BAS GROUP OF COMPANIES

Bermuda Aviation Services Limited

ANNUAL REPORT
2009 – 2010

BAS serco

Aircraft Services Bermuda Ltd.

IBC International Bonded Couriers

zipx

OtisBermuda

A Member of the BAS Group of Companies

WEIR ENTERPRISES LTD. AUTOMOTIVE PARTS DISTRIBUTORS

CCS GROUP LIMITED

DIRECTORS

CHAIRMAN
Michael L. Darling [1,2]

DEPUTY CHAIRMAN
E. Eugene Bean [1,2,3]

Scott Pearman
R. A. Jones [1,2,3]
Gerald D. E. Simons [1,2]

Jeffrey G. Conyers [1,2,3]
J. Patricia Lynn [2]
Alexander W. J. A. Swan [3]

Gail E. M. Pantry [2,3]
N. Reeve Trott [2]
James King

SECRETARY
E. John Thompson

1 Executive Committee
2 Audit Committee
3 Compensation Committee

OFFICERS

E. Eugene Bean
EXECUTIVE DIRECTOR
BAS GROUP OF COMPANIES

Andrew Griffith
VICE PRESIDENT AND
GROUP CHIEF FINANICAL OFFICER
BAS GROUP OF COMPANIES

Kenneth L. Joaquin
GROUP PRESIDENT AND
CHIEF EXECUTIVE OFFICER
BAS GROUP OF COMPANIES

Chad Booth
GROUP FINANCIAL CONTROLLER
BAS GROUP OF COMPANIES

Frank Williams
VICE PRESIDENT AND CHIEF EXECUTIVE OFFICER
BAS-SERCO LIMITED and OTIS BERMUDA LIMITED

Rick Craft
VICE PRESIDENT AND
CHIEF EXECUTIVE OFFICER
INTERNATIONAL BONDED COURIERS OF BERMUDA LIMITED

George H. Hammond
MANAGING DIRECTOR
WEIR ENTERPRISES LIMITED

Wayne Scott
VICE PRESIDENT AND
CHIEF EXECUTIVE OFFICER
CCS GROUP LIMITED

Bermuda Aviation Services Limited
2009 - 2010 Annual Report

To be presented to the
Annual General Meeting of
Bermuda Aviation Services Limited
to be held in the boardroom of
Conyers, Dill and Pearman
on Friday, August 6, 2010
at 9:00 a.m.

Bermuda Aviation Services Limited
is a Bermuda registered public company
quoted on the Bermuda Stock Exchange
with over 400 shareholders

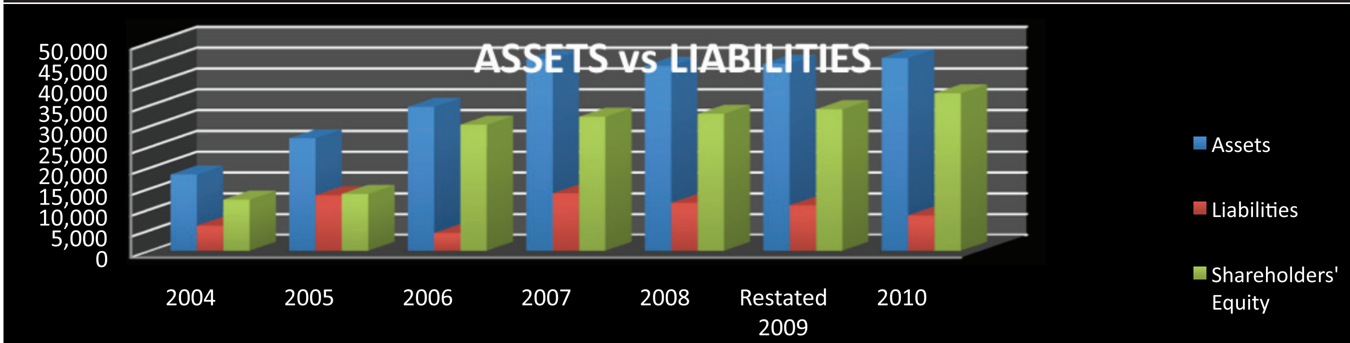
GROUP STRUCTURE

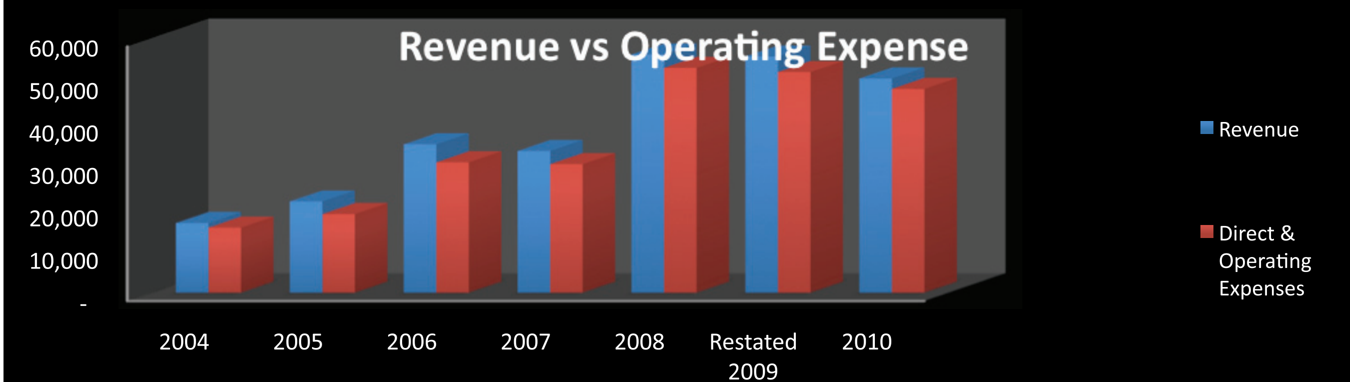
BERMUDA AVIATION SERVICES LIMITED (“BAS”)

- AIRCRAFT SERVICES BERMUDA LIMITED (“ASB”)
- BAS-SERCO LTD. (“BAS-Serco”)
- THE CCS GROUP LTD. (“CCS”)
- EASTBOURNE PROPERTIES LTD.
- INTERNATIONAL BONDED COURIERS OF BERMUDA LTD (“IBC”)
- OTIS ELEVATOR COMPANY (BERMUDA), LTD. (“Otis”)
- WEIR ENTERPRISES LTD. (“Weir”)

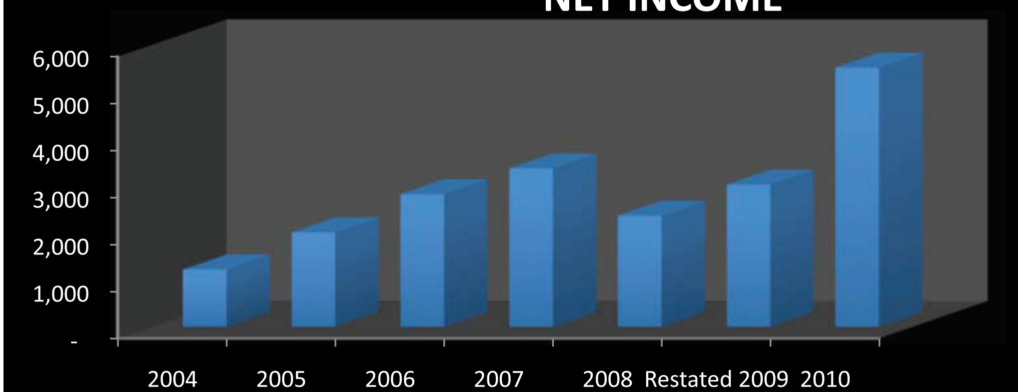
FINANCIAL HIGHLIGHTS

(Expressed in BDA $000)	2004	2005	2006	2007	2008	Restated 2009	2010
Revenue	16,429	21,512	34,967	33,400	56,125	55,650	50,460
Direct & Operating Expenses	15,357	18,542	30,743	30,318	52,983	51,990	48,013
Income from Operations	1,072	2,970	4,224	3,082	3,142	3,660	2,447
Net Income	1,231	2,021	2,835	3,384	2,375	3,038	5,528
Assets	18,305	27,011	34,550	45,999	44,405	44,920	46,300
Liabilities	6,014	13,333	4,260	13,803	11,515	10,918	8,470
Shareholders' Equity	12,291	13,678	30,290	32,196	32,890	34,002	37,830





NET INCOME



CHAIRMAN'S REPORT

June 15, 2010

This year I am delighted to report that, despite going through one of the most difficult economic periods since the early eighties, we have come out with positive and very satisfactory results. I think this quote from a famous female aviator, Elinor Smith, epitomizes the approach taken by our management team.

"It had long come to my attention that people of accomplishment rarely sit back and let things happen to them. They went out and happened to things."

Despite a fall in revenues of $5 million, the company has generated an operating income of $2.4 million. This is entirely due to the superb control of costs by management.

We are delighted with our settlement agreement with the Bermuda Government which you will find detailed in the report from Management. This results in a net income of $5.5 million. We have used the proceeds to retire all remaining debt and to enhance cash flows for the next fiscal year.

Fortunately, we are no longer just an aviation company and our strength comes from diversity. ASB, because of events beyond our control, has been particularly affected by the downturn in the local economy. In the future, we expect positive results as management has restructured this Company.

BAS-Serco and Weir have been our superstars but all other companies have done extremely well considering the general state of the economy. I congratulate all of the management teams for their outstanding efforts in this tough environment. I thank all of our men and women who get the job done and I am sure I speak for all our shareholders.

Once again we are surprised to see our shares trade below $5.00 despite consistent profitability and dividend distribution. We must assume that the overall decline of the Bermuda Stock Exchange has some bearing on this.

I believe that we will continue to face challenges in the year ahead as the local economy remains depressed. However, we are optimistic that despite this, through aggressive management, we will steer a steady course. On behalf of the Directors, I congratulate and thank management for their hard work and excellent results.

Michael L. Darling
Chairman

REPORT FROM MANAGEMENT

June 15, 2010

BAS has posted record net earnings of $5.5Million for fiscal 2010.

Perhaps the most significant component of those earnings is the $3.1 Million accounted for as an Extraordinary Item in the Consolidated Statement of Income. Shareholders and readers may recall in our last report that we advised that BAS had been successful in its case against the Bermuda Government over establishing the exclusive rights of the Company to operate a private jet facility at the L.F. Wade International Airport. As a consequence of winning this case, BAS was awarded damages of over $202 Thousand and reimbursement of legal fees of near $243 Thousand.

Subsequently, at the insistence of the Bermuda Government and seeing the potential benefits to BAS, Management entered into negotiations with the Government to surrender BAS's right of exclusivity. In exchange for giving up its exclusivity, BAS was granted the following terms:

- All leases held by BAS and its subsidiary ASB with the Bermuda Government were extended to the year 2019 with rental increases restricted to inflation.
- BAS's subsidiary BAS-Serco had its service contract with the Bermuda Government extended from 2012 to 2014.
- BAS's contract to operate the Private Jet Base was extended from the year 2014 to 2019
- If through any act of Government, BAS has to cease operating the Private Jet Base; Government has to compensate BAS with an amount equal to the average earnings of the Private Jet Base for the previous three years with such amount not to be less than $1.2 Million.
- BAS was reimbursed $750 Thousand for its investment made in Apron II
- BAS was compensated $2 Million by way of potential lost revenue from giving up its exclusivity

Whilst we expect that Government has intentions of facilitating the start up of another private jet base we feel it is important to note that in the intervening nine months, since we had signed the agreement and the writing of this report, BAS has remained the only provider of private jet services at the L.F. Wade International Airport.

Management, seizing the opportunity, has used the proceeds from the agreement to unencumber the BAS Balance Sheet and settle the remaining $2.6 Million borrowed to finance previous acquisitions. It is Management's opinion that the local economy will remain in a lull for the next 18 – 24 months and therefore a key objective was to take action to secure the Company's cash flows and position it to take advantage of any opportunities that might arise. Settling the Company's debt was seen as pivotal to accomplishing this objective.

In our fiscal 2009 report to shareholders we spoke of "conservatism" as being the watchword for the Company as we headed into, what we felt at the time would be, a high degree of uncertainty in Bermuda's economic condition. As we closed 2009 and entered 2010 with a focus on cost containment and cash preservation, our outlook could not have been more prophetic. Bermuda's economy has shown clear signs of being in a slump epitomized by slowing construction, falling retail sales and tales of rising unemployment. In this context, we believe the agreement with Government made eminent sense.

BAS has felt the ebb of the local economy, notably; revenues in 2010 fell sharply but not unexpectedly by $5 million from the previous year. Our keen focus on cost control throughout the group saw us, to a large extent, mitigate the revenue decline by reducing overall operating expenses in the region of $4 million.

Despite the economic conditions BAS, with an operating income of $2.4 Million, has performed admirably with several segments of our Group excelling over the period. The one company in our Group that struggled and weighed down the overall corporate performance was ASB which displayed a keen sensitivity to a lack luster aviation industry.

ASB has had one of its worst performing years on record. Besieged on two fronts, the first, the continued decline in commercial airline traffic and the second, new competition in ground-handling, BAS has been forced to look closer at ASB's operating basis. Having lost three legacy carrier contracts, ASB was forced to adjust its staffing levels and in the process incur significant redundancy costs.

Challenged with aggressive competition in a smaller aviation market against a competitor with non-unionized personnel has forced a re-think of our business processes. Where initially it was thought the loss of three legacy carriers would prove devastating it has actually proven to be opportunistic. It has allowed ASB to restructure its labour overhead by right-sizing the company and to focus on niche ancillary services. While the company has incurred expensive restructuring costs, we believe ASB will emerge the better for it as we have devised ways to do more with less.

We also reviewed ASB's Balance Sheet, particularly fixed assets and took the opportunity to re-assess the remaining useful lives of some of the equipment. As a consequence we elected to write-off certain obsolete assets which had a noticeable impact on the current fiscal year These adjustments having been made will benefit future periods.

Whilst ASB has had a trying year, we have seen BAS-Serco and Weir thrive in this climate.

BAS-Serco has had another impressive year, one of its best in recent memory. Constantly looking for and securing new opportunities in the arena of facility management has reaped great rewards for the Company. BAS-Serco has proven there is still a market for quality service as their results reflect; having exceeding corporate expectations and last year's operating result by 44% and 15% respectively. With many exciting opportunities in the pipe-line we are optimistic that BAS-Serco will continue to perform well.

While all indicators are that consumers are spending less, their proclivity to maintain their vehicles is clearly up as Weir Enterprises has continued to be immune to any detrimental changes in the economy. Having posted record earnings last year, the Company has outdone itself yet again, with operating results that exceeded the prior year by a remarkable 24%.

Otis turned in a solid performance this year. Having met management's operational expectations, Otis still continues to build on the foundation established in the previous fiscal year. While the results are marginally down from last year, this was not unexpected, as the revenue drop-off that translated to the bottom line was proportionate to the decline in new equipment installation. This decrease in new equipment installation is directly correlated to the slowdown in the local construction industry. Notwithstanding, Otis retains a steady maintenance portfolio and we expect consistent results in the future.

CCS had an acceptable year. With many of the past organizational issues resolved we took the opportunity, as we had in ASB, to review the company's Balance Sheet. We scrutinized inventory balances, older contracts, accounting treatments and took the opportunity to write-off balances where appropriate. Despite some adjustments to income, Management is still pleased with the Company's overall performance.

IBC has epitomized our focus on cost containment and the Company's CEO, Rick Craft, is to be commended. Having exceeded both budgetary expectations and last year's earnings Management is extremely pleased with the results. However what makes the result particularly gratifying was that it was produced with a revenue base that was nearly 15% lower than the prior year.

Fiscal 2010 presented some formidable challenges, particularly for our subsidiary ASB. We have faced those challenges and taken pro-active steps to address the issues they created. Moreover, Management was able to insulate the Company's overall exposure to the faltering of ASB by negotiating the agreement with Government on favorable terms. The other companies in the group were able to stay the course by controlling their expenditure and by doing so, were able to excel. Consequently BAS has been able to exit the year well poised. BAS is debt free, its Balance sheet has been scrutinized and cleaned up, and has the opportunity to build stronger cash reserves.

Whilst we want to believe local and global economic recovery is a certainty, particularly in the local context, we anticipate a slow, gradual recovery over the long term. Consequently, like the fiscal year just ended, our focus for the next 12 months will remain on cost containment and cash preservation. Despite the slightly pessimistic economic outlook, we still think that these are exciting time for BAS. As the Company enters the second decade of the new millennium we believe BAS is well positioned to take advantage of opportunities that may arise in Bermuda's shifting economy.

In closing we would like to extend appreciation to our customers whom it is our privilege to serve. Additionally, we would express our gratitude to the employees of the BAS Group of Companies, for without their dedication and commitment none of what we have achieved would be possible.

Sincerely,

Kenneth Joaquin
Group President & Chief Executive Officer

ARTHUR MORRIS, CHRISTENSEN & CO.

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Bermuda Aviation Services Limited

We have audited the consolidated balance sheet of Bermuda Aviation Services Limited (the "Company") as at March 31, 2010, and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Bermuda and Canada.

Arthur Morris, Christensen & Co.

Hamilton, Bermuda
June 29, 2010

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2010

(Expressed in Bermuda Dollars)	**March 31 2010**	Restated March 31 2009
CURRENT ASSETS		
Cash and short-term deposits	**4,333,570**	3,985,707
Accounts receivable and prepaid expenses (note 19)	**10,776,327**	10,247,909
Inventories	**2,183,035**	2,406,492
	17,992,932	16,640,108
NON-CURRENT ASSETS		
Other receivables (note 13 and 19)	**3,755,030**	2,377,131
Capital assets (note 3 and 20)	**7,099,345**	7,749,450
Goodwill (note 4)	**18,153,648**	18,153,648
	29,008,023	28,280,229
TOTAL ASSETS	**46,300,955**	44,920,337
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**5,396,790**	5,915,889
Deferred revenue	**2,685,094**	2,117,833
Current portion of long-term debt (note 7)	**-**	774,607
	8,081,884	8,808,329
NON-CURRENT LIABILITIES		
Non-controlling interests (note 8)	**388,702**	350,997
Long-term debt (note 7)	**-**	1,758,964
	388,702	2,109,961
SHAREHOLDERS' EQUITY (note 20)		
Capital stock (note 9)	**5,076,659**	5,071,374
Share premium	**12,697,531**	12,676,391
Retained earnings	**20,056,179**	16,254,282
	37,830,369	34,002,047
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**46,300,955**	44,920,337

JOINT VENTURE (note 5)

Signed on behalf of the Board

Director

Director

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

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 2010

(Expressed in Bermuda Dollars)	**March 31 2010**	Restated March 31 2009
REVENUE		
Supply of services	**47,222,515**	52,733,391
Sale of goods	**3,237,876**	2,917,052
Total revenue	**50,460,391**	55,650,443
DIRECT COST OF REVENUE		
Direct cost of services revenue	**19,388,992**	21,217,881
Cost of goods sold	**1,215,022**	1,195,798
Total direct cost of revenue	**20,604,014**	22,413,679
GROSS PROFIT	**29,856,377**	33,236,764
OPERATING EXPENSES		
Wages and benefits	**19,900,472**	21,359,409
Other direct expenses and overheads	**5,912,915**	6,812,907
Amortization (note 20)	**1,431,259**	1,403,032
Loss on disposal of capital assets	**164,738**	1,350
Total operating expenses	**27,409,384**	29,576,698
INCOME FROM OPERATIONS	**2,446,993**	3,660,066
NON-OPERATING ITEMS		
Other income (loss)	**313,760**	(158,646)
Interest expense on long-term debt	**(71,792)**	(156,626)
Non-controlling interests (note 8)	**(267,238)**	(306,753)
NET INCOME BEFORE EXTRAORDINARY ITEMS	**2,421,723**	3,038,041
EXTRAORDANARY GAIN		
Extraordinary gain (note 19)	**3,105,790**	-
NET INCOME	**5,527,513**	3,038,041

CONSOLIDATED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED MARCH 31, 2010

	Capital Stock	Share Premium	Retained Earnings	**Shareholders' Equity**
Balance, March 31, 2008	5,078,332	12,712,681	15,099,005	**32,890,018**
Prior period adjustment (note 20)	-	-	(157,313)	**(157,313)**
Restated balance at March 31, 2008	5,078,332	12,712,681	14,941,692	**32,732,705**
Net income for the year	-	-	3,010,568	**3,010,568**
Prior period adjustment (note 20)	-	-	27,473	**27,473**
Restated net income for the year	-	-	3,038,041	**3,038,041**
Issuance of share capital	3,042	-	-	**3,042**
Repurchase of share capital	(10,000)	-	-	**(10,000)**
Surplus contributed during the year	-	(36,290)	-	**(36,290)**
Dividends Paid			(1,725,451)	**(1,725,451)**
Restated balance March 31, 2009	5,071,374	12,676,391	16,254,282	**34,002,047**
Issuance of share capital (note 22)	5,285	-		**5,285**
Surplus contributed during the year	-	21,140		**21,140**
Dividends paid during the year	-	-	(1,725,616)	**(1,725,616)**
Net Income for the year	-	-	5,527,513	**5,527,513**
Balance, March 31, 2010	5,076,659	12,697,531	20,056,179	**37,830,369**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2010

(Expressed in Bermuda Dollars)	March 31 2010	Restated March 31 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before extraordinary items	**2,421,723**	3,038,041
Adjustments to convert to cash basis:		
Amortization	**1,431,259**	1,403,032
Loss on disposal of capital assets	**164,738**	1,350
Non-controlling interests (note 8)	**267,238**	306,753
Cash from extraordinary gain (note 19)	**3,105,790**	-
Changes in non-cash working capital:		
Accounts receivable and prepaid expenses	**(1,879,893)**	8,318
Inventories	**223,457**	(7,466)
Accounts payable and accrued liabilities	**(619,633)**	(220,567)
Deferred revenue	**567,261**	365,506
	5,681,940	4,894,967
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in capital assets	**(945,892)**	(762,286)
Proceeds on disposal of capital assets	**-**	3,000
	(945,892)	(759,286)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends	**(1,725,616)**	(1,725,451)
Dividends paid to non-controlling interests	**(128,998)**	(245,491)
Repayment of long-term debt	**(2,533,571)**	(802,868)
	(4,388,185)	(2,773,810)
CASH & SHORT TERM DEPOSITS		
Increase during the year	**347,863**	1,361,871
Beginning of the year	**3,985,707**	2,623,836
End of the year	**4,333,570**	3,985,707

Supplemental Information:

Interest paid during the year	**71,792**	156,626

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

(Expressed in Bermuda Dollars)

1. Operations

Bermuda Aviation Services Limited and its subsidiaries (the "Company") provide aircraft, passenger and cargo handling services at L.F. Wade International Airport, distribute automotive parts and provide automotive services; provide facilities management services; provide elevator maintenance and installation; provide cargo and courier services; and provide cabling, networking and telephony services and maintenance.

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada. Significant accounting policies are:

A) PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the Company and its subsidiaries. The subsidiaries and percentage ownership at March 31, 2010 are:

AIRCRAFT SERVICES BERMUDA LIMITED ("ASB")	100%
BAS-SERCO LTD. ("BAS-Serco")	90%
THE CCS GROUP LTD. ("CCS")	100%
EASTBOURNE PROPERTIES LTD.	100%
INTERNATIONAL BOUNDED COURIERS OF BERMUDA LTD ("IBC")	100%
OTIS ELEVATOR COMPANY (BERMUDA), LTD. ("Otis")	80.1%
WEIR ENTERPRISES LTD. ("Weir")	100%

Subsidiaries are consolidated from the date the Company obtains control until such time as control ceases. All significant transactions and balances between subsidiaries have been eliminated on consolidation. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

B) CASH AND SHORT TERM DEPOSITS

Cash and short term deposits consist of cash balances with banks and highly liquid money market instruments. The Company maintained bank accounts with two financial institutions in Bermuda. All cash and short term deposits are classified as held for trading. These instruments are accounted for at fair value.

C) INVENTORIES

Inventory is valued at the lower of cost and net realizable value. Costs of goods sold are calculated either on a first-in/first-out basis or a weighted average basis. Inventory is comprised of office supplies, uniforms, fuel, auto parts, elevator parts and computer parts. During the year, the company expensed inventory in the amount of $9,159,554 (2009 - $12,764,454)

D) GOODWILL

Goodwill arising on the purchase of subsidiaries is measured at unamortized cost less any accumulated impairment loss. Goodwill is tested for impairment at least annually based upon estimates of fair values as calculated by management using a multiple of earnings. The Company has determined that there is no impairment in the unamortized portion of goodwill at the end of the current fiscal year.

E) **CAPITAL ASSETS**

Capital assets are being amortized over their estimated useful lives, which are as follows:

Buildings	40 years
Leasehold Improvements	10 years
Fixtures and Fittings	From 3 to 10 years
Plant and Machinery	From 3 to 15 years
Motor Vehicles	From 3 to 5 years

Capital assets are reviewed annually for impairment. The Company has determined that there was no impairment in the capital assets at the end of the current fiscal year.

F) **PENSION BENEFITS**

As described in note 13, the Company maintains pension plans covering all employees. Employer contributions to the defined contribution plan are expensed as incurred and are included in wages and benefits.

The defined benefit plan is accounted for as follows:

The actuarial determination of the accrued benefit obligations for the pensions uses the projected benefit method prorated on service (which incorporates management's estimate of future salary levels, other cost escalations, retirement ages of employees and other actuarial factors).

For the purpose of calculating the expected return on plan assets, those assets are measured at fair value.

Actuarial gains (losses) arise from the difference between the actual long-term rate of return on plan assets for a period and the expected long-term rate for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of the plan assets is amortized over the average remaining service period of active employees. The Company's net benefit plan expenses are included in wages and benefits.

On January 1, 2000, the Company adopted the new accounting standard on employee future benefits using the prospective application method. The Company is amortizing the transitional obligation on a straight-line basis over the average remaining service period of employees expected to receive benefits under the benefit plan.

G) **REVENUE RECOGNITION**

Revenues are recorded when services are provided and goods are sold and are shown net of returns and discounts.

Net, rather than gross, revenues are reported for projects where the Company acts as an agent of the customer and manages a project on the clients' behalf.

Revenues from long-term development, maintenance and service contracts are recorded using the percentage of completion method. Accounts receivable and prepaid expenses includes unbilled revenue established using the percentage of completion method of $1,668,372 (2009 - $869,258)

H) **DEFERRED REVENUE**

Collection of sales revenue from customers for future products and services are recorded as deferred revenue until the contracts are completed or the products and services are delivered.

I) **FORGEIGN CURRENCY TRANSLATION**

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the date of the financial statements. Non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates of exchange. Transactions in foreign currencies are translated at the rates of exchange prevailing at the time of the transaction. Exchange gains and losses are included in the net income for the consolidated statement of income and retained earnings

J) **FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and Company's designation of such instruments. The standards require that all financial assets and financial liabilities be classified as held-for-trading, held-to-maturity, available-for-sale, loans and receivables or other liabilities.

Classification of Financial Instruments

The following summarizes that accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding as of March 31, 2010:

Cash and cash equivalents	Held-for-trading
Accounts and Other receivables	Loans and receivables
Long term debt	Other liabilities
Accounts payable and accrued liabilities	Other liabilities

Held-for-trading

Financial assets that are acquired with the intention of generating profits in the near term are accounted for at fair value. Interest earned or accrued is included in other income.

Loans and receivables

Loans and receivables are accounted for at amortized cost.

Other liabilities

Other liabilities are recorded at amortized cost and include all liabilities other than derivatives or liabilities, which are required to be accounted for at fair value.

Transaction costs

Transaction costs related to held-for-trading financial assets are expensed as incurred. Transaction costs related to Loans and receivables and other liabilities are netted against the carrying value of the asset or liability and amortized over the expected life of the instruments using the effective interest method.

Determination of fair value

The fair value of a financial instrument on initial recognition is generally the transaction price, which is the fair value of the consideration given or received.

K) **USE OF ESTIMATES**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements. Estimates also affect the reported amounts of income and expenses for the reported period. Actual results could differ from those estimates.

i) Accruals: Amounts accrued for certain expenses are based on estimates and are included in account payable and accrued liabilities.

ii) Capital assets: Management exercises judgment in determining whether costs incurred can accrue future economic benefits to the Company to enable the value to be treated as a capital expense. Further judgement is applied in the annual review of the useful lives of all categories of capital assets and the resulting calculation of annual amortization.

iii) Allowance for doubtful accounts: The Company provides an allowance on accounts receivable by specific evaluation of individual customer accounts and invoices.

L) **Recent pronouncements**

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. In addition, the CICA issued Sections 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests, which replaces the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements, while section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

These statements apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier application permitted. The Company is currently evaluating the new sections to determine the potential impact on its consolidated financial statements.

In February 2008, the CICA announced that Canadian generally accepted accounting principles for publicly accountable enterprises will be replaced by the International Financial Reporting Standards (“IFRS”) for fiscal years beginning on or after January 1, 2011. As a result IFRS will be adopted by the Company on April 1, 2011 and its first set of IFRS compliant financial statements will be for the year ending March 31, 2012. The Company is in the process of assessing the impact on itself of this convergence.

M) **Changes in accounting policies**

Effective October 1, 2008, The Company adopted CICA Handbook Section 3064, Goodwill and Intangible Assets. The revisions are intended to align the definition of the intangible asset in Canadian GAAP with that in IFRS The new section establishes standards for the recognition, measurement, presentation, and disclosure of goodwill and intangible assets. The adoption did not have a material impact on the Company.

N) **Stock based compensation**

When stock based compensation awards are granted, the portion of the award that vests immediately is recognized as an expense and the remainder is recognized in future periods when the vesting requirements are met.

3. Capital Assets

Capital assets and related accumulated amortization are classified as follows:

	Cost	Accumulated Amortization	**2010 Net**	Restated 2009 Net
Land and Buildings	4,596,447	711,543	**3,884,904**	3,917,932
Machinery and equipment	9,678,630	7,471,460	**2,207,170**	2,631,921
Furniture and fixtures	567,922	438,906	**129,016**	154,429
Leasehold improvements	3,551,467	2,673,212	**878,255**	1,045,168
	18,394,466	11,295,121	**7,099,345**	7,749,450

Capital assets include fully amortized items, which continue to provide an economic benefit to the Company, with an original cost of approximately $4,272,650 (2009 - $5,713,978). During the year, the Company recognized impairment of assets in the amount of $164,738 (2009 - $nil). The Company determined that these assets had no future economic benefit to ongoing operations.

4. Goodwill

Goodwill is classified as follows:

	March 31 2010	Restated March 31 2009
Automotive Garages	**1,941,945**	1,941,945
Facilities Management	**4,755,833**	4,755,833
Cargo Handling	**6,985,909**	6,985,909
IT Services	**4,469,961**	4,469,961
	18,153,648	18,153,648

5. Joint Venture

In April of 2009, a subsidiary of the Company, CCS, and a third party, Logic Communications Ltd (“Logic”), responded jointly to a request for proposal from the Government of Bermuda, Ministry of Energy, Telecommunications & E-commerce, Information Technology Office (the “ITO”) to re-engineer and replace Government’s network infrastructure island-wide. The ITO accepted the CCS/Logic joint venture proposal and subsequently the parties jointly entered into a Network Infrastructure Re-engineer Service Agreement (the “Project”) between themselves and the ITO pursuant to a Network Infrastructure Rebuild Statement of Work in accordance with the request for proposal from the ITO.

On March 1, 2010, CCS entered into a Joint Venture Alliance Agreement (the “JV”) with Logic in order to establish a framework to regulate their collaboration regarding the project for the ITO. Under the terms of the agreement, the JV is to provide various professional services and hardware components. Any profit derived from the provision of services will be recognized by the individual parties to the JV. Any profit on the sale of hardware is to be distributed equally amongst the parties.

As of the date of the financial statements, the JV has invoiced the ITO for services rendered in the amount of $89,850 based on the total hours spent on the project by CCS and Logic personnel. CCS’s portion of this invoice in the amount of $42,700 has been included in accounts receivable. Profit recognized by each party on the service amount invoiced to the ITO is based on each individual company’s profit margins such that no profit remains in the JV to be distributed.

The JV agreement specifically provides for the hardware component of the project for which CCS and Logic will share equally in any profit. As of the date of the financial statements, the JV has invoiced and received a deposit in the amount of $450,000 relating to specific hardware for the ITO. This amount has not been reflected in the consolidated financial statements as the amount of profit, if any, to be distributed from this transaction in not known as of the date of the financial statements.

6. Bank Overdrafts

The Company has obtained bank overdraft facilities totalling $250,000 to finance operations at 2.0% per annum over the Bank's Bermuda Dollar Base Rate to expire August 31, 2010. The Bank's Bermuda Dollar Base Rate at year end was 3.75% (2009- 3.75%).

7. Long-Term Debt

During the year, the company repaid the remaining outstanding principal and interest portions of the loan in the amount of $2,605,363.

8. Non-Controlling Interests

Non-controlling interests represent the following:

	March 31 2010	March 31 2009
BAS-Serco		
Non-controlling equity shareholders' share (10%) of net asset value not purchased on December 1, 2004	**67,340**	67,340
Proportionate share of results of operations since acquisition	**931,081**	774,642
Proportionate share of dividends paid since acquisition	**(837,462)**	(696,678)
	160,959	145,304
OTIS		
Non-controlling equity shareholders' share (19.90%) of net asset value not purchased on February 28, 2007	**86,339**	86,339
Proportionate share of results of operations since acquisition	**388,691**	277,892
Proportionate share of dividends paid since acquisition	**(247,287)**	(158,538)
	227,743	205,693
Total Non-Controlling Interests	**388,702**	350,997

Non-controlling interests of $267,238 (2009- $306,753), as shown in the Statement of Income, comprise $156,439 (2009- $136,101) from BAS-Serco and $110,799 (2009- $170,652) from Otis.

As part of the acquisition of BAS-Serco in December 2004 the Company also granted options to the non-controlling shareholders to sell their shareholdings to the Company. These options are exercisable during the period December 1, 2004 to December 1, 2025 at an arm's length price to be mutually agreed between the Company and the non-controlling shareholder at the time that the option is exercised.

As part of the acquisition of Otis on February 28, 2007 the Company also granted options to the non-controlling shareholders to sell their shareholdings to the Company. These options are open-ended and exercisable from the first anniversary of the agreement at an arm's length price to be mutually agreed between the Company and the non-controlling shareholder at the time that the option is exercised

9. Capital Stock

Capital stock is as follows:

	March 31 2010	March 31 2009
Authorized- 9,999,996 shares (2009 - 9,999,996 shares), par value of $1.00 (2009 - $1.00) each	**9,999,996**	9,999,996
Issued and fully paid- 5,076,659 shares (2009 - 5,071,374 shares)	**5,076,659**	5,071,374

During the year, the Company issued 5,285 shares to senior management as part of the executive stock compensation scheme. Also see note 22.

10. Per Share Amounts

	March 31 2010	Restated March 31 2009
Income per share before extraordinary items– basic and fully diluted	**0.48**	0.59
Prior period adjustment (note 20)	**-**	0.01
Income per share from extraordinary items – basic and fully diluted	**0.61**	-
Income per share after extraordinary items – basic and fully diluted	**1.09**	0.60

Income per share has been calculated on net income for the year after extraordinary items of $5,527,513 (2009 - $3,038,041) on 5,075,776 (2009 – 5,074,291) shares, being the weighted average number of shares in issuance.

11. Capital Management

The Company capital base comprises share capital, share premium and retained earnings. The Company's objectives when managing capital are:

1. to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

2. to provide an adequate return to shareholders by pricing products and services while maintaining the associated costs to reasonable levels.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

As the Company's subsidiaries experience cyclical business cycles, it is necessary to manage its cash flows. The Company's management makes regular projections of its cash flows and adjusts its operations in order to meet its obligations. The Company has also obtained bank overdraft facilities to assist with this aim (see note 6).

During 2010, the Company's strategy, which was unchanged from 2009, was to maintain the dividend payout at $0.085 per share per quarter. Additional funds were used to settle the long term debt.

12. Financial Instruments – risk management

The Company's activities may expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, and liquidity risk as follows:

I. **Fair Values:** Fair value is the amount for which a financial asset could be exchanged, or a financial liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of cash and cash equivalents, accounts receivable, inventories, accounts payable and accrued liabilities and bank loan are reasonable estimates of their fair values due to the short-term maturity of these instruments

II. **Credit Risk:** Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company has one customer whose share of total Company revenues are approximately 14.5% (2009 – 10.2%) and falls in the facilities management segment. Cash and short term deposits are held with reputable financial institutions. The primary concentration of the Company's credit risk is with its receivables, which is mitigated by ongoing reviews of these balances. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk.

III. **Liquidity risk:** Liquidity risk is the risk that sufficient funds will not be available to meet financial requirements as they become due. The Company manages liquidity risk by continually monitoring actual and projected cash flows. At the balance sheet date, the Company had no significant liquidity risk exposure.

IV. **Price risk:** Price risk arises from change in market risks, other than interest rate risk and credit risk, causing fluctuations in the fair value of future cash flows of the financial instruments. At the balance sheet date, the Company had no significant price risk exposure.

V. **Currency risk:** Foreign currency risk is the risk that the value of the financial instrument will fluctuate because of changes in foreign exchange rates. At the balance sheet date, the Company had no significant currency risk exposure.

13. Pension Plans

The Company maintains several pension plans covering all employees of the Company and its subsidiaries.

For the employees of Weir, BAS-Serco, IBC and Otis, the Company opted to retain the defined contribution plans in place at the time of acquisition. The net benefit plan expenses for these companies are as follows:

	March 31 2010	March 31 2009
Current service cost, net of employee contributions:		
Weir Enterprises Ltd.	**15,954**	14,980
BAS-Serco Limited	**188,638**	171,100
International Bonded Couriers of Bermuda Ltd	**139,577**	139,225
Otis Elevator (Company) Bermuda, Ltd.	**31,599**	24,960

The Company operates two pension plans covering the employees of Bermuda Aviation Services Limited and ASB. For services to December 31, 2007, the plans provide pension benefits based upon length of service and final average earnings for senior management and pension benefits based on length of service and career average earnings for regular employees. For service from January 1, 2008, company contributions accumulate in members' accounts to provide a defined contribution pension. Member contributions to the plans from January 1, 1992 accumulate to provide a defined contribution pension.

The assets held within BAS Pension Plan Trust have been segregated into two separate group pension plans, one for senior management, and one for all other employees. The assets of the BAS Pension Plan Trust are allocated between these group plans based on historic and current contributions to, and distributions from, the plans. Pension contributions and distributions are specifically identified and allocated to the appropriate group plan. Expenses that are specific to a group plan are also allocated to that plan. Income, fees, and other expenses that are not specifically related to a group plan are allocated to each group plan on a pro-rated basis, based on the value of assets within the group plan.

BAS Pension Plan Trust, which is a registered legal entity, is liable for the debts of the pension plan for employees and pension plan for senior management employees.

The pension benefit obligations and assets are measured each year as of March 31. Pension benefit obligations are determined based on certain assumptions including interest rates, salary increases, mortality and retirement age. Pension assets consist principally of US equities, mutual funds, Bermuda equities, fixed deposits and money market investments. The value of the assets will fluctuate as the result of changes in the market value of investments.

The following tables provide a summary of the estimated financial position of the pension plans as of March 31, 2010:

	March 31 2010	March 31 2009
Accrued Benefit Obligation		
Balance - beginning of the year:		
Defined benefit portion	**6,635,017**	7,723,425
Defined contribution portion	**2,564,416**	2,592,782
	9,199,433	10,316,207
Employee contributions (defined contribution)	**288,132**	293,842
Employer contributions (defined contribution)	**267,553**	318,201
Interest cost	**477,301**	484,472
Benefits paid	**(723,985)**	(1,130,820)
Actuarial losses and increase in defined contribution accounts	**1,762,238**	(1,082,469)
Balance - end of the year:		
Defined benefit portion	**8,030,755**	6,635,017
Defined contribution portion	**3,239,917**	2,564,416
	11,270,672	9,199,433

	March 31 2010	March 31 2009
Plan Assets		
Fair value - beginning of the year	**8,448,686**	9,925,843
Actual return on plan assets	**1,487,215**	(1,670,430)
Employee contributions (defined contribution)	**288,132**	293,842
Employer contributions (defined contribution)	**267,553**	318,201
Employer contributions (defined benefit)	**828,435**	712,050
Benefits paid	**(723,985)**	(1,130,820)
Fair value - end of the year	**10,596,036**	8,448,686

	March 31 2010	March 31 2009
Accrued Benefit Asset		
Funded status – plan deficit	**(674,636)**	(750,747)
Unamortized transitional asset	**(1,145,924)**	(1,256,103)
Unamortized net actuarial loss	**4,837,129**	4,327,566
Accrued benefit asset	**3,016,569**	2,320,716

The accrued benefit asset is included in other receivables on the consolidated balance sheet.

Information about how the plan assets are invested as of March 31, 2010 is as follows:

	March 31 2010	March 31 2009
Plan Assets by Asset Category		
Equity securities (principally US and Bermuda equities)	**64%**	64%
Debt securities (principally fixed deposits and cash)	**36%**	36%
Total	**100%**	100%

Plan assets include common shares of the Company having a fair value of $840,270 at March 31, 2010 (2009 - $923,465).

The significant actuarial assumptions adopted in measuring the Company's net benefit plan expenses and the pension plan's accrued benefit obligations are as follows:

	March 31 2010	March 31 2009
Assumptions for Expense		
Discount rate	**7.50%**	6.50%
Expected long-term rate of return on plan assets	**7.50%**	7.50%
Rate of compensation increase	**3.25%**	3.25%

	March 31 2010	March 31 2009
Assumptions for Disclosure		
Discount rate	**5.75%**	7.50%
Rate of compensation increase	**3.25%**	3.25%

The Company's net pension expense is as follows:

	March 31 2010	March 31 2009
Current service cost, net of employee contributions	**-**	-
Interest cost	**477,301**	484,472
Actual return on plan assets	**(1,214,673)**	1,285,244
Actuarial loss on accrued benefit obligation	**1,489,716**	(697,282)
Costs arising in the year	**752,344**	1,072,434
Differences between costs arising in the year and costs recognized in the year in respect of:		
- Return on plan assets [1]	**769,895**	(1,829,194)
- Actuarial loss [2]	**(1,279,458)**	853,248
- Transitional asset [3]	**(110,179)**	(110,179)
Net defined benefit pension expense recognized	**132,602**	(13,691)
Defined contribution pension expense	**267,553**	318,201
Total pension expense	**400,155**	304,510

1 Actual return on plan assets of $1,214,673 (2009 – $(1,285,244)) less expected return on plan assets of $444,778 (2009 - $543,950).

2 Actuarial loss on accrued benefit obligation arising in the year of ($1,489,716) (2009 - $697,282) less actuarial loss recognized in the year of $210,258 (2009 - $155,966).

3 Amortization of transitional asset.

Actuarial valuation reports for funding purposes have been prepared as of December 31, 2009 and December 31, 2007 and the dates of the next required actuarial valuations for funding purposes are December 31, 2010.

14. Lease Commitments

Certain of the Company's premises are leased from the Government of Bermuda. The Company has a lease covering a private jet base and adjoining ramp area from February 15, 1998 to December 31, 2019 (note 19).

Minimum annual commitments under long-term leases are as follows:

Year ending March 31, 2011	**633,000**
Year ending March 31, 2012	**296,400**
Year ending March 31, 2013	**176,600**
Year ending March 31, 2014	**165,700**
Year ending March 31, 2015	**261,000**

At March 31, 2010, the total future minimum lease payments under long-term leases are $1,532,700.

15. Rental Income

Rental income from owned and sublet property is recognized on a straight-line basis over the term of the lease.

Estimated future income from rental properties is as follows:	
Year ending March 31, 2011	**121,850**
Year ending March 31, 2012	**81,900**
Year ending March 31, 2013	**75,600**
Year ending March 31, 2014	**32,360**

16. Contractual Obligation

The Company is committed to space on an air charter freighter at a rate of $5,000 per flight, expiring December 31, 2010, with flights scheduled every weekday (excluding Bermuda public holidays). The arrangement is subject to a sixty day notice period.

17. Directors' Share Interests and Service Contracts

Pursuant to Regulation 6.8(3) of Section IIB of the Bermuda Stock Exchange Listing Regulations, the total interests of all directors and officers of the Company as at March 31, 2010 were 222,653 (2009 – 317,773) shares.

The Company has no service contracts with directors.

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.

18. Segment Reporting

The Company has six reportable segments as shown below. The Company's management has identified the operating segments based on the goods and services they provide. The accounting policies of each of the segments are the same as those described in the summary of significant accounting policies. All business activities are conducted in Bermuda and all inter-segment transactions are accounted for at arm's length.

For the year ended March 31, 2010:

	Revenue from External Customers	Inter-Segment Revenue	Amortization of Capital Assets	Net Income	Total Assets
Administrative Services	306,640	870,680	158,758	(1,481,206)	2,256,978
Aircraft and Passenger Handling	5,000,475	-	243,875	(353,873)	1,535,024
Automotive Garages	3,300,308	559,680	71,409	599,857	5,273,591
Cargo Handling	12,304,420	60,531	251,964	784,880	3,077,309
Facilities Management	10,883,588	20,985	67,757	2,015,642	3,803,929
IT Services	18,664,960	54,386	637,496	749,091	8,351,140
	50,460,391	1,566,262	1,431,259	2,314,391	24,297,971

For the year ended March 31, 2009 (as restated):

	Revenue from External Customers	Inter-Segment Revenue	Amortization of Capital Assets	Net Income	Total Assets
Administrative Services	369,133	999,784	201,355	(986,089)	1,884,711
Aircraft and Passenger Handling	6,662,033	-	262,752	116,767	2,004,982
Automotive Garages	3,043,514	630,591	75,154	448,531	5,474,379
Cargo Handling	14,374,242	50,377	307,195	949,659	3,108,293
Facilities Management	11,177,478	(8,294)	43,510	2,214,068	4,035,024
IT Services	20,024,043	15,293	513,066	930,821	8,248,989
	55,650,443	1,687,751	1,403,032	3,673,757	24,756,378

Reconciliation

	March 31 2010	Restated March 31 2009
Net Income		
Total net income for reportable segments	**2,314,391**	3,673,757
Pension plan benefit expense (note 13)	**132,602**	(13,691)
Other income	**313,760**	(158,646)
Interest expense on debt	**(71,792)**	(156,626)
Non-controlling interests (note 8)	**(267,238)**	(306,753)
Extraordinary gain (note 19)	**3,105,790**	-
Total group net income	**5,527,513**	3,038,041

Total Assets		
Total assets for reportable segments	**24,297,971**	24,756,378
Inter-segment balances	**832,767**	(310,406)
Goodwill (note 4)	**18,153,648**	18,153,648
Pension plan accrued benefit asset (note 13)	**3,016,569**	2,320,717
Total group assets	**46,300,955**	44,920,337

19. Extraordinary Gain

On October 26, 2009 a final settlement was reached on compensation for the Government's breach of the exclusive right of BAS to operate the executive jet facility at the L.F. Wade International Airport. Under the terms of the settlement, the company was awarded the amount of $202,570 for damages in relation to the breach and a further $243,176 for legal cost incurred during the arbitration.

The Company then entered into a separate agreement with the Bermuda Government to give up its exclusive right to operate an executive jet facility at the L.F. Wade International Airport. As consideration for giving up this right, BAS was compensated in the amount of $2,700,000. Under Clause 6 of the settlement agreement, the Company elected to receive a lump sum payment in the amount of $1,750,000. The remaining portion of the settlement is to be received by way of annual rent relief in the amount of $200,000 and annual lump sum payments of $50,000 for the period from January 1, 2010 to December 31, 2013. The lump sum payments are due by December 31st of each year. Rent relief is received on a monthly basis. Included in accounts receivable and prepaid expenses is the current portion of rent relief in the amount of $250,000. Other long term receivables include rent relief in the amount of $700,000.

Under Clause 1 of the agreement, the Company was also awarded an extension of all existing property leases at the L.F. Wade International Airport until December 31, 2019. Furthermore, the facilities management agreement between a subsidiary of the Company, BAS-Serco, and the Department of Airport Operations was extended until December 31, 2014.

The extraordinary gain shown in the income statement is equal to the total amount of the settlement, less the portion of the settlement allocated to legal cost in the amount of $89,955.

20. Prior period adjustment

During the year, the company discovered that leasehold improvements relating to a catering operating discontinued in prior years had continued to be recorded as an asset and amortized in error. The amortization taken on these assets for the year ended March 31, 2009 was $27,473 and has been corrected in the previously presented net income. The net book value of these assets at March 31, 2009 was $157,313 and the value was written off as part of the correction of this error.

	As reported	As Restated
Capital assets	7,879,290	7,749,450
Total assets	45,050,177	44,920,337
Amortization expense	1,430,505	1,403,032
Net income before extraordinary items	3,010,568	3,038,041
Net Income	3,010,568	3,038,041
Retained Earnings, beginning of the year	15,099,005	14,941,692

21. Related Party Transactions

During the year, BAS-Serco provided facilities management services to a company related by a common Directorship. These services were provided in the normal course of business for the consideration amount of $642,320 (2009 - $420,908), the amount contracted between the parties. As of March 31, 2010, the amount due to BAS-Serco Ltd. was $62,440 (2009 - $33,707).

22. Stock Based Compensation

The Company has a stock based compensation plan whereby senior management of the Company and its subsidiaries are awarded an annual bonus comprising of common stock of the Company. When awarded, 25% of the bonus is given to the employee by issuing stock and the remainder vests over the next three years in equal installments. However, the balance of the bonus is forfeited if the employee leaves employment of the Company or its subsidiaries before the bonus vests. As at March 31, 2010, $59,059 in stock-based compensation had been granted to employees, but had not yet vested. At the current trading price of $5.00 per share, this would equate to 10,811 shares. During the current year, $5,285 and $21,140 were credited to capital stock and share premium respectively as a result of the issuance of shares for stock-based compensation. There are no amounts receivable from employees in respect of stock-based employee compensation awards. There have been no significant modifications to outstanding awards except for employee forfeitures upon cessation of employment with the Company.

23. Subsequent Event

Subsequent to year end, ASB was informed by two airlines that their aircraft services contract would not be renewed. As a result, the Company has made certain staff redundant subsequent to year end.

The Company accrued redundancy costs in the amount of approximately $271,000 relating to one of these contracts at March 31, 2010 as the contract had expired and ASB continued to provide services to this airline on a month-to-month basis until the contract was finally awarded to a competing company in June 2010. These costs are included in wages and benefits on the statement of income.

The Company paid additional redundancies relating to the second contract in June 2010 in the amount of approximately $178,000. These amounts were not accrued at year end as the contract did not expire until May 2010.

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