

2010 ANNUAL REPORT

Air Serv began 2010 with an aircraft fleet consisting of five owned Caravans, two owned Twin Otters, and one leased Embraer 120. Air Serv's program in Jordan/Iraq ended in January, and its program in Mozambique ended in April. Air Serv continued its program in Chad. Air Serv had initiated a new program in the Democratic Republic of Congo line in 2009 which continued throughout 2010. Late in 2010 Air Serv initiated a new program in South Sudan. Air Serv's subsidiary, Air Serv Limited, continued to develop its business and operations in Uganda and provided an important maintenance site for Air Serv's aircraft in central Africa. In June 2010 Air Serv sold one of its two Twin Otters.

South Sudan

In November 2010 Air Serv established a new program based in Juba, South Sudan with a Caravan to provide transportation for the International Foundation for Electoral Systems, Inc. (IFES). IFES was working under a USAID grant to help the South Sudan government prepare for its referendum on independence from Sudan. Air Serv provided daily air transportation for IFES and USAID personnel from Juba to a dozen small towns around South Sudan. This program continued into 2011.

Democratic Republic of Congo

Near the end of 2009 Air Serv had begun working in concert with a small DRC air operator to provide air transportation for a number of humanitarian organizations operating in northeast DRC. The operation was based in Dungu, DRC with one Caravan. This operation continued throughout 2010.

Chad

With a Twin Otter based in Abeche, Air Serv served more than 250,000 Darfur and Central African Republic refugees along the Chad border in twelve refugee camps and an additional 40 gathering sites. This air support operation was funded by the U. S. Agency for International Development (USAID) Office of Foreign Disaster Assistance (OFDA) and the U. S. Department of State Bureau for Population and Refugee Migration (BPRM). In addition to scheduled flights to the remote camps and gathering sites, Air Serv provided both medical and security evacuations. In September 2010 Air Serv added a second aircraft, a Cessna Caravan, sponsored by BPRM to provide additional airlift capacity in eastern Chad. These programs were approved and funded through May 2011.

Jordan/Iraq

Since 2003 Air Serv in partnership with USAID has flown humanitarian workers between Amman, Jordan, and Baghdad and Erbil, Iraq. Air Serv used a leased Embraer 120 aircraft, assuring safe and reliable access to NGOs working to enhance democracy in Iraq. This air service continued through 2010 with occasional flights to Sulaymaniyah, Iraq, as well. Air Serv also provided medical evacuations to a broad range of NGO personnel as well as Iraqis requiring specialized care not available in Iraq. In late 2009 USAID informed Air Serv that its grant for this program would not be renewed for 2010. The program ended in January 2010.

Mozambique

With a Caravan continuing to be based in Beira, Air Serv supported USAID's AIDS program, health care initiatives, and a rural income program designed to enhance rural production and food security. Air Serv also transported the personnel of several NGOs, including Save the Children, World Vision, Food for the Hungry, and Health Alliance International. Air Serv launched a capacity building effort for four Mozambicans, sponsoring their enrollment in a certified maintenance school program at Denel Aviation in Johannesburg, SA in 2010. The program ended in April 2010.

Uganda

Air Serv Limited continued to operate its commercial aircraft charter and maintenance business as well as providing maintenance support to Air Serv. Charter operations expanded into South Sudan and continued to grow in Uganda.

Integration of Operations with Air Serv Ltd.

Air Serv began integrating its flight operations with its Uganda subsidiary, Air Serv. Limited (ASL). Ultimately Air Serv needs for all of its flight operations and aircraft maintenance to be performed by ASL so that certification can be obtained by the United Nations World Food Program Aviation Safety Unit. That certification is needed in order to carry UN passengers and cargo. The process to such certification will take significant time for all of Air Serv's aircraft and pilots, but it began in 2010 with a planned culmination in 2011.