Males	23.4	23.4	23.4	23.4	23.4	23.4
Females	25.6	25.5	25.6	25.5	25.6	25.5

Sensitivity Analysis: Post Retirement Benefits

The calculation of the various post-retirement benefit plan obligations 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 (In $000's)	2016		2015	
Effect of 1% increase in discount rate	$ (20,986)	-12.2%	$ (21,662)	-12.3%
Effect of 1% decrease in discount rate	26,192	15.3%	27,179	15.4%
Effect of 1% increase in salary scale	4,788	2.8%	4,910	2.8%
Effect of 1% decrease in salary scale	(4,262)	-2.5%	(4,362)	-2.5%
Effect of 10% increase in mortality rates	(3,223)	-1.9%	(3,360)	-1.9%
Effect of 10% decrease in mortality rates	$ 3,541	2.1%	$ 3,709	2.1%
MEDICAL BENEFIT PLAN (In $000's)			(RESTATED)	
Effect of 1% decrease in discount rate	$ 4,665	13.1%	$ 4,589	12.9%
Effect of 1% increase in discount rate	$ (3,860)	-10.8%	$ (3,806)	-10.7%
LIFE INSURANCE PLAN (In $000's)				
Effect of 1% decrease in discount rate	$ 860	18.6%	$ 600	15.8%
Effect of 1% increase in discount rate	$ (673)	-14.6%	$ (485)	-12.8%

The following table shows the projected post-retirement cash flows (expected benefit payments) for the years following 31 December 2016:

In $000's	LESS THAN A YEAR	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	BETWEEN 6-10 YEARS	TOTAL
DB Pension Plan	$ 7,425	$ 7,499	$ 23,597	$ 43,634	$ 82,155
Medical Benefit Plan	1,847	1,913	6,121	11,312	21,193
Life Insurance Plan	159	165	529	1,009	1,862
Total	$ 9,431	$ 9,577	$ 30,247	$ 55,955	$ 105,210

In accordance with the applicable pension legislation, the Group contributes funding which would target elimination of the going concern pension plan deficit over a period of 15 years. However, the actual outcome of this objective will be affected by investment returns and demographic experience. The weighted average duration of the defined benefit obligation is 13.1 years.

16 Employment Benefit Expense

In $000's	2016	2015
Short-term employee benefits		
Wages and salaries	$ 39,200	$ 41,748
Bonuses and LTIP (Note 20)	4,752	1,975
Contributions to Government Pension, and DC Pension and Medical Benefit Plans	4,777	5,083
All other	1,941	1,843
	50,670	50,649
Post-employment benefits		
DB Pension Plan	1,016	1,615
Medical Benefit Plan	1,811	1,674
Life Insurance Plan	163	558
	2,990	3,847
Post-retirement plan amendments		
DB Pension Plan	-	(5,005)
Medical Benefit Plan	-	-
Life Insurance Plan	705	-
	705	(5,005)
Termination benefits		
Redundancies and separation benefit payments	312	787
Equity Transactions		
Directors fees (share value at issue date)	168	72
Long service awards	-	7
Discount on share purchases – active employees	9	8
	177	87
Total employee benefit expense	$ 54,854	$ 50,365

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 2016, 16,745 shares were issued to employees under the employee share purchase plan (2015: 12,707 shares issued).

18 Segment Information

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 (refer to Note 21).
- AG Holdings Limited (AG Holdings) – Is 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 (in $000's)	BELCO	BERMUDA GAS	AG HOLDINGS	ALL OTHER (a)	TOTAL
As at 31 December 2016					
Revenues from external customers	$ 217,612	$ -	$ 21,000	$ (909)	$ 237,703
Revenues from internal customers	60	-	1,332	501	1,893
Segment revenues	$ 217,672	$ -	$ 22,332	$ (408)	$ 239,596
Interest expense	171	-	495	56	722
Depreciation, amortization and accretion	25,080	-	506	292	25,878
Segment profit / (loss)	23,555	-	543	(12,548)	11,550
Segment assets	332,464	-	27,379	363,745	723,588
Capital expenditure	21,721	-	874	(2,388)	20,207
Segment liabilities and regulatory deferral credit balances	$ 104,253	$ -	$ 23,194	$ 10,138	$ 137,585

CONTINUING OPERATIONS (in $000's)	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, amortization and accretion	25,117	577	599	235	26,528
Segment profit / (loss)	22,870	(628)	517	776	23,535
Segment assets	332,980	8,600	27,828	352,504	721,912
Capital expenditure	16,873	289	1,375	956	19,493
Segment liabilities and regulatory deferral credit balances (RESTATED)	$ 114,363	$ 2,690	$ 27,035	$ 2,113	$ 146,201

(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:

In $000's	2016	2015
Revenues from external customers	$ 237,703	$ 251,093
Cost of goods sold and discounts	(20,678)	(26,992)
Consolidated revenues	$ 217,025	$ 224,101

Reconciliation of depreciation, amortization and accretion to total Group revenues is noted below:

In $000's	2016	2015
Total segmented depreciation, amortization and accretion	$ 25,878	$ 26,528
Elimination of intercompany depreciation, amortization and accretion	(176)	(43)
Consolidated depreciation, amortization and accretion	$ 25,702	$ 26,485

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

In $000's	2016	2015
Profit or loss		
Total profit or loss for reported segments	$ 11,550	$ 23,535
Elimination of inter-segment profits	1,627	(4,062)
Net income / (loss) for the year from discontinued operations	78	(2,103)
Gain on sale of discontinued operations	11,656	-
Consolidated profit	$ 24,911	$ 17,370

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

In $000's	2016	2015
Assets		
Assets for reportable segments	$ 723,588	$ 721,912
Investments in equity accounted investees	860	709
Elimination of intercompany assets	$ (348,286)	$ (358,929)
Consolidated assets	$ 376,162	$ 363,692

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

In $000's	2016	2015 (RESTATED)
Liabilities		
Liabilities for reportable segments	$ 137,585	$ 146,201
Elimination of intercompany liabilities	$ (16,313)	$ (22,117)
Consolidated liabilities	$ 121,272	$ 124,084

19 Provisions

In $000's	ASSET RETIREMENT OBLIGATIONS	ENVIRONMENTAL CLEAN-UP OBLIGATION	TOTAL
Balance at 1 January 2015	$ 13,414	$ 1,126	$ 14,540
Accretion expense	671	181	852
Balance at 31 December 2015	**$ 14,085**	**$ 1,307**	**$ 15,392**
Balance at 1 January 2016	$ 14,085	$ 1,307	$ 15,392
Accretion expense	556	65	621
Balance at 31 December 2016	**$ 14,641**	**$ 1,372**	**$ 16,013**

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% (2015: 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 $1.4 million at 31 December 2016 (2015: $1.3 million). The discount rate used to calculate the fair value of the environmental clean-up obligation was 5% (2015: 5%).

20 Related Parties

Key management personnel compensation

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

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

In $000's	**2016**	2015
Salaries, fees and other short-term employee benefits	$ 4,136	$ 2,854

The Company implemented a Long-Term Incentive Plan (LTIP) effective 1 January 2013 aimed at aligning senior leaders of the Company with our shareholders and retaining the services of its officers for long and productive careers. LTIP grants were authorized by the Board of Directors in 2013, 2014, 2015 and 2016.

The LTIP is comprised of an initial grant of a target number of 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-defined objectives as solely determined by the Board of Directors. Under the LTIP, the Board has the right to determine whether or not payments should be made in shares or cash, or a combination thereof.

In addition to the LTIP program, the Company granted a total of 608,914 restricted shares to certain officers for reward, alignment and retention purposes. A total of 508,914 of the shares are payable subject to the satisfactory fulfillment of strategic and performance objectives as determined by the Board of Directors. The performance restricted shares will vest on either the second or the fourth anniversary of each award date, and can only vest early for death, disability or change of control of the Company, in which case they would vest on a pro rata basis relative to time served. The remaining shares are time restricted and vest on the third anniversary of the award date. The time restricted shares can only vest early due to a change in control of the Company, in which case they will vest on a pro rata basis to time served.

Under the retention programs, 210,000 restricted shares will settle in cash based on the price of the stock at the time of the vesting to further enhance the alignment of our officers with the interest of our shareholders. For the remaining retention shares, the Board has the right to determine whether or not payments should be made in shares or cash, or a combination thereof.

As the performance conditions associated with the 2013 LTIP were not met, the granted shares were forfeited. With respect to the other LTIP tranches and the retention program, the Company has accrued $3.1 million associated with its best judgment on the earned position of each tranche as of period end multiplied by the average stock price for December 2016. While the accrual includes those retention shares which can only be settled in cash, the current period dilutive shares excludes those retention shares.

TRANCHES (IN SHARES)	INITIAL AWARD	FORFEITED / EXPIRED	ISSUED	CURRENT PERIOD OUTSTANDING	CURRENT PERIOD DILUTIVE
LTIP Program					
2013 Award	89,072	(89,072)	-	-	-
2014 Award	102,628	(23,486)	-	79,142	79,142
2015 Award	180,853	(31,046)	-	149,807	74,904
2016 Award	184,313	(27,957)	-	156,356	-
Retention Program					
2017 Vest	125,000	(16,112)	-	108,888	108,888
2018 Vest	186,957	-	-	186,957	112,681
2020 Vest	296,957	-	-	296,957	6,341
Totals	1,165,780	(187,673)	-	978,107	381,956

21 Sale of Bermuda Gas & Utility Company Ltd. (Bermuda Gas)

In April 2016, the Company sold its subsidiary, Bermuda Gas for $17.7 million plus final adjustments to reflect the working capital in the business. The Company has recognized a net gain on sale of Bermuda Gas of $11.7 million during the current year. The Company has reclassified in equity $444,000 related to accumulated other comprehensive income in respect of Bermuda Gas' post-retirement medical benefit plan.

Earnings / (loss) from discontinued operations

Earnings/(loss) from discontinued operations for 2016 represent Bermuda Gas operating results from 1 January 2016 to the date the company was sold in April 2016. The loss from discontinued operations recognized in 2015 represents results from Bermuda Gas' retail sales segment following a decision in June 2015 to discontinue this division of its business.

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

In $000's	2016	2015
Results of discontinued operation		
Revenue	$ 2,565	$ 4,596
Expenses	(2,487)	(6,699)
Profit/(loss) from operating activities for the year	$ 78	$ (2,103)

Assets / Liabilities classified as held for sale

In accordance with IFRS 5, the assets and liabilities of Bermuda Gas for the year ending 31 December 2015 were presented in the consolidated statement of financial position as held for sale following approval of the Company's Board to explore the potential sale of Bermuda Gas. All Bermuda Gas assets and liabilities were disposed of when this subsidiary was sold in April 2016.

Assets classified as held for sale is comprised as follows:

In $000's	2016	2015
Cash & cash equivalents	$ -	$ 3,093
Trade and other receivables	-	1,662
Inventories	-	307
Property, plant and equipment	-	3,412
Intangible assets	-	69
All other assets	-	57
	$ -	$ 8,600

Liabilities classified as held for sale is comprised as follows:

In $000's	2016	2015
Trade and other payables	$ -	$ 909
Provisions	-	96
Employee benefit obligations	-	1,685
	$ -	$ 2,690

22 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 three 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:

In $000's	2016	2015
Not past due	$ 16,086	$ 14,438
Past due 31-60 days	2,115	1,692
Past due 61-90 days	859	620
Past due over 90 days	4,508	5,125
	23,568	21,875
Less: allowance for doubtful accounts	(4,189)	(3,962)
Less: allowance for discounts	(352)	(317)
	19,027	17,596
Other receivables	644	349
	$ 19,671	$ 17,945

In $000's	2016	2015
Allowance for impairment		
Opening balance	$ 3,962	$ 5,185
Increase in allowance	(278)	324
Amounts written off / (back)	505	(1,547)
Closing balance	$ 4,189	$ 3,962
Allowance for discounts		
Opening balance	$ 317	$ 353
Decrease in discounts	35	(36)
Closing balance	$ 352	$ 317

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 with a combined limit of $23 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.

In $000's	CARRYING AMOUNT	LESS THAN 1 YEAR	GREATER THAN 1 YEAR
As at 31 December 2016			
Bank borrowing	$ 8,813	$ 5,220	$ 3,593
Asset retirement obligation	14,641	-	14,641
Environmental clean-up obligation	1,372	-	1,372
Defined benefit obligation	18,528	7,425	11,103
Other post-retirement benefits	40,225	2,006	38,219
Trade and other payables	27,932	27,932	-
Customer deposits	251	251	-
Total financial liabilities	$ 111,762	$ 42,834	$ 68,928

In $000's	CARRYING AMOUNT	LESS THAN 1 YEAR	GREATER THAN 1 YEAR
As at 31 December 2015			
Bank borrowing	$ 22,612	$ 13,915	$ 8,697
Asset retirement obligation	14,085	-	14,085
Environmental clean-up obligation	1,307	-	1,307
Defined benefit obligation	24,832	7,311	17,521
Other post-retirement benefits (RESTATED)	39,443	2,015	37,428
Trade and other payables	16,737	16,737	-
Customer deposits	259	259	-
Total financial liabilities	$ 119,275	$ 40,237	$ 79,038

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 2016, the fair value of the Company's DB Pension Plan assets was $160 million compared to fair value of plan assets of $152 million as at 31 December 2015 (refer to Note 15). The increase in the fair value of pension plan assets during 2016 was due mainly to favorable market conditions in 2016, as compared to 2015. 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 (refer to Note 4).

A 50 basis point increase or decrease in interest rate of both bank overdraft and revolving loan facilities would increase or decrease net earnings by approximately $58,000 (2015: $173,000).

23 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 2017, as at 31 December 2016, totaled US$15.1 million (BD$15.3 million). Commitments under these contracts to acquire heavy fuel in 2016, as at 31 December 2015, totaled US$23.2 million (BD$23.5 million).

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 1.1 million plus US$468,000.

The Company entered into a three-year contract effective 30 November 2015, with LED Roadway Lighting Ltd. at a total price of $1.7 million 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.

In February 2016, the Company's joint venture undertaking, iFM, entered into a contract with an existing customer in respect of the design and installation of energy savings equipment. Installation of this equipment is anticipated to be completed in May 2017. From this date, iFM is committed for a period of six years to the payment of this customer's electricity costs in return for fixed monthly repayment, and will generate returns through the achievement of energy savings.

24 Investment in Leases

The Company entered into an agreement with the Government of Bermuda, Ministry of Public Works on 3 September 2015 to supply, install and commission 4,440 LED streetlights together with the associated control and monitoring systems. The Company has agreed to incur all labor and materials required for the installation of the streetlights. The Government has agreed to reimburse the Company $4.5 million over a period of 10 years. In accordance with IAS 17 – *Leases*, this arrangement is considered to represent a finance lease. The Company has recognized the present value of future lease payments, less repayments to date, in line with the commissioning of the streetlights and the lessee's entitlement to use these assets. Interest income of $332,000 (2015: $117,000) relating to the monthly repayments is included in other income in the consolidated statement of income.

The breakdown of the investment in leases balance as at 31 December is as follows:

In $000's	2016	2015
Not later than one year	$ 260	$ 103
Later than one year but not later than five years	1,334	432
Later than five years	229	55
	$ 1,563	$ 487
Total	$ 1,823	$ 590

25 Contingencies

In August 2015, the Company announced its plan to limit its contributions and eventually eliminate retirement medical benefits for future retirees. For employees retiring on or before 31 December 2022, the contributions were changed from full coverage to a limit of $590 per month. For employees retiring between 1 January 2023 and 31 December 2030, the contributions would be capped at $295 per month. For retirees retiring after 31 December 2030, there would be no company contributions to retirement healthcare. The Company's contribution to future retiree healthcare costs would not be automatically increased as underlying medical insurance premiums increased and the Company reserved its right to revisit its contribution to healthcare benefits as it deemed appropriate. The 15-year transition period represented an effort to achieve a fair balance between managing the Company's future liabilities and the expectation of those who were nearing retirement.

Subsequently, the Electricity Supply Trade Union (ESTU) commenced an arbitration before the Permanent Arbitration Tribunal (Tribunal) in November 2015, seeking to oppose (and unwind) the Company's decision. The hearing was due to take place in October 2016, but at the ESTU's request it was adjourned. No new date has yet been requested by the ESTU.

Although the existing retirees were successful in their Supreme Court claim, management believes that the probability of BELCO defending the Claim against the future retirees is higher as there remains reasonable prospects that the Tribunal will agree that a phased-in reduction of reduced healthcare is permissible on economic grounds and does not amount to a breach of the employees' contracts of employment. The Company's medical post-retirement benefit liability of $35.6 million reflects the assumptions that it will prevail in the arbitration. Should the Company be unsuccessful in the arbitration, the medical retirement liability would increase significantly.

26 Subsequent Events

The Company has evaluated subsequent events up to 28 April 2017.

In February 2017, the Supreme Court ruled against BELCO in respect of its proposal to transition healthcare provider for existing retirees. The medical benefit obligation of BELCO was determined in current and prior years on the assumption that BELCO would be unsuccessful in this matter, and as such there is no financial impact to amounts recorded in the consolidated financial statements for the years ended 31 December 2016 and 2015.

In March 2017, the Company acquired the remaining 40% stake in iFM Limited from its joint venture partner for consideration of US$607,000.

27 Changes to Prior Year Presentation

Certain prior year figures on the consolidated statement of financial position have been reclassified to conform to current year presentation.

Five-Year Summary 2012 - 2016

	IFRS BASIS			GAAP BASIS	
In $000's	**2016**	2015	2014	2013	2012
Net Earnings (BD$)	**24,911**	17,370	17,561	4,889	11,531
Basic Earnings per Share of Common Stock (BD$)	**2.38**	1.63	1.63	0.39	1.07
Fully Diluted Earnings per Share of Common Stock (BD$)	**2.29**	1.62	1.63	0.39	1.07
Dividends paid per share (BD$)	**0.30**	0.30	0.44	0.85	0.85
Book value per common stock (BD$)	**25.07**	22.37	22.35	30.62	31.18
Price / Earnings ratio (P/E ratio)	**2.84**	2.95	3.32	26.28	11.24
Dividend payout ratio	**0.13**	0.18	0.27	2.18	0.79
Total Assets (BD$)	**376,162**	363,692	387,540	421,193	414,021
Return on Assets	**6.62%**	4.78%	4.53%	1.16%	2.79%
Shareholder Equity (BD$)	**254,890**	239,608	238,781	325,713	327,911
Return on Equity	**9.77%**	7.25%	7.35%	1.50%	3.52%
Debt / Total Capitalization ratio	**3.34%**	8.62%	17.17%	11.47%	12.91%
Market capitalization (BD$)	**68,619**	51,410	57,681	109,040	126,528
Share closing price (BD$)	**6.75**	4.80	5.40	10.25	12.03
Number of shareholders	**3,149**	3,138	3,170	3,178	3,041
Total Employees	**398**	412	454	454	436
Donations & Financial Assistance	**538,243**	352,035	437,788	668,824	531,301

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,
Renaissance Re Holdings Ltd.

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

3 **Sean Durfy**
President & Chief Executive Officer,
Ascendant Group Limited and BELCO

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

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

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

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

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

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

10 **Leah Dean**
Director since 2016
Senior Vice President of
Group Human Resources,
Renaissance Re

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

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

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

COMMITTEES

	EXECUTIVE	AUDIT & RISK	GOVERNANCE	HUMAN RESOURCES & COMPENSATION
Peter C. Durhager	●		●	
L. Anthony Joaquin	●	●	●	
Sean Durfy	●			
Gavin R. Arton	●			●
James B. Butterfield		●		●
Leah Dean		●		●
A. David Dodwell		●		
A. Shaun Morris	●		●	●
Donna L. Pearman		●		
Michael L. Schrum			●	
Dr. Wilbert N.E. Warner				●
W. Edward Williams			●	
Alasdair Younie		●		

● Chairman of Committee

Ascendant Group **Executive**

Sean Durfy
President & Chief Executive Officer,
Ascendant Group Limited and BELCO

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

Michael D. Daniel
C.Eng, M.I.E.T., A.M.I.Mech.E
Senior Vice President,
Chief Strategic & Development Officer,
Ascendant Group Limited

Judith Uddin
Senior Vice President,
Ascendant Group Limited
President & Chief Operating Officer,
AG Holdings

Lorianne Gilbert
General Counsel & Secretary,
Ascendant Group Limited

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

Corporate Information

ASCENDANT GROUP LIMITED

Publicly traded investment holding company for energy and infrastructure services

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

Sean Durfy
President & Chief Executive Officer

BERMUDA ELECTRIC LIGHT COMPANY LIMITED

Electric utility services

REGISTERED OFFICE
27 Serpentine Road
Pembroke HM 07, Bermuda

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

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

Sean Durfy
President & Chief Executive Officer

Denton E. Williams
Senior Vice President
& Chief Operating Officer

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

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

Judith Uddin
President & Chief Operating Officer

AIRCARE 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: 441.299.4789
FAX: 441.295.2577
WEBSITE: www.ifm.bm

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

ASCENDANT PROPERTIES LIMITED

Property management company

REGISTERED OFFICE
27 Serpentine Road
Pembroke HM 07, Bermuda
WEBSITE: www.ascendant.bm

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 2016		
Up to 100	1,004	42,730
101 to 500	979	236,220
501 to 1,000	378	281,817
1,001 to 5,000	529	1,257,171
5,001 to 10,000	101	724,718
10,001 to 100,000	140	3,764,592
100,001 to 1,000,000	17	2,853,760
Over 1,000,000	1	1,004,800
	3,149	10,165,808

ASCENDANT GROUP ORDINARY SHARES

At 31 December 2016, the Directors of the Company held 119,156 shares; the Officers of the Company held 37,138 shares. Companies that held greater than 5% of the shares are Harcourt Account 1380430 with 1,004,800.

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

Lorianne Gilbert
General Counsel & Secretary
Ascendant Group Limited

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
22% less net energy used
12% less greenhouse gas emitted
22% less wastewater
18% less solid waste

DESIGN & PRODUCTION

ADVANTAGE LTD.

PHOTOGRAPHY

WHITESPACE I BERMUDA

RED BULL YOUTH IMAGE SUPPLIED BY AMERICA'S CUP EVENT AUTHORITY

PRINTING

ISLAND PRESS LIMITED

HOW BELCO POWERS BERMUDA

BELCO

SERVICE / SUPPORT

66 TRUCKS
in our fleet service the network

ELECTRICAL

$3,000,000
on improving cabling last year

SUB-CONTRACTORS

255 MILES
of **underground cables** supported by local sub-contractors

TRAINING

20% of current employees began as **local apprentices**

WORKFORCE

92% BERMUDIAN

SAFETY

7 EMPLOYEES
dedicated to environmental, health & safety issues

GOVERNMENT

$30,000,000+
paid to Government in **fuel taxes** last year

ENVIRONMENT

89 WELLS
used for site remediation

COMMUNITY SUPPORT

$725,455
annual support in donations, local events and scholarships

FUEL

990,500 BARRELS
purchased for power generation

GENERATION

17 GENERATORS
maintained

WASTE

$235,723
paid to remove 215,716 gallons of waste oil last year

ASCENDANT GROUP LIMITED

HEAD OFFICE
27 Serpentine Road
Pembroke HM 07
Bermuda

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FAX: 441.292.8975
E-MAIL: info@ascendant.bm
WEB: www.ascendant.bm