



ASCENDANT
group

2011 SIX-MONTH REPORT



ASCENDANT
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ASCENDANT GROUP LIMITED

Ascendant Group is a publicly traded investment holding company.

Mission: To maximise shareholder value through investment in energy-related businesses and infrastructure opportunities.

ASCENDANT GROUP SUBSIDIARIES

Bermuda Electric Light Company Limited
Bermuda Gas & Utility Company Limited
PureENERGY Renewables, Ltd.
inVenture Limited
Sigma Corporate Services Company Limited
BELCO Properties Limited

2011 GROUP HIGHLIGHTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	2 0 1 1	2 0 1 0	% CHANGE
Net Earnings	\$ 3,098,299	\$ 5,864,364	-47.2
Basic and Fully Diluted Earnings per Share	\$ 0.30	\$ 0.56	-46.4
Cash Dividends	\$ 4,411,667	\$ 4,400,410	0.3
Cash Dividends per Share	\$ 0.425	\$ 0.425	0.0
Market Price per Share	\$ 14.00	\$ 14.00	0.0
Book Value per Share	\$ 31.46	\$ 31.03	1.4
Total Assets	\$400,180,628	\$386,353,132	3.6

SIX-MONTH REPORT TO THE SHAREHOLDERS

As we prepare this report, we do so in the context of the United States being downgraded to a AA+ long-term credit rating by Standard & Poor's, as well as economic turmoil in the European Union, especially Italy, Greece and Spain. Economists are forecasting that economic recovery will be slow, and the Bermuda community is now sharply feeling the impact of the global economic downturn with respect to employment, consumer spending, construction and the real estate market.

Ascendant Group Limited is seeing the effects of the struggling economy in our operating companies' sales and receivables. We are preparing for a protracted period of economic uncertainty and sharpening our focus on expense reduction and improved efficiency. In the short term, we have also endeavoured to assist our customers by avoiding price increases for electricity and propane, and made a commitment to our employees that there would be no redundancies in 2011.

Ascendant Group's consolidated net earnings decreased 47.2 percent, or \$2,766,065, to \$3,098,299 for the first six months of the 2011 financial year from \$5,864,364 reported for the same period in 2010, with results from all of our operating companies weaker than in the comparative period.

Ascendant Group's share price as at 30 June 2011 of \$14.00 had not changed from the close on 30 June 2010. Reflecting the overall value of the Company, Ascendant Group's book value increased 1.4 percent to \$31.46 as at 30 June 2011, versus \$31.03 as at 30 June 2010.

Bermuda Electric Light Company Limited

BELCO's operating results for the first six months of 2011 of \$4,280,568 were down \$1,323,532, or 23.6 percent, from \$5,604,100 recorded for the first six months of 2010. This reflects both the anaemic economy and the impact of management's decision to waive an approved 1.5 percent average increase in basic tariff rates that was set to take effect on 1 January 2011. To offset the anticipated reduced revenue, BELCO implemented a cost control plan at the start of 2011 that, to date, has resulted in salaried staff wage freezes, suspension of planned new hires, overtime rate concessions by the Electricity Supply Trade Union (ESTU) and the early retirement of 26 long-serving staff members. As a result of the early retirement of these employees, the Company has incurred a one-time expense of approximately \$1.5 million, which has been recognised in the results for the first six months of 2011. It is anticipated that the majority of this one-time expense will be offset by savings in compensation-related costs for the second half of this year and will result in further cost savings going forward.

Total electric sales for the first six months of 2011 of 290.4 million kilowatt hours (kWh) was down 7.0 million kWh, or 2.4 percent, compared to 297.3 million kWh in the 2010 comparative period. The decrease in demand was primarily due to a sharp decline in residential consumption, reflecting a decrease in the number of work permit holders who had been residential unit tenants. Residential sales fell 8.4 million kWh, or 6.4 percent, to 123.1 million kWh in the current period compared to 131.5 million kWh in the 2010 period.

Sales to large demand customers increased 1.9 percent, or 2.3 million kWh, owing largely to improved hotel occupancy levels in the current year as compared to the same period in 2010, as well as to several new demand customers coming online. Commercial customer sales fell 1.8 percent, or 808,016 kWh, due to decreased average consumption.

Gross electric energy sales for the first half of 2011 of \$104.6 million were \$703,237, or 0.7 percent, higher than the \$103.9 million gross sales total recognised in the same period of 2010. This net increase is due entirely to fuel adjustment sales, which rose 7.6 percent, or \$2.5 million, to \$35.1 million compared to the six-month 2010 total of \$32.6 million. Fuel adjustment revenue is offset by identical fuel costs reflected in Energy Supply expenses.

The increase in fuel adjustment sales is due to the price paid for fuel. The average cost of fuel for the first six months of 2011 of \$106.40 per barrel is 8.9 percent, or \$8.72, higher than for the same period in 2010 of \$97.68 per barrel.

Overall operating expenses for the period were up 3.6 percent, or \$3.6 million, as compared to the first six months of 2010. This was largely driven by increases in fuel adjustment costs and the early retirement expenses noted previously. These increases were offset by decreases in defined pension fund expenditure, as well as overtime costs and materials usage, the latter resulting from fewer major overhauls and reduced fuel consumption costs, as a result of reduced demand and increased efficiencies.

Bermuda Gas & Utility Company Limited

Bermuda Gas' net income decreased \$252,868, or 40.5 percent, to \$369,948 from \$621,816, reported for the same six-month period in 2010. While the Company realised a 9.9 percent increase in appliance sales during the first half of the year, a principal driver of the decrease was management's decision not to pass along to customers the increased propane prices incurred by Bermuda Gas. This pricing strategy was taken in light of economic conditions and resulted in reduced margins on gas sales. The Company also experienced a 16.1 percent decrease in parts sales, directly attributable to the contraction in the market. Bermuda Gas' results further reflect an increase in administrative costs due to a change in the Group operating model and an

additional expense arising from a one-off, financial consulting project.

Other Operating Companies

PureENERGY incurred a loss of \$473,870 for the first half of 2011 as compared to a loss of \$239,535 for the same period in 2010. Ascendant Group's other operating companies, BELCO Properties Limited, inVenture Limited and Sigma Corporate Services Company Limited, had no significant impact on earnings.

Ascendant Group is working to manage our operating companies in the most challenging economic environment in recent memory. We are also preparing for a future that looks very different than the past, exploring innovative ways to ensure long-range sustainability that will enable us to continue contributing to Bermuda's progress.

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

A. L. VINCENT INGHAM

President & Chief Executive Officer

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30 JUNE 2011

	NOTES	30 JUNE 2 0 1 1	YEAR ENDED 31 DECEMBER 2 0 1 0
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2	\$285,193,879	\$286,300,457
Intangible Assets	3	5,596,397	5,090,360
		290,790,276	291,390,817
Current Assets			
Cash and Short-Term Investments		4,383,964	5,357,548
Accounts Receivable	7	19,189,277	20,960,048
Inventory		71,565,017	56,973,292
Prepaid Expenses		14,252,094	12,000,160
		109,390,352	95,291,048
		\$400,180,628	\$386,681,865
CAPITAL- ISATION AND LIABILITIES			
Capitalisation			
Capital Stock		\$ 10,439,333	\$ 10,416,961
Share Premium		27,838,682	27,552,973
Treasury Stock		(845,803)	(845,803)
Contributed Surplus		22,549,745	22,549,745
Retained Earnings		268,462,885	269,776,253
		328,444,842	329,450,129
Current Liabilities			
Customer Deposits		317,678	331,928
Trade, Other Payables and Future Health Costs	7	34,418,108	33,399,808
Bank Borrowing		37,000,000	23,500,000
		71,735,786	57,231,736
		\$400,180,628	\$386,681,865

CONSOLIDATED STATEMENT OF EARNINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	NOTES	30 JUNE 2 0 1 1	30 JUNE 2 0 1 0
Revenues			
Operating Revenues	5	\$105,718,621	\$105,283,112
Other Income		949,220	725,125
	4	106,667,841	106,008,237
Expenses			
Energy Supply		63,347,099	62,000,728
Energy Delivery		5,255,384	4,598,047
Administration and General		16,337,218	15,070,883
Gas Operations		3,182,222	2,863,964
Property Operations		67,013	107,998
Renewables Operations		405,021	372,690
Depreciation and Amortisation		12,297,424	12,188,064
Taxes and Rent		2,538,344	2,668,431
		103,429,725	99,870,805
Operating Income		3,238,116	6,137,432
Interest Expense			
Interest on Debt		63,301	109,741
Other		31,709	29,611
		95,010	139,352
Earnings before Undernoted Items		3,143,106	5,998,080
Foreign Exchange Loss		(50,746)	(60,083)
Change in Fair Value of Held for Trading Investments		5,939	(73,633)
Net Earnings for the Period		\$ 3,098,299	\$ 5,864,364
Basic and Fully Diluted			
Earnings Per Share		\$ 0.30	\$ 0.56

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	30 JUNE 2 0 1 1	30 JUNE 2 0 1 0
Balance – Beginning of Period	\$269,776,253	\$261,892,064
Net Earnings for the Period	3,098,299	5,864,364
Cash Dividends Paid	4,411,667	4,400,410
Balance – End of Period	\$268,462,885	\$263,356,018

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	30 JUNE 2 0 1 1	30 JUNE 2 0 1 0
Cash Flows from Operating Activities		
Earnings for the Period	\$ 3,098,299	\$ 5,864,364
Adjustments to Cash Basis:		
Depreciation and Amortisation	12,297,424	12,188,064
Specific Provisions	–	(348,000)
Changes in Non-Cash		
Working Capital Balances		
Accounts Receivable	1,770,771	(1,368,588)
Inventory	(14,591,725)	(4,321,393)
Prepaid Expenses	(2,251,934)	(2,627,554)
Customer Deposits	(14,250)	635,506
Trade, Other Payable and Future Health Costs	2,080,078	11,880,784
	2,388,663	21,903,183
Cash Flows Used in Investing Activities		
Acquisition of Property, Plant, Equipment and Intangible Assets	(12,758,661)	(15,792,088)
Cash Flows from (Used in) Financing Activities		
Cash Proceeds from Issuance of Capital Stock	308,081	336,034
Cash Proceeds from Bank Borrowing	38,500,000	20,500,000
Repayment of Bank Borrowing	(25,000,000)	(23,500,000)
Cash Dividends Paid to Shareholders	(4,411,667)	(4,400,410)
	9,396,414	(7,064,376)
Decrease in Cash and Short-Term Investments	(973,584)	(953,281)
Cash and Short-Term Investments		
Beginning of Period	5,357,548	6,453,334
Cash and Short-Term Investments		
End of Period	\$ 4,383,964	\$ 5,500,053
Supplementary Cash Flow Information		
Cash Interest Received	\$ 461	\$ 1,002
Cash Interest Paid	\$ 523,651	\$ 529,723

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2011

1 Significant Accounting Policies

These interim consolidated financial statements as at and for the six months ending 30 June 2011, have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada. These interim consolidated financial statements follow the same accounting policies and methods of their application as in 31 December 2010 annual consolidated financial statements and should be read in conjunction with the 31 December 2010 annual consolidated financial statements. The Company's financial statements are presented in Bermuda Dollars, which are on par with US Dollars. The results of the half year are not necessarily indicative of results to be expected for the year ending 31 December 2011.

2 Property, Plant and Equipment

	ORIGINAL COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	
			30 JUNE 2011	YEAR ENDED 31 DECEMBER 2010
Utility Plant	\$627,750,378	\$366,156,077	\$261,594,301	\$262,582,573
Other Physical Property	29,796,236	6,196,658	23,599,578	23,717,884
	\$657,546,614	\$372,352,735	\$285,193,879	\$286,300,457

Total capital work in progress of \$19,109,027 (31 December 2010: \$13,418,877) is embedded in fixed assets noted above. Capital work in progress is not subject to depreciation until brought into service.

Freehold land of \$15,184,983 (31 December 2010: \$15,184,983) is embedded in fixed assets noted above. Freehold land is not subject to depreciation.

3 Intangible Assets

	GOODWILL	SOFTWARE		30 JUNE 2011	YEAR ENDED 31 DECEMBER 2010
		IN PROGRESS	SOFTWARE		
Opening net book amount	\$ 718,006	\$ 192,907	\$ 4,179,447	\$ 5,090,360	\$ 5,806,406
Transfers	–	(161,219)	161,219	–	–
Acquisitions	–	1,000,413	83,235	1,083,648	834,666
Disposals	–	(25,900)	–	(25,900)	–
Amortisation	–	–	(551,711)	(551,711)	(1,550,712)
Closing net book amount	\$ 718,006	\$ 1,006,201	\$ 3,872,190	\$ 5,596,397	\$ 5,090,360
Cost	\$ 1,118,680	\$ 1,006,201	\$11,074,059	\$13,198,940	\$12,141,192
Accumulated Amortisation	(400,674)	–	(7,201,869)	(7,602,543)	(7,050,832)
Net book amount	\$ 718,006	\$ 1,006,201	\$ 3,872,190	\$ 5,596,397	\$ 5,090,360

There was no impairment of intangibles for the period ended 30 June 2011. During the six-month period ended 30 June 2011, \$1,083,648 (year ended 31 December 2010: \$834,666) of intangible assets subject to amortisation were acquired.

4 Segmented Information (in 000s)

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

	2011	2010	2011	2010	2011	2010
	ELECTRIC		ALL OTHER (a)		TOTAL	
Total Revenues from						
External Customers	\$105,294	\$104,498	\$11,201	\$10,905	\$116,495	\$115,403
Intersegment Revenues	18	18	201	445	219	463
Segment Profit	4,280	5,604	(1,182)	260	3,098	5,864
Segment Assets	376,781	360,998	23,400	25,355	400,181	386,353

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

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

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

	2011	2010
Total Revenues for Reportable Segments	\$116,495	\$115,403
Cost of Goods Sold and Discounts	(9,827)	(9,395)
Total Company Revenues	\$106,668	\$106,008

5 Operating Revenues

Operating revenues (except Electric Operations) represents consolidated sales, net of costs of goods sold, from the Company's principal operating entities and is comprised as follows:

	2011	2010
Electric Operations*	\$101,346,849	\$100,637,771
Gas Operations	3,980,124	4,068,296
Property Operations	354,134	423,352
Renewable Operations	21,264	153,693
Corporate Services Operations	16,250	-
	\$105,718,621	\$105,283,112

* Operating revenues from Electric Operations are shown gross of cost of goods sold and net of discounts.

6 Pension Benefits

BELCO maintains a trusted, non-contributory, defined benefit pension plan, covering all full-time employees hired before 31 December 2005. The total amount of defined benefit cost recognised for the six-month period ending 30 June 2011 was \$1,176,900 (2010: \$1,614,400). All employees hired after 31 December 2005 are enrolled in a defined contribution plan.

7 Insurance Claims

In August 2010, gas turbine generating unit GT5 experienced internal damage and had to be removed from service. The unit has been repaired and was returned to service in August 2011. As this event was sudden and unforeseen, the Company's insurers have been notified that a claim will be submitted when the final cost of the incident has been determined. As at 31 December 2010, the Company had a recorded liability of \$1,950,000, representing the quoted cost to repair the physical damage to the unit and return it to service. The Company also recorded an insurance receivable of \$1,200,000, as the deductible under the current insurance policy is \$750,000. As at 30 June 2011 there have been no changes to year-end balances. The Company believes that the claim is valid under the terms and conditions of its insurance policy, however the claim is currently under review by the insurers' appointed adjusters and, as such, has not been formally accepted by the insurers.

On 11 June 2009, the base load generating unit E7 alternator suffered a sudden and unforeseen failure, as a result of a stator earth fault. The stator was repaired and this unit was subsequently returned to service on 2 January 2010. Consequently, the Company filed a claim under its insurance policy totalling \$3,812,411. This consisted of physical damage repair costs (\$1,368,834), as well as additional fuel, oil and labour costs incurred (\$2,543,577). The deductible under the insurance policy at the time was calculated at \$1,129,779. The Company set up an insurance receivable at the end of 2009 of \$2,350,774 net of a \$331,858 provision for potential non-collection of part of its total insurance claim. During 2010, the Company received an interim payment of \$1,300,000 on its claim, comprised of \$550,000 for the physical damage claim and \$750,000 for additional costs. In December 2010, the insurers' appointed adjusters recommended that \$78,236 of the physical damage claim be disallowed, and that the insurers settle the \$145,243 balance owed to the Company for this portion of the claim. As at 30 June 2011, the Company has received \$52,195 of the agreed settlement balance. The remaining insurance receivable of \$827,295 (net of a \$331,858 provision for potential non-collection), pertaining to additional costs incurred by the Company, remains under review by the insurers as at 30 June 2011.

8 Subsequent Events

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

9 Changes to Prior Period Presentations

Certain prior period figures on the Consolidated Balance Sheet, Consolidated Statement of Earnings and Consolidated Statement of Cash Flows have been reclassified to conform to current period presentation.

DIRECTORS

J. Michael Collier
Chairman

Reginald S. Minors
Deputy Chairman

Gavin R. Arton

James B. Butterfield

A. David Dodwell

Peter C. Durhager

A. L. Vincent Ingham

L. A. Joaquin

Stanley A. Oliver

Donna L. Pearman

Kathryn R. Siggins

Richard D. Spurling

Dr. Wilbert N. E. Warner

W. Edward Williams

70,327 total shares held by Directors*

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

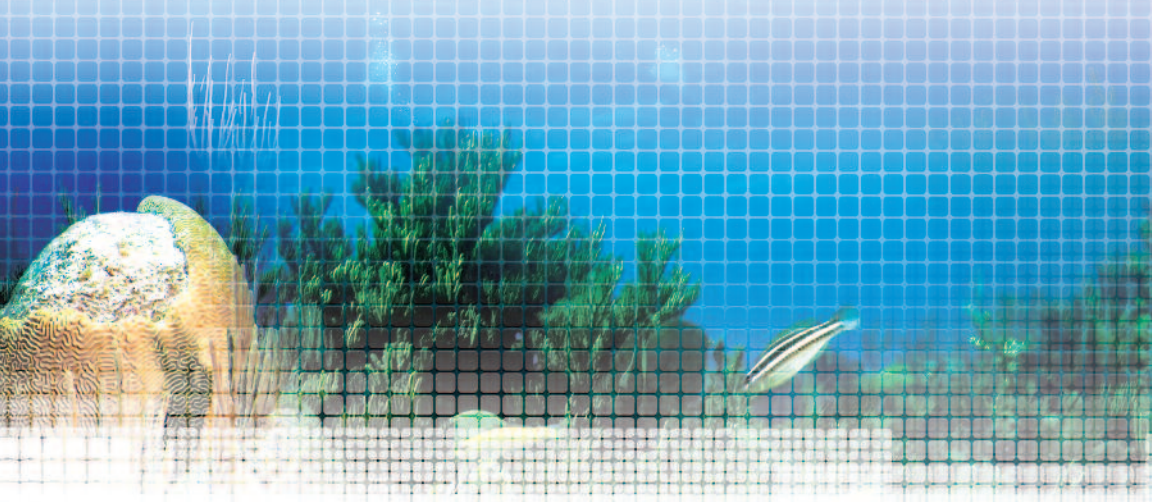
OFFICERS

A. L. Vincent Ingham
President & Chief Executive Officer

Christopher A. Coelho
Treasurer

Edith L. Robinson
Secretary & General Counsel

11,514 total shares held by Officers



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