



NATIONAL HELICOPTER SERVICES LIMITED

**ANNUAL ADMINISTRATIVE REPORT
FOR
FISCAL YEAR 2007/ 2008**



NATIONAL HELICOPTER SERVICES LIMITED
Annual Administrative Report for fiscal year 2007/ 2008

NHSL's VISION STATEMENT

To be the premier provider of helicopter transport and related services in the Caribbean.

NHSL's MISSION STATEMENT

To be the preferred provider of safe, efficient, reliable and cost-effective helicopter transport and related services through highly trained and motivated employees, while exceeding customer and stakeholder expectations.

NHSL's GOALS AND OBJECTIVES.

- 1) Increase and maintain our market position in the Helicopter Industry in Trinidad and Tobago and the wider Caribbean.
- 2) To be the key provider of helicopter transportation and related services to the Government of Trinidad and Tobago.
- 3) To develop infrastructure in Trinidad and Tobago to facilitate the growth of helicopter use.
- 4) To preserve an excellent safety record by maintaining highest international standards and best practice.
- 5) To maintain the commercial viability of the organisation.



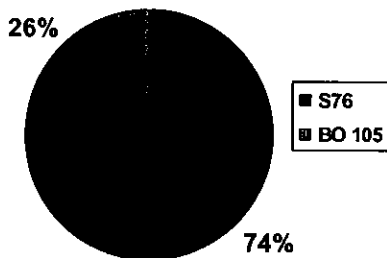
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ACHIEVEMENTS FOR THE FISCAL YEAR 2007/ 2008

The Company flew 5,858 revenue hours compared to 6379 of the previous period. Despite the overall decrease in revenue hours, S76 hours increased from 67% to 74% of respective total hours, reflecting the trend to an increased demand for the larger aircraft.

Revenue hours - 2008
Total hours 5858



Revenue hours - 2007
Total hours 6379

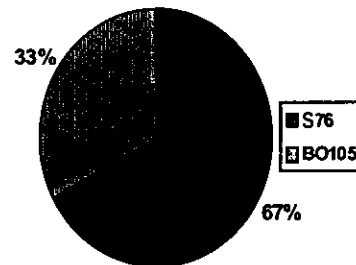


Fig. 2 – Comparison Aircraft type usage



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MARKET CONDITIONS

The Company retained its core clientele in the Oil and Gas sector over the period, i.e.

- National Gas Company of Trinidad and Tobago Ltd (NGC)
- BHP Billiton (BHP B)
- EOG Resources Trinidad and Tobago Ltd (EOG R)
- British Gas Trinidad and Tobago Ltd (BGTT),

and continued services to Canadian Superior Ltd, supporting their drilling activity in Block 5c off the Trinidad East Coast. This is expected to end in 1st Quarter 2009. Due to reduction in flight hours of both parties, BHP Billiton and NGC chose to consolidate their services and share a single airframe, the leased S76C++. During the review period, EOG Resources upgraded from a BO105 helicopter to the larger S76A, but will continue use of the BO105 on an ad hoc basis.

For most of the period therefore, the Company operated with some surplus capacity.

SERVICES TO GOVERNMENT

One hundred and seventy (170) Medevac flights were carried out, by day and night over the review period, for a total of two hundred and fifty-nine (259) S76 flight hours. There was no other S76 use. Three Hundred and Sixteen (316) hours were flown with the BO 105 assigned to the Ministry of National Security (MNS), mostly in marijuana eradication and logistical support to the Joint Operations Control Centre (JOCC), an agency of the MNS.

At the request of the Minister of National Security, a BO 105 helicopter was dispatched to Guyana to assist in fighting crime in March and April 2008. It flew 26 missions.

The Company provided management and consultancy services to SAUTT and continued to fully maintain the two (2) SAUTT helicopters.



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FINANCIAL REVIEW

A net after tax profit of \$2,287,704 (2% net margin) was recorded for the year. This represents a decrease of \$6,216,942 (6% net margin) from the prior year's achievement. This was mainly due to a fall in Gross Profit Margin of six percent (6%) and an increase in Administration and Other Operating expenses of thirty three percent (33%). The major contributor to the fall in Gross Profit Margin was the introduction of the shared service to BHPB/NGC effective March 1st 2008. Each of these Companies had previously contracted an individual aircraft. The decrease in flying hours from the previous year of six hundred and ninety two (692) also contributed to the lower margin.

The increase in Administration and Operating expenses was mainly due to new compensation agreements having been effected for both unionized and non-unionized employees and the introduction of new Aviation Security arrangements to satisfy the Trinidad and Tobago Civil Aviation Regulations (TTCARs).

As was previously indicated to shareholders, the Company's Net Profit Margin will be compromised as the ageing fleet is replaced by new aircraft; and compensation levels are increased to retain qualified staff. Over the past two (2) years the Company has lost eight (8) licensed Engineers and four (4) Captains to the international aviation market.

The Company will have to be financially vigilant, as it confronts these changing market conditions. The Company's Balance Sheet continues to be sound. Current assets are in excess of current liabilities demonstrating the Company's ability to pay its debts as they become due.

Although the Company's debt is one point four (1.4) times shareholders equity at the Balance Sheet debt, without the debt incurred on behalf of the Ministry of National Security, it is at an acceptable level of eighty-seven percent (87%).



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DEVELOPMENTAL INITIATIVES

The Company continues to pursue the acquisition of two (2) new Sikorsky S76C++ aircraft at a cost of approximately \$145mn. This will be financed by loans guaranteed by the Government of Trinidad and Tobago.

Construction of a Municipal Helipad at the Mucurapo Foreshore began in October 2008 and the facility is expected to be completed by end of February 2009. This will negate the use of the Queens Park Savannah for Medevacs, and reduce attendant third party and security risks.

Slow progress is being made with two (2) other projects, a new Passenger Terminal at Camden Heliport, and an East Coast Heliport, at Mayaro.

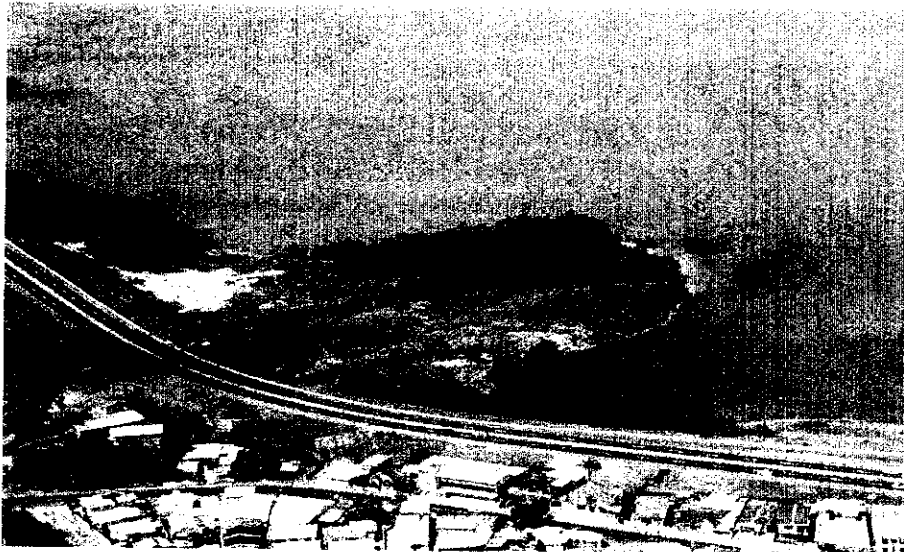


Fig. 3- Site of Proposed Foreshore Helipad

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