BAS

GROUP OF COMPANIES

ANNUAL REPORT **2016-17**

SEVENTYYEARS

CONTENTS

It is not the strongest or the most intelligent who will survive but those who can best manage change.

CHARLES DARWIN

JUNE 5, 1947 — JUNE 5, 2017

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June 5, 2017 marked the 70th anniversary of the Company's incorporation. The Company was incorporated on June 5, 1947 and was involved predominantly in aviation services. Over the years, the Group expanded into complementary services such as ground transportation, food preparation and catering. The Group continued to evolve and diversify its operations over the last decade which has seen the Group move away from its traditional focus on aviation and now sees it involved primarily in facilities management and infrastructure development.

Financial Results

Bermuda Aviation Services Limited (the Company) and its subsidiaries (the Group) reports net income attributable to Shareholders of $784,000 for the year ended March 31, 2017 compared to $2.8 million in the prior year.

This result, while disappointing, was not entirely unexpected as the Group transitioned away from its traditional roots in the aviation business during the year under review with the loss of the aviation management contract with the Bermuda Government's Department of Airport Operations as at March 31, 2016.

June 5, 2017 marked the 70th anniversary of the Company's incorporation. The Company was incorporated on June 5, 1947 and was involved predominantly in aviation services. Over the years, the Group expanded into complementary services such as ground transportation, food preparation and catering. The Group continued to evolve and diversify its operations over the last decade which has seen the Group move away from its traditional focus on aviation and now sees it involved primarily in facilities management and infrastructure development.

Net income attributable to Shareholders is $784,000 for the year ended March 31, 2017 (2016 - $2.8 million) and **Earnings per Share** is $0.16 (2016 - $0.56).

Total Revenue from continuing businesses of $34.8 million has seen a decrease of $4.6 million from $39.4 million in the prior year. This decline is primarily due to increased competition across almost all business lines.

Gross Profit of $13.8 million is an abatement of $1.7 on the $15.5 million achieved in 2016 as a result of margin erosion and increased competition.

Total Operating Expenses are $13.4 million compared to $14.0 million in 2016. This decrease of $0.6 million is a result of the continued application of Group synergies and management oversight.

The Company continues to make additional monthly repayments to its bank loan in an effort to retire its debt earlier and lower its interest expense. Early retirement of the debt will allow the Company to have greater liquidity to pursue opportunities with greater potential for shareholder returns.

The **Total Equity attributable to Shareholders** is $26.8 million. This is a decrease of $0.2 million from $27.0 million.

Strategic Review

The Company has recently undertaken a strategic and functional review of its operations with a view to formulating such changes, if any, to the Group's structure and staffing requirements designed to ensure that the Group is properly positioned to meet its future operational targets.

The Group has proven that it is not immune to the issues arising from a downturn in the economy. The Group continues to look for additional revenue streams and to make its operating model more efficient. This is a continuous process that requires vigilance and keen oversight. Not only must the Company identify opportunities and areas for improvement, but it must also act on this information and execute plans of action.

Although the current year's results are not as robust as expected, management has worked very hard with the Group's employees to produce the result that is reported. Management expects that the efforts expended in the last few years will be rewarded with better results in the years to come.

Performance of Subsidiaries

Managing a diverse Group of companies is no small task. Process improvement and refinement is continuous. In general, management is pleased with the performance of most of the Group's subsidiaries and is actively involved with those that require additional attention to try to achieve optimal results and to produce effective team synergies through the Group.

BAS-SERCO LTD. ("BAS-SERCO")

As previously noted, BAS-Serco is no longer involved in aviation operations. Its primary focus has shifted to facilities management and it is making strides in growing this business.

BAS-Serco revenues have increased due to securing more facilities management contracts. BAS-Serco's performance exceeded management's expectations and it is poised to leverage the wave of the new business trend where building owners are seeing the benefit of specialised services from facilities management professionals.

BERMUDA ENERGY SERVICES COMPANY LTD. ("BESCO")

The current year has seen a significant drop in revenues arising from the recent downturn in construction in Bermuda and cost overruns on a major project which will not reoccur. However, the projections for the upcoming year are more optimistic and BESCO has responded to numerous request-for-proposals.

BESCO was involved in the building of the new radiation treatment facility for the Bermuda Cancer and Health Centre. This facility is a vital element of health care in Bermuda and BESCO was proud to play its role in completing this project.

During the last year, part of the Group's restructuring involved the BESCO minority interest buyout. BESCO has undergone a considerable change in personnel, management style and philosophy and it is expected that this will result in more efficient operations and improved results.

THE CCS GROUP LTD. ("CCS")

CCS revenues have decreased by 14 percent from last year. This decrease can be partially attributed to a tighter economy and also to operating with a diminished development team for a portion of the year as the development team was restructured to more accurately address the various local market opportunities.

Considerable efforts have been made in the past year to develop new business products. This time spent on research and development comes with an associated cost that presents no immediate financial benefit, but it is expected that this effort will generate significant revenues in the not too distant future.

CCS continues to develop its presence in Portugal and the office is expanding. The Portugal office has submitted several bids for major projects in Portugal which, if successful, will see the Portugal office become a major income generator for the Group.

CCS was selected as the local information and communication technology provider for the 35th America's Cup held in Bermuda in May and June 2017. CCS was able to demonstrate its depth on numerous networking and wireless communication technologies and provide a world-class service.

CCS has also developed a strategic partnership with Cylance Inc. to develop new security products for its clients. Cylance offer one of the best and most cost-effective solutions for combating virus, Trojan and ransomware attacks.

EFFICIENT TECHNOLOGIES BERMUDA LTD. ("EFF-TECH")

Eff-Tech has experienced a challenging year during which it focused on the residential market.

Eff-Tech is the licensed distributor for Mitsubishi Electric. This is a premier product in the heating, ventilation and air conditioning ("HVAC") market and Eff-Tech supplies this product to its customers and many commercial HVAC businesses. The relationship with Mitsubishi Electric is highly valued and Eff-Tech works tirelessly to cultivate and maintain it.

Eff-Tech was also involved with BESCO in the building of the new radiation treatment facility for the Bermuda Cancer and Health Centre. It is this collaboration of subsidiaries that the Group hopes to promote further as it provides clients with opportunities to satisfy many needs from a single source in the BAS Group.

INTEGRATED TECHNOLOGY SOLUTIONS LTD. ("ITS")

ITS has not performed to expectations. As a result, several operational changes have been and continue to be made in order to restore profitability to this specialised sector: office and home automation; control and audiovisual equipment installations.

OTIS ELEVATOR COMPANY (BERMUDA) LTD. ("OTIS")

The Otis "lift" in performance resulted from an approximate 17 percent increase in revenues mainly from projects to modernize existing elevators. Although construction in Bermuda has slowed, the existing inventory of elevators in buildings in Bermuda is aging. These elevators either need to be replaced or modernized and Otis has proven that it can provide its customers with cost effective solutions to upgrade their elevators to present day standards.

As Otis looks to remain competitive and in a position to better serve its customers, it has recognized a need to ensure that there is less of a reliance on foreign labour and the company has introduced an apprenticeship scheme to develop its skilled labour. This programme has been implemented with the Bermuda Government's Department of Workforce Development and a training syllabus has been developed for an apprentice who was hired in the past year.

WEIR ENTERPRISES LTD. ("WEIR")

Weir has performed well again in the current year. An increase in new car purchases and price decreases by competitors during the year indicate that Weir's market is rapidly changing. Management has recognized the need for the company to also change. The company spent considerable time, effort and expense to upgrade its inventory management system. This will allow Weir to manage its inventory more effectively and to continue to deliver its spare parts at highly competitive prices.

Looking Forward

In the last few months, the Group has worked tirelessly with the business community, sponsors and organizers to help to produce on the 35th America's Cup in Bermuda. This demonstrates Bermuda's ability to host and execute world class events and shows that the Group has the required intellectual capacity to create world class networks and products. Clients and prospective customers can be assured with the belief that the Group possesses the technical capability to deliver and execute any planned service or project.

The Group continues to diversify geographically as it searches for new revenue streams and sources of skilled labor. It is anticipated that foreign operations will grow to the level of that currently in Bermuda in the next ten years.

Managing a diverse group of companies involves continued restructuring, collaboration and communication within divisions and subsidiaries. It is a process that will perpetually evolve and requires frequent self-assessment. Management is committed to this process and views its success as a critical component for increasing shareholder value.

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.

Corporate Social Responsibility

The Group's business model actively incorporates its responsibility as a corporate citizen in Bermuda. Over the past year, a Corporate Social Responsibility Committee was established to oversee the Group's efforts in this area. These efforts have seen financial assistance provided to numerous local charities and also have the Group's employees perform work rallies for some of these charities.

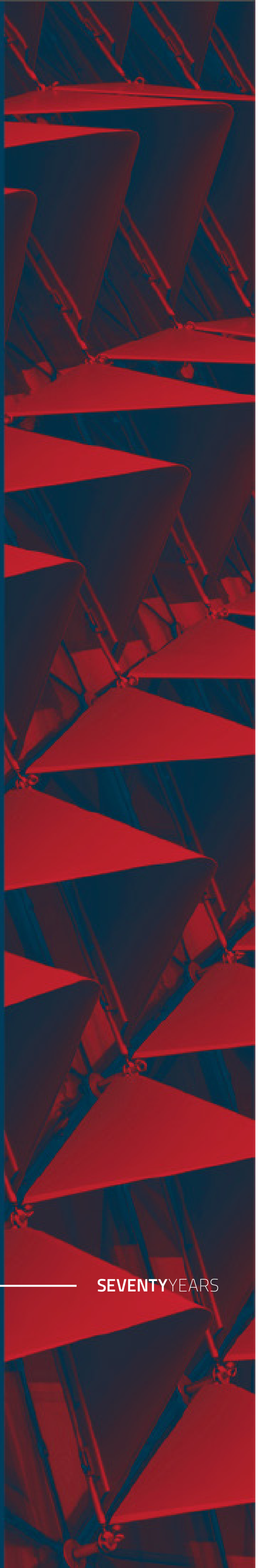
Note of Appreciation

As the Company celebrates seventy years of operations, your Board of Directors and management would like to acknowledge the efforts of past and present employees that have worked so tirelessly to make the Group what it is today. The Group is operating in a challenging environment. The continued success of the Group is due to the dedication, passion and hard work of our people. Thank you also to our clients and shareholders for your continued loyalty and support.

David W. Pugh, CPA, CA
CHAIRMAN

Ian D. Cook
GROUP PRESIDENT & CHIEF EXECUTIVE OFFICER

July 7, 2017



SUBSIDIARY COMPANIES

BAS
GROUP OF COMPANIES

- Innovative Solutions
- Quality Products
- Excellent Service
- Single point of contact, single point of accountability

TRACEY SUTHERLAND | GENERAL MANAGER

BAS-Serco Ltd. ("BAS-Serco") is a facilities management company that provides all services required for the management of commercial buildings and real estate to maintain and increase their value. We combine information and communications technology with exceptional customer service to deliver maximum reliability through personal service.

- Facilities Management
- Project Management
- Building Fabric Maintenance
- Air Conditioning Maintenance & Refurbishment
- M&E Plant Maintenance
- Plumbing & Drainage
- Elevator & Escalator Maintenance
- Fire Safety Maintenance
- Emergency Preparedness
- Cleaning

CRAIG DAVIS | GENERAL MANAGER

Bermuda Energy Services Company Ltd. ("BESCO") has several divisions – power, engineering, renewable energy and maintenance – which provide engineering solutions and energy efficient technologies to Bermuda's commercial, industrial and residential markets. The synergy between these divisions enables the delivery of complete solutions for our customers. In addition, we deliver a comprehensive range of maintenance and repair services for all systems.

- Electrical and Specialist Engineering and Contracting
- Fire and Security Systems
- HVAC Controls
- Energy Management Systems
- Energy Audits
- Solar Photovoltaic and Thermal Systems for energy and heating
- Wind Technology
- Customized and Flexible Maintenance and Repair Solutions

PETER ALDRICH | GENERAL MANAGER

The CCS Group Ltd. ("CCS") is a Bermuda-based, full-service Information Technology company that provides local and international customers with advanced communications solutions and consulting services. Our highly skilled ICT professionals plan, design, build, implement and optimize leading edge technology solutions that deliver real value to our clients and their business.

- Application Development
- Cloud Services
- Enterprise Networking
- Infrastructure Cabling & Fiber
- IT Consulting Services
- Server Storage & Virtualization
- Service Provider Infrastructure
- UC & Collaboration

CRAIG DAVIS | GENERAL MANAGER

Efficient Technologies Bermuda Ltd. ("Eff-Tech") is an authorized Mitsubishi Electric solutions distributor which provides a full range of Mitsubishi Mr. Slim and City-Multi heating ventilation and air conditioning ("HVAC") products for both commercial and residential applications. Our team works closely with individual customers to deliver turn-key solutions, focusing on excellent customer service, professionalism and quality technical service and installation. Our Mitsubishi partnership provides one of the best product warranties in the industry and delivers proven long-term energy cost-savings. We are also partnered with Vipond, a leading international fire prevention and life safety solutions provider which specializes in the design, supply, fabrication and turn-key installations of fire protection systems.

- **HVAC Equipment**
- **HVAC Control Systems**
- **HVAC Design Services**
- **HVAC Maintenance & Support**
- **Fire and Life Safety Systems**
- **Residential Solutions**
- **Repair & Preventative Maintenance**

iTS
INTEGRATED TECHNOLOGY SOLUTIONS

GREGORY WOODS | GENERAL MANAGER

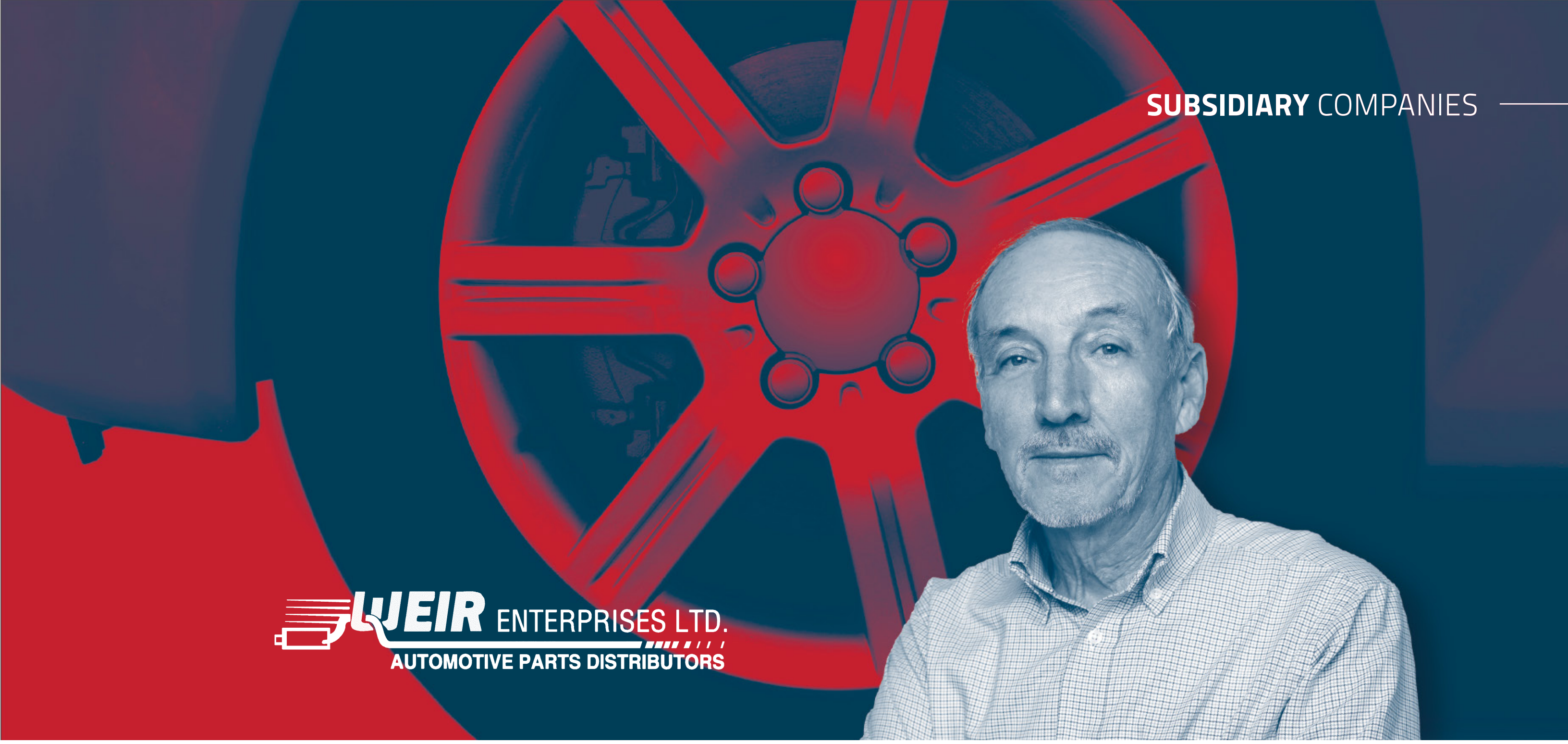
Integrated Technology Solutions Ltd. ("ITS") provides custom electronics solutions for commercial and residential applications. Our team offers a full range of services, including consultation, design, installation and maintenance to a broad client base as well as a complete portfolio of communications and technology products and services.

- **Complete End to End Audio Visual Solution**
- **Room and Lighting Control Systems**
- **Automated Window Treatments**
- **Solar Shading Solutions**
- **Digital Signage**
- **Content Management Solutions**
- **Consultation & Design**
- **IT Consulting Services**
- **Support and Maintenance Options**

JOHN MORRAN | GENERAL MANAGER

Otis Elevator Company (Bermuda) Ltd. ("Otis") provides vertical transportation systems to multi-level office, hotel, retail, residential and parking facilities. We install new units, maintain existing units, modernize older equipment and perform all manner of repairs and upgrades to deliver best in market efficiency and reliability.

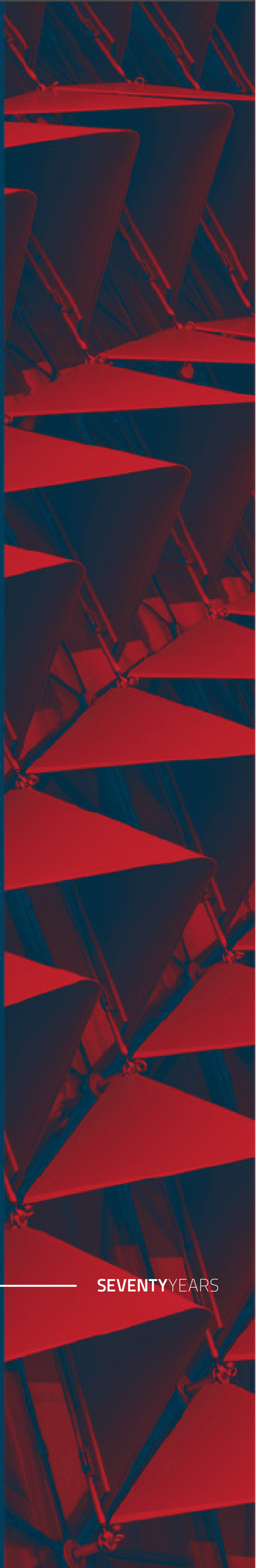
- Elevators
- Escalators
- Dumbwaiters
- Vertical Reciprocating conveyers (freight only elevators)



JEFF COOK | GENERAL MANAGER

Weir Enterprises Ltd. ("Weir") provides personalized automotive repair service to our customers by offering economical, high quality spare parts, maintenance and quality service. We stock a vast range of parts for most vehicles, ranging from filters, tyres, batteries, radiators, brake parts, water pumps, exhaust systems and much more. Our knowledgeable and qualified team, working in our on-site workshop, offers the best in Bermuda's mechanical repairs.

- **Vehicle Servicing**
- **Diagnostic**
- **Automotive Electrical Services**
- **Wheel Alignments**
- **Industrial & Commercial Radiator Repairs**
- **Spare Parts**



CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

BAS
GROUP OF COMPANIES

Five Year Summary

FOR THE YEAR ENDED (Expressed in thousands of Bermuda Dollars)	2017	2016	2015	2014	2013
Revenue	34,814	39,474	40,068	56,237	44,362
Income from continuing operations	567	1,645	457	2,257	1,265
Remeasurement of benefit obligations	–	–	–	(158)	(982)
Defined benefit plan wind-up cost	–	99	(731)	(1,114)	–
Discontinued operations	–	1,157	1,073	(9)	324
Goodwill impairment	–	–	–	(1,300)	–
Gain on sale of subsidiary	–	189	–	1,380	–
Gain on non-controlling interest acquisition	302	–	–	–	–
Income attributable to shareholders of the Group	784	2,765	471	624	671
Dividends	984	984	992	1,018	1,017

FOR THE YEAR ENDED	2017	2016	2015	2014	2013
Income for the year	869	3,090	799	1,214	1,589
(Income) loss attributable to non-controlling interests	(85)	(325)	(328)	(432)	64
Net income attributable to shareholders of the Group	784	2,765	471	782	1,653

AS AT MARCH 31	2017	2016	2015	2014	2013
Total assets	41,626	43,514	46,044	46,574	46,419
Total liabilities	14,556	15,437	19,464	19,093	18,954
Equity attributable to shareholders of the Group	26,806	27,006	25,225	26,416	26,811

FINANCIAL RATIOS	2017	2016	2015	2014	2013
Earnings per share	0.16	0.56	0.10	0.15	0.32
Return on shareholders' equity	2.90%	10.96%	1.78%	2.92%	5.50%

SHAREHOLDER DATA	2017	2016	2015	2014	2013
Shares in issue	4,922,301	4,922,301	4,922,301	5,088,119	5,089,047
Book value per share	5.45	5.49	5.14	5.19	5.27

AS AT MARCH 31	2017	2016	2015	2014	2013
Number of employees	158	164	239	220	241

KPMG

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INDEPENDENT AUDITORS' 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, 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year 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; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit opinion.

Opinion

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

Other Matter

The accompanying consolidated financial statements of Bermuda Aviation Services Limited and its subsidiaries as at March 31, 2017 and for the year then ended were audited by another auditor whose report thereon dated July 1, 2016 expressed an unmodified opinion on those financial statements.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
July 7, 2017

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT MARCH 31, 2017

(Expressed in thousands of Bermuda Dollars)

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents (note 8)	5,650	6,124
Accounts receivable (notes 5, 15 and 21)	7,677	8,520
Prepaid expenses	343	549
Inventories (note 4)	2,420	2,624
	16,090	17,817
NON-CURRENT ASSETS		
Other receivables (note 15)	3,568	3,836
Property, plant and equipment (note 6)	10,689	10,555
Goodwill (note 7)	11,279	11,306
	25,536	25,697
TOTAL ASSETS	41,626	43,514
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 15)	3,298	3,124
Deferred revenue	3,743	3,269
Bank loan (notes 9 and 15)	752	665
	7,793	7,058
NON-CURRENT LIABILITIES		
Bank loan (notes 9 and 15)	6,763	8,379
TOTAL LIABILITIES	14,556	15,437
EQUITY		
ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP		
Share capital (note 11)	4,922	4,922
Share premium	12,371	12,371
Retained earnings	9,513	9,713
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP	26,806	27,006
Attributable to non-controlling interests (note 10)	264	1,071
TOTAL EQUITY	27,070	28,077
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	41,626	43,514

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, 2017

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

	2017	2016
CONTINUING OPERATIONS		
Supply of services (notes 20 and 21)	15,844	16,255
Sale of goods	18,970	23,219
TOTAL REVENUE	**34,814**	**39,474**
DIRECT COST OF REVENUE		
Direct cost of services revenue	(8,287)	(8,318)
Cost of goods sold (note 4)	(12,709)	(15,631)
GROSS PROFIT	**13,818**	**15,525**
Other income (note 18)	181	151
OPERATING EXPENSES		
Wages and benefits (notes 16 and 19)	(8,386)	(8,861)
Other direct expenses and overheads	(3,548)	(3,593)
Gain on disposal of property, plant and equipment (note 6)	-	33
Depreciation (notes 6 and 20)	(998)	(1,045)
Finance costs (note 9)	(500)	(565)
TOTAL OPERATING EXPENSES	**(13,432)**	**(14,031)**
TOTAL INCOME FROM CONTINUING OPERATIONS	**567**	**1,645**
Defined benefit plan wind-up cost	-	99
Income from discontinued operations (note 13)	-	1,157
Gain on sale of subsidiary (note 13)	-	189
Gain on non-controlling interest acquisition (note 10)	302	-
TOTAL COMPREHENSIVE INCOME	869	3,090
INCOME ATTRIBUTABLE TO:		
Shareholders of the Company	784	2,765
Non-controlling interests (note 10)	85	325
INCOME FOR THE YEAR	**869**	**3,090**
EARNINGS PER SHARE		
Basic and diluted (note 12)	0.16	0.56

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, 2017
(Expressed in thousands of Bermuda Dollars)

	ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP					
	CAPITAL STOCK	SHARE PREMIUM	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
BALANCE APRIL 1, 2015	**4,922**	**12,371**	**7,932**	**25,225**	**1,355**	**26,580**
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Consideration paid for non-controlling interest (note 10)	-	-	-	-	(200)	(200)
Dividends paid (note 11)	-	-	(984)	(984)	-	(984)
Dividends to non-controlling interests (note 10)	-	-	-	-	(409)	(409)
	4,922	**12,371**	**6,948**	**24,241**	**746**	**24,987**
TOTAL COMPREHENSIVE INCOME						
Income for the year	-	-	2,765	2,765	325	3,090
BALANCE MARCH 31, 2016	**4,922**	**12,371**	**9,713**	**27,006**	**1,071**	**28,077**
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY						
Consideration paid for non-controlling interest (note 10)	-	-	-	-	(260)	(260)
Cancellation of non-controlling interest (note 10)	-	-	-	-	(329)	(329)
Dividends paid (note 11)	-	-	(984)	(984)	-	(984)
Dividends to non-controlling interests (note 10)	-	-	-	-	(303)	(303)
	4,922	**12,371**	**8,729**	**26,022**	**179**	**26,201**
TOTAL COMPREHENSIVE INCOME						
Income for the year	-	-	784	784	85	869
BALANCE MARCH 31, 2017	**4,922**	**12,371**	**9,513**	**26,806**	**264**	**27,070**

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED MARCH 31, 2017
(Expressed in thousands of Bermuda Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income for the year	869	3,090
ADJUSTMENTS:		
Depreciation	998	1,045
Gain on the sale of property, plant and equipment	-	(33)
Gain from the sale of subsidiary (note 13)	-	(189)
Cancellation non-controlling interest (note 10)	(329)	-
Goodwill impairment (note 7 and 10)	27	-
Finance costs	500	565
CHANGES IN NON-CASH WORKING CAPITAL:		
Accounts receivable	844	(255)
Prepaid expenses	206	111
Inventories	204	202
Other receivables	269	430
Accounts payable and accrued liabilities	174	(1,387)
Deferred revenue	474	(1,455)
	4,236	**2,124**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of subsidiary (note 13)	-	278
Proceeds on the sale of property, plant and equipment	-	129
Additions to property, plant and equipment (note 6 and 20)	(1,134)	(337)
	(1,134)	**70**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(984)	(984)
Dividends paid to non-controlling interests	(303)	(409)
Repayment of bank loan	(1,529)	(1,185)
Finance costs	(500)	(565)
Consideration paid for non-controlling interest shares	(260)	(200)
	(3,576)	**(3,343)**
CASH AND CASH EQUIVALENTS		
Decrease during the year	(474)	(1,149)
Beginning of the year	6,124	7,273
END OF THE YEAR	**5,650**	**6,124**

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 address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton, Bermuda. BAS and its subsidiaries (the "Group") distribute automotive parts and provide automotive services; provide facilities management services; provide elevator maintenance and installation; provide customised energy, heating, ventilation and air conditioning solutions; and provide cabling, networking, audio visual, electronic systems, telephony services and maintenance services.

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.

2. Basis of Preparation

A) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The consolidated financial statements were authorised for issue by the Board of Directors on July 7, 2017.

B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for held-for-trading financial assets which are measured at fair value. The consolidated financial statements are presented in Bermuda dollars which is the Group's functional currency.

C) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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, 2017 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. New standards, amendments and interpretations to existing standards that are relevant to the Group's operations but have not been early adopted are as follows:

IFRS 9 'Financial Instruments' – Classification and Measurement

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in July 2014. It replaces 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. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Group expects no significant impact on its financial statements resulting from the adoption of IFRS 9.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 was issued in May 2014 and sets out the requirements for recognising revenue that apply to all contracts with customers and establishes a single comprehensive framework for revenue recognition. IFRS 15 replaces the previous revenue standards: IAS 18 and IAS 11. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018. The Group is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 for the accounting period beginning on April 1, 2018.

(Expressed in thousands of Bermuda Dollars)

IFRS 16 'Leases'

IFRS 16, effective for annual periods beginning on or after January 1, 2019, was released in January 2016 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. The Group is yet to assess IFRS 16's full impact and intends to adopt IFRS 16 for the accounting period beginning on April 1, 2019.

IAS 7 'Statement of Cash Flows'

Amendments to IAS 7, part of the International Accounting Standards Board's 'Disclosure Initiative', were issued in January 2016. The amendments require entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities. This amendment is effective for annual periods beginning on or after January 1, 2017. The Group has yet to assess the impact of the amendment to IAS 7 on its consolidated financial statements.

D) USE OF ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 3(E)	- goodwill
Note 3(H)	- revenue recognition
Note 3(L)	- impairment of financial assets
Note 3(M)	- impairment of non-financial assets
Note 3(D)	- inventories

3. Significant Accounting Policies

A) 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 subsidiaries all of which are registered in Bermuda, except for CCS Group Sucursal EM Portugal "CCS Portugal". The subsidiaries and percentage ownership are:

(Expressed in thousands of Bermuda Dollars)

3. Significant Accounting Policies; A) Subsidiaries (continued)

	2017	2016
BAS-SERCO LTD. ("BAS-SERCO")	90%	90%
BERMUDA ENERGY SERVICES COMPANY LTD. ("BESCO")	100%	76%
THE CCS GROUP LTD. ("CCS")	100%	100%
CCS GROUP SUCURSAL EM PORTUGAL ("CCS PORTUGAL")	100%	100%
EASTBOURNE PROPERTIES LTD. ("EPL")	100%	100%
EFFICIENT TECHNOLOGIES BERMUDA LTD. ("EFF-TECH")	100%	100%
INTEGRATED TECHNOLOGY SOLUTIONS LTD. ("ITS")	75%	75%
OTIS ELEVATOR COMPANY (BERMUDA), LTD. ("OTIS")	80.1%	80.1%
WEIR ENTERPRISES LTD. ("WEIR")	100%	100%

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

B) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations by the Group. The consideration recorded 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 recorded includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

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.

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.

C) 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 held for trading. These instruments are accounted for at fair value.

D) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs of goods sold are calculated 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.

E) GOODWILL

Goodwill arising on the purchase of subsidiaries is measured at cost less any accumulated impairment loss. Goodwill is tested for impairment annually using the discounted cash flow method and by reviewing events or changes in circumstances that indicate a potential impairment. The Group uses the estimates of fair values using a multiple of earnings, as calculated by management, less cost of disposal for assessment of the recoverable amount to determine possible impairment.

F) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at 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

G) PENSION BENEFITS

As described in note 15, the Group maintains defined contribution pension plans covering certain employees. Employer contributions to the defined contribution plan are expensed as incurred and are included in wages and benefits.

H) REVENUE RECOGNITION

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

Net, rather than gross, revenues are reported for projects where the Group acts as an agent of the customers 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. The use of management estimates is critical to this process.

I) 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.

J) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Bermuda dollars (BMD), which is the Company's presentation currency.

Transactions and Balances

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. Non-monetary assets and liabilities denominated in foreign currencies are translated to BMD at historical rates of exchange. Transactions in foreign currencies are translated at the rates of exchange prevailing at the time of the transaction. Exchange gains and losses are included in other direct expenses and overheads.

K) 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. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Group's designation of such instruments. IFRS require 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 summarises the classification the Group has elected to apply to each of its significant categories of financial instruments outstanding as at March 31, 2017:

Cash and cash equivalents	Held-for-trading
Accounts and other receivables	Loans and receivables
Bank loan	Other liabilities
Accounts payable	Other liabilities

Held-for-trading

Financial assets that are acquired with the intention of generating income 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 amortised cost using the effective interest method less any impairment losses.

Other liabilities

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

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 amortised over the expected life of the instruments using the effective interest method.

L) IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value are 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 future cash flows of the asset that can be estimated reliably.

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 income or loss and reflected in an allowance account against loans. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

M) 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.

(Expressed in thousands of Bermuda Dollars)

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 (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.

N) OPERATING LEASE PAYMENTS

Payments made under operating leases are recognised in income and loss 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.

4. Inventories

	2017	2016
Auto parts	677	731
Computer, telephony, cabling and AV	302	345
Electrical parts	607	621
Heating, ventilation & air-conditioning	787	847
Other	47	80
INVENTORIES' CARRYING VALUE	**2,420**	**2,624**

Cost of goods sold comprises expensed inventories in the amount of $12,709 (2016 - $15,631).

Inventories include a provision for obsolete and slow-moving computer parts inventory in the amount of $105 (2016 - $185).

(Expressed in thousands of Bermuda Dollars)

5. Accounts Receivable

Accounts receivable is classified as follows:

	2017	2016
Trade receivables	6,489	8,088
Unbilled revenue on contracts in progress	1,188	432
	7,677	**8,520**

6. Property, Plant and Equipment

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

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	FURNITURE AND FIXTURES	LEASEHOLD IMPROVEMENTS	TOTAL
COST					
Balance at April 1, 2015	11,183	6,934	258	798	19,173
Additions	18	314	5	-	337
Disposals	(2)	(2,760)	(70)	(220)	(3,052)
BALANCE AT MARCH 31, 2016	**11,199**	**4,488**	**193**	**578**	**16,458**
Balance at April 1, 2016	11,199	4,488	193	578	16,458
Additions	45	1,084	5	-	1,134
Disposals	-	(1,994)	(105)	(6)	(2,105)
BALANCE AT MARCH 31, 2017	**11,244**	**3,578**	**93**	**572**	**15,487**
DEPRECIATION					
Balance at April 1, 2015	1,406	5,635	193	491	7,725
Depreciation for the year	353	573	18	101	1,045
Disposals	-	(2,613)	(59)	(195)	(2,867)
BALANCE AT MARCH 31, 2016	**1,759**	**3,595**	**152**	**397**	**5,903**
Balance at April 1, 2016	1,759	3,595	152	397	5,903
Depreciation for the year	363	521	21	93	998
Disposals	-	(1,993)	(105)	(5)	(2,103)
BALANCE AT MARCH 31, 2017	**2,122**	**2,123**	**68**	**485**	**4,798**
CARRYING AMOUNTS					
At March 31, 2015	9,777	1,299	65	307	11,448
At March 31, 2016	9,440	893	41	181	10,555
At March 31, 2017	9,122	1,455	25	87	10,689

(Expressed in thousands of Bermuda Dollars)

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

Property, plant and equipment include fully depreciated items, which continue to provide an economic benefit to the Group, with an original cost of approximately $1,375 (2016 - $2,649).

Disposals for the year include fully depreciated assets, which were no longer in use, of $2,086 (2016 - $151) which were removed from the Group's records.

7. Goodwill

Goodwill is classified as follows:

	2017	2016
Automotive garages	1,942	1,942
Facilities management	4,756	4,756
Infrastructure development	4,581	4,608
	11,279	**11,306**

During the year BAS purchased the remaining non-controlling interest shares in BESCO (note 10). At that time management concluded that the goodwill attributable to BESCO in the amount of $27 was impaired and this amount has been written off. At year end, management conducted impairment tests on the Group's reportable segments and determined that goodwill was not impaired as at March 31, 2017 and 2016. Key assumptions used include the BAS borrowing rate (6.35%), estimated growth rate (1%) and the current inflation rate (1.9%).

8. Cash and Cash Equivalents

Cash and cash equivalents includes cash held in current accounts in the amount of $5,650 (2016 – $5,929) and demand accounts in the amount of $nil (2016 - $195). Cash and cash equivalents earn interest at an effective rate of 0.01% (2016 – 0.01%).

9. Bank Loan

During the year ended March 31, 2015 BAS borrowed $4,681 to finance the annuity purchase used to satisfy the regulatory requirements to wind up the defined benefit component of the Group's pension plan.

During the year ended March 31, 2012 BAS borrowed $6,700 to finance the purchase of land and a building. The 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 $5,200 over the Group's assets and conditional assignment of rents related to the property.

Both bank loans bore interest at 2.0% above the bank's Bermuda dollar base rate of 4%. On January 13, 2017 the interest rate was renegotiated to 1.6% above the base rate. The bank's base rates increased on January 13, 2017 to 4.25%; on March 14, 2017 to 4.5% and further increased on June 13, 2017 to 4.75%. The bank loans are repayable together in equal blended monthly installments of principal and interest of $99.

(Expressed in thousands of Bermuda Dollars)

BAS is subject to a financial covenant with its bank to maintain at all times a minimum total net worth of twenty-five million dollars. Total net worth is defined as the aggregate sum of Share Capital, Share Premium, and Retained Earnings.

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

2018	752
2019	799
2020	848
2021	902
2022	959
Thereafter	3,255
TOTAL	**7,515**

10. Non-Controlling Interests

Dividends to non-controlling interests of $303 (2016 - $409) were declared and paid during the year by BAS-SERCO, BESCO and OTIS.

In July 2016 dividends to non-controlling interests of $95 were declared and paid by BESCO. The Company then purchased the remaining shares in BESCO held by non-controlling interests for proceeds of $260. Total non-controlling interests attributable to BESCO at the end of June 2016 was $684. As a result of the acquisition of the remaining shares held by non-controlling interests, the goodwill attributable to BESCO of $27 was deemed impaired and written off. A gain of $302 was recorded as a result of these transactions. The Group's shareholding in BESCO as at March 31, 2017 is 100% (2015 – 76%).

As part of the acquisition of BAS-SERCO in December 2004, the Group granted options to the non-controlling shareholders to sell their shareholdings to the Group. 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 Group and the non-controlling shareholder at the time that the option is exercised.

As part of the acquisition of OTIS on February 28, 2007, the Group granted options to the non-controlling shareholders to sell their shareholdings to the Group. 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 Group and the non-controlling shareholder at the time that the option is exercised.

As part of the acquisition of ITS on April 2, 2012, the Group granted options to the non-controlling shareholders to sell their shareholding to the Group. These options are open-ended and exercisable from the fifth anniversary of the agreement at an arm's length price to be mutually agreed between the Group and the non-controlling shareholder at the time that the option is exercised.

(Expressed in thousands of Bermuda Dollars)

11. Share Capital

Share capital is as follows:

	2017	2016
Authorised-		
9,999,996 shares (2016 - 9,999,996 shares), par value of $1.00 each	10,000	10,000
Issued and fully paid-		
4,922,301 shares (2016 – 4,922,301 shares)	4,922	4,922

Dividends declared and paid during the year of $984 (2016 - $984) amounted to $0.20 per share (2016 - $0.20).

Subsequent to the reporting date, in May 2017 the Company declared and paid dividends amounting to $0.05 per share.

12. Earnings Per Share

Basic and diluted 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.

	2017	2016
Income attributable to common shareholders	784	2,765
Average number of common shares outstanding	4,922	4,922
Diluted gain per share	0.16	0.56

13. Discontinued Operations

On March 31 2016, the Group sold its subsidiary International Bonded Couriers of Bermuda Ltd. (IBC).

On March 31 2016, BAS-Serco Ltd. ceased providing aviation services at the L.F. Wade International airport as this contract has been awarded to another service provider by the Bermuda Government.

	2017	2016
Results of discounted operations		
Revenue	-	10,992
Expenses	-	9,835
Results of operating activities	-	1,157
Gain on sale of discontinued operations	-	189
Gain for the year	-	1,346
Basic gain per share	-	0.24
Diluted gain per share	-	0.24

(Expressed in thousands of Bermuda Dollars)

14. Capital Management

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

I. 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

II. 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 described in note 9, the Group is subject to a financial covenant which is taken into consideration whenever adjustments are made to its capital structure.

As the Group's subsidiaries experience cyclical business cycles, it is necessary to manage its cash flows. Management makes regular projections of its cash flows and adjusts its operations in order to meet its obligations.

During the 2017 fiscal year, the Group's strategy was to maintain a dividend payout at $0.05 per share per quarter.

15. Financial Instruments - Risk Management

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

I. FAIR VALUES: Fair value is the amount for which a financial asset could be exchanged, or a financial liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of cash and cash equivalents, accounts receivable, 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.

II. CREDIT RISK: Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Cash and cash equivalents are held with financial institutions which have a credit rating of A-, according to Standard & Poors, and do not expose the Group to significant credit risk. The primary concentration of the Group's credit risk is with its accounts receivable, which is mitigated by ongoing reviews of these balances. The Group believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk.

The aging of receivables at the reporting date was:

	GROSS AMOUNT 2017	IMPAIRED AMOUNT 2017	NET 2017	GROSS AMOUNT 2016	IMPAIRED AMOUNT 2016	NET 2016
Not past due	2,332	-	2,332	5,692	-	5,692
Past due 0-30 days	1,008	-	1,008	1,151	-	1,151
Past due 31-120 days	2,361	-	2,361	930	-	930
More than 120 days	2,156	180	1,976	1,035	288	747
	7,857	**180**	**7,677**	**8,808**	**288**	**8,520**

(Expressed in thousands of Bermuda Dollars)

15. Financial Instruments - Risk Management; II) Credit Risk (continued)

Other receivables include $3,299 (2016 - $3,707) of long-term receivables which are expected to be collected evenly over the next five years.

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

	2017	2016
Balance at April 1	288	371
Change in impairment allowance	(108)	(83)
BALANCE AT MARCH 31	**180**	**288**

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 maturities of financial liabilities:

MARCH 31 2017	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	6 MONTHS OR LESS	6 – 12 MONTHS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
NON-DERIVATIVE FINANCIAL LIABILITIES							
Bank loan	7,515	7,515	370	382	1,647	2,026	3,090
Accounts payable and accrued liabilities	3,298	3,298	3,298	-	-	-	-
	10,813	**10,813**	**3,668**	**382**	**1,647**	**2,026**	**3,090**

MARCH 31 2016	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	6 MONTHS OR LESS	6 – 12 MONTHS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
NON-DERIVATIVE FINANCIAL LIABILITIES							
Bank loan	9,044	9,044	327	338	1,455	1,784	5,140
Accounts payable and accrued liabilities	3,124	3,124	3,124	-	-	-	-
	12,168	**12,168**	**3,451**	**338**	**1,455**	**1,784**	**5,140**

IV. CURRENCY RISK: Foreign currency risk is the risk that the value of the financial instrument will fluctuate because of changes in foreign exchange rates. At the reporting date, the Group incurs foreign currency risk predominantly on sales and purchases that are denominated in currencies other than the Company's functional currency, the Bermuda dollar. 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), Pounds Sterling (GBP) and the Euro (EUR). The Company's subsidiary CCS PORTUGAL, which was started in 2015, operates in Portugal and its functional currency is the Euro. At the reporting date the foreign currency exposure related to this entity is minimal. Foreign currency risk is also mitigated, due to the fact that the Bermuda dollar is pegged to the US Dollar at a 1:1 rate.

V. INTEREST RISK: Interest risk arises from changes in prevailing levels of market interest rates. At the reporting date the Group had no significant interest rate risk exposure other than the 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 by approximately $88 (2016 - $101). This analysis assumes that all other variables remain constant.

(Expressed in thousands of Bermuda Dollars)

VI. PRICE RISK: Price risk arises from change in market risks, other than interest rate risk and credit risk, causing fluctuations in the fair value of future cash flows of the financial instruments. At the reporting date the Group had no significant price risk exposure.

16. Pension Benefits

Certain employees of the Group are members of defined contribution pension plans. The net defined contribution plan expenses for BAS and its subsidiaries amounted to $468 (2016 - $406) and is included in wages and benefits.

17. Commitments and Contingencies

Capital Commitments

There are no commitments for capital expenditure for the fiscal years ended March 31, 2017 or 2016.

Lease Commitments

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

	2017	2016
Less than one year	272	272
Between one and five years	1,088	1,088
More than five years	-	272
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**1,360**	**1,632**

Contingent Liabilities

A subsidiary company is subject to claims by former employees in relation to severance payments. However the subsidiary has the benefit of an indemnity from the Government of Bermuda with respect to such claims and therefore, based on the advice of its legal counsel, the Group believes that it has no material net exposure to any liability arising from these claims. Accordingly no provision has been made in these financial statements for such claims.

18. 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 $167 (2016 - $167).

Estimated future income from rental properties is as follows:

	2017	2016
Less than one year	12	18
Between one and five years	1	-

(Expressed in thousands of Bermuda Dollars)

19. Directors' Share Interests and Service Contracts

The total interests of all Directors and Officers of BAS as at March 31, 2017 were 41,733 (2016 – 32,733) shares.

With the exception of the employment contract for the Group President and Chief Executive Officer, there are no service contracts with Directors.

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

Key management compensation consists of:

	2017	2016
Salaries and benefits	1,985	1,960
Termination benefits	–	65
	1,985	**2,025**

20. 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 3. All inter-segment transactions are accounted for at arm's length.

During the current year the Group has reassessed its reportable segments following changes to its operating structure. The comparative information for the year ended March 31, 2016 has been reclassified to conform with the presentation adopted in the current year.

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

Administrative services includes mainly the assets and services related to the Group's corporate headquarters.

Automotive garages includes the distribution of automotive parts and services.

Facilities management includes elevator maintenance and installation; property management and maintenance; and heating, ventilation and air conditioning solutions.

Infrastructure development includes customised energy solutions and cabling, networking, telephony, audio visual and electronic systems and services.

FOR THE YEAR ENDED MARCH 31, 2017

(Expressed in thousands of Bermuda Dollars)

20. Segment Reporting (continued)

FOR THE YEAR ENDED / AS AT MARCH 31, 2017:	REVENUE FROM EXTERNAL CUSTOMERS	INTER-SEGMENT REVENUE	TOTAL CAPITAL EXPENDITURE	DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	INCOME (LOSS)	TOTAL ASSETS	TOTAL LIABILITIES
Administrative services	83	2,500	107	451	(2,762)	10,484	552
Automotive garages	3,135	9	39	6	880	805	86
Facilities management	9,516	764	15	135	2,482	6,516	281
Infrastructure development	22,080	1,536	973	406	286	12,542	2,379
	34,814	**4,809**	**1,134**	**998**	**886**	**30,347**	**3,298**

FOR THE YEAR ENDED / AS AT MARCH 31, 2016:	REVENUE FROM EXTERNAL CUSTOMERS	INTER-SEGMENT REVENUE	TOTAL CAPITAL EXPENSE	DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	INCOME (LOSS)	TOTAL ASSETS	TOTAL LIABILITIES
Administrative services	249	2,547	24	460	(2,206)	11,248	579
Automotive garages	3,466	10	4	4	1,000	839	103
Facilities management	9,629	712	37	179	530	8,054	623
Infrastructure development	26,130	559	272	402	2,735	12,067	1,819
	39,474	**3,828**	**337**	**1,045**	**2,059**	**32,208**	**3,124**

Reconciliation of Segmented Information:

	MARCH 31 2017	MARCH 31 2016
INCOME (LOSS)		
Total income (loss) from operations for reportable segments	886	2,059
Pension plan benefit expense recorded	-	99
Other income	181	151
Finance costs	(500)	(565)
Income from discontinued operations	-	1,157
Gain on sale of subsidiary	-	189
Gain on non-controlling interest acquisition	302	-
TOTAL COMPREHENSIVE INCOME	**869**	**3,090**

FOR THE YEAR ENDED MARCH 31, 2017
(Expressed in thousands of Bermuda Dollars)

20. Segment Reporting; Reconciliation of Segmented Information Table (continued)

TOTAL ASSETS		
Total assets for reportable segments	30,347	32,208
Goodwill	11,279	11,306
TOTAL GROUP ASSETS	**41,626**	**43,514**
TOTAL LIABILITIES		
Total liabilities for reportable segments	3,298	3,124
Deferred revenue	3,743	3,269
Bank loan	7,515	9,044
TOTAL GROUP LIABILITIES	**14,556**	**15,437**

21. 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 $1,033 (2016 - $1,202), the amount contracted between the parties. As at March 31, 2017, the amount due to BAS-SERCO was $252 (2016 - $335) which is included in accounts receivable.

22. Subsequent Events

There are no subsequent events for recognition and disclosure to July 7, 2017, which is the date that the financial statements were approved for issue by the Board of Directors.

23. Taxation

The Group is not subject to taxation on income or capital gains arising from its activities in Bermuda. Accordingly no provision for current or deferred income taxes has been made in these consolidated financial statements.

24. Comparative Figures

Certain of the prior period comparative figures have been reclassified to conform to the presentation adopted for the current period.

DIRECTORS

Chairman
David W. Pugh, CPA, CA[1]

Deputy Chairman
Gail E.M. Miller[2]

Secretary
Codan Services Limited

Jeffrey G. Conyers
Ian D. Cook
Michael L. Darling
Dr. James A.C. King

J. Patricia Lynn
Scott Pearman
Gerald D.E. Simons[3]

[1] Audit and Risk Committee Chairman
[2] Compensation Committee Chairman
[3] Corporate Governance Committee Chairman

OFFICERS

Ian D. Cook
Group President and
Chief Executive Officer
BAS Group of Companies

Andrew Griffith, CPA, CA
Group Vice President and
Chief Financial Officer
BAS Group Of Companies

GENERAL MANAGERS

Craig Davis
General Manager
Bermuda Energy Services
Company Ltd.

Peter Aldrich
General Manager
The CCS Group Ltd.

Craig Davis
General Manager
Efficient Technologies Bermuda Ltd.

Jeff Cook
General Manager
Weir Enterprises Ltd.

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

Tracey Sutherland
General Manager
BAS-Serco Ltd.

Greg Woods
General Manager
Integrated Technology
Solutions Ltd.

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BAS
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