BAS

GROUP OF COMPANIES

ANNUAL REPORT **2017-2018**

CONTENTS

REPORT
TO SHAREHOLDERS

BAS
GROUP OF COMPANIES

Financial Results

Bermuda Aviation Services Limited and its subsidiaries (the Group) report a net loss attributable to shareholders of $4.3 million for the year ended March 31, 2018 compared to net income attributable to shareholders of $0.8 million in the prior year.

Management has completed a comprehensive strategic and functional review of all aspects of the Group's operations. The financial results for the year ended March 31, 2018 are reflective of multiple initiatives to reposition the Group, which include: one-time strategic planning expenses, restructuring costs as a result of senior management changes, refocus to more profitable business lines in BESCO, and the sale of Eff-Tech, which was deemed to be a non-core business subsidiary.

The Group incurred non-recurring charges of $4.0 million as part of its comprehensive strategic review which included an extensive analysis of the balance sheet. This analysis resulted in one-time write downs of inventory and of aged accounts receivable deemed unrecoverable across the Group.

Overall, the net loss attributable to shareholders adjusted for these one-time charges as a result of the strategic review is $0.3 million.

Revenues are $31.3 million for the year, a $1.4 million decline over prior year. Sale of goods were down $2.1 million over the prior year while the supply of services increased $0.7 million in line with the Group's strategy to grow recurring service revenues across all subsidiaries. Gross margin is $11.4 million compared to $13.4 million in the prior year. The decline in gross margin is mainly attributable to BESCO, as the new project construction market has tapered in Bermuda.

Total operating expenses increased $1.9 million, of which $1.8 million are one-time restructuring charges. Other direct expenses and overheads include non-recurring charges for accounts receivable and inventory write downs of $1.0 million. Wages and benefits decreased by $0.4 million. Operating expenses adjusted for these one-time charges are $11.3 million, a $0.7 million reduction over the prior year.

The Group paid dividends of $0.5 million during the reporting period. In December 2017, the Board of Directors considered it prudent to temporarily suspend the dividend payment while Management executes its strategic plan. The Group accelerated its debt repayment by $0.6 million during the fiscal year, making additional payments on debt principal. Bank debt in total, was reduced by $1.3 million during the year.

Following the restructuring changes that have already been implemented, Management and the Board of Directors are now focused on implementing the resulting growth strategy and re-engineered operational processes for each of the subsidiaries.

Operational improvements include implementing in-depth financial analysis with an emphasis on improving profit margins, streamlining of billing, and increasing employee engagement. To reinforce customer satisfaction, the Group is committed to enhancing our customers' experiences by improving the quality of service and broadening product offerings to differentiate from our competitors.

Forward Looking Statements

Certain statements in this report may be deemed to include "forward-looking statements" and are based on Management's current expectations and are subject to uncertainty and change in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors including worldwide economic conditions, success in business retention and obtaining new business and other factors.

Note of Appreciation

Both Dr. James A. C. King, and Mrs. J. Patricia Lynn have retired as Directors. On behalf of the Board of Directors, we would like to thank them for their invaluable contribution to the Group over many years.

We also take this opportunity to thank our employees for their dedication and support during this time of transition and repositioning of the Group.

David W. Pugh, CPA, CA
CHAIRMAN

Leslie J. Rans, CPA
CHIEF EXECUTIVE OFFICER

July 12, 2018

CONSOLIDATED
FINANCIAL STATEMENTS

March 31, 2018

BAS
GROUP OF COMPANIES

FINANCIAL HIGHLIGHTS

Five Year Summary

FOR THE YEAR ENDED MARCH 31 (Expressed in thousands of Bermuda Dollars)	**2018**	**2017**	**2016**	**2015**	**2014**
Revenue	31,328	32,680	39,474	40,068	56,237
Income (loss) from continuing operations	(2,990)	796	1,645	457	2,257
Remeasurement of benefit obligations	–	–	–	–	(158)
Defined benefit plan wind-up cost	–	–	99	(731)	(1,114)
Discontinued operations	(1,115)	(229)	1,157	1,073	(9)
Goodwill impairment	–		–	–	(1,300)
Gain on sale of subsidiary	–	–	189	–	1,380
Gain on non-controlling interest acquisition	–	302	–	–	–
Income (loss) attributable to shareholders of the Company	(4,262)	784	2,765	471	624
Dividends	492	984	984	992	1,018

FOR THE YEAR ENDED MARCH 31	**2018**	**2017**	**2016**	**2015**	**2014**
Income (loss) for the year	(4,105)	869	3,090	799	1,214
Income attributable to non-controlling interests	(157)	(85)	(325)	(328)	(432)
Net income (loss) attributable to shareholders of the Company	(4,262)	784	2,765	471	782

AS AT MARCH 31	**2018**	**2017**	**2016**	**2015**	**2014**
Total assets	34,604	41,626	43,514	46,044	46,574
Total liabilities	12,236	14,556	15,437	19,464	19,093
Equity attributable to shareholders of the Company	21,852	26,806	27,006	25,225	26,416

FINANCIAL RATIOS	**2018**	**2017**	**2016**	**2015**	**2014**
Earnings per share	$ (0.87)	$0.16	$0.56	$0.10	$0.15
Return on shareholders' equity	-15.90%	2.90%	10.96%	1.78%	2.92%

SHAREHOLDER DATA	**2018**	**2017**	**2016**	**2015**	**2014**
Shares in issue	4,922,301	4,922,301	4,922,301	4,922,301	5,088,119
Book value per share	$4.44	$5.45	$5.49	$5.12	$5.19

AS AT MARCH 31	**2018**	**2017**	**2016**	**2015**	**2014**
Number of employees	151	158	164	239	220

KPMG AUDIT LIMITED
CROWN HOUSE
4 PAR-LA-VILLE ROAD
HAMILTON HM 08 BERMUDA

MAILING ADDRESS:
P.O. BOX HM 906
HAMILTON HM DX BERMUDA

TELEPHONE +1 441 295 5063
FAX +1 441 295 9132
INTERNET WWW.KPMG.BM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bermuda Aviation Services Limited

We have audited the accompanying consolidated financial statements of Bermuda Aviation Services Limited (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at March 31, 2018 and 2017, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The report to shareholders is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
July 12, 2018

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT MARCH 31, 2018

(Expressed in thousands of Bermuda Dollars)

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents (note 4)	4,118	5,650
Accounts receivable (notes 5 and 18)	4,550	7,677
Prepaid expenses (note 6)	546	343
Inventories (note 7)	1,255	2,420
Assets held-for-sale (note 15)	725	-
	11,194	16,090
NON-CURRENT ASSETS		
Accounts receivable (note 5)	1,564	3,568
Property, plant and equipment (note 8)	10,170	10,689
Intangible assets and goodwill (note 9)	11,676	11,279
	23,410	25,536
TOTAL ASSETS	34,604	41,626
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 10)	3,179	3,298
Deferred revenue	2,370	3,743
Bank loan (note 11)	789	752
Liabilities held-for-sale (note 15)	489	-
	6,827	7,793
NON-CURRENT LIABILITIES		
Bank loan (note 11)	5,409	6,763
TOTAL LIABILITIES	12,236	14,556
EQUITY		
ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		
Share capital (note 12)	4,922	4,922
Share premium	12,371	12,371
Retained earnings	4,559	9,513
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	21,852	26,806
Attributable to non-controlling interests (note 13)	516	264
TOTAL EQUITY	22,368	27,070
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	34,604	41,626

COMMITMENTS (note 17)

Signed on behalf of the Board

DIRECTOR DIRECTOR

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED MARCH 31, 2018

(Expressed in thousands of Bermuda Dollars except earnings per share data)

	2018	2017
CONTINUING OPERATIONS		
Supply of services	15,784	15,086
Sale of goods	15,544	17,594
TOTAL REVENUE	**31,328**	**32,680**
DIRECT COST OF REVENUE		
Direct cost of services revenue	(8,569)	(7,104)
Cost of goods sold (note 7)	(11,310)	(12,163)
GROSS MARGIN	**11,449**	**13,413**
Other income (note 18)	218	181
OPERATING EXPENSES		
Wages and benefits (note 18)	(7,748)	(8,179)
Other direct expenses and overheads (note 7)	(3,641)	(3,195)
Restructuring expenses (notes 2.S and 10)	(1,848)	-
Depreciation (note 8)	(988)	(924)
TOTAL OPERATING EXPENSES	**(14,225)**	**(12,298)**
Finance costs (note 11)	(432)	(500)
TOTAL INCOME (LOSS) FROM CONTINUING OPERATIONS	**(2,990)**	**796**
Loss from discontinued operations (note 15)	(1,115)	(229)
Gain on non-controlling interest acquisition (note 13)	-	302
TOTAL COMPREHENSIVE INCOME	(4,105)	869
INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of the Company	(4,262)	784
Non-controlling interests (note 13)	157	85
INCOME (LOSS) FOR THE YEAR	**(4,105)**	**869**
EARNINGS PER SHARE		
Basic and diluted from income (loss) for the year (note 16)	(0.87)	0.16
Basic and diluted from discontinued operations (note 16)	(0.23)	(0.05)
Basic and diluted from continuing operations (note 16)	(0.64)	0.21

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

CONSOLIDATED STATEMENT OF **CHANGES IN SHAREHOLDERS' EQUITY**

FOR THE YEAR ENDED MARCH 31, 2018
(Expressed in thousands of Bermuda Dollars)

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY					
	CAPITAL STOCK	SHARE PREMIUM	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
APRIL 1, 2016	**4,922**	**12,371**	**9,713**	**27,006**	**1,071**	**28,077**
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Purchase of non-controlling interest (note 13)	-	-	-	-	(589)	(589)
Dividends paid (note 12)	-	-	(984)	(984)	-	(984)
Dividends to non-controlling interests (note 13)	-	-	-	-	(303)	(303)
	4,922	**12,371**	**8,729**	**26,022**	**179**	**26,201**
TOTAL COMPREHENSIVE INCOME						
Income for the year	-	-	784	784	85	869
MARCH 31, 2017	**4,922**	**12,371**	**9,513**	**26,806**	**264**	**27,070**
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Purchase of non-controlling interest (note 13)	-	-	(200)	(200)	200	-
Dividends paid (note 12)	-	-	(492)	(492)	-	(492)
Dividends to non-controlling interests (note 13)	-	-	-	-	(105)	(105)
	4,922	**12,371**	**8,821**	**26,114**	**359**	**26,473**
TOTAL COMPREHENSIVE INCOME						
Income (loss) for the year	-	-	(4,262)	(4,262)	157	(4,105)
MARCH 31, 2018	**4,922**	**12,371**	**4,559**	**21,852**	**516**	**22,368**

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED MARCH 31, 2018
(Expressed in thousands of Bermuda Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the year	(4,105)	869
ADJUSTMENTS:		
Depreciation (note 8)	1,060	998
Gain on non-controlling interest acquisition (note 13)	-	(302)
Finance costs (note 11)	432	500
CHANGES IN NON-CASH WORKING CAPITAL:		
Accounts receivable (note 5)	5,131	1,113
Prepaid expenses (note 6)	(203)	206
Inventories (note 7)	1,165	204
Accounts payable and accrued liabilities (note 10)	(119)	174
Deferred revenue	(1,373)	474
Reclassed as assets and liabilities held-for-sale, net (note 15)	(236)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1,752**	**4,236**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment, net (note 8)	(541)	(1,134)
Capitalised development costs (note 9)	(397)	-
NET CASH USED IN INVESTING ACTIVITIES	**(938)**	**(1,134)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(492)	(984)
Dividends paid to non-controlling interests (note 13)	(105)	(303)
Repayment of bank loan (note 11)	(1,317)	(1,529)
Finance costs (note 11)	(432)	(500)
Consideration paid for non-controlling interest shares (note 13)	-	(260)
NET CASH USED IN FINANCING ACTIVITIES	**(2,346)**	**(3,576)**
CASH AND CASH EQUIVALENTS		
Decrease during the year	(1,532)	(474)
Beginning of the year	5,650	6,124
END OF THE YEAR	**4,118**	**5,650**

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

1. Operations

Bermuda Aviation Services Limited ("BAS" or the "Company") is domiciled and registered in Bermuda. The Company's registered office is Clarendon House, 2 Church Street, Hamilton, Bermuda. BAS and its subsidiaries (the "Group") provide application development, cloud services, enterprise networking, network cabling, server storage and virtualisation, IT consulting services, maintenance and unified communications; distribute automotive parts and provide automotive services; provide facilities management services; provide elevator maintenance and installation; and provide customised electrical, generator and fire detection solutions. BAS, the ultimate controlling entity of the Group, is listed on the Bermuda Stock Exchange. The principal place of business is located at 19 Bakery Lane, Pembroke, HM 07, Bermuda.

These consolidated financial statements were approved by the Board of Directors on July 12, 2018.

2. Summary of significant accounting policies

A) BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities held-for-sale, which are measured at fair value. These consolidated financial statements are presented in Bermuda Dollars which is the Group's functional currency.

B) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items, as follows:

Note 2.E(iii)	Impairment of financial instruments
Note 2.H	Inventories
Note 2.K	Intangible assets and goodwill
Note 2.L	Impairment of non-financial assets
Note 2.Q	Revenue recognition

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

C) NEW STANDARDS AND INTERPRETATIONS

(i) New and amended standards adopted by the Group

The Group has applied all relevant standards, interpretations and amendments during the year. The adoption of new and revised standards and interpretations has not resulted in changes to the Group's accounting policies or amounts reported for the current or prior years. Amendments and interpretations to published standards effective for the year ended March 31, 2018 but not relevant to the Group's operations and those that are not yet effective and not relevant to the Group's operations have not been disclosed.

(ii) New standards and interpretations not yet adopted

New standards, amendments and interpretations to existing standards that are relevant to the Group's operations but have not yet been adopted are as follows:

IFRS 9 'Financial Instruments'

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in July 2014, replacing IAS 39 which relates to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified by reference to the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. It also introduces a new expected credit loss model for calculating impairment, replacing the incurred loss model in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, and the Group intends to adopt IFRS 9 for its accounting period ending March 31, 2019. The Group has performed an assessment of the impact of IFRS 9 and expects no significant impact on its financial statements resulting from its adoption.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 was issued in May 2014 and establishes a single comprehensive framework for revenue recognition, based on the principle that revenue is recognised when control of goods or services is transferred to a customer. IFRS 15 replaces the previous revenue standards: IAS 18 and IAS 11.

For the sale of goods, revenue is currently recognised when risks and rewards of ownership are transferred to the customer, generally on delivery of the goods. Under IFRS 15, revenue recognition occurs at a point in time when control of the asset is transferred to the customer, also generally on delivery of the goods. Therefore, adoption of IFRS 15 is not expected to have any impact on revenue recognition for the sale of goods.

For the sale of services, revenue is currently recognised by using the percentage-of-completion method. Services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, under IFRS 15 the Group would continue to recognise revenue for services over time rather than at a point of time. Therefore, adoption of IFRS 15 is not expected to have any impact on revenue recognition for the sale of services.

For services sold together with other services or equipment, currently the Group accounts for them as separate deliverables and allocates consideration between these deliverables using the relative fair value approach. Under IFRS 15, allocation will be made based on relative stand-alone selling prices. However, the fair value and the stand-alone selling prices of the goods and services are broadly similar. Therefore, adoption of IFRS 15 is not expected to have any impact on revenue recognition for the sale of multiple goods or services.

IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, and the Group intends to adopt IFRS 15 for its accounting period ending March 31, 2019.

IFRS 16 'Leases'

IFRS 16 was issued in January 2017 and replaces the previous leases standard IAS 17. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard largely carries forward the lessor accounting requirements in IAS 17 with the substantial changes affecting lessees. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Group is yet to assess IFRS 16's full impact and intends to adopt IFRS 16 for its accounting period ending March 31, 2020.

D) CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases.

These consolidated financial statements include the financial statements of BAS and its wholly owned subsidiaries: Bermuda Energy Services Company Ltd. ("Besco"), The CCS Group Ltd. ("CCS"), CCS Group Sucursal EM Portugal ("CCS Portugal"), Eastbourne Properties Ltd. ("EPL"), Efficient Technologies Bermuda Ltd. ("Eff-Tech") and Weir Enterprises Ltd. ("Weir"). These consolidated financial statements also include the Group's interest in BAS Serco Ltd. ("BAS-Serco") and Otis Elevator Company (Bermuda), Ltd. ("Otis"), whereby the Group has respectively a 90 percent and a 80.1 percent interest. All subsidiaries are registered in Bermuda, except for CCS Portugal.

Following its disposal on June 5, 2018, Eff-Tech is classified as a discontinued operation in the current and comparative years ended March 31, 2018 and 2017. During the year ended March 31, 2018, the operations of Integrated Technology Solutions Ltd. ("ITS") have been completely integrated with those of CCS.

All significant transactions and balances within the Group have been eliminated on consolidation. The financial statements of the subsidiaries are prepared in the same reporting period as BAS, using consistent accounting policies.

(ii) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and any equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Acquisition-related costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. Summary of significant accounting policies (continued)

E) FINANCIAL INSTRUMENTS

(i) Classification of financial instruments

Management determines the classification of its financial instruments at the time of initial recognition. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Group's designation of such instruments. The following summarises the classification the Group applies to each of its significant categories of financial instruments:

Category	Classification
Cash and cash equivalents	Loans and receivables
Accounts and other receivables	Loans and receivables
Bank loan	Other financial liabilities
Accounts payable	Other financial liabilities

(ii) Recognition and measurement of financial instruments

Financial assets and financial liabilities are initially recognised at fair value and are subsequently accounted for based on their classification as described below.

Loans and receivables

Loans and receivables are accounted for at amortised cost using the effective interest method less any impairment losses.

Other financial liabilities

Other financial liabilities are recorded at amortised cost using the effective interest method.

Transaction costs

Transaction costs related to loans and receivables and other financial liabilities are netted against the carrying value of the asset or liability and amortised over the expected life of the instruments using the effective interest method.

(iii) Impairment of financial instruments

At each reporting date the Group assesses whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of the asset that can be reliably estimated. Historical loss experience is applied where indicators of impairment are not observable on individually significant receivables with similar characteristics, such as credit risks.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the consolidated statement of comprehensive income and reflected in an allowance account against loans and receivables. If, in a subsequent period, an event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash balances with banks in current and demand accounts and deposits with an original maturity date of 90 days or less. The Group maintains bank accounts with two financial institutions in Bermuda. Cash and cash equivalents are classified as loans and receivables.

G) ACCOUNTS RECEIVABLE

Accounts receivable are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected within one year, they are classified as current assets. If not, they are presented as non-current assets under accounts receivable. Accounts receivable also include unbilled revenue on contracts in progress, which represent amounts recognised as revenue for which invoices have not yet been sent.

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment.

H) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based either on a first-in/first-out basis or a weighted average basis. Inventories include a provision, assessed by management, for slow moving and obsolete inventory items.

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period, to the extent that such events confirm conditions existing at the end of the period.

I) ASSETS AND LIABILITIES HELD-FOR-SALE

Non-current assets and disposal groups are classified as assets and liabilities held for sale if their carrying amounts will be recovered principally through a sale transaction and a sale is considered highly probable rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

J) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Land is not depreciated. Property, plant and equipment are being depreciated over their estimated useful lives using the straight-line method, which are as follows:

Buildings	From 20 to 40 years
Machinery and equipment	From 3 to 15 years
Furniture and fixtures	From 3 to 10 years
Leasehold improvements	From 5 to 10 years

The assets' residual values and useful lives are reviewed at the end of each reporting period. If an asset's carrying amount is greater than its recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds of the disposal with the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income.

K) INTANGIBLE ASSETS AND GOODWILL

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets and goodwill acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets and goodwill are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods for an intangible asset with a finite useful life are reviewed at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the asset so that it will be available for use or sale
- Its intention to complete the asset and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of technical, financial and other resources to complete the asset
- The ability to measure reliably the expenditure during development

Amortisation of the asset begins when development is complete and the asset is available for use.

L) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

M) ACCOUNTS PAYABLE

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accounts payable and other payables are initially measured at fair value and subsequently carried at amortised cost.

N) 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.

O) BANK LOAN

Loans are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost. Any difference between the proceeds and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the loan using the effective interest method.

P) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency'). These consolidated financial statements are presented in Bermuda Dollars (BMD), which is the Company's presentation currency.

Transactions and balances

Transactions in foreign currencies are translated at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to BMD at the rates of exchange prevailing at the date of the financial statements.

Exchange gains and losses are included in other direct expenses and overheads. For the year ended March 31, 2018, exchange losses were $43 (2017 - $61).

Non-monetary assets and liabilities denominated in foreign currencies are translated to BMD at historical rates of exchange.

For the purpose of the consolidated statement of cash flows, exchange gains and losses are treated as cash items and included along with movements in the relevant balances.

Q) 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 recorded for projects where the Group 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. The Group recognises revenue when the amount of revenue and related cost can be reliably measured and recovery of the consideration is probable.

R) PENSION BENEFITS

The Group maintains defined contribution pension plans covering all eligible employees. Employer contributions to the defined contribution plan are expensed as incurred and are included in wages and benefits expenses. The net defined contribution plan expenses for the Group for the year ended March 31, 2018 were $410 (2017 - $449).

S) RESTRUCTURING EXPENSES

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. During the year ended March 31, 2018, the Group undertook a complete assessment of its corporate activities and its organisational structure in an effort to strengthen its operations. The costs directly attributable to this process are presented separately in the consolidated statement of comprehensive income.

T) OPERATING LEASE PAYMENTS

Payments made under operating leases are recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3. Financial risk management

A) FINANCIAL RISK FACTORS

The Group's activities may expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's variable portion of the interest rate applicable to the bank loan. A 100 basis point increase or decrease in interest rate at the end of the reporting period would have increased or decreased net income (loss) by approximately $73 (2017 - $88).

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in its foreign subsidiary.

The Group, in its normal course of business, is required to acquire both goods and services from overseas vendors requiring payment primarily in US Dollars (USD), and to a lesser extent Pounds Sterling (GBP) and Euro (EUR). However, foreign currency risk is minimal, due to the fact that the Bermuda dollar is pegged to the US Dollar at a 1:1 rate. The Company's subsidiary CCS Portugal operates in Portugal and its functional currency is the Euro. At the reporting date, the foreign currency exposure related to this entity is minimal.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market other than interest rate, currency, credit or liquidity. At the reporting date the Group had no significant price risk exposure.

(ii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with financial institutions.

Cash and cash equivalents are held with financial institutions which have a minimal risk of default, rated by Standard & Poor's with minimum credit ratings of A-, and as such do not expose the Group to significant credit risk. Customer credit risk is managed by each subsidiary subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivable balances are regularly reviewed and the related allowance for doubtful accounts adjusted to reflect the related credit risk. The Group does not hold collateral as security, and the maximum exposure to credit risk at the reporting date is the carrying value of the receivable balances.

(iii) Liquidity risk

Liquidity risk is the risk that sufficient funds will not be available to meet financial requirements as they become due. The Group manages liquidity risk by continually monitoring actual and projected cash flows. The following are the contractual undiscounted cash flows of financial liabilities by contractual maturities at the end of each reporting period:

(Expressed in thousands of Bermuda Dollars)

3. Financial risk management; A) Financial risk factors (continued)

MARCH 31, 2018	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL LIABILITIES						
Bank loan	595	595	1,189	4,757	555	7,691
Accounts payable	927	-	-	-	-	927
	1,522	**595**	**1,189**	**4,757**	**555**	**8,618**

MARCH 31, 2017	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL LIABILITIES						
Bank loan	1,016	805	1,189	3,568	2,934	9,512
Accounts payable	1,742	-	-	-	-	1,742
	2,758	**805**	**1,189**	**3,568**	**2,934**	**11,254**

B) CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain investor, creditor and market confidence so as to sustain the future development of the business.

The Group sets the amount of capital in proportion to risk required. The Group 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, purchase its own shares for cancellation or sell its assets to reduce debt. As at March 31, 2018, the net debt to asset ratio is 0.18 (2017 – 0.18).

C) FAIR VALUE ESTIMATION

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying values of cash and cash equivalents, current accounts receivable, accounts payable and the bank loan are reasonable estimates of their fair values due to the short-term maturity of these instruments or the fact that they attract interest at market rates. The fair value of the assets held-for-sale are derived from observable market inputs when possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and market conditions. Changes in assumptions relating to these factors could affect the reported fair value.

(Expressed in thousands of Bermuda Dollars)

As at March 31, 2018, the only group of assets or liabilities measured at fair value are assets and liabilities held-for-sale in the net amount of $236 (note 15), classified as Level 3. As at March 31, 2017, no group of assets or liabilities were measured at fair value. There have been no transfers between hierarchy levels during the year ended March 31, 2018 and 2017.

4. Cash and cash equivalents

Cash and cash equivalents comprises of cash held in current accounts in the amount of $4,118 (2017 – $5,650).

5. Accounts receivable

Accounts receivable are classified as follows:

	2018	2017
Trade receivables – current portion	4,118	6,669
Less: allowance for doubtful accounts – current portion	(210)	(180)
Net trade receivables – current portion	3,908	6,489
Unbilled revenue on contracts in progress	642	1,188
ACCOUNTS RECEIVABLE – CURRENT PORTION	**4,550**	**7,677**
TRADE RECEIVABLES – NON-CURRENT PORTION	**1,564**	**3,568**
TOTAL ACCOUNTS RECEIVABLE	**6,114**	**11,245**

The non-current portion of the accounts receivable are long-term receivables that are expected to be collected evenly over the next four years.

The aging of current receivables at the reporting date was:

	GROSS AMOUNT 2018	IMPAIRED AMOUNT 2018	NET 2018	GROSS AMOUNT 2017	IMPAIRED AMOUNT 2017	NET 2017
Not past due	2,346	-	2,346	2,332	-	2,332
Past due 0-30 days	1,008	-	1,008	1,008	-	1,008
Past due 31-120 days	376	-	376	2,361	-	2,361
More than 120 days	1,030	210	820	2,156	180	1,976
	4,760	**210**	**4,550**	**7,857**	**180**	**7,677**

(Expressed in thousands of Bermuda Dollars)

5. Accounts receivable (continued)

The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2018	2017
Opening balance	180	288
Reclassified as assets held-for-sale (note 15)	45	-
Charge for the year	639	282
Receivables written off during the period as uncollectible	(654)	(390)
CLOSING BALANCE	**210**	**180**

6. Prepaid expenses

Prepaid expenses are classified as follows:

	2018	2017
Insurance	36	47
Taxes	18	28
Vendor support	392	161
Other prepaid expenses	100	107
	546	**343**

7. Inventories

Inventories are classified as follows:

	2018	2017
Auto parts	656	677
Computer, telephony, cabling and audio-visual	302	302
Electrical parts	297	607
Heating, ventilation and air-conditioning	–	787
Other	–	47
	1,255	**2,420**

Cost of goods sold includes expensed inventories in the amount of $11,310 (2017 - $12,163).

Other direct expenses and overheads include write-down of inventories in the amount of $395 (2017 - $62).

Inventories are shown net of an allowance for obsolete and slow-moving items in the amount of $133 (2017 - $105).

(Expressed in thousands of Bermuda Dollars)

8. Property, plant and equipment

Property, plant and equipment cost and related accumulated depreciation are classified as follows:

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	FURNITURE AND FIXTURES	LEASEHOLD IMPROVEMENTS	TOTAL
COST					
April 1, 2016	11,199	4,488	193	578	16,458
Additions	45	1,084	5	-	1,134
Disposals and retirements	-	(1,994)	(105)	(6)	(2,105)
MARCH 31, 2017	**11,244**	**3,578**	**93**	**572**	**15,487**
Additions	-	420	4	130	554
Reclassified as assets held-for-sale	-	(337)	(6)	(53)	(396)
Disposals and retirements	-	(13)	-	-	(13)
MARCH 31, 2018	**11,244**	**3,648**	**91**	**649**	**15,632**
ACCUMULATED DEPRECIATION					
April 1, 2016	1,759	3,595	152	397	5,903
Depreciation for the year					
Continuing operations	363	459	20	82	924
Discontinued operations	-	62	1	11	74
Disposals and retirements	-	(1,993)	(105)	(5)	(2,103)
MARCH 31, 2017	**2,122**	**2,123**	**68**	**485**	**4,798**
Depreciation for the year					
Continuing operations	407	526	9	46	988
Discontinued operations	-	55	2	15	72
Reclassified as assets held-for-sale	-	(337)	(6)	(53)	(396)
MARCH 31, 2018	**2,529**	**2,367**	**73**	**493**	**5,462**
NET BOOK VALUE					
At April 1, 2016	9,440	893	41	181	10,555
At March 31, 2017	9,122	1,455	25	87	10,689
At March 31, 2018	8,715	1,281	18	156	10,170

Property, plant and equipment are reviewed annually for impairment. Management has determined that there was no impairment of property, plant and equipment at the end of the current and prior fiscal years.

(Expressed in thousands of Bermuda Dollars)

9. Intangible assets and goodwill

Intangible assets and goodwill are classified as follows:

	2018	2017
Capitalised development costs	397	-
Goodwill - Automotive Garages	1,942	1,942
Goodwill - Facilities Management	4,756	4,756
Goodwill - Infrastructure Development	4,581	4,581
	11,676	**11,279**

The capitalised development costs relate to the development of a platform to provide cloud services including storage, networking and data management. As at March 31, 2018, the asset is still under development and its amortisation has not begun.

At year end, management conducted impairment tests on the Group's reportable segments and determined that goodwill was not impaired as at March 31, 2018 and 2017.

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as follows:

	2018	2017
Trade payables	869	1,742
Accrued liabilities	1,091	870
Accrued payroll and benefits liabilities	687	686
Restructuring provision	532	-
	3,179	**3,298**

During the year ended March 31, 2018, the Group undertook a complete assessment of its corporate activities and its organisational structure in an effort to strengthen its operations. As at March 31, 2018, related restructuring costs of $532 (2017 – $nil) were unpaid. As at July 12, 2018, which is the date that these consolidated financial statements were approved for issue by the Board of Directors, $76 of restructuring costs were unpaid.

(Expressed in thousands of Bermuda Dollars)

11. Bank loan

The bank loan matures in January 2027 and is repayable in equal blended monthly instalments of principal and interest of $99. The bank loan bore interest at 2% above the bank's Bermuda dollar base rate of 4%. On January 13, 2018 the interest rate was renegotiated to 1.6% above the base rate. The bank's base rates increased on January 13, 2018 to 4.25%; on March 14, 2018 to 4.5% and to 4.75% on June 13, 2018.

Total interest expense in relation to the bank loan was $432 for the year ended March 31, 2018 (2017 - $500) and is included in finance costs in the consolidated statement of comprehensive income.

The bank loan is secured by a first registered legal mortgage over property located at 19 Bakery Lane, Pembroke, Bermuda and a fixed and floating charge in the amount of $11,619 over the Group's assets.

Principal loan repayments due in each of the next five years are as follows:

2019	789
2020	844
2021	905
2022	969
2023	1,037
Thereafter	1,654
TOTAL	**6,198**

12. Share capital

Share capital is as follows:

	2018	2017
Authorised		
9,999,996 (2017 - 9,999,996) shares of par value of $1.00 each	10,000	10,000
Issued and fully paid		
4,922,301 (2017 - 4,922,301) shares	4,922	4,922

Dividends declared and paid during the year of $492 (2017 - $984) amounted to $0.10 per share (2017 - $0.20).

(Expressed in thousands of Bermuda Dollars)

13. Non-controlling interest

During the year ended March 31, 2018, the Group acquired the shares in ITS held by non-controlling interests as part of a settlement arising from the integration of its operations with those of CCS. Before the transaction, the non-controlling interests attributable to ITS were $(200). The Group's shareholding in ITS as at March 31, 2018 is 100% (2017 – 75%).

During the year ended March 31, 2017, the Group purchased the shares in Besco held by non-controlling interests for proceeds of $260. Before the transaction, the non-controlling interests attributable to Besco was $589, and a gain of $302 was recorded as a result of this transaction. The Group's shareholding in Besco as at March 31, 2018 and 2017 is 100%.

Dividends to non-controlling interests of $105 (2017 - $303) were declared and paid during the year.

14. Other income

Rental income from owned and sublet property under operating leases is recognised on a straight-line basis over the term of the lease. Other income includes rental income of $188 (2017 - $167).

Contractual future income from rental properties is as follows:

	2018	2017
Less than one year	2	12
Between one and five years	-	1

15. Discontinued operations

In February 2018, the Board of Directors approved a plan to dispose of Eff-Tech, a wholly owned subsidiary, and the disposal was completed on June 5, 2018. At March 31, 2018, the operations of Eff-Tech were classified as assets and liabilities held-for-sale and as discontinued operations.

The results attributed to Eff-Tech are as follows:

	2018	2017
Revenue	2,191	2,133
Expenses	(3,091)	(2,362)
Operating loss	(900)	(229)
Impairment loss recognised on remeasurement to fair value	(215)	-
LOSS FROM DISCONTINUED OPERATIONS	**(1,115)**	**(229)**

(Expressed in thousands of Bermuda Dollars)

15. Discontinued operations (continued)

The major classes of assets and liabilities of Eff-Tech classified as held for sale as at March 31, 2018 are as follows:

	2018
Accounts receivable	583
Inventories	357
Impairment on remeasurement to fair value	(215)
ASSETS HELD-FOR-SALE	**725**
Accounts payable and accrued liabilities	(330)
Deferred revenue	(159)
LIABILITIES HELD-FOR-SALE	**(489)**
NET ASSETS HELD-FOR-SALE	**236**

The net cash flows incurred by Eff-Tech are as follows:

	2018	2017
Operating activities	(237)	(75)
Investing activities	-	-
Financing activities	-	-
NET CASH OUTFLOW	**(237)**	**(75)**

16. Earnings per share

Basic earnings per share has been calculated by dividing the consolidated income attributable to equity holders of the Company by the weighted average of common shares in issue during the year. The Company has no dilutive potential ordinary shares.

	2018	2017
Income (loss) attributable to common shareholders	(4,262)	784
Average number of common shares outstanding	4,922	4,922
EARNINGS PER SHARE FROM INCOME (LOSS) FOR THE YEAR	**(0.87)**	**0.16**
EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS	**(0.23)**	**(0.05)**
EARNINGS PER SHARE FROM CONTINUING OPERATIONS	**(0.64)**	**0.21**

(Expressed in thousands of Bermuda Dollars)

17. Commitments

Capital commitments:
There are no commitments for capital expenditure as at March 31, 2018 or 2017.

Lease commitments:
Minimum annual commitments under non-cancellable long-term operating leases are as follows:

	2018	2017
Less than one year	54	272
Between one and five years	18	1,088
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**72**	**1,360**

18. Related parties

A) RELATED PARTY TRANSACTIONS

During the year, BAS-Serco provided facilities management services to a company which is a major shareholder. These services were provided in the normal course of business for the consideration amount of $1,237 (2017 - $1,033), the amount contracted between the parties. As at March 31, 2018, the amount due to BAS-Serco related to those services was $210 (2017 - $252), which is included in accounts receivable.

B) KEY MANAGEMENT

There are no contracts of significance existing during or at the end of the financial year in which a key management person was materially interested, directly or indirectly.

The total interests of all Directors and Officers of BAS as at March 31, 2018 were 20,288 (2017 – 41,733) shares.

Key management compensation consists of:

	2018	2017
Salaries and benefits	1,750	1,985
Termination benefits	735	-
Consulting services	263	-
	2,748	**1,985**

(Expressed in thousands of Bermuda Dollars)

19. Segment reporting

The Group has four reportable segments as shown below. The Group'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 note 2. The operations of Eff-Tech have been reclassified from facilities management and presented as discontinued operations for the year ended March 31, 2018 and 2017 (note 15).

The following describes the composition of each of the Group's four 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 and property management and maintenance.

iv. Infrastructure development includes customised energy solutions, application development, enterprise networking, infrastructure, IT consulting services, server storage & virtualisation, security, unified communications and collaboration and audio-visual solutions.

	ADMINISTRATIVE SERVICES	AUTOMOTIVE GARAGES	FACILITIES MANAGEMENT	INFRASTRUCTURE DEVELOPMENT	TOTAL
CONTINUING OPERATIONS YEAR ENDED MARCH 31, 2018					
Revenue from external customers	51	2,865	8,740	19,672	31,328
Inter-segment revenue	4,109	40	494	1,563	6,206
Depreciation	517	33	39	399	988
Income (loss)	(2,980)	471	2,385	(2,652)	(2,776)
Total capital expenditure	146	82	48	674	950
Total assets	8,853	809	4,395	8,146	22,203
Total liabilities	1,023	120	572	1,464	3,179

	ADMINISTRATIVE SERVICES	AUTOMOTIVE GARAGES	FACILITIES MANAGEMENT	INFRASTRUCTURE DEVELOPMENT	TOTAL
CONTINUING OPERATIONS YEAR ENDED MARCH 31, 2017					
Revenue from external customers	83	3,135	7,383	22,079	32,680
Inter-segment revenue	2,500	9	764	1,536	4,809
Depreciation	451	6	61	406	924
Income (loss)	(2,762)	880	2,711	286	1,115
Total capital expenditure	107	39	15	973	1,134
Total assets	10,484	805	6,516	12,542	30,347
Total liabilities	552	86	281	2,379	3,298

(Expressed in thousands of Bermuda Dollars)

19. Segment reporting (continued)

	2018	2017
INCOME (LOSS)		
Total income (loss) from continuing operations for reportable segments	(2,776)	1,115
Other income	218	181
Finance costs	(432)	(500)
Loss from discontinued operations (note 15)	(1,115)	(229)
Gain on non-controlling interest acquisition (note 13)	-	302
TOTAL GROUP COMPREHENSIVE INCOME	**(4,105)**	**869**
TOTAL ASSETS		
Total assets for reportable segments	22,203	30,347
Assets held-for-sale (note 15)	725	-
Intangible assets	11,676	11,279
TOTAL GROUP ASSETS	**34,604**	**41,626**
TOTAL LIABILITIES		
Total liabilities for reportable segments	3,179	3,298
Deferred revenue	2,370	3,743
Bank loan	6,198	7,515
Liabilities held-for-sale (note 15)	489	-
TOTAL GROUP LIABILITIES	**12,236**	**14,556**

20. Subsequent events

The sale of Eff-Tech, approved by the Board of Directors in February 2018, completed on June 5, 2018 (note 15). There are no other subsequent events for recognition and disclosure to July 12, 2018, which is the date that these consolidated financial statements were approved for issue by the Board of Directors.

DIRECTORS

Chairman
David W. Pugh, CPA, CA

Deputy Chairman
Gail E.M. Miller

Secretary
Codan Services Limited

Jeffrey G. Conyers
Dr. James A.C. King
E. Michael Leverock

Scott Pearman
Gerald D.E. Simons
Dennis Fagundo
Glen Smith

OFFICERS

Leslie J. Rans, CPA
Chief Executive Officer
BAS Group of Companies

Navdeep Dhesi, CPA
Vice President Finance
BAS Group of Companies

GENERAL MANAGERS

Craig Davis
General Manager
Bermuda Energy Services Company Ltd.

Jeff Cook
General Manager
Weir Enterprises Ltd.

Tracey Sutherland
General Manager
BAS-Serco Ltd.

Lloyd Fray
President
The CCS Group Ltd.

John Morran
General Manager
Otis Elevator Company (Bermuda) Ltd.

ADDRESS

Bermuda Aviation Services Limited
P.O. Box HM 719
Hamilton HM CX
Bermuda

The BAS Building
19 Bakery Lane
Pembroke HM 07
Bermuda

BERMUDA AVIATION SERVICES LIMITED
P.O. Box HM 719
Hamilton HM CX
Tel: 441-299-4889
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