GROUP OF COMPANIES

Bermuda Aviation Services Limited

ANNUAL REPORT
2007 – 2008

DIRECTORS

CHAIRMAN
Michael L. Darling [1,2]

DEPUTY CHAIRMAN
Richard S. L. Pearman [1]

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

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
CHIEF FINANICAL OFFICER
BAS GROUP OF COMPANIES

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

Bryan Errmann
GROUP FINANCIAL CONTROLLER
BAS GROUP OF COMPANIES

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

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

George H. Hammond
MANAGING DIRECTOR
WEIR ENTERPRISES LIMITED

Rob Loxton
VICE PRESIDENT AND
CHIEF EXECUTIVE OFFICER
CCS GROUP LIMITED

Candy Foggo
VICE PRESIDENT AND
CHIEF EXECUTIVE OFFICER
OTIS BERMUDA LIMITED

Bermuda Aviation Services Limited
2007 - 2008 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 8, 2008
at 9:00 a.m.

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

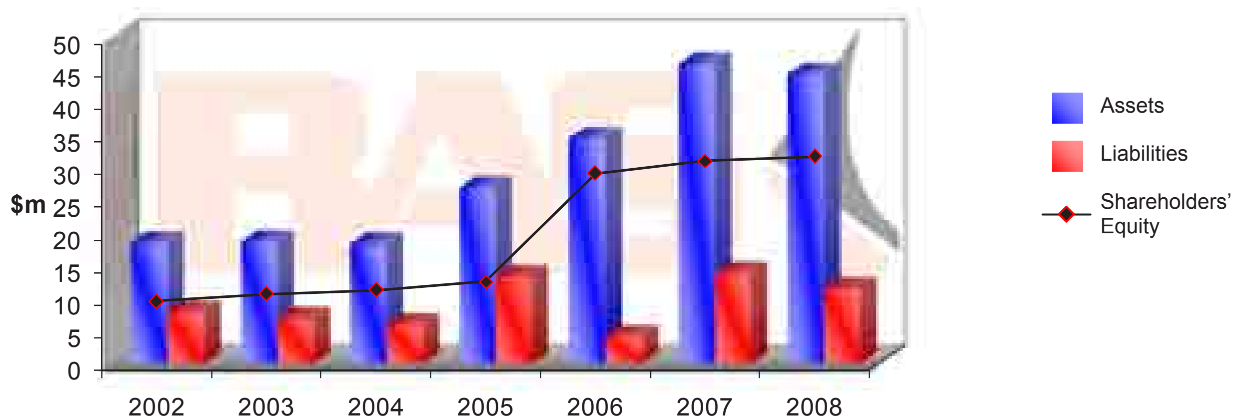
GROUP STRUCTURE

- Bermuda Aviation Services Limited
  - Aircraft Services Bermuda Limited
  - BAS-Serco Limited
  - CCS Group Limited
  - Eastbourne Properties Limited
  - International Bonded Couriers of Bermuda Limited
  - Otis Bermuda Limited
  - Weir Enterprises Limited

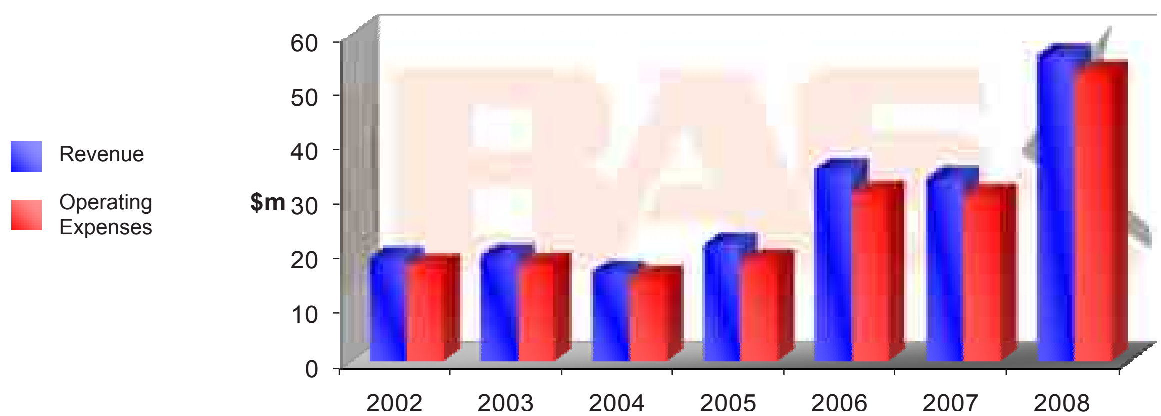
FINANCIAL HIGHLIGHTS

(Expressed in BDA$000)	2008	2007	2006	2005	2004	2003	2002
Revenue	56,125	33,400	34,967	21,512	16,429	19,462	19,060
Direct & Operating Expenses	52,983	30,318	30,743	18,542	15,357	17,907	17,703
Income from Operations	3,142	3,082	4,224	2,970	1,072	1,555	1,357
Net income	2,375	3,384	2,835	2,021	1,231	1,732	1,559
Assets	44,405	45,999	34,550	27,011	18,305	18,655	18,483
Liabilities	11,515	13,803	4,260	13,333	6,014	6,961	7,887
Shareholders' Equity	32,890	32,196	30,290	13,678	12,291	11,694	10,596

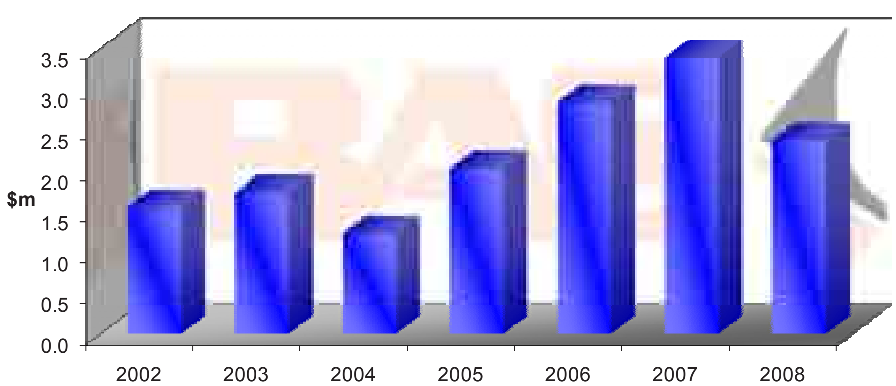
Assets vs Liabilities



Revenue vs Operating Expenses



Net Income



CHAIRMAN'S REPORT

May 16, 2008

A decline in net income; something we have not experienced in five years overshadowed the record revenues of 56 million and further progress made in our strategic initiative toward shaping BAS into a well balanced and diversified organization. Performance this year was significantly impacted by one - time charges of 697k relating to the sale of Crow Lane Bakery Ltd., restructuring cost at the executive level in excess of 200k, and the ongoing cost of litigation regarding the right to operate exclusively at the Company's private jet facility. These one-time costs amounting to more than 900k, has supported our theory that having a well balanced portfolio can ensure profitability during difficult times. Operating income for the year of 3.1 million was slightly ahead of last year on expenses that rose 27% to 30 million.

Integration of our two recent acquisitions is near completion with Otis Bermuda Ltd. performing to plan. CCS Ltd. however, whilst making great strides in increasing market share in a very competitive market, and contributing handsomely to our top line, fell short of our expected returns on revenues. Senior management has identified the steps needed to remedy this shortfall and fully expect next year to be more successful. Earnings in ASB were also lower as aircraft handlings declined.

Other uncontrollable factors were higher fuel prices which had a direct effect on the importation of goods and packages, the cost of delivery and the operation of our fleet of service vehicles. We were also hit with higher foreign exchange rates for goods imported from Europe, Canada and the U.K. Income from operations of 3.1 million, slightly ahead of last year, was disappointing considering the 68% rise in revenue.

It is fully expected that the next year will be challenging. However with the information before us, the forecast for the next fiscal year is far brighter. We will of course continue to closely monitor and evaluate our portfolio of operating companies to determine how well we are positioned for growth and performance, and to determine where our next opportunity might be. The first two months of fiscal 2009 have already shown great improvement.

Our shares trade in a very narrow range over the past year, with the high being $6.50. We were very disappointed to, at times, see trades below $6.00. The board has taken the view that at that price, and even now it is undervalued, hence our decision to institute a buy-back program so that the company could realize the value.

Although this has not been our best year in terms of performance, your board is more than pleased with the efforts of its new executive team. Ken in his new role of Chief Executive has risen admirably to the challenges.

Michael L. Darling
Chairman

REPORT FROM MANAGEMENT

May 16, 2008

Fiscal Year 2008, whilst not without its challenges has proved to be a dynamic and interesting one for BAS. It is a year that has seen the integration of two new companies, CCS Group Ltd. and Otis Bermuda Ltd.; the sale of Crow Lane Bakery Ltd.; the restructuring and re-organization of personnel in our Central Services; and on-going litigation over our Private Jet operation. It has been a year which has demonstrated that we are not immune to the forces of outside global economic pressures. Moreover, it is a year that has caused us to pause, take stock and scrutinize our operations and strengthen our resolve to continue to provide our shareholders with the value they have come to expect.

On an operating basis, the results for the fiscal year have been acceptable surpassing last year's results by $60 thousand. However, the cost of debt financing and, more significantly, the loss on sale from Crow Lane Bakery Ltd. have had a negative impact on these results.

The decision to sell Crow Lane Bakery Ltd. was a pragmatic one. As BAS has expanded into and become more focused upon its "service" niche in the Bermuda market the less congruency there was with this specialized retail outlet. This, coupled with what we saw as increasing competitive forces in the baking segment, prompted us to opt for a strategic exit.

The integration of Otis Bermuda Ltd. has not been wholly uncomplicated however we are pleased with the results as its financial performance this year has exceeded our expectations. We are assuredly optimistic that the performance will remain on par for the upcoming fiscal year for what is essentially a high cash yield business for BAS.

CCS Group Ltd., despite adding over $20 million in additional revenue to our top line and making a positive earnings contribution, has not produced the results that we had hoped for this year. Management has been proactive, and we have revisited the company's business model and have made some key adjustments that we expect will deliver better results in the forthcoming fiscal period.

In considering the rest of the group, no particular company or division has given us cause for concern. However, extemporaneous economic forces denoted by a struggling airline industry, rising costs of fuel and a falling US dollar have all brought pressure on other companies in the group. Consequently, though not enjoying the level of success that they had last year, their results for this year are still solid.

Management has addressed the pressures of 2008 on several fronts. We have looked at our organizational structure across the group, with a focus on maintaining quality service while creating efficiencies and have made the appropriate changes. What has resulted is a leaner, more responsive and less top-heavy structure. We have revisited our costing and pricing models and amended them to reflect current economic realities. We have looked within the group and have examined ways of generating new business with some promising possibilities. There has been a constant focus on adding shareholder value and we believe that mind-set has permeated through the company.

In our management report of 2007 we spoke of the dispute between BAS and the Government of Bermuda over what we maintain is our exclusive right to operate our Private Jet Facility until 2014. This matter has been referred to binding arbitration and as of this writing the matter still remains unresolved. A ruling is expected to occur late in the summer of 2008. We remain confident of our position and are guardedly optimistic that the ruling shall be in our favor.

We have admirably weathered the challenges of fiscal 2008. The wisdom of diversification from our core has proven to have been well justified and has held us in good stead. Although the results were not as positive as last year, they are still respectable. Having regrouped, we are zealously looking forward to fiscal 2009 and delivering the sort of value our shareholders have come to expect over the years.

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

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Chartered Accountants
Dorchester House
7 Church Street
Hamilton HM 11
Bermuda
Telephone +1 (441) 295 2000
Facsimile +1 (441) 295 1242
www.pwc.com/bermuda

July 4, 2008

To the Shareholders of Bermuda Aviation Services Limited

We have audited the consolidated balance sheet of Bermuda Aviation Services Limited as at March 31, 2008 and the consolidated statements of income and retained earnings and of 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 an audit to obtain reasonable assurance 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

PricewaterhouseCoopers

Chartered Accountants

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2008

(Expressed in Bermuda Dollars)	**March 31 2008**	March 31 2007
CURRENT ASSETS		
Cash and short-term deposits (note 2)	**2,623,836**	3,249,771
Accounts receivable and prepaid expenses	**10,979,868**	10,977,387
Inventories (note 2)	**2,399,026**	2,254,557
	16,002,730	16,481,715
NON-CURRENT ASSETS		
Other receivables (note 10)	**1,696,738**	1,692,604
Capital assets (note 3)	**8,551,859**	8,896,862
Goodwill (note 4)	**18,153,648**	18,927,933
	28,402,245	29,517,399
TOTAL ASSETS	**44,404,975**	45,999,114

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**6,097,967**	5,814,416
Payable for CCS Group Ltd.	**-**	1,319,246
Deferred revenue	**1,752,327**	1,515,517
Current portion of long-term debt (note 6)	**718,103**	591,937
	8,568,397	9,241,116
NON-CURRENT LIABILITIES		
Non-controlling interests (note 7)	**328,224**	153,679
Long-term debt (note 6)	**2,618,336**	4,408,063
	2,946,560	4,561,742
SHAREHOLDERS' EQUITY		
Capital stock (note 8)	**5,078,332**	5,075,143
Share premium	**12,712,681**	12,696,736
Retained earnings	**15,099,005**	14,424,377
	32,890,018	32,196,256
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**44,404,975**	45,999,114

Signed on behalf of the Board

Director

Director

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

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31, 2008

(Expressed in Bermuda Dollars)	March 31 2008	March 31 2007
REVENUE		
Supply of services	**53,300,002**	30,753,618
Sale of goods	**2,824,598**	2,645,631
Total revenue	**56,124,600**	33,399,249
DIRECT COST OF REVENUE		
Direct cost of services revenue	**21,735,774**	5,632,395
Cost of goods sold	**1,198,441**	1,045,295
Total direct cost of revenue	**22,934,215**	6,677,690
GROSS PROFIT	**33,190,385**	26,721,559
OPERATING EXPENSES		
Wages and benefits	**22,896,279**	18,532,132
Other direct expenses and overheads	**5,995,300**	4,247,317
Amortization	**1,144,842**	869,321
Loss (Gain) on disposal of capital assets	**12,310**	(8,893)
Total operating expenses	**30,048,731**	23,639,877
INCOME FROM OPERATIONS	**3,141,654**	3,081,682
NON-OPERATING ITEMS		
Other income	**202,077**	222,123
Interest expense on long-term debt	**(270,269)**	-
Non-controlling interests (note 7)	**(190,992)**	(152,528)
NET INCOME BEFORE DISCONTINUED OPERATIONS	**2,882,470**	**3,151,277**
DISCONTINUED OPERATIONS		
Income from discontinued operations (note 11)	**190,157**	233,084
Loss on sale of subsidiary (note 11)	**(697,283)**	-
NET INCOME	**2,375,344**	**3,384,361**

RETAINED EARNINGS		
Beginning of the year	**14,424,377**	12,524,355
Net income for the year	**2,375,344**	3,384,361
Dividends	**(1,700,716)**	(1,484,339)
End of the year	**15,099,005**	14,424,377

CONSOLIDATED
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2008

(Expressed in Bermuda Dollars)	**March 31 2008**	March 31 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	**2,375,344**	3,384,361
Adjustments to convert to cash basis:		
Amortization	**1,144,842**	1,032,743
Loss (Gain) on disposal of capital assets	**12,310**	(8,893)
Interest expense on debt	**270,269**	-
Non-controlling interests (note 7)	**190,992**	152,528
Loss on sale of subsidiary	**697,283**	-
Changes in non-cash working capital:		
Accounts receivable and prepaid expenses	**(497,887)**	(1,256,861)
Inventories	**(420,465)**	(15,119)
Accounts payable and accrued liabilities	**518,693**	(234,013)
Deferred revenue	**236,810**	11,830
	4,528,191	3,066,576
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions	**(6,328,225)**	(3,399,846)
Investment in capital assets	**(1,114,567)**	(925,917)
Proceeds on disposal of capital assets	**400**	9,700
Disposal of subsidiary	**983,230**	-
	(6,459,162)	(4,316,063)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease	**16,667**	55,556
Dividends	**(1,700,716)**	(1,484,339)
Dividends paid to non-controlling interests	**(77,085)**	(324,929)
Proceeds from long-term debt	**5,000,000**	-
Repayment of long-term debt	**(1,933,830)**	-
	1,305,036	(1,753,712)
CASH & CASH EQUIVALENTS		
Decrease during the year	**(625,935)**	(3,003,199)
Beginning of the year	**3,249,771**	6,252,970
End of the year	**2,623,836**	3,249,771

Supplemental Information:

Interest paid during the year	**270,269**	-

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

NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

(Expressed in Bermuda Dollars)

1. Operations

The Company and its main subsidiary provide aircraft, passenger and cargo handling services at L.F. Wade International Airport. Other subsidiaries distribute automotive parts and provide automotive services; provide facilities management services; provide cargo and courier services; and provide computer cabling 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, 2008 are:

Aircraft Services Bermuda Limited	100%
BAS-Serco Limited	90%
CCS Limited	100%
Eastbourne Properties Limited	100%
International Bonded Couriers of Bermuda Limited	100%
Otis Bermuda Limited	80.1%
Weir Enterprises Limited	100%

B) BASIS OF PRESENTATION

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.

C) GOODWILL

Goodwill, which is not amortized, represents the excess of the purchase price over the fair value of net tangible and intangible assets acquired in a business combination. Goodwill is tested for impairment at least annually based upon estimates of fair values. Any impairment is written off against earnings in the period in which it is identified.

D) AMORTIZATION

Amortization is provided on a straight-line basis and is calculated to write off the cost of the capital assets over their expected useful lives, which are as below:

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

E) INVENTORIES

Inventory is valued at the lower of cost and net realisable value. Inventory costs are calculated either on a first-in/first-out basis or a weighted average basis. Inventory is compromised of office supplies, uniforms, fuel, auto parts, elevator parts and computer parts. In the current year the inventory obsolescence provision was adjusted as the result of a review of the provision. $169,564 was taken into income as a result of this adjustment.

F) **LEASED ASSETS**

Where capital assets are leased under arrangements that give rights approximating to ownership, the capital assets are treated as if they had been acquired/disposed outright and the corresponding amount due to/from the lessor/lessee is included as a liability/asset in the balance sheet.

G) **PENSION BENEFITS**

As described in note 10, the Company maintains pension plans covering all employees. The cost to provide pension benefits under the defined benefit sections of the plans is accrued and charged to earnings so as to reflect the manner in which the service giving rise to the benefits is rendered. In addition, member contributions to the defined contribution sections of the plans accumulate to provide a money purchase pension.

H) **CASH AND SHORT-TERM DEPOSITS**

Cash and short-term deposits include cash on hand, deposits with banks, and bank overdrafts. Bank overdrafts are shown in the current liabilities section of the balance sheet.

I) **REVENUE RECOGNITION**

For Bermuda Aviation Services Ltd., Aircraft Services Bermuda Ltd., Weir Enterprises Ltd. and International Bonded Couriers of Bermuda Ltd. revenues are shown net of returns and discounts.

For BAS-Serco Ltd. revenues are recognized when services are rendered for services contracts. 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.

For Otis Bermuda Ltd. and CCS Group Ltd. revenues from service contracts are recognized as the services are rendered while revenues from long-term development, maintenance and service contracts are recorded using the percentage of completion method.

J) **COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current period's financial statement presentation.

K) **CHANGES IN ACCOUNTING POLICIES**

As required by the CICA, on April 1, 2007, the company adopted CICA Handbook Section 1530, 'Comprehensive Income', Section 3855, 'Financial Instruments – Recognition and Measurement', Section 3861, 'Financial Instruments – Disclosure and Presentation,' and Section 3865, 'Hedges'. The adoption of these new standards resulted in changes in the accounting for financial instruments and hedges, as well as the recognition of certain transition adjustments that have been recorded in opening cumulative retained earnings as described below. As required by the implementation of these new standards, the consolidated financial statements have not been restated. The principal changes in the accounting for financial instruments and hedges due to the adoption of these accounting standards are described below:

Section 3855, Financial Instruments – Recognition and Measurement
Section 3861, Financial Instruments – Disclosure and Presentation

Financial assets and financial liabilities

Under the new standards, 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 April 1, 2007:

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.

L) FUTURE ACCOUNTING CHANGES

There are three new accounting standards that are applicable and effective for Company's 2009 fiscal year: 1535, Capital Disclosure; Section 3862, Financial Instruments – Disclosure; and Section 3863, Financial Instruments – Presentation.

Section 1535 requires disclosures of an entity's objectives, polices and processes for managing capital, and quantitative data about what the entity regards as capital.

Sections 3862 and 3863 replace the existing Section 3861, Financial Instruments – Disclosure and Presentation. These new sections revise and enhance disclosure requirements, and carrying forward unchanged existing presentation requirements. These new sections revise and enhance disclosure requirements, and carry forward unchanged existing presentation requirements. These new sections require disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The impact of these new standards on disclosure and presentation is being evaluated by the Company.

M) 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	**2008 Net**	2007 Net
Buildings	5,272,778	1,277,241	**3,995,537**	4,034,631
Machinery and equipment	10,196,884	7,066,825	**3,130,059**	3,225,921
Furniture and fixtures	377,153	311,409	**65,744**	105,125
Leasehold improvements	3,710,215	2,349,696	**1,360,519**	1,531,185
	19,557,030	11,005,171	**8,551,859**	8,896,862

Capital assets include fully amortized items with an original cost of approximately $4,961,372 (2007 - $4,322,989)

4. Goodwill

Goodwill is classified as follows:

	March 31 2008	March 31 2007
Food and Beverage Wholesaling	**-**	774,285
Automotive Garages	**1,941,945**	1,941,945
Facilities Management	**3,095,700**	3,095,700
Cargo Handling	**8,646,042**	8,646,042
IT Services	**4,469,961**	4,469,961
	18,153,648	18,927,933

Management re-evaluated the purchase price allocations for the two subsidiaries acquired in the prior year and has determined that the identifiable intangible assets amounting to $2,360,755 should be reclassified to goodwill. The 2007 comparatives have been adjusted accordingly. There was no amortization of intangibles during the year and hence, no impact on the income nor retained earnings.

As referred to in note 11, during the current year the Company sold a subsidiary, Crow Lane Bakery Limited, and as a result $774,285 in goodwill was written off as the carrying value of the subsidiary was greater than its sales price.

5. 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, 2008. The Bank’s Bermuda Dollar Base Rate at year end was 4.25% (2007 - 5.25%).

6. Long-Term Debt

At March 31, 2007, the Company negotiated loan facilities in the amount of $5,000,000 to finance acquisitions.

The loan is repayable in equal blended monthly payments over a period of 7 years at a rate of 1.25% above the Bank’s Bermuda Dollar Base Rate.

This loan is secured by the total shares of the CCS Group Ltd. in addition to a fixed and floating charge in the amount of $5,000,000 over the Company’s assets.

Loan repayments are as follows:

Year ending March 31, 2009	**718,103**
Year ending March 31, 2010	**758,610**
Year ending March 31, 2011	**801,401**
Year ending March 31, 2012	**846,553**
Year ending March 31, 2013 and thereafter	**211,772**

7. Non-Controlling Interests

Non-controlling interests represent the following:

	March 31 2008	March 31 2007
BAS-Serco Limited		
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	**638,541**	(483,495)
Proportionate share of dividends paid since acquisition	**(560,580)**	483,495
	145,301	67,340
Otis Bermuda Limited		
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	**107,240**	10,656
Proportionate share of dividends paid since acquisition	**(10,656)**	(10,656)
	182,923	86,339
Total Non-Controlling Interests	**328,224**	153,679

Non-controlling interests of $190,992 (2007 - $152,528), as shown in the Statement of Income, comprise $102,943 (2007 - $141,872) from BAS-Serco Limited and $88,049 (2007 - $10,656) from Otis Elevators Limited.

As part of the acquisition of BAS-Serco Limited 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 Bermuda Limited 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

8. Capital Stock

Capital stock is as follows:

	March 31 2008	March 31 2007
Authorized- 9,999,996 shares (2007 – 9,999,996 shares), par value of $1.00 (2007 - $1.00) each	**9,999,996**	9,999,996
Issued and fully paid- 5,078,332 shares (2007 – 5,075,143 shares)	**5,078,332**	5,075,143

During the year, the Company issued 3,189 shares to senior management as part of the executive stock compensation scheme. Also see note 20.

9. Per Share Amounts

	March 31 2008	March 31 2007
Income per share before discontinued operations– basic and fully diluted	**0.57**	0.62
Income per share from discontinued operations– basic and fully diluted	**(0.10)**	0.05
Income per share from discontinued operations– basic and fully diluted	**0.47**	0.67

Income per share has been calculated on net income for the year of $2,375,344 (2007 - $3,384,361) on 5,077,109 (2007 - 5,074,733) shares, being the weighted average number of shares in issuance.

10. Pension Plans

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

For the employees of Weir Enterprises Limited, BAS-Serco Limited, International Bonded Couriers of Bermuda Limited and Otis Bermuda Limited, 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 2008	March 31 2007
Current service cost, net of employee contributions:		
Weir Enterprises Limited	**20,440**	21,737
BAS-Serco Limited	**153,339**	198,439
International Bonded Couriers of Bermuda Limited	**144,030**	140,844
Otis Bermuda Limited	**17,109**	748

The Company operates two pension plans covering the employees of Bermuda Aviation Services Limited and Aircraft Services Bermuda Limited. 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. Member contributions to the plans accumulate to provide a money purchase 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.

At December 31, 2007, the plan was amended and changed to a defined contribution plan. All employees from this date will earn benefits based on defined contributions. Employees that were part of the plan before December 31, 2007 and continue to be a part of the plan subsequent to this date are entitled to retirement benefits that accrued under the old plan and the new plan.

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, 2008:

	March 31 2008	March 31 2007
Accrued Benefit Obligation		
Balance - beginning of the year:		
Defined benefit portion	**7,640,906**	7,214,000
Defined contribution portion	**3,208,000**	2,751,000
	10,848,906	9,965,000
Current service cost (defined benefit)	**186,036**	240,300
Employee contributions (defined contribution)	**363,870**	342,585
Employer contributions (defined contribution)	**75,464**	-
Interest cost	**461,844**	435,258
Benefits paid	**(617,082)**	(402,119)
Actuarial losses and increase in defined contribution accounts	**(1,002,831)**	267,882
Balance - end of the year:		
Defined benefit portion	**7,723,425**	7,640,906
Defined contribution portion	**2,592,782**	3,208,000
	10,316,207	10,848,906

	March 31 2008	March 31 2007
Plan Assets		
Fair value - beginning of the year	**10,300,449**	9,183,989
Actual return on plan assets	**(359,675)**	473,858
Employee contributions (defined contribution)	**363,870**	342,585
Employer contributions (defined contribution)	**75,464**	-
Employer contributions (defined benefit)	**162,817**	702,136
Benefits paid	**(617,082)**	(402,119)
Fair value - end of the year	**9,925,843**	10,300,449

	March 31 2008	March 31 2007
Accrued Benefit Asset		
Funded status – plan deficit	**(390,364)**	(548,457)
Unamortized transitional asset	**(1,366,282)**	(1,476,462)
Unrecognised experience loss	**3,351,621**	3,612,168
Accrued benefit asset	**1,594,975**	1,587,249

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, 2008 is as follows:

	March 31 2008	March 31 2007
Plan Assets by Asset Category		
Equity securities (principally US and Bermuda equities)	**80%**	91%
Debt securities (principally fixed deposits and cash)	**20%**	9%
Total	**100%**	100%

Plan assets include common shares of the Company having a fair value of $981,701 at March 31, 2008 (2007 - $1,048,257).

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 2008	March 31 2007
Assumptions for Expense		
Discount rate	**6.00%**	6.00%
Expected long-term rate of return on plan assets	**7.50%**	7.50%
Rate of compensation increase	**3.25%**	3.25%

	March 31 2008	March 31 2007
Assumptions for Disclosure		
Discount rate	**6.00%**	6.00%
Rate of compensation increase	**3.25%**	3.25%

The Company's net pension expense is as follows:

	March 31 2008	March 31 2007
Current service cost, net of employee contributions	**186,036**	240,300
Interest cost	**461,844**	435,258
Actual return on plan assets	**124,754**	(340,204)
Actuarial loss on accrued benefit obligation	**(767,911)**	134,228
Costs arising in the year	**4,723**	469,582
Differences between costs arising in the year and costs recognised in the year in respect of:		
- Return on plan assets [1]	**(675,063)**	(153,408)
- Actuarial loss [2]	**935,609**	34,613
- Transitional asset [3]	**(110,179)**	(110,178)
Net defined benefit pension expense recognised	**155,090**	240,609
Defined contribution pension expense	**75,464**	-
Total pension expense	**230,554**	240,609

1 Actual return on plan assets of $(124,754) (2007 - $340,204) less expected return on plan assets of $550,309 (2007 - $493,612).

2 Actuarial loss on accrued benefit obligation arising in the year of $767,911 (2007 - $(134,228)) less actuarial loss recognised in the year of $167,698 (2007 - $168,841).

3 Amortization of transitional asset.

Actuarial valuation reports for funding purposes have been prepared as of December 31, 2005 and December 31, 2007 and the dates of the next required actuarial valuations for funding purposes are December 31, 2008 and December 31, 2010.

11. Discontinued Operations

During the year, the Company disposed of a subsidiary, Crow Lane Bakery Limited, for net proceeds of $983,230. The sale of the subsidiary resulted in a loss of $697,283 to the Company.

12. 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 February 14, 2014. The Company has a lease on premises used by its cargo and courier operations for a period of one year from April 1, 2008.

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

Year ending March 31, 2009	**478,599**
Year ending March 31, 2010	**249,749**
Year ending March 31, 2011	**249,749**
Year ending March 31, 2012	**249,749**
Year ending March 31, 2013	**75,749**

At March 31, 2008, the total future minimum lease payments under long-term leases are $1,373,032.

13. Rental Income

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

Future incomes from rental property are as follows:

Year ending March 31, 2009	**135,920**
Year ending March 31, 2010	**96,558**
Year ending March 31, 2011	**50,725**
Year ending March 31, 2012	**11,291**

14. Contractual Obligation

The Company is committed to space on an air charter freighter at a rate of $4,730 per flight, with flights scheduled every weekday (excluding Bermuda public holidays). The arrangement is subject to a sixty day notice period.

15. 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, 2008 were 304,417 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.

16. Information About Major Customers

The Company entered into sales contracts during the year with one major customer which accounted for more than 8% of total revenue. The revenue from this customer was 8.2% (2007 – 16.1%) of total revenue and falls in the Facilities Management segment.

17. Fair Value of Financial Assets and Liabilities and Credit Risk

The carrying amounts of cash and short-term deposits, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these balances. The carrying amount of other receivables - non-current approximates its fair value as the interest rates approximate market values and there are set terms for repayment. The maximum credit risk associated with all the Company's financial instruments is limited to their carrying amount.

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, 2008:

	Revenue from External Customers	Inter-Segment Revenue	Amortization of Capital Assets	Net Income	Total Assets
Administrative Services	387,909	1,074,729	195,431	(1,842,969)	1,575,876
Aircraft and Passenger Handling	8,158,109	-	287,942	1,222,058	2,811,807
Automotive Garages	2,957,511	641,010	67,979	321,565	5,486,671
Cargo Handling	14,681,395	22,327	323,667	1,256,088	3,413,830
Facilities Management	8,585,232	3,805	23,744	1,469,946	4,284,367
IT Services	21,354,444	35,727	246,079	707,239	7,076,334
	56,124,600	1,777,598	1,144,842	3,133,927	24,648,885

For the year ended March 31, 2007:

	Revenue from External Customers	Inter-Segment Revenue	Amortization of Capital Assets	Net Income	Total Assets
Administrative Services	325,656	742,231	138,942	(1,380,022)	2,866,877
Aircraft and Passenger Handling	7,958,197	-	268,180	1,139,091	3,450,981
Automotive Garages	2,812,235	666,426	70,805	502,233	5,308,348
Cargo Handling	14,578,675	24,701	383,865	1,716,265	3,358,964
Facilities Management	7,724,486	3,364	7,529	1,471,692	4,093,161
Food and Beverage Wholesaling	3,274,489	-	163,422	67,460	1,548,035
IT Services	-	-	-	-	4,871,345
	36,673,738	1,436,722	1,032,743	3,516,719	25,497,711

Reconciliations

	March 31 2008	March 31 2007
Net Income		
Total net income for reportable segments	**3,133,927**	3,516,719
Pension plan benefit expense (note 10)	**7,727**	(240,609)
Other income	**202,077**	260,779
Interest expense on debt	**(270,269)**	-
Non-controlling interests (note 7)	**(190,992)**	(152,528)
Discontinued operations	**(507,126)**	-
Total group net income	**2,375,344**	3,384,361

	March 31 2008	March 31 2007
Total Assets		
Total assets for reportable segments	**24,648,885**	25,497,711
Inter-segment balances	**7,467**	(13,779)
Goodwill (note 4)	**18,153,648**	18,927,933
Pension plan accrued benefit asset (note 10)	**1,594,975**	1,587,249
Total group assets	**44,404,975**	45,999,114

19. Related Party Transactions

During the year, BAS-Serco Ltd. 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 $372,987, the amount contracted between the parties. As of March 31, 2008, the amount due to BAS-Serco Ltd. was $34,284.

During the year, the Company sold a subsidiary to a senior executive employee of the Company for net proceeds of $983,230 (note 11). The senior executive employee is no longer employed with the Company.

20. 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, 2008, $33,493 in stock-based compensation had been granted to employees, but had not yet vested. At the current trading price of $6.15 per share, this would equate to 5,446 shares. $2,400 has been accrued for stock awards to be issued in current year. During the current year, $3,189 and $15,945 were charged 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.

21. Subsequent Event

Subsequent to year end, the Company adopted a share buyback program to purchase up to 250,000 (4.9% of the outstanding shares) shares on the open market. As at June 9, 2008 the Company had purchased 5,100 shares.

ADDRESS:
Bermuda Aviation Services Limited
Post Office Box HM 719
Hamilton HM CX
Bermuda
or
L.F. Wade International Airport
2 Kindley Field Road
St. David's DD 03
Bermuda

BANKERS:
The Bank of N. T. Butterfield & Son Limited
65 Front Street
Hamilton HM 11
Bermuda

AUDITORS:
PricewaterhouseCoopers
Chartered Accountants
Dorchester House
7 Church Street
Hamilton HM 11
Bermuda

ATTORNEYS:
Conyers, Dill & Pearman
Clarendon House
2 Church Street West
Hamilton HM 11
Bermuda

Bermuda Aviation Services Ltd
P O Box HM 719
Hamilton HM CX
Tel: 441-293-2500
Fax: 441-293-0513

Aircraft Services Bermuda Ltd
P O Box HM 1392
Hamilton HM FX
Tel: 441-293-2500
Fax: 441-293-0513

Weir Enterprises Ltd
P O Box HM 1425
Hamilton HM FX
Tel: 441-292-5963
Fax: 441-295-1576

BAS-Serco Ltd
P O Box GE 123
St. George's GE BX
Tel: 441-293-5067
Fax: 441-293-0996

International Bonded Couriers of Bermuda Ltd
Dallas Building
10 Park Road
Hamilton HM 11
Tel: 441-295-2467
Fax: 441-292-7422

Otis Bermuda Ltd
P O Box 1546
Hamilton HM FX
Tel: 441-295-3226
Fax: 441-292-7422

CCS Group Ltd
P O Box HM 3081
Hamilton HM NX
Tel: 441-294-3400
Fax: 441-292-0751