



## SIX-MONTH REPORT

SEPTEMBER 30, 2020



## Report to Shareholders

### Financial Results

Bermuda Aviation Services Limited (the Company) and its subsidiaries (the Group) reported net income from continuing operations of \$0.5 million for the six months ended September 30, 2020 compared to \$0.3 million over the comparative period to September 2019; an increase of \$0.2 million. The Company's net income from continuing operations has remained consistent despite the intermittent government-imposed shutdown of operations of certain sectors of the economy due to Covid-19.

The loss from discontinued operations for the current period of \$0.2 million is attributable to the sale of The CCS Group ("CCS") in July 2020 and the loss from discontinued operations for the comparative period of \$0.7 million is attributable to the sale of CCS Group Sucursal EM Portugal (CCS Portugal) in September 2019. The loss on the sale of CCS was \$0.2M for the period, which includes an adjustment to Goodwill, with an additional \$0.3M of transaction related costs.

The Company reduced its bank loan by \$2.5 million and paid interest of \$0.2 million in the first six months of the fiscal year from the proceeds of the sale of CCS.

Loss attributable to shareholders of the Company was \$0.3 million for the six months ended September 30, 2020 in comparison to a loss of \$0.5 million for the comparative period to September 2019. Total comprehensive loss was \$0.3 million for the current period compared to a comprehensive loss in the prior period of \$0.4 million.

Revenues from continuing operations were \$6.4 million for the period, a \$1.5 million decrease versus the comparative period. Total cost of revenue was \$2.4 million, a decrease of \$0.9 million; resulting in gross margin of \$4.0 million compared to \$4.7 million in the comparative period.

Total operating expenses were \$3.3 million for the period, a decrease of \$0.9 million compared to the comparative period.

Earnings per share from continuing operations was \$0.02 per share compared to prior year of \$0.04 per share. The Company did not declare or pay dividends during the period ended September 30, 2020, as the Board of Directors considered it prudent to instead, strengthen the balance sheet and financial position of the Group.

In light of the global Covid-19 pandemic, the Company is continuing to monitor operations and remain agile as the needs of customers evolve. The Board of Directors and Management would like thank all of the Company's employees for all their continued hard work and dedication during these unprecedented times.



**David W. Pugh, FCA**  
CHAIRMAN



**Navdeep Dhesi, CPA, CMA**  
VICE PRESIDENT FINANCE

December 2, 2020

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited) AS AT SEPTEMBER 30, 2020  
(Expressed in thousands of Bermuda Dollars)

	UNAUDITED SEPTEMBER 30 2020	AUDITED MARCH 31 2020
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	4,472	5,292
Accounts receivable	4,227	2,502
Prepaid expenses	132	119
Inventories	600	593
Assets held-for-sale	-	7,094
	9,431	15,600
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7,939	8,216
Goodwill	6,698	9,469
	14,637	17,685
<b>TOTAL ASSETS</b>	<b>24,067</b>	<b>33,285</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	1,380	1,690
Deferred revenue	1,678	504
Bank loan	834	644
Liabilities held-for-sale	-	7,285
	3,892	10,123
<b>NON-CURRENT LIABILITIES</b>		
Bank loan	1,304	3,984
<b>TOTAL LIABILITIES</b>	<b>5,196</b>	<b>14,107</b>
<b>EQUITY</b>		
<b>ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>		
Share capital	4,922	4,922
Share premium	12,371	12,371
Retained earnings	1,338	1,655
<b>TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>	<b>18,631</b>	<b>18,948</b>
Attributable to non-controlling interests	239	230
<b>TOTAL EQUITY</b>	<b>18,870</b>	<b>19,178</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>24,067</b>	<b>33,285</b>

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020 and 2019  
(Expressed in thousands of Bermuda Dollars except earnings per share data)

	UNAUDITED SEPTEMBER 30 2020	UNAUDITED SEPTEMBER 30 2019*
<b>CONTINUING OPERATIONS</b>		
Total revenue	6,372	7,891
Total cost of revenue	(2,384)	(3,237)
<b>GROSS PROFIT</b>	<b>3,988</b>	<b>4,654</b>
Other income	116	106
<b>OPERATING EXPENSES</b>		
Wages and benefits	(2,361)	(3,226)
Other direct expenses and overheads	(735)	(733)
Depreciation	(250)	(286)
<b>TOTAL OPERATING EXPENSES</b>	<b>(3,346)</b>	<b>(4,245)</b>
Finance costs	(174)	(202)
Impairment loss on trade receivables	(51)	(17)
<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>	<b>533</b>	<b>296</b>
Loss from discontinued operations	(225)	(722)
Loss on sale of subsidiary	(212)	-
Transaction costs	(347)	-
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>(251)</b>	<b>(426)</b>
<b>INCOME (LOSS) ATTRIBUTABLE TO:</b>		
Shareholders of the Company	(316)	(520)
Non-controlling interests	65	94
<b>LOSS FOR THE PERIOD</b>	<b>(251)</b>	<b>(426)</b>
<b>EARNINGS (LOSS) PER SHARE</b>		
Basic and diluted from loss for the period	(0.06)	(0.11)
Basic and diluted from discontinued operations	(0.05)	(0.15)
Basic and diluted from continuing operations	0.02	0.04

\*Restated (note 4)

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

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020 AND 2019  
(Expressed in thousands of Bermuda Dollars)

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				NON- CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL		
<b>APRIL 1, 2019*</b>	<b>4,922</b>	<b>12,371</b>	<b>3,992</b>	<b>21,285</b>	<b>401</b>	<b>21,686</b>
<b>TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY</b>						
Dividends to non-controlling interests	-	-	-	-	(83)	(83)
	<b>4,922</b>	<b>12,371</b>	<b>3,992</b>	<b>21,285</b>	<b>318</b>	<b>21,603</b>
<b>TOTAL COMPREHENSIVE INCOME</b>						
(Loss) income for the period*	-	-	(520)	(520)	94	(426)
<b>SEPTEMBER 30, 2019</b>	<b>4,922</b>	<b>12,371</b>	<b>3,472</b>	<b>20,765</b>	<b>412</b>	<b>21,177</b>
<b>APRIL 1, 2020</b>	<b>4,922</b>	<b>12,371</b>	<b>1,655</b>	<b>18,948</b>	<b>230</b>	<b>19,178</b>
<b>TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY</b>						
Dividends to non-controlling interests	-	-	-	-	(57)	(57)
	<b>4,922</b>	<b>12,371</b>	<b>1,655</b>	<b>18,948</b>	<b>173</b>	<b>19,121</b>
<b>TOTAL COMPREHENSIVE INCOME</b>						
(Loss) income for the period	-	-	(316)	(316)	65	(251)
<b>SEPTEMBER 30, 2020</b>	<b>4,922</b>	<b>12,371</b>	<b>1,338</b>	<b>18,631</b>	<b>239</b>	<b>18,870</b>

\*Restated (note 4)

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020 AND 2019  
(Expressed in thousands of Bermuda Dollars)

	UNAUDITED SEPTEMBER 30 2020	UNAUDITED SEPTEMBER 30 2019*
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	(251)	(427)
<b>ADJUSTMENTS:</b>		
Depreciation	306	502
Finance costs	174	202
Impairment loss on trade receivables	51	21
Loss on disposal of subsidiary	212	-
<b>CHANGES IN NON-CASH WORKING CAPITAL:</b>		
Accounts receivable	(1,776)	(561)
Prepaid expenses	(13)	(1,008)
Inventories	(7)	(4)
Accounts payable and accrued liabilities	(310)	(936)
Deferred revenue	1,174	1,769
Assets and liabilities held-for-sale, net	(416)	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(857)</b>	<b>(442)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment, net	57	(1)
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>57</b>	<b>(1)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to non-controlling interests	(57)	(83)
Proceeds from sale of subsidiary	2,700	-
Repayment of bank loan	(2,490)	(394)
Finance costs	(174)	(202)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(21)</b>	<b>(679)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Decrease during the period	(820)	(1,122)
Beginning of the period	5,292	4,566
<b>END OF THE PERIOD</b>	<b>4,472</b>	<b>3,444</b>

\*Restated (note 4)

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020  
(Expressed in thousands of Bermuda Dollars)

### 1. Significant accounting policies

The interim consolidated financial statements of Bermuda Aviation Services Limited ("BAS" or the "Company") for the six months ended September 30, 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and follow the same accounting policies as per the March 31, 2020 annual financial statements. The interim consolidated financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the March 31, 2020 annual financial statements.

### 2. Segment reporting

BAS and its subsidiaries (the "Group") have three (2019–four) reportable segments as shown below. The Group's management has identified the operating segments based on the goods and services they provide. The operations of The CCS Group Ltd. ("CCS") have been reclassified from Infrastructure Development and presented as discontinued operations for the period ended September 30, 2019 (note 3). The operations of Bermuda Energy Services Company Ltd. ("BESCO") have been reclassified from Infrastructure Development to Facilities Management following the amalgamation of BESCO with BAS Facilities Management Ltd ("BAS FM") on June 30, 2020 for the current and comparative period.

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

- i. Administrative services includes mainly the assets and services related to the Group's corporate headquarters.
- ii. Automotive garages includes the distribution of automotive parts and services.
- iii. Facilities management includes elevator maintenance and installation, property management, and maintenance.

	ADMINISTRATIVE SERVICES	AUTOMOTIVE GARAGES	FACILITIES MANAGEMENT	TOTAL
<b>CONTINUING OPERATIONS PERIOD ENDED SEPTEMBER 30, 2020</b>				
Revenue from external customers	28	1,310	5,034	<b>6,372</b>
Inter-segment revenue	1,294	3	126	<b>1,423</b>
Depreciation	213	1	35	<b>250</b>
(Loss) income	(1,090)	458	1,223	<b>591</b>
Total capital expenditure	(1)	-	(26)	<b>(27)</b>
<b>CONTINUING OPERATIONS PERIOD ENDED SEPTEMBER 30, 2020</b>				
Total operating assets	9,288	1,111	6,970	<b>17,369</b>
Total operating liabilities	576	70	2,412	<b>3,058</b>
<b>CONTINUING OPERATIONS PERIOD ENDED SEPTEMBER 30, 2019</b>				
Revenue from external customers	22	1,397	6,473	<b>7,891</b>
Inter-segment revenue	1,718	11	625	<b>2,354</b>
Depreciation	219	17	50	<b>286</b>
(Loss) income	(1,069)	406	1,055	<b>392</b>
Total capital expenditure	-	-	(11)	<b>(11)</b>
<b>CONTINUING OPERATIONS PERIOD ENDED SEPTEMBER 30, 2019</b>				
Total operating assets	10,582	856	5,283	<b>16,722</b>
Total operating liabilities	481	71	1,642	<b>2,194</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020  
(Expressed in thousands of Bermuda Dollars)

### 2. Segment reporting (continued)

SEGMENTS RECONCILIATION	UNAUDITED SEPTEMBER 30 2020	UNAUDITED SEPTEMBER 30 2019*
<b>INCOME (LOSS)</b>		
Total income from continuing operations for reportable segments	591	392
Other income	116	106
Finance costs	(174)	(202)
Transaction costs	(347)	-
Loss on sale of subsidiary	(212)	-
Loss from discontinued operations	(225)	(722)
<b>TOTAL GROUP COMPREHENSIVE LOSS</b>	<b>(251)</b>	<b>(426)</b>

  

SEGMENTS RECONCILIATION	UNAUDITED SEPTEMBER 2020	AUDITED MARCH 2020
<b>TOTAL ASSETS</b>		
Total assets for reportable segments	17,369	16,722
Assets held-for-sale	-	7,094
Goodwill	6,698	9,469
<b>TOTAL GROUP ASSETS</b>	<b>24,067</b>	<b>33,285</b>
<b>TOTAL LIABILITIES</b>		
Total liabilities for reportable segments	3,058	2,194
Liabilities held-for-sale	-	4,628
Bank loan	2,138	7,285
<b>TOTAL GROUP LIABILITIES</b>	<b>5,196</b>	<b>14,107</b>

\*Restated (note 4)

### 3. Significant transactions

Following the disposal of CCS, a wholly owned subsidiary, on July 27, 2020, its operations have been reclassified and presented as discontinued operations for the period ended September 30, 2020 and September 30, 2019. The transaction to sell CCS resulted in the Group recording a \$1,810 impairment loss on goodwill related to CCS for the year ended March 31, 2020.

### 4. Prior year restatement

The Group had a self-insured health plan with a third-party health insurer, which was terminated effective April 30, 2018. As at March 31, 2018, the health plan had a surplus balance of \$400. As such, the remaining surplus of \$400 was returned to the Group in the year ended March 31, 2020. The receivable was not reflected in the prior year comparative consolidated financial statements. The consolidated financial statements for the prior period have been restated for this adjustment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020  
(Expressed in thousands of Bermuda Dollars)

### 5. Significant Events

On March 11, 2020, the World Health Organization officially declared the outbreak of COVID-19 a global pandemic, and the Group considers the emergence and subsequent spread of COVID-19 to be a non-adjusting event after the reporting period. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and general population. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on future financial performance of the Group, or to provide a quantitative estimate of this impact, which could potentially be significant.

However, based on its current operations subsequent to September 30, 2020, and future operating budgets, financial forecasts and cashflow projections, management expects the level of activity will be sufficient to enable the Group to continue to adopt the going concern basis in preparing its interim consolidated financial statements.

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## DIRECTORS

### Chairman

David W. Pugh, FCA

Jeffrey G. Conyers

Dennis Fagundo

E. Michael Leverock

### Deputy Chairman

Gail E.M. Miller

Scott Pearman

Leslie Rans, CPA

Glen Smith

### Secretary

Conyers Corporate Services  
(Bermuda) Limited

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## OFFICERS

### Navdeep Dhesi, CPA, CMA

Vice President Finance  
BAS Group of Companies

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## GENERAL MANAGERS

### Jeff Cook

General Manager  
Weir Enterprises Ltd.

### Alison Soares

Vice President Facilities & Operations  
BAS Facilities Management Ltd.  
Otis Elevator Company (Bermuda) Ltd.



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