



6-MONTH REPORT

SEPTEMBER 30, 2018

Financial Results

Bermuda Aviation Services Limited (the Company) and its subsidiaries (the Group) report income from continuing operations of \$0.1 million for the six months ended September 30, 2018 compared to a loss from continuing operations of \$0.5 million over the comparative period.

The loss from discontinued operations and the loss on sale of subsidiary is attributable to the sale of Efficient Technologies Bermuda Ltd. which was completed in June 2018.

Net loss attributable to shareholders of the Company was \$0.3 million for the six months ended September 30, 2018 in comparison to the same result in the comparative period.

The strategic review and resulting plan completed in March 2018 is now in the implementation phase. Management has reduced expenses throughout the Group, continues to rationalize product line profitability, and has initiated process flow re-engineering to further improve efficiencies and to improve margins at the subsidiary level.

Gross margin for the period was \$8.9 million which is flat over the comparative period. Although revenues for the period ended September 30, 2018 were \$14.8 million in comparison to revenues of \$15.7 million in the comparative period, direct costs declined by \$0.9 million. This result reflects efforts to improve margins across the Group as revenue growth continues to be challenging in the current market climate.

Operating expenses decreased \$0.5 million over the same period in the prior year. This reduction across all expense lines is a direct result of the restructuring plan completed in March 2018.

The Company reduced its bank loan by \$0.4 million in the first six months of the fiscal year.

Earnings per share from continuing operations was (\$0.01) per share, an improvement of \$0.10 per share over the comparative period.

As Management continues to execute the strategic plan to reposition the Company, the Board have determined it prudent to continue to suspend dividends through the remainder of the fiscal year.

Note of Appreciation

Mr. Gerald D. E. Simons retired as a Director in August 2018. On behalf of the Board of Directors, we would like to thank Mr. Simons for his many years of service and contribution to the Group.

We also take this opportunity to thank our staff for their efforts and support as Management continues to execute the strategic initiatives to transition and reposition the Group.



Leslie J. Rans, CPA
CHIEF EXECUTIVE OFFICER



David W. Pugh, CPA, CA
CHAIRMAN

November 13, 2018

Forward Looking Statements

Certain statements in this report may be deemed to include 'forward looking statements' and are based upon the Board and Management's current expectations and are subject to uncertainty and changes 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited) AS AT SEPTEMBER 30, 2018
(Expressed in thousands of Bermuda Dollars)

	UNAUDITED SEPTEMBER 30 2018	AUDITED MARCH 31 2018
CURRENT ASSETS		
Cash and cash equivalents	2,674	4,118
Accounts receivable	5,493	4,550
Prepaid expenses	492	546
Inventories	1,266	1,255
Assets held-for-sale	-	725
	9,925	11,194
NON-CURRENT ASSETS		
Accounts receivable	1,173	1,564
Property, plant and equipment	9,751	10,170
Intangible assets and goodwill	11,676	11,676
	22,600	23,410
TOTAL ASSETS	32,525	34,604
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,351	3,179
Deferred revenue	2,262	2,370
Bank loan	817	789
Liabilities held-for-sale	-	489
	5,430	6,827
NON-CURRENT LIABILITIES		
Bank loan	4,998	5,409
TOTAL LIABILITIES	10,428	12,236
EQUITY		
ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		
Share capital	4,922	4,922
Share premium	12,371	12,371
Retained earnings	4,281	4,559
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	21,574	21,852
Attributable to non-controlling interests	523	516
TOTAL EQUITY	22,097	22,368
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	32,525	34,604

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 and 2017
(Expressed in thousands of Bermuda Dollars except earnings per share data)

	UNAUDITED SEPTEMBER 30 2018	UNAUDITED SEPTEMBER 30 2017
CONTINUING OPERATIONS		
Supply of services	8,418	9,144
Sale of goods	6,350	6,602
TOTAL REVENUE	14,768	15,746
DIRECT COST OF REVENUE		
Direct cost of services revenue	(1,260)	(1,945)
Cost of goods sold	(4,564)	(4,828)
GROSS MARGIN	8,944	8,973
Other income	89	87
OPERATING EXPENSES		
Wages and benefits	(6,746)	(6,956)
Other direct expenses and overheads	(1,505)	(1,560)
Restructuring expenses	-	(240)
Depreciation	(459)	(481)
TOTAL OPERATING EXPENSES	(8,710)	(9,237)
Finance costs	(260)	(299)
TOTAL INCOME (LOSS) FROM CONTINUING OPERATIONS	63	(476)
Income (loss) from discontinued operations	(237)	248
Loss on sale of subsidiary	(31)	-
TOTAL COMPREHENSIVE INCOME	(205)	(228)
INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of the Company	(278)	(277)
Non-controlling interests	73	49
LOSS FOR THE PERIOD	(205)	(228)
EARNINGS PER SHARE		
Basic and diluted from income (loss) for the period	(0.06)	(0.06)
Basic and diluted from discontinued operations	(0.05)	0.05
Basic and diluted from continuing operations	(0.01)	(0.11)

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of Bermuda Dollars)

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				NON- CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL		
APRIL 1, 2017	4,922	12,371	9,513	26,806	264	27,070
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Purchase of non-controlling interest	-	-	(200)	(200)	200	-
Dividends paid	-	-	(492)	(492)	-	(492)
Dividends to non-controlling interests	-	-	-	-	(92)	(92)
	4,922	12,371	8,821	26,114	372	26,486
TOTAL COMPREHENSIVE INCOME						
Income (loss) for the period	-	-	(277)	(277)	49	(228)
SEPTEMBER 30, 2017	4,922	12,371	8,544	25,837	421	26,258
APRIL 1, 2018	4,922	12,371	4,559	21,852	516	22,368
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Dividends to non-controlling interests	-	-	-	-	(66)	(66)
	4,922	12,371	4,559	21,852	450	22,302
TOTAL COMPREHENSIVE INCOME						
Income (loss) for the period	-	-	(278)	(278)	73	(205)
SEPTEMBER 30, 2018	4,922	12,371	4,281	21,574	523	22,097

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of Bermuda Dollars)

	UNAUDITED SEPTEMBER 30 2018	UNAUDITED SEPTEMBER 30 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(205)	(228)
ADJUSTMENTS:		
Depreciation	459	512
Finance costs	260	224
Loss on disposal of subsidiary	31	-
CHANGES IN NON-CASH WORKING CAPITAL:		
Accounts receivable	(552)	648
Prepaid expenses	54	(226)
Inventories	(11)	(155)
Accounts payable and accrued liabilities	(592)	623
Deferred revenue	(108)	(2,373)
Net assets held-for-sale	(31)	-
NET CASH USED IN OPERATING ACTIVITIES	(695)	(975)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment, net	(40)	(259)
NET CASH USED IN INVESTING ACTIVITIES	(40)	(259)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(492)
Dividends paid to non-controlling interests	(66)	(92)
Repayment of bank loan	(383)	(791)
Finance costs	(260)	(224)
NET CASH USED IN FINANCING ACTIVITIES	(709)	(1,599)
CASH AND CASH EQUIVALENTS		
Decrease during the period	(1,444)	(2,833)
Beginning of the period	4,118	5,650
END OF THE PERIOD	2,674	2,817

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018
(Expressed in thousands of Bermuda Dollars)

1. Significant Accounting Policies

The interim consolidated financial statements of Bermuda Aviations Services Limited ("BAS" or the "Company") for the six months ended September 30, 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting, and follow the same accounting policies as per the March 31, 2018 annual financial statements. The interim consolidated financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the March 31, 2018 annual financial statements.

2. Segment Reporting

BAS and its subsidiaries (the "Group") have four reportable segments as shown below. The Group's management has identified the operating segments based on the goods and services they provide. The operations of Efficient Technologies Bermuda Ltd. ("Eff-Tech") have been reclassified from facilities management and presented as discontinued operations for the period ended September 30, 2018 and 2017 (note 3). The following describes the composition of each of the Group's four reportable segments:

- i. Administrative services includes mainly the assets and shared services related to the Group's corporate headquarters and services provided to Group subsidiaries.
- 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 audio-visual solutions.

	ADMINISTRATIVE SERVICES	AUTOMOTIVE GARAGES	FACILITIES MANAGEMENT	INFRASTRUCTURE DEVELOPMENT	TOTAL
CONTINUING OPERATIONS PERIOD ENDED SEPTEMBER 30, 2018					
Revenue from external customers	23	1,411	3,247	10,087	14,768
Inter-segment revenue	1,751	10	71	57	1,889
Depreciation	244	16	26	173	459
Income (loss)	(1,748)	399	998	674	323
Total capital expenditure	9	-	20	11	40
CONTINUING OPERATIONS AS AT SEPTEMBER 30, 2018					
Total assets	8,922	889	3,527	7,511	20,849
Total liabilities	516	63	950	3,084	4,613
CONTINUING OPERATIONS PERIOD ENDED SEPTEMBER 30, 2017					
Revenue from external customers	27	1,556	3,390	10,773	15,746
Inter-segment revenue	2,138	11	73	146	2,368
Depreciation	269	16	20	176	481
Income (loss)	(2,268)	377	1,005	709	(177)
Total capital expenditure	150	47	18	44	259
CONTINUING OPERATIONS AS AT MARCH 31, 2018					
Total assets	8,853	809	4,395	8,146	22,203
Total liabilities	1,023	120	723	3,683	5,549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018
(Expressed in thousands of Bermuda Dollars)

2. Segment Reporting (continued)

SEGMENTS RECONCILIATION	UNAUDITED SEPTEMBER 30 2018	UNAUDITED SEPTEMBER 30 2017
INCOME (LOSS)		
Total income (loss) from continuing operations for reportable segments	323	(177)
Finance costs	(260)	(299)
Income (loss) from discontinued operations	(237)	248
Loss on sale of subsidiary	(31)	-
TOTAL GROUP COMPREHENSIVE INCOME	(205)	(228)

SEGMENTS RECONCILIATION	UNAUDITED SEPTEMBER 2018	AUDITED MARCH 2018
TOTAL ASSETS		
Total assets for reportable segments	20,849	22,203
Assets held-for-sale	-	725
Intangible assets	11,676	11,676
TOTAL GROUP ASSETS	32,525	34,604
TOTAL LIABILITIES		
Total liabilities for reportable segments	4,613	5,549
Bank loan	5,815	6,198
Liabilities held-for-sale	-	489
TOTAL GROUP LIABILITIES	10,428	12,236

3. Significant Transactions

On September 30, 2017 Integrated Technology Solutions Ltd. (ITS) became a wholly owned subsidiary of BAS following an amalgamation with one of the entities within the Group. The amalgamation resulted in the non-controlling interest related to ITS to be reclassified to retained earnings.

On June 5, 2018, the sale of Eff-Tech, a wholly owned subsidiary, was completed. At March 31, 2018, the operations of Eff-Tech were classified as a disposal group held-for-sale and as discontinued operations as of September 30, 2018 and 2017.

DIRECTORS

Chairman

David W. Pugh, CPA, CA

Jeffrey G. Conyers
E. Michael Leverock
Scott Pearman

Deputy Chairman

Gail E. M. Miller

Dennis Fagundo
Glen Smith

Secretary

Codan Services Limited

OFFICERS

Leslie J. Rans, CPA

Chief Executive Officer
BAS Group of Companies

Navdeep Dhesi, CPA

Vice President Finance
BAS Group of Companies

GENERAL MANAGERS

Antoine Lambert

Operations Manager
Bermuda Energy Services
Company Ltd.

Lloyd Fray

President
The CCS Group Ltd.

Jeff Cook

General Manager
Weir Enterprises Ltd.

John Morran

General Manager
Otis Elevator Company
(Bermuda) Ltd.

Tracey Sutherland

General Manager
BAS-Serco 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

BAS BUILDING

19



its
INTEGRATED
TRAINING
SOLUTIONS
083 8139

BAS

berco

L3373

L2344

**BERMUDA AVIATION
SERVICES LIMITED**

P.O. Box HM 719
Hamilton HM CX
Tel: 441-299-4889
Fax: 441-293-0513
www.basg.bm
www.bas.bm

BAS-SERCO LTD.

P.O. Box HM 719
Hamilton HM CX
Tel: 441-299-4889
Fax: 441-293-0513
www.bas-serco.bm

**BERMUDA ENERGY
SERVICES COMPANY LTD.**

P.O. Box HM 3318
Hamilton HM PX
Tel: 441-297-3726
Fax: 441-296-4236
www.besco.bm

THE CCS GROUP LTD.

P.O. Box HM 3081
Hamilton HM NX
Tel: 441-294-3400
Fax: 441-292-0751
www.ccs.bm

**OTIS ELEVATOR COMPANY
(BERMUDA), LTD.**

P.O. Box HM 1546
Hamilton HM FX
Tel: 441-295-3226
Fax: 441-292-7422
www.otisbermuda.bm

WEIR ENTERPRISES LTD.

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