BAS

GROUP OF COMPANIES

ANNUAL REPORT 2014–2015

DIRECTORS

CHAIRMAN
Michael L. Darling[2]

DEPUTY CHAIRMAN
E. Eugene Bean[1,2,3,4]

Jeffrey G. Conyers[2]
Ian Cook
Dr. James A.C. King
J. Patricia Lynn[1,4]
Gail E.M. Miller[1,2,4]
Scott Pearman[1]
David W. Pugh, CPA, CA[1,3]
Gerald D.E. Simons[1,2,3]

SECRETARY
Codan Services Limited

1. Audit Committee, 2. Compensation Committee, 3. Corporate Governance Committee, 4. Scholarship Committee

OFFICERS

Ian Cook
GROUP PRESIDENT AND
CHIEF EXECUTIVE OFFICER
BAS GROUP OF COMPANIES

Andrew Griffith, CPA, CA
VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
BAS GROUP OF COMPANIES

GENERAL MANAGERS OF COMPANIES

Bryan Adams
GENERAL MANAGER
BERMUDA ENERGY SERVICES
COMPANY LTD.

Peter Aldrich
GENERAL MANAGER
THE CCS GROUP LTD.

Jeff Cook
GENERAL MANAGER
WEIR ENTERPRISES LTD.

Rick Craft
GENERAL MANAGER
INTERNATIONAL BONDED COURIERS
OF BERMUDA LTD.

Jamie Sapsford
GENERAL MANAGER – AVIATION
BAS-SERCO LTD.

Tracey Sutherland
CONTRACT MANAGER
BAS-SERCO LTD.

Greg Woods
GENERAL MANAGER
INTEGRATED TECHNOLOGY
SOLUTIONS LTD.

BERMUDA AVIATION SERVICES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

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.

BAS Group of Companies

Innovative Solutions

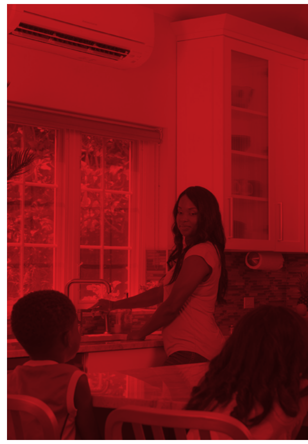
Quality Products

Excellent Service

Single point of contact,
single point of accountability

- Enterprise Networking
- UC & Collaboration
- Storage & Virtualisation
- Infrastructure Cabling
- Cloud Services

CCS Group LIMITED



- HVAC Solutions
- HVAC Maintenance & Support
- Fire & Life Safety Systems

EFFtech
Efficient Technologies Bermuda Limited

- Audio Visual Solutions
- Room & Lighting Control Systems
- Window Treatment & Solar Shading Solutions
- Digital Signage Solutions

iTS
INTEGRATED TECHNOLOGY SOLUTIONS

- International Courier Service
- Air Freight Service
- Customs Brokerage

IBC™
International Bonded Couriers

- MEP Engineering
- Energy Management Systems
- Power Systems Solutions
- Fire Detection & Security Systems

besco
Bermuda Energy Services Company Limited

- Commercial & Residential Lift Equipment
- Escalators & Moving Walkways
- Elevator Interior Retrofits
- Lift Equipment Maintenance & Support

Otis Bermuda

- Airport Management
- Facilities Management
- Commercial Cleaning Services

BAS serco

- Vehicle Diagnostics & Servicing
- Automotive Electrical Services
- Industrial & Commercial Radiator Repair

WEIR ENTERPRISES LTD.
AUTOMOTIVE PARTS DISTRIBUTORS

FINANCIAL HIGHLIGHTS

FIVE YEAR SUMMARY

FOR THE YEAR ENDED (Expressed in thousands of Bermuda Dollars)	2015	2014	2013 RESTATED	2012	2011 RESTATED
Revenue	53,866	56,237	44,362	40,117	50,140
Income from continuing operations	1,530	2,257	1,265	2,836	3,610
Remeasurement of benefit obligations	-	(158)	(982)	-	-
Defined benefit plan wind-up cost	(731)	(1,114)	-	-	-
Discontinued operations	-	(9)	324	(1,509)	(681)
Goodwill impairment	-	(1,300)	-	(5,686)	-
Gain on sale of subsidiary	-	1,380	-	-	-
Income (loss) attributable to shareholders of the Group	471	624	671	(4,558)	2,710
Dividends	992	1,018	1,017	1,119	1,194

FOR THE YEAR ENDED (Expressed in thousands of Bermuda Dollars)	2015	2014	2013	2012	2011
Income for the year	799	1,214	1,589	(4,359)	2,929
Income attributable to non-controlling interests	(328)	(432)	64	(199)	(219)
Net income attributable to shareholders of the Group	471	782	1,653	(4,558)	2,710

AS AT MARCH 31 (Expressed in thousands of Bermuda Dollars)	2015	2014	2013	2012	2011
Total assets	46,044	46,574	46,419	45,499	44,298
Total liabilities	19,464	19,093	18,954	15,092	8,265
Equity attributable to shareholders of the Group	25,225	26,416	26,811	30,031	35,687

FINANCIAL RATIOS	2015	2014	2013	2012	2011
Earnings (loss) per share	0.10	0.15	0.32	(0.86)	0.58
Return on shareholders' equity	1.78%	2.92%	5.50%	-12.77%	7.94%

SHAREHOLDER DATA	2015	2014	2013	2012	2011
Shares in issue	4,922,301	5,088,119	5,089,047	5,089,047	5,083,021
Book value per share	5.12	5.19	5.27	5.90	7.02

AS AT MARCH 31	2015	2014	2013	2012	2011
Number of employees	239	220	241	193	311

Report to Shareholders

REPORT TO SHAREHOLDERS

FINANCIAL RESULTS

Bermuda Aviation Services Limited ("BAS" or the "Group") has proven once again to be resilient, agile and confident as we faced the challenges of 2014 - 2015. Like many companies we entered the year anticipating a modest upturn in our markets and earnings only to experience slower growth than anticipated. Our BAS teams did an extraordinary job of focusing on areas they could control and continued to exploit synergies to operate more efficiently.

For the year ended March 31, 2015 the consolidated comprehensive net income attributable to shareholders was $471,000 and earnings per share were $0.10. This compares with the prior year in which BAS achieved comprehensive net income of $624,000 and earnings per share of $0.14.

Our report to shareholders last year noted the defined benefit pension plan was to be wound up as of March 31, 2014. The actual payments and final accounting did not occur until September 2014. As a result an additional expense of $731,000 was recognised in the current year when the pension obligations were settled. This represents the last impact of the defined benefit pension plan that will be felt by BAS. Without this expense the Group would have recorded comprehensive net income attributable to shareholders of $1.2 million.

PROFITABILITY

Total revenue of $53.9 million is down by approximately $2.3 million from fiscal 2014. This negative swing in revenue comes off the back of large projects completed in fiscal 2014. Correspondingly, gross profit declined by $760,000 to $24.4 million as a result of tightened margin pressures in the current business climate.

Although the recessionary constraints of Bermuda's economy have made business operations somewhat difficult, the Board of Directors and Management are confident that the operational sustainability and profitability of the core group of companies is strong. The diversified and complimentary portfolio of businesses within the Group allow it to compete in the marketplace at a more efficient level and also create increased customer satisfaction through the "bundling" of services. Our branding of BAS Group Solutions has solidified our position as a complete solutions provider not just a product and service provider.

EVOLUTION OF THE GROUP

Over the past few years, the Group has made significant changes, as described below, to allow it to establish a foundation for future growth. These decisions have taken time and expense to execute, but will strengthen the Group's operational stability and profitability.

In earlier years, BAS has operated as a tenant. In 2011, the Group acquired a building and moved most of its subsidiaries into this facility. This consolidation has allowed for better management oversight and for increased synergies. In 2012, the Group sold its assets related to the servicing of commercial aircraft and ceased operating in this business sector. The sale allowed the Group to focus on its other core service areas while also exiting an industry that was faced with reduced margins and uncertainty due to world fuel prices and declining customer disposable incomes. In 2013, BAS acquired two service companies – Bermuda Energy Services Company Ltd. and Integrated Technology Solutions Ltd.– and also started another company, Efficient Technologies Bermuda Ltd. These companies were all seen as complements to the Group's other subsidiaries. In 2014, the Group sold its private jet operations at the L.F. Wade International Airport; a move that saw the Group shift its focus from aviation to service provision.

A most significant change occurred in 2014. This was the wind-up of the Group's defined benefit pension plan. All over the world, this type of plan has caused considerable angst for companies. Increased actuarial valuations and declining investment market returns have caused many companies to become bankrupt. The Group decided that it would be best to eliminate this risk and invested a significant amount of money to wind up the plan.

Your Board of Directors and Management feel that although many of these decisions have resulted in considerable expense and effort they will benefit BAS and its shareholders in the long run.

REPORT TO SHAREHOLDERS

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 subsidiaries and is actively involved with those that require additional attention.

BAS-SERCO LTD. ("BAS-SERCO") had a respectable performance this year. Of particular significance was that BAS-Serco won a major facilities maintenance contract that will significantly boost its operations in the upcoming year.

BERMUDA ENERGY SERVICES COMPANY LTD. ("BESCO") produced modest results in the current year. The prior year results were propelled by work performed at the new acute care wing of King Edward VII Memorial Hospital. BESCO will also be involved in providing services in conjunction with BAS-Serco for the previously mentioned facilities management contract. Management is cautiously optimistic about BESCO's prospects for the upcoming year.

THE CCS GROUP LTD. ("CCS") had a very good year and produced some very respectable results. CCS operates in the technology industry and technology changes rapidly. Therefore, companies that operate in this business sector must constantly reinvent themselves in order to survive. To this end, CCS has opened a foreign branch to gain access to a greater knowledge base and to also tap into a thriving service provider business. The prospects for this new branch are very encouraging and it is hoped that the impact will be felt in the upcoming year.

EFFICIENT TECHNOLOGIES BERMUDA LTD. ("EFF-TECH") did not perform as well as expected. As a result many operational changes have been and will continue to be made. Eff-Tech operates in the highly competitive heating, ventilation and air conditioning ("HVAC") sector. Although the competition in this market is tough, Management sees this company as a key element in its quest to provide customers with a Group solution.

INTEGRATED TECHNOLOGY SOLUTIONS LTD. ("ITS") produced increased profits each year since joining the BAS team and continues to lead the market in office and home automation and specialises in control and audiovisual equipment installations.

INTERNATIONAL BONDED COURIERS OF BERMUDA LTD. ("IBC") has continued to produce declining results. Much of this is due to a shrinking market and depressed economy as much of this company's work is dependent on local demand. As these variables do not have an outlook for a significant turnaround, Management will focus on major restructuring and new business lines to attempt to get this company to return to profitability.

OTIS ELEVATOR COMPANY (BERMUDA) LTD. ("OTIS") benefitted from major restructuring and process re-engineering in the past year. Its results have exceeded Management's expectations. Management is confident of even better results in the future.

WEIR ENTERPRISES LTD. ("WEIR") has met all expectations and continues to provide an excellent level of service to its customer base.

REPORT TO SHAREHOLDERS

LOOKING FORWARD

As we head into fiscal 2016, we have tremendous momentum and our transformation will continue. When we look within and across our eight operating companies, we see tremendous untapped potential. Management is confident that the Group has a solid foundation and is poised to competitively pursue any opportunities that arise. We remain focused on our potential while, delivering world-class solutions to our customers, and remain fully committed to profitable growth for you, our shareholders.

NOTE OF APPRECIATION

We would like to thank Mr. Eugene Bean for his many dedicated years of service to the Group. Mr. Bean was an employee of BAS for over twenty five years and also served as Deputy Chairman of the Group's Board of Directors for the last eight years. Mr. Bean will retire in July 2015. The Board is extremely grateful for his contributions to the Group's success over the years and wish him well in his retirement.

In addition, Mr. Alexander Swan stepped down from the Board on July 1, 2015. We thank him for over 35 years of service as a Director.

None of the successes we have enjoyed over the past year are possible without the confidence and support of our customers, whom we are privileged to serve. We are also grateful for the dedication of our employees and their commitment to excellence in all that they do.

Michael L. Darling
CHAIRMAN

Ian D. Cook
GROUP PRESIDENT & CHIEF EXECUTIVE OFFICER

July 3, 2015

Arthur Morris & Company Limited
Chartered Professional Accountants

Century House
16 Par-la-Ville Road
Hamilton HM08
Bermuda

Tel: +1 441 292 7478
Fax: +1 441 295 4164

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Bermuda Aviation Services Limited

We have audited the accompanying consolidated financial statements of Bermuda Aviation Services Limited and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation 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 Bermuda and Canada. Those standards require that we comply with ethical requirements and 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 the auditors' 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, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 present fairly, in all material respects, the consolidated financial position of Bermuda Aviation Services Limited and its subsidiaries as at March 31, 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Arthur Morris & Company Limited

Hamilton, Bermuda
July 3, 2015

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT MARCH 31, 2015

(Expressed in thousands of Bermuda Dollars)

	MARCH 31 2015	MARCH 31 2014
CURRENT ASSETS		
Cash and cash equivalents (note 6)	7,273	5,491
Accounts receivable (notes 12, 18 and 19)	8,265	13,570
Prepaid expenses	660	668
Inventories (note 3)	2,826	2,717
	19,024	22,446
NON-CURRENT ASSETS		
Other receivables (notes 12 and 19)	4,266	380
Property, plant and equipment (note 4)	11,448	12,442
Goodwill (note 5)	11,306	11,306
	27,020	24,128
TOTAL ASSETS	46,044	46,574
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 12)	4,511	5,308
Deferred revenue	4,724	4,341
Pension liability (notes 12 and 13)	–	3,370
Bank loan (notes 7 and 12)	616	332
	9,851	13,351
NON-CURRENT LIABILITIES		
Bank loan (notes 7 and 12)	9,613	5,742
TOTAL LIABILITIES	19,464	19,093
EQUITY		
ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP		
Share capital (note 9)	4,922	5,088
Share premium	12,371	12,737
Retained earnings	7,932	9,731
Accumulated other comprehensive loss (note 13)	–	(1,140)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP	25,225	26,416
Attributable to non-controlling interests (note 8)	1,355	1,065
TOTAL EQUITY	26,580	27,481
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	46,044	46,574

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, 2015

(Expressed in thousands of Bermuda Dollars)

	MARCH 31 2015	MARCH 31 2014
CONTINUING OPERATIONS		
Supply of services (notes 17 and 18)	28,175	28,668
Sale of goods	25,691	27,569
TOTAL REVENUE	**53,866**	**56,237**
DIRECT COST OF REVENUE		
Direct cost of services revenue	(12,747)	(13,870)
Cost of goods sold (note 3)	(16,710)	(17,196)
GROSS PROFIT	**24,409**	**25,171**
Other income (note 15)	172	139
OPERATING EXPENSES		
Wages and benefits (notes 13, 16 and 19)	(15,283)	(15,951)
Other direct expenses and overheads	(5,823)	(5,441)
Loss on disposal of property, plant and equipment (note 4)	(39)	(18)
Amortisation (notes 4 and 17)	(1,386)	(1,286)
Finance costs (note 7)	(520)	(357)
TOTAL OPERATING EXPENSES	**(23,051)**	**(23,053)**
TOTAL INCOME FROM CONTINUING OPERATIONS	**1,530**	**2,257**
Defined benefit plan wind-up cost (notes 13 and 19)	(731)	(1,114)
Loss from discontinued operations (note 10)	–	(9)
Gain on sale of subsidiary (note 10)	–	1,380
Goodwill impairment (note 5)	–	(1,300)
INCOME FOR THE YEAR	**799**	**1,214**
OTHER COMPREHENSIVE LOSS		
Remeasurement of benefit obligations (note 13)	–	(158)
TOTAL OTHER COMPREHENSIVE LOSS	**–**	**(158)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**799**	**1,056**
INCOME ATTRIBUTABLE TO:		
Shareholders of the Group	471	624
Non-controlling interests (note 8)	328	432
INCOME FOR THE YEAR	**799**	**1,056**
EARNINGS PER SHARE		
Basic earnings per share	0.10	0.14
Diluted earnings per share	0.10	0.15

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, 2015

(Expressed in thousands of Bermuda Dollars)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP						
	CAPITAL STOCK	SHARE PREMIUM	RETAINED EARNINGS	ACCUMULATED OTHER COMPRE-HENSIVE LOSS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
BALANCE APRIL 1, 2013	**5,089**	**12,737**	**9,967**	**(982)**	**26,811**	**654**	**27,465**
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY							
Cancellation of share capital (note 9)	(1)	-	-	-	(1)	-	(1)
Dividends paid during the year	-	-	(1,018)	-	(1,018)	-	(1,018)
Dividends to non-controlling interests	-	-	-	-	-	(112)	(112)
Surplus contributed during the year	-	-	-	-	-	91	91
	5,088	**12,737**	**8,949**	**(982)**	**25,792**	**633**	**26,425**
TOTAL COMPREHENSIVE INCOME / (LOSS)							
Income	-	-	782	-	782	432	1,214
Remeasurement of benefit obligations' returns	-	-	-	(158)	(158)		(158)
BALANCE MARCH 31, 2014	**5,088**	**12,737**	**9,731**	**(1,140)**	**26,416**	**1,065**	**27,481**
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY							
Cancellation of share capital (note 9)	(166)	-	-	-	(166)	-	(166)
Cancellation of Eff-Tech minority interest			(138)		(138)	138	-
Dividends paid during the year	-	-	(992)	-	(992)	-	(992)
Dividends paid to non-controlling interests	-	-	-	-	-	(176)	(176)
Share premium returned during the year	-	(366)	-	-	(366)		(366)
	4,922	**12,371**	**8,602**	**(1,140)**	**24,755**	**1,027**	**25,782**
TOTAL COMPREHENSIVE INCOME / (LOSS)							
Income	-	-	471	-	471	328	799
Reclassification of OCI to retained earnings (note 2(H))	-	-	(1,140)	1,140	-	-	-
BALANCE MARCH 31, 2015	**4,922**	**12,371**	**7,932**	**-**	**25,225**	**1,355**	**26,580**

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED MARCH 31, 2015

(Expressed in thousands of Bermuda Dollars)

	MARCH 31 2015	MARCH 31 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income for the year	799	1,056
ADJUSTMENTS:		
Amortisation	1,386	1,286
Loss on the sale of property, plant and equipment	39	18
Loss on discontinued operations (note 10)	–	9
Gain from the sale of subsidiary (note 10)	–	(1,380)
Goodwill impairment (note 5)	–	1,300
Finance costs	520	357
CHANGES IN NON-CASH WORKING CAPITAL:		
Accounts receivable	5,305	(2,845)
Prepaid expenses	8	143
Inventories	(109)	269
Other receivables	(3,886)	(380)
Accounts payable and accrued liabilities	(797)	97
Deferred revenue	383	(359)
Pension plan liability	(3,370)	687
	278	**258**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of subsidiary (note 10)	–	1,753
Proceeds on the disposition of property, plant and equipment	21	-
Additions to property, plant and equipment (note 17)	(452)	(991)
	(431)	**762**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(992)	(1,018)
Dividends paid to non-controlling interests	(176)	(112)
Contributions from non-controlling interests	–	91
Proceeds from the issuance of bank loan (note 7)	4,681	–
Repayment of bank loan	(526)	(286)
Finance costs	(520)	(357)
Cancellation of share capital (note 9)	(166)	(1)
Return of share premium	(366)	-
	1,935	**(1,683)**
CASH AND CASH EQUIVALENTS		
Increase (decrease) during the year	1,782	(663)
Beginning of the year	5,491	6,154
END OF THE YEAR	**7,273**	**5,491**

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

1. OPERATIONS

Bermuda Aviation Services Limited ("BAS") is domiciled and registered in 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 solutions; provide heating, ventilation, and air conditioning installations and service; provide cargo and courier services; provide audio visual and electronic system solutions; and provide cabling, networking and telephony services and maintenance.

BAS, the ultimate controlling entity of the Group, is listed on the Bermuda Stock Exchange. The principle place of business is located at 19 Bakery Lane, Pembroke, HM 07, Bermuda.

2. SIGNIFICANT ACCOUNTING POLICIES

A) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements were authorised for issue by the Board of Directors on July 3, 2015.

B) BASIS OF PRESENTATION

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, 2015 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. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on April 1, 2018.

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.The Group is yet to assess IFRS 15's full impact and intents to adopt IFRS 15 no later than the accounting period beginning on April 1, 2017.

IAS 16 'Property, plant and equipment'

Amendments to IAS 16 were issued in December 2013 and May 2014, but are not yet effective. The December 2013 amendment clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. This amendment is effective for annual periods beginning on or after January 1, 2014. The May 2014 amendment, effective for annual periods beginning on or after January 1, 2016, clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate.

IAS 38 'Intangible assets'

Amendments to IAS 38 were issued in December 2013 and May 2014, but are not yet effective. The December 2013 amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. This amendment is effective for annual periods beginning on or after July 1, 2014. The May 2014 amendment, effective for annual periods beginning on or after January 1, 2016, clarifies that a revenue based amortisation method for intangible assets is inappropriate.

(Expressed in thousands of Bermuda Dollars)

C) BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis as modified by the revaluation of the pension benefit obligation to fair value. The consolidated financial statements are presented in Bermuda dollars which is the Group's functional currency. Significant accounting policies are:

(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 subsidiaries all of which are registered in Bermuda. The subsidiaries and percentage ownership at March 31, 2015 are:

BAS-SERCO LTD. ("BAS-SERCO")	90%
BERMUDA ENERGY SERVICES COMPANY LIMITED ("BESCO")	66%
THE CCS GROUP LTD. ("CCS")	100%
EASTBOURNE PROPERTIES LTD. ("EPL")	100%
EFFICIENT TECHNOLOGIES BERMUDA LTD. ("EFF-TECH")	100%
INTEGRATED TECHNOLOGY SOLUTIONS LTD. ("ITS")	75%
INTERNATIONAL BONDED COURIERS OF BERMUDA LTD ("IBC")	100%
OTIS ELEVATOR COMPANY (BERMUDA), LTD. ("OTIS")	80.1%
WEIR ENTERPRISES LTD. ("WEIR")	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.

(ii) 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 values of the assets transferred, the liabilities incurred and the 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.

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.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash balances with banks in current and demand accounts. 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.

(Expressed in thousands of Bermuda Dollars)

E) 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.

F) GOODWILL

Goodwill arising on the purchase of subsidiaries is measured at cost less any accumulated impairment loss. Goodwill is tested for impairment at least annually using the discounted cash flow method. 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.

G) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Property, plant and equipment are being depreciated over their estimated useful lives, which are as follows:

Land and Buildings	From 20 to 40 years
Machinery and Equipment	From 3 to 15 years
Fixtures and Fittings	From 3 to 10 years
Leasehold Improvements	From 5 to 10 years

H) PENSION BENEFITS

As described in note 13, the Group maintains pension plans covering certain employees. Employer contributions to the defined contribution plan are expensed as incurred and are included in wages and benefits.

The defined benefit plan was wound up in August 2014. The Group settled this obligation which was accounted for using the actuarial determination of the accrued benefit obligations for the pensions which used the projected benefit method prorated on service (which incorporates management's estimates of discount rates, mortality rates and other actuarial factors, which are reviewed with the Group's independent actuary).

The Group's defined net benefit plan expenses which are included in wages and benefits consist of interest on obligations less interest on assets plus estimated administrative expenses. Experience gains and losses from remeasurements are recognised in other comprehensive income. Other comprehensive income arising from these remeasurements has been reclassified to retained earnings as at March 31, 2015 in accordance with IAS 19, upon the settlement of pension plans.

I) 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. Accounts receivable includes unbilled revenue established using the percentage of completion method of $1,735 (2014 - $2,794).

J) 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.

K) FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the date of the financial statements. Non-monetary assets and liabilities denominated in foreign currencies are translated 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 income.

L) USE OF ESTIMATES AND JUDGEMENTS

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 2(F) - goodwill
Note 2(I) - revenue recognition
Note 2(N) - impairment of financial assets
Note 2(O) - impairment of non-financial assets

M) 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, 2015:

Cash and cash equivalents	Held-for-trading
Accounts and Other receivables	Loans and receivables
Bank loan	Other liabilities
Accounts payable and accrued liabilities	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 and include all liabilities other than derivatives or liabilities, which are required to be accounted for at fair value.

Transaction costs

Transaction costs related to held-for-trading financial assets are expensed as incurred. Transaction costs related to loans and receivables and other liabilities are netted against the carrying value of the asset or liability and amortised over the expected life of the instruments using the effective interest method.

N) IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through the Consolidated Statement of Comprehensive Income 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.

(Expressed in thousands of Bermuda Dollars)

2. Significant accounting policies (continued)

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 and advances. 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.

O) 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 unit (group of units) 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.

P) 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.

3. INVENTORIES

	MARCH 31 2015	MARCH 31 2014
Auto parts	814	793
Computer, telephony, cabling and AV	340	374
Electrical parts	636	653
Heating, ventilation & air-conditioning	945	770
Other	91	127
INVENTORIES' CARRYING VALUE	**2,826**	**2,717**

Cost of goods sold comprises expensed inventories in the amount of $16,710 (2014 - $17,196).
Inventories include an impairment allowance on computer parts inventory in the amount of $162 (2014 - $164).

(Expressed in thousands of Bermuda Dollars)

4. 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, 2013	11,554	7,154	535	2,619	21,862
Additions	58	750	96	87	991
Disposals	(434)	(1,319)	(136)	(1,983)	(3,872)
BALANCE AT MARCH 31, 2014	**11,178**	**6,585**	**495**	**723**	**18,981**
Balance at April 1, 2014	11,178	6,585	495	723	18,981
Reallocation	-	114	(226)	112	-
Additions	5	421	4	22	452
Disposals	-	(186)	(15)	(59)	(260)
BALANCE AT MARCH 31, 2015	**11,183**	**6,934**	**258**	**798**	**19,173**
DEPRECIATION					
Balance at April 1, 2013	1,142	5,182	389	2,012	8,725
Depreciation for the year	344	788	26	128	1,286
Disposals	(434)	(1,121)	(136)	(1,781)	(3,472)
BALANCE AT MARCH 31, 2014	**1,052**	**4,849**	**279**	**359**	**6,539**
Balance at April 1, 2014	1,052	4,849	279	359	6,539
Reallocation	-	79	(102)	23	-
Depreciation for the year	354	872	32	128	1,386
Disposals	-	(165)	(16)	(19)	(200)
BALANCE AT MARCH 31, 2015	**1,406**	**5,635**	**193**	**491**	**7,725**
CARRYING AMOUNTS					
At March 31, 2014	10,126	1,736	216	364	12,442
At March 31, 2015	9,777	1,299	65	307	11,448

Property, plant and equipment are reviewed regularly for impairment. Management has determined that there was no impairment in the property, plant and equipment at the end of the current 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 $3,737 (2014 - $3,169).

Disposals for the year include fully depreciated assets, which were no longer in use, of $156 (2014 - $3,872) which were removed from the Group's records.

Certain of the Group's property plant and equipment were reallocated to other classes during the year as they were imprecisely categorised in the prior year.

(Expressed in thousands of Bermuda Dollars)

5. GOODWILL

Goodwill is classified as follows:

	MARCH 31 2015	MARCH 31 2014
Automotive Garages	1,942	1,942
Facilities Management	9,364	9,364
	11,306	**11,306**

Management has conducted impairment tests on the Group's reportable segments and determined that Goodwill was not impaired as at March 31, 2015 (2014 - $1,300). Key assumptions used include the BAS borrowing rate (5.75%), estimated growth rate (1%) and the current inflation rate (1.6%).

6. BANK OVERDRAFT

During the prior year BAS obtained bank overdraft facilities totalling $500 to finance operations. The overdraft facility accrued interest at 2.0% per annum over the bank's Bermuda dollar base rate and expired on August 31, 2014. On September 1, 2014 the overdraft was renewed under the same terms. The bank's Bermuda dollar base rate at year end was 3.75% (2014 – 3.75%). Cash and cash equivalents includes cash held in current accounts in the amount of $6,998 (2014 – $5,191) and demand accounts in the amount of $275 (2014 - $300).

7. BANK LOAN

During the year BAS borrowed $4,681 to finance the annuity purchase used to satisfy the regulatory requirements to wind up the defined benefit component of the 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 bear interest at 2.0% above the bank's Bermuda dollar base rate of 3.75% and are repayable together in equal blended monthly installments of principal and interest of $99.

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

2016	616
2017	654
2018	692
2019	733
2020	775
Thereafter	6,759
TOTAL	**10,229**

(Expressed in thousands of Bermuda Dollars)

During the year BAS secured a line of credit in the amount of $150 required by the Collector of Customs for the Cargo handing division's ongoing business involving customs clearance. This line of credit is renewed annually on June 30th.

As a requirement of the Department of Airport Operations' request for proposal a line of credit was extended to BAS during the year in the amount of $810 for a finite period of time. It expired on June 15, 2015 and was not renewed.

8. NON-CONTROLLING INTERESTS

In April 2014, the Group repurchased all shares in Eff-Tech held by minority shareholders and cancelled those shares. The Group's shareholding in Eff-Tech is now 100%.

As part of the acquisition of BAS-Serco in December 2004, the Group also 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 also 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 also 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.

9. SHARE CAPITAL

Share capital is as follows:

	MARCH 31 2015	MARCH 31 2014
Authorised-		
9,999,996 shares (2014 - 9,999,996 shares), par value of $1.00 each	10,000	10,000
Issued and fully paid-		
4,922,301 shares (2014 - 5,088,119 shares)	4,922	5,088

Dividends declared and paid during the year amounted to $0.20 per share (2014 - $0.20).

During the year, the Group cancelled 165,818 shares (2014 – 928).

(Expressed in thousands of Bermuda Dollars)

10. DISCONTINUED OPERATIONS

On March 31 2014, the Group sold its subsidiary Aircraft Services Bermuda Limited.

	MARCH 31 2014	MARCH 31 2013
RESULTS OF DISCOUNTED OPERATIONS		
Revenue	–	2,007
Expenses	–	(2,016)
RESULTS OF OPERATING ACTIVITIES	–	**(9)**
Gain on sale of discontinued operations	–	1,380
GAIN FOR THE YEAR	–	**1,371**
Basic gain per share	–	0.27
Diluted gain per share	–	0.27

The gain from discontinued operations of $nil (2014 - $1,371) is attributable entirely to the shareholders of the Group.

11. CAPITAL MANAGEMENT

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

1. 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

2. 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 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. The Group has also obtained bank overdraft facilities to assist with this aim (see note 6).

During the 2015 fiscal year, the Group's strategy was to maintain a dividend payout at $0.05 per share per quarter.

12. 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 accrued liabilities and current portion of the bank loan are reasonable estimates of their fair values due to the short-term maturity of these instruments.

(Expressed in thousands of Bermuda Dollars)

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. The Group has one customer whose share of total Group revenues are approximately 11.05% (2014 – 10.67%) and falls in the facilities management segment. Cash and short term deposits are held with reputable financial institutions. The primary concentration of the Group's credit risk is with its receivables, 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 MARCH 31, 2015	IMPAIRED AMOUNT MARCH 31, 2015	GROSS AMOUNT MARCH 31, 2014	IMPAIRED AMOUNT MARCH 31, 2014
Not past due	2,116	-	8,467	-
Past due 0-30 days	2,050	-	2,515	-
Past due 31-120 days	574	-	1,525	-
More than 120 days	3,896	371	1,308	245
	8,636	371	13,815	245

Other receivables include $4,236 (2014 - $380) of long-term receivables. These are expected to be collected evenly over the next six years.

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

	2015	2014
Balance at April 1	245	994
Change in impairment allowance	126	(749)
BALANCE AT MARCH 31	**371**	**245**

Other direct expenses and overheads includes $862 of expense related to bad debts and write offs realised during the year, of which $737 relates to the Cargo handling segment.

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, including estimated interest payment;

MARCH 31, 2015	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	10,229	10,229	304	312	1,346	2,330	5,937
Accounts payable and accrued liabilities	4,511	4,511	4,511	-	-	-	-
	14,740	**14,470**	**4,815**	**312**	**1,346**	**2,330**	**5,937**

(Expressed in thousands of Bermuda Dollars)

12. Financial Instruments – Risk Management (continued)

MARCH 31, 2014	CARRYING AMOUNT	CONTRAC-TUAL 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	6,074	6,074	164	168	720	2,204	2,818
Accounts payable and accrued liabilities	5,308	5,308	5,308	-	-	-	-
Pension liability	3,370	3,370	3,370	-	-	-	-
	14,752	**14,752**	**8,842**	**168**	**720**	**2,204**	**2,818**

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier, or at significantly different amounts.

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 date of the Statement of Financial Position, the Group had no significant currency risk exposure.

V. Interest Risk: Interest risk arises from changes in prevailing levels of market interest rates. At the date of the Statement of Financial Position, the Group had no significant interest rate risk exposure other than the variable portion of the interest rate applicable to the bank loan in the amount of 3.75% (2014 – 3.75%).

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 date of the Statement of Financial Position, the Group had no significant price risk exposure.

13. PENSION BENEFITS

Certain employees of the Group are members of defined contribution plans. The net defined contribution plan expenses for BAS and its subsidiaries amounted to $722 (2014 - $708).

The defined benefit pension plan was wound up in August 2014 and the investments liquidated. The pension plan held a total of 166,390 shares in the Group of which 152,790 were sold to the Group for a purchase price of $3.21 per share during the period. These shares were cancelled. The remaining 13,600 were purchased by a third party. As at March 31, 2014 the Group had recorded a pension liability of $3,370 on the Consolidated Statement of Financial Position, which was the value of the defined benefit obligation. The Group settled this obligation through the purchase of annuities in 2014. In order to facilitate the repurchase of shares, the purchase of the annuities and the cost of the pension wind up, the Group secured a bank loan in the value of $4,681, under the same terms and conditions as described in note 7.

(Expressed in thousands of Bermuda Dollars)

The following tables provide a summary of the estimated financial position of the pension plans as at March 31, 2015

	MARCH 31 2015	MARCH 31 2014
ACCRUED BENEFIT OBLIGATION		
Balance - beginning of the year:		
Defined benefit portion	9,523	8,651
Defined contribution portion	2,599	2,072
	12,122	**10,723**
Employee contributions (defined contribution)	27	389
Employer contributions (defined contribution)	40	174
Interest cost	-	334
Benefits paid	(234)	(754)
Settlements	(12,913)	-
Defined benefit plan wind-up cost	731	1,114
Actuarial losses and increase in defined contribution accounts	227	142
Balance - end of the year:		
Defined benefit portion	-	9,523
Defined contribution portion	-	2,599
ACCRUED BENEFIT OBLIGATION	**-**	**12,122**

	MARCH 31 2015	MARCH 31 2014
ASSETS		
Fair value - beginning of the year	8,752	8,041
Actual return on plan assets	228	100
Employee contributions (defined contribution)	27	389
Employer contributions (defined contribution)	40	174
Employer contributions (defined benefit)	4,100	802
Benefits paid	(234)	(754)
Settlements	(12,913)	-
FAIR VALUE - END OF THE YEAR	**-**	**8,752**

	MARCH 31 2015	MARCH 31 2014
ACCRUED BENEFIT LIABILITY		
Current accrued benefit liability	-	(3,370)
Non-current accrued benefit liability	-	-
ACCRUED BENEFIT LIABILITY	**-**	**(3,370)**

(Expressed in thousands of Bermuda Dollars)

13. Pension Benefits (continued)

Information about how the plan assets are invested as of March 31, 2015 is as follows:

	MARCH 31 2015	MARCH 31 2014
PLAN ASSETS BY ASSET CATEGORY		
Equity securities (principally US and Bermuda equities)	-	48%
Debt securities (principally fixed deposits and cash)	-	52%
TOTAL	**-**	**100%**

Plan assets include common shares of the Group having a fair value of $nil at March 31, 2015 (2014 - $566).

The significant actuarial assumptions adopted in measuring the Group's net benefit plan expenses and the pension plan's accrued benefit obligations are as follows:

	MARCH 31 2015	MARCH 31 2014
ASSUMPTIONS FOR EXPENSE		
Discount rate	N/A	4.00%
Rate of compensation increase	N/A	3.00%

	MARCH 31 2015	MARCH 31 2014
ASSUMPTIONS FOR DISCLOSURE		
Discount rate	N/A	3.50%
Rate of compensation increase	N/A	N/A

The Group's net pension expense is as follows:

	MARCH 31 2015	MARCH 31 2014
Interest on defined benefit obligation	-	334
Interest on defined benefit plan assets	-	(237)
Administrative expenses	-	120
Net defined benefit pension expense (credit) recognised in wages and benefits	-	217
Defined contribution pension expense	40	174
Total pension expense recognised in wages and benefits	40	391
Defined benefit plan wind-up cost	731	1,114
TOTAL PENSION EXPENSE	**771**	**1,505**

(Expressed in thousands of Bermuda Dollars)

Experience and assumption remeasurements included in other comprehensive income is as follows:

	MARCH 31 2015	MARCH 31 2014
Impact of changes in assumptions	–	-
Asset experience	–	(158)
TOTAL REMEASUREMENTS INCLUDED IN OTHER COMPREHENSIVE INCOME	**-**	**(158)**

During the year, the Group paid contributions of $4,100 plus administration expenses to the defined benefit plans.

The Group has elected to reclassify the accumulated other comprehensive income to retained earnings as at March 31, 2015.

14. OPERATING LEASE COMMITMENTS

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

	MARCH 31 2015	MARCH 31 2014
Less than one year	491	554
Between one and five years	1,196	1,507
More than five years	544	816
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**2,231**	**2,877**

15. OTHER INCOME

Rental income from owned and sublet property is recognised on a straight-line basis over the term of the lease. Other income includes rental income of $167 (2014 - $190).

Estimated future income from rental properties is as follows:

	MARCH 31 2015	MARCH 31 2014
Less than one year	100	100
Between one and five years	18	118
More than five years	–	-

(Expressed in thousands of Bermuda Dollars)

16. DIRECTORS' SHARE INTERESTS AND SERVICE CONTRACTS

The total interests of all Directors and Officers of BAS as at March 31, 2015 were 47,014 (2014 – 61,317) shares.

With the exception of the employment contracts for the Group President and Chief Executive Officer, Mr. Ian Cook, and Executive Director, Mr. E. Eugene Bean, 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 comprised of:

	MARCH 31 2015	MARCH 31 2014
Salaries and benefits	1,733	2,116
Termination benefits	34	133
	1,767	**2,249**

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

For the year ended / as at March 31, 2015:

	REVENUE FROM EXTERNAL CUSTOMERS	INTER-SEGMENT REVENUE	TOTAL CAPITAL EXPENSE	AMORTISATION OF PROPERTY, PLANT AND EQUIPMENT	INCOME (LOSS)	TOTAL ASSETS	TOTAL LIABILITIES
Administrative services	62	2,602	32	489	(5,745)	10,662	443
Automotive garages	3,580	25	-	3	1,127	923	86
Cargo handling	7,933	-	48	99	(405)	1,652	371
Facilities management	42,291	127	372	795	5,399	21,501	3,611
	53,866	**2,754**	**452**	**1,386**	**376**	**34,738**	**4,511**

(Expressed in thousands of Bermuda Dollars)

For the year ended / as at March 31, 2014:

	REVENUE FROM EXTERNAL CUSTOMERS	INTER-SEGMENT REVENUE	TOTAL CAPITAL EXPENDITURE	AMORTISATION OF PROPERTY, PLANT AND EQUIPMENT	INCOME (LOSS)	TOTAL ASSETS	TOTAL LIABILITIES
Administrative services	450	2,423	275	457	(6,757)	12,760	591
Automotive garages	3,601	16	-	5	1,107	929	82
Cargo handling	8,321	35	43	114	16	2,381	460
Facilities management	43,865	94	673	710	5,490	19,198	4,175
	56,237	**2,568**	**991**	**1,286**	**(144)**	**35,268**	**5,308**

Reconciliation of Segmented Information:

	MARCH 31 2015	MARCH 31 2014
INCOME (LOSS)		
Total income (loss) from operations for reportable segments	376	(144)
Pension plan benefit expense recorded	771	1,505
Other income	172	139
Interest expense on debt	(520)	(357)
Gain from discontinued operations	–	1,371
Goodwill Impairment	–	(1,300)
Pension asset experience	–	(158)
TOTAL COMPREHENSIVE INCOME	**799**	**1,056**
TOTAL ASSETS		
Total assets for reportable segments	34,738	35,268
Goodwill	11,306	11,306
TOTAL GROUP ASSETS	**46,044**	**46,574**
TOTAL LIABILITIES		
Total liabilities for reportable segments	4,511	5,308
Deferred revenue	4,724	4,341
Bank loan	10,229	6,074
Pension plan accrued benefit liability	–	3,370
TOTAL GROUP LIABILITIES	**19,464**	**19,093**

18. 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 $701 (2014 - $861), the amount contracted between the parties. As at March 31, 2015, the amount due to BAS-Serco Ltd. was $96 (2014 - $92).

19. CORRESPONDING FIGURES

During the year, management reclassified prior year accounts receivable of $380 to other receivables under non-current assets on the Consolidated Statement of Financial Position, to reflect the long-term nature of the receivable.

Similarly, the defined benefit plan settlement cost included in wages and benefits in the prior year has been reclassified to defined benefit plan wind-up cost after continuing operations on the Consolidated Statement of Comprehensive Income.

20. SUBSEQUENT EVENTS

There are no subsequent events for recognition and disclosure to July 3, 2015, which is the date that the financial statements were approved for issue.

NOTES

NOTES

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

OR

The BAS Building
19 Bakery Lane
Pembroke HM 07
Bermuda

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

AUDITORS
Arthur Morris & Company Limited
Chartered Professional Accountants
Century House
16 Par-la-Ville Road
Hamilton HM 08
Bermuda

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

BAS
GROUP OF COMPANIES

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 GE 123
St. Georges GE BX
Tel: 441-293-5067
Fax: 441-293-0996
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

EASTBOURNE PROPERTIES LTD.
P.O. Box HM 719
Hamilton HM CX
Tel: 441-299-4889
Fax: 441-293-0513

EFFICIENT TECHNOLOGIES BERMUDA LTD.
P.O. Box HM 719
Hamilton HM CX
Tel: 441-249-3571
Fax: 441-292-0751
www.efftech.bm

INTEGRATED TECHNOLOGY SOLUTIONS LTD.
P.O. Box HM 2220
Hamilton HM JX
Tel: 441-293-8139
Fax: 441-293-5925
www.its.bm

INTERNATIONAL BONDED COURIERS OF BERMUDA LTD.
P.O. Box HM 719
Hamilton HM CX
Tel: 441-295-2467
Fax: 441-293-0997
www.ibc.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