



SIX-MONTH REPORT

SEPTEMBER 30, 2020

Report to Shareholders

Financial Results

Bermuda Aviation Services Limited (the Company) and its subsidiaries (the Group) reported net income from continuing operations of \$0.5 million for the six months ended September 30, 2020 compared to \$0.3 million over the comparative period to September 2019; an increase of \$0.2 million. The Company's net income from continuing operations has remained consistent despite the intermittent government-imposed shutdown of operations of certain sectors of the economy due to Covid-19.

The loss from discontinued operations for the current period of \$0.2 million is attributable to the sale of The CCS Group ("CCS") in July 2020 and the loss from discontinued operations for the comparative period of \$0.7 million is attributable to the sale of CCS Group Sucursal EM Portugal (CCS Portugal) in September 2019. The loss on the sale of CCS was \$0.2M for the period, which includes an adjustment to Goodwill, with an additional \$0.3M of transaction related costs.

The Company reduced its bank loan by \$2.5 million and paid interest of \$0.2 million in the first six months of the fiscal year from the proceeds of the sale of CCS.

Loss attributable to shareholders of the Company was \$0.3 million for the six months ended September 30, 2020 in comparison to a loss of \$0.5 million for the comparative period to September 2019. Total comprehensive loss was \$0.3 million for the current period compared to a comprehensive loss in the prior period of \$0.4 million.

Revenues from continuing operations were \$6.4 million for the period, a \$1.5 million decrease versus the comparative period. Total cost of revenue was \$2.4 million, a decrease of \$0.9 million; resulting in gross margin of \$4.0 million compared to \$4.7 million in the comparative period.

Total operating expenses were \$3.3 million for the period, a decrease of \$0.9 million compared to the comparative period.

Earnings per share from continuing operations was \$0.02 per share compared to prior year of \$0.04 per share. The Company did not declare or pay dividends during the period ended September 30, 2020, as the Board of Directors considered it prudent to instead, strengthen the balance sheet and financial position of the Group.

In light of the global Covid-19 pandemic, the Company is continuing to monitor operations and remain agile as the needs of customers evolve. The Board of Directors and Management would like thank all of the Company's employees for all their continued hard work and dedication during these unprecedented times.



David W. Pugh, FCA
CHAIRMAN



Navdeep Dhesi, CPA, CMA
VICE PRESIDENT FINANCE

December 2, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited) AS AT SEPTEMBER 30, 2020
(Expressed in thousands of Bermuda Dollars)

	UNAUDITED SEPTEMBER 30 2020	AUDITED MARCH 31 2020
CURRENT ASSETS		
Cash and cash equivalents	4,472	5,292
Accounts receivable	4,227	2,502
Prepaid expenses	132	119
Inventories	600	593
Assets held-for-sale	-	7,094
	9,431	15,600
NON-CURRENT ASSETS		
Property, plant and equipment	7,939	8,216
Goodwill	6,698	9,469
	14,637	17,685
TOTAL ASSETS	24,067	33,285
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	1,380	1,690
Deferred revenue	1,678	504
Bank loan	834	644
Liabilities held-for-sale	-	7,285
	3,892	10,123
NON-CURRENT LIABILITIES		
Bank loan	1,304	3,984
TOTAL LIABILITIES	5,196	14,107
EQUITY		
ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		
Share capital	4,922	4,922
Share premium	12,371	12,371
Retained earnings	1,338	1,655
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	18,631	18,948
Attributable to non-controlling interests	239	230
TOTAL EQUITY	18,870	19,178
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24,067	33,285

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020 and 2019
(Expressed in thousands of Bermuda Dollars except earnings per share data)

	UNAUDITED SEPTEMBER 30 2020	UNAUDITED SEPTEMBER 30 2019*
CONTINUING OPERATIONS		
Total revenue	6,372	7,891
Total cost of revenue	(2,384)	(3,237)
GROSS PROFIT	3,988	4,654
Other income	116	106
OPERATING EXPENSES		
Wages and benefits	(2,361)	(3,226)
Other direct expenses and overheads	(735)	(733)
Depreciation	(250)	(286)
TOTAL OPERATING EXPENSES	(3,346)	(4,245)
Finance costs	(174)	(202)
Impairment loss on trade receivables	(51)	(17)
TOTAL INCOME FROM CONTINUING OPERATIONS	533	296
Loss from discontinued operations	(225)	(722)
Loss on sale of subsidiary	(212)	-
Transaction costs	(347)	-
TOTAL COMPREHENSIVE LOSS	(251)	(426)
INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of the Company	(316)	(520)
Non-controlling interests	65	94
LOSS FOR THE PERIOD	(251)	(426)
EARNINGS (LOSS) PER SHARE		
Basic and diluted from loss for the period	(0.06)	(0.11)
Basic and diluted from discontinued operations	(0.05)	(0.15)
Basic and diluted from continuing operations	0.02	0.04

*Restated (note 4)

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of Bermuda Dollars)

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				NON- CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL		
APRIL 1, 2019*	4,922	12,371	3,992	21,285	401	21,686
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Dividends to non-controlling interests	-	-	-	-	(83)	(83)
	4,922	12,371	3,992	21,285	318	21,603
TOTAL COMPREHENSIVE INCOME						
(Loss) income for the period*	-	-	(520)	(520)	94	(426)
SEPTEMBER 30, 2019	4,922	12,371	3,472	20,765	412	21,177
APRIL 1, 2020	4,922	12,371	1,655	18,948	230	19,178
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Dividends to non-controlling interests	-	-	-	-	(57)	(57)
	4,922	12,371	1,655	18,948	173	19,121
TOTAL COMPREHENSIVE INCOME						
(Loss) income for the period	-	-	(316)	(316)	65	(251)
SEPTEMBER 30, 2020	4,922	12,371	1,338	18,631	239	18,870

*Restated (note 4)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of Bermuda Dollars)

	UNAUDITED SEPTEMBER 30 2020	UNAUDITED SEPTEMBER 30 2019*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(251)	(427)
ADJUSTMENTS:		
Depreciation	306	502
Finance costs	174	202
Impairment loss on trade receivables	51	21
Loss on disposal of subsidiary	212	-
CHANGES IN NON-CASH WORKING CAPITAL:		
Accounts receivable	(1,776)	(561)
Prepaid expenses	(13)	(1,008)
Inventories	(7)	(4)
Accounts payable and accrued liabilities	(310)	(936)
Deferred revenue	1,174	1,769
Assets and liabilities held-for-sale, net	(416)	-
NET CASH USED IN OPERATING ACTIVITIES	(857)	(442)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment, net	57	(1)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	57	(1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	(57)	(83)
Proceeds from sale of subsidiary	2,700	-
Repayment of bank loan	(2,490)	(394)
Finance costs	(174)	(202)
NET CASH USED IN FINANCING ACTIVITIES	(21)	(679)
CASH AND CASH EQUIVALENTS		
Decrease during the period	(820)	(1,122)
Beginning of the period	5,292	4,566
END OF THE PERIOD	4,472	3,444

*Restated (note 4)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020
(Expressed in thousands of Bermuda Dollars)

1. Significant accounting policies

The interim consolidated financial statements of Bermuda Aviation Services Limited ("BAS" or the "Company") for the six months ended September 30, 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and follow the same accounting policies as per the March 31, 2020 annual financial statements. The interim consolidated financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the March 31, 2020 annual financial statements.

2. Segment reporting

BAS and its subsidiaries (the "Group") have three (2019–four) reportable segments as shown below. The Group's management has identified the operating segments based on the goods and services they provide. The operations of The CCS Group Ltd. ("CCS") have been reclassified from Infrastructure Development and presented as discontinued operations for the period ended September 30, 2019 (note 3). The operations of Bermuda Energy Services Company Ltd. ("BESCO") have been reclassified from Infrastructure Development to Facilities Management following the amalgamation of BESCO with BAS Facilities Management Ltd ("BAS FM") on June 30, 2020 for the current and comparative period.

The following describes the composition of each of the Group's three reportable segments:

- i. Administrative services includes mainly the assets and services related to the Group's corporate headquarters.
- ii. Automotive garages includes the distribution of automotive parts and services.
- iii. Facilities management includes elevator maintenance and installation, property management, and maintenance.

	ADMINISTRATIVE SERVICES	AUTOMOTIVE GARAGES	FACILITIES MANAGEMENT	TOTAL
CONTINUING OPERATIONS PERIOD ENDED SEPTEMBER 30, 2020				
Revenue from external customers	28	1,310	5,034	6,372
Inter-segment revenue	1,294	3	126	1,423
Depreciation	213	1	35	250
(Loss) income	(1,090)	458	1,223	591
Total capital expenditure	(1)	-	(26)	(27)
CONTINUING OPERATIONS PERIOD ENDED SEPTEMBER 30, 2020				
Total operating assets	9,288	1,111	6,970	17,369
Total operating liabilities	576	70	2,412	3,058
CONTINUING OPERATIONS PERIOD ENDED SEPTEMBER 30, 2019				
Revenue from external customers	22	1,397	6,473	7,891
Inter-segment revenue	1,718	11	625	2,354
Depreciation	219	17	50	286
(Loss) income	(1,069)	406	1,055	392
Total capital expenditure	-	-	(11)	(11)
CONTINUING OPERATIONS PERIOD ENDED SEPTEMBER 30, 2019				
Total operating assets	10,582	856	5,283	16,722
Total operating liabilities	481	71	1,642	2,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020
(Expressed in thousands of Bermuda Dollars)

2. Segment reporting (continued)

SEGMENTS RECONCILIATION	UNAUDITED SEPTEMBER 30 2020	UNAUDITED SEPTEMBER 30 2019*
INCOME (LOSS)		
Total income from continuing operations for reportable segments	591	392
Other income	116	106
Finance costs	(174)	(202)
Transaction costs	(347)	-
Loss on sale of subsidiary	(212)	-
Loss from discontinued operations	(225)	(722)
TOTAL GROUP COMPREHENSIVE LOSS	(251)	(426)

SEGMENTS RECONCILIATION	UNAUDITED SEPTEMBER 2020	AUDITED MARCH 2020
TOTAL ASSETS		
Total assets for reportable segments	17,369	16,722
Assets held-for-sale	-	7,094
Goodwill	6,698	9,469
TOTAL GROUP ASSETS	24,067	33,285
TOTAL LIABILITIES		
Total liabilities for reportable segments	3,058	2,194
Liabilities held-for-sale	-	4,628
Bank loan	2,138	7,285
TOTAL GROUP LIABILITIES	5,196	14,107

*Restated (note 4)

3. Significant transactions

Following the disposal of CCS, a wholly owned subsidiary, on July 27, 2020, its operations have been reclassified and presented as discontinued operations for the period ended September 30, 2020 and September 30, 2019. The transaction to sell CCS resulted in the Group recording a \$1,810 impairment loss on goodwill related to CCS for the year ended March 31, 2020.

4. Prior year restatement

The Group had a self-insured health plan with a third-party health insurer, which was terminated effective April 30, 2018. As at March 31, 2018, the health plan had a surplus balance of \$400. As such, the remaining surplus of \$400 was returned to the Group in the year ended March 31, 2020. The receivable was not reflected in the prior year comparative consolidated financial statements. The consolidated financial statements for the prior period have been restated for this adjustment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020
(Expressed in thousands of Bermuda Dollars)

5. Significant Events

On March 11, 2020, the World Health Organization officially declared the outbreak of COVID-19 a global pandemic, and the Group considers the emergence and subsequent spread of COVID-19 to be a non-adjusting event after the reporting period. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and general population. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on future financial performance of the Group, or to provide a quantitative estimate of this impact, which could potentially be significant.

However, based on its current operations subsequent to September 30, 2020, and future operating budgets, financial forecasts and cashflow projections, management expects the level of activity will be sufficient to enable the Group to continue to adopt the going concern basis in preparing its interim consolidated financial statements.

DIRECTORS

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Dennis Fagundo

E. Michael Leverock

Deputy Chairman

Gail E.M. Miller

Scott Pearman

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Secretary

Conyers Corporate Services
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BAS Group of Companies

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Alison Soares

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