

ANNUAL REPORT

2012



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REPORT BY THE CHAIRMAN

Dear Shareholders,

During 2012, the audited consolidated results of Perfect Holding SA were revenue of CHF 35.0 million (CHF 21.7 million in 2011), net operating profit of CHF 0.9 million (CHF 0.6 million in 2011) and net operating cash flow of CHF 0.6 million (CHF 0.3 million in 2011). The net result was penalized by an impairment loss recognized on the value of the capitalized AOC licences, both in Portugal and in the UK (in the light of both the suspension of the Portuguese AOC, which was accepted by the Portuguese Aviation Authority INAC in March 2013, and the potential impact of the continuing poor economic environment foreseen in Europe and in the UK on the aircraft management business).

Such impairments as well as reductions of overheads implemented in Portugal, Switzerland and the UK will reduce the exposure of the group's financial performance to the volatility and sensitivity to the severe economic conditions prevailing currently in the aircraft management business.

In May 2012, Perfect Holding SA completed the acquisition of the entire share capital of Oxygen Aviation Ltd, a well-established company in the business aircraft charter sector based in the United Kingdom. Oxygen Aviation Ltd (www.oxygenaviation.com) is a highly professional leader in the provision of independent worldwide business aircraft charter to a VIP clientele. Oxygen Aviation Ltd's proven business ethics, track record, quality profile and dynamic management fit entirely with the Perfect Group's aviation objectives.

The purchase price of the shares of Oxygen Aviation Ltd was paid mainly in the form of new shares of Perfect Holding SA (issued out of its authorised capital) and in cash for the balance. As a result, the nominal value of the share capital of Perfect Holding SA was increased by CHF 3.4 million in May 2012. The listing of the new shares took place on August 24, 2012. Oxygen Aviation contributed seven months of positive trading to the 2012 consolidated accounts.

In addition, the Perfect Group is expanding its aircraft maintenance capabilities. The other UK subsidiary, Perfect Aviation UK Ltd, has moved to larger hangar and office premises, with additional ramp parking located at London Biggin Hill Airport. Perfect will undertake in-house base maintenance for its own and other Learjet 45 fleets. The company already holds approval for Learjet 40/45 maintenance and plans to expand its capability to other types as demand grows. Together with its EASA Part-M Subpart CAMO status it can also offer its expertise to third party operators.

The group's charter and aircraft brokerage segments have performed well in 2012. Unfortunately, the current market for management of business aircraft is generally suffering from fierce and excessive pricing competition, which makes this sector unprofitable on a standalone basis. Accordingly, Perfect Holding SA has decided to suspend its aircraft management activities in Portugal. The Perfect Group is avoiding joining into such unprofitable activities and is actively seeking adequate and profitable positioning in the less-regulated parts of the overall business aircraft sector.

The Perfect Group continues to have no bank debt (apart from a KGBP 350 long term mortgage on office premises, which came with the acquisition of Oxygen Aviation Ltd) and continues its proactive research and evaluation of carefully selected potential acquisitions in order profitably to develop its growth.

We wish to take this opportunity to thank our loyal shareholders for their support and our very capable staff for their continuous efforts.



Jean-Claude Roch (Chairman)
PERFECT HOLDING SA

CORPORATE GOVERNANCE

The following section has been prepared in accordance with the Swiss Code of Obligations and the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange.

■ 1. GROUP STRUCTURE AND SHAREHOLDERS

GROUP STRUCTURE

Perfect Holding SA (Perfect Holding or the Company) was incorporated in Yverdon-les-Bains (Switzerland) as a Swiss limited company on April 8, 1997 with the Register of Commerce of the Canton of Vaud. The Company has its corporate legal headquarter at 36, Route d'Allaman, 1163 Etoy, Switzerland. Its duration is undetermined. The corporate purpose of the Company, according to Article 2 of its Articles of Association, is the acquisition and the management of participations in other companies as well as any directly or indirectly related purposes. Globally, the purpose of the Perfect Group is the provision of services, including aircraft management and organisation of charters in the business aircraft market, as specified hereafter.

Perfect Holding SA, the ultimate parent company, is listed on the SIX Swiss Exchange, SIX Main Standard. The Company is listed under the symbol "PRFN". The valor number is 911512 and the ISIN code is CH0009115129. The market capitalisation as at December 31, 2012 amounts to CHF 21.72 million (December 31, 2011: CHF 16.18 million).

On May 21, 2012, Perfect Holding SA has completed the acquisition of the entire share capital of a UK company, Oxygen Aviation Ltd, Horsham (UK). The acquired company is active in the aircraft charter business for a variety of clients and aircraft.

Perfect Holding's subsidiaries are:

	Registered office	Country	Currency	Share capital	Ownership Interest
Perfect Aviation SA	Etoy	Switzerland	CHF	4'225'000	100%
Perfect Aviation Portugal, S.A.	Lisbon	Portugal	EUR	250'000	100%
Perfect Aviation UK Ltd	Biggin Hill	the UK	GBP	1	100%
Oxygen Aviation Ltd	Horsham	the UK	GBP	360	100%

Perfect Holding and its subsidiaries (the Perfect Group) are dedicated to the following services to the business aircraft market: aircraft management and operations, world wide charters, aircraft acquisitions and sales, as well as aircraft consultancy.

As at December 31, 2012, the group has two Aircraft Operating Certificates ("AOC") in Portugal and in UK, and provides the above services in Europe, Russia, Switzerland and in the UK, principally.

MAIN SHAREHOLDERS

As at December 31, 2012, the main shareholders of the Company are as follows:

	Ownership Interest
Haute Vision SA, Mauritius	37.90%
Grover Ventures Inc, British Virgin Islands	7.18%
Roderick Glassford	6.25%
Mark Green	6.25%
Steven A Jack	6.25%
Nicholas Grey	5.39%
Stephen Grey	4.39%

Mr. Stephen Grey, Mr. Nicholas Grey, Haute Vision SA and Grover Ventures Inc, who are deemed to form a group based on their family and business relationships and voting agreement (as disclosed in the Swiss Official Gazette of Commerce of August 6, 2008), hold in aggregate 99'304'873 shares, i.e. 54.86% of the current share capital of CHF 18'101'828.10 (divided into 181'018'281 shares with a nominal value of CHF 0.10 each).

CROSS SHAREHOLDINGS

There are no cross shareholdings between the Company and any other company, and no subsidiary of Perfect Holding SA holds any shares of the Company.

■ 2. CAPITAL STRUCTURE

SHARE CAPITAL

At December 31, 2012, the share capital amounts to CHF 18'101'828.10, consisting of 181'018'281 issued and fully paid-in registered shares with a nominal value of CHF 0.10 each.

AUTHORISED SHARE CAPITAL

At the shareholders' general meeting held on May 25, 2012, the shareholders have accepted the Board's proposal to create, in order to dispose of a maximum flexibility for the development of the group's business and possible external growth transactions, an authorised capital of a maximum amount of CHF 9'051'914.00 (divided into a maximum of 90'509'140 registered shares of CHF 0.10 nominal value each), for (i) the acquisition of businesses or participations in businesses and / or (ii) the financing of the development of the business and / or the acquisitions of the company and its subsidiaries, for a 2-year period until 24 May 2014, with the possibility for the Board of Directors to suppress and / or restrict the preferential subscription rights of the shareholders in respect of the new shares to be issued in connection with any acquisitions of businesses and / or participations in businesses.

CONDITIONAL SHARE CAPITAL

At December 31, 2012, the conditional capital of the Company amounts to CHF 60'000 (divided into a maximum of 600'000 registered shares of a nominal value of CHF 0.10 each, to be fully paid up). The conditional capital is reserved for the issuance of new shares to managers and employees of the Perfect Group upon exercise of option rights to be granted by the Board of Directors in the context of option plans. The Articles of incorporation provide that the preferential subscription rights of the shareholders may be suppressed in connection with the new shares to be issued out of the conditional share capital. Currently, there is no option plan in place in the group.

CHANGES TO THE SHARE CAPITAL

On May 21, 2012, as part of the consideration for the acquisition of Oxygen Aviation Ltd, the share capital of Perfect Holding SA was increased by way of a contribution in kind. Perfect Holding SA's share capital has been consequently increased by the issuance of 33'934'428 registered shares of CHF 0.10 nominal value each, at a subscription price of CHF 0.1586 each. Accordingly, the share capital has been increased by CHF 3'393'442.80 in nominal value (consisting of 33'934'428 registered shares of CHF 0.10 nominal value each) to a total amount of CHF 18'101'828.10 (consisting of 181'018'281 registered

shares of CHF 0.10 nominal value) and an agio (share premium) of CHF 1'988'557.48 has been generated.

SHARES

All shares of the Company are registered shares with a nominal value of CHF 0.10 each. The Company has one single class of shares. Each registered share carries one vote at the shareholders' meeting. The voting right may be exercised by any registered shareholder in person or by proxy. Shareholders have the right to receive dividends decided by the shareholders' meeting and have all other rights provided for by the Swiss Code of Obligations.

The Company has not issued any preferred voting shares or non-voting equity securities, such as participation certificates or profit sharing certificates.

TRANSFER OF SHARES & RESTRICTION TO TRANSFERABILITY

The transfer of shares registered in the shareholders' register of the Company (for as long as they are book-entry shares and not issued in a certificated form) is effected by means of a corresponding entry in the books of a bank or depository institution following any transfer instructions by the transferor shareholder and the corresponding notification of the transfer to the Company.

The Articles of incorporation do not provide for any particular restrictions to transferability of the shares or for any nominee registrations.

CONVERTIBLE BONDS

Neither the Company nor any of its subsidiaries have issued convertible bonds or other securities giving a right to acquire shares of the Company.

OPTION RIGHTS

As indicated in the above section "Conditional share capital", there is currently no option plan in place in the Company.

CORPORATE GOVERNANCE

■ 3. BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS

Currently, the members of the Board of Directors of the Company are as follows:

		First election date	Last election date	Next re-election date
Jean-Claude Roch	Chairman	February 2002	May 2012	May 2013
Stephen Grey	Member	May 2002	May 2012	May 2013
Anouck Ansermoz	Member	May 2009	May 2012	May 2013

Jean-Claude Roch, Swiss, holds a university degree in Commercial and Economics studies at the University of Lausanne and became Swiss Certified Public Accountant in 1980. He is a specialist in the incorporation, restructuring and development of companies and enjoys an excellent financial and industrial network. Mr. Roch is currently acting as a Board member of several companies in the fields of printing and balneology. Since 1971, Mr. Roch served in various key positions with Société Fiduciaire Suisse, Copycolor SA, Sicpa SA and Sicpa Holding SA. Mr. Jean-Claude Roch is acting as Executive Chairman of the Board of Directors and as Chief Executive Officer and Chief Financial Officer of Perfect Holding.

Stephen Grey, Swiss, after an education in architecture, has extensive experience in Switzerland and abroad in the areas of manufacture and distribution of capital goods and in the financial and service sectors. Mr. Grey has also been particularly active as a turnaround manager of companies and groups in difficult financial and/or business situations in multiple industries. Mr. Stephen Grey was previously acting as Chief Executive Officer of the Perfect Group and is now acting as a non-executive member of the Board of Directors.

Anouck Ansermoz, Swiss, holds a degree in HEC and became a Swiss Certified Public Accountant in 2001. She has worked in the fields of audit and consolidation with STG-Coopers & Lybrand, Sicpa SA and Tetra Laval Finance, prior to joining the Perfect Group in 2002. Mrs. Anouck Ansermoz was previously acting as Chief Financial Officer of the Perfect Group and is, since June 2012, acting as a non-executive member of the Board of Directors and as a part-time consultant to the Company.

ELECTION TO THE BOARD OF DIRECTORS AND DURATION OF MANDATE

The Articles of Association state that the Board of Directors must consist of at least three members. The Board members are elected for a duration to be fixed on a case by case basis by the shareholders' meeting between one and three years, and are re-eligible, without limitation.

ORGANISATION OF THE BOARD OF DIRECTORS

The Board of Directors has delegated the management of the operations of Perfect Holding and of the operating subsidiaries of the Perfect Group to the Executive Management. The Board of Directors is therefore primarily responsible for the definition of the strategy of the Perfect Group and the giving of instructions and supervision of the actions of the Executive Management. The coordination between the Board of Directors and the Executive Management is very close and efficient, especially as one member of the Board of Directors has executive functions for the Perfect Group.

The Board of Directors has set up an "internal control" department which supervises the functional organisation and controls the effectiveness of the internal control system. This department is directly subordinated to the Board of Directors.

In view of the corporate structure and organisation of the Perfect Group and of the limited size of the Board of Directors, the Board has not set up any other committees yet.

The Board of Directors deals with all matters falling within its competencies in its plenary meetings. The Board of Directors meets for regular meetings between four and six times per year, and in any event before the publication of financial statements or of any other important press releases. These meetings generally last approximately half a day, with the presence of all members and the occasional attendance of external persons. Extraordinary meetings can be organised on an ad hoc basis. In 2012, the Board of Directors held three regular meetings.

■ 4. EXECUTIVE MANAGEMENT

Currently, the executive management team is composed as follows:

Jean-Claude Roch	Chief Executive Officer and Chief Financial Officer of Perfect Holding
William Curtis	Chief Executive Officer of the aviation business of the Perfect Group operating companies
Roderick Glassford	Director of the aircraft charter business of Oxygen Aviation
Mark Green	Director of the aircraft charter business of Oxygen Aviation
Steven A Jack	Director of the aircraft charter business of Oxygen Aviation

William Curtis, British, is a qualified UK CAA/JAA airline transport pilot. He has extensive experience in the setting-up of AOC and EASA 145 operations, dealing with aviation regulatory bodies, in the UK, as well as in Qatar, Bahrain, Saudi Arabia and UAE. He has worked as managing director of Gold Air International, and then as Chief Executive Officer of Rizon Group Holdings WLL, gaining large experience of multi-cultural business aviation operations. Mr. William Curtis has joined the group in May 2010 and is acting as Chief Executive Officer of the aviation business of the Perfect Group operating companies.

Steven A Jack, British, started his career with Norwich Union Insurance Group specialising in third party litigation claims. Five years later, he joined Bond Helicopters Ltd working directly for the owner in the commercial and marketing department. In 1997, he became an aircraft charter broker, latterly specialising in the Russian market. Eight years later, he founded Oxygen Aviation Ltd (formerly named Oxygen 4 Ltd) with MM. Mark Green and Rod Glassford. Mr. Steven A Jack is acting as Director of the aircraft charter business of Oxygen Aviation.

Mark Green, British, after an education in accountancy, spent five years at an air taxi operator at Oxford Airport, starting as company accountant and becoming operations manager after two years. Following this post, he joined one of the world's largest air charter brokers, where he managed clients from varying industries including financial institutions and where he developed the Russian Market. In 2005, Mr. Mark Green founded Oxygen Aviation Ltd (formerly named Oxygen 4 Ltd) with MM. Steven Jack and Rod Glassford, and was responsible for client management, procedures and developing sales. Mr. Mark Green is acting as Director of the aircraft charter business of Oxygen Aviation.

Roderick Glassford, British, achieved International Baccalaureate Diploma then went on to study Law at the University of

Northumbria in Newcastle. He began his aviation career in 1998 with First Choice Holidays PLC as a commercial flight trader. After two and a half years, Mr. Glassford joined one of the world's largest air charter brokers within the executive aviation division. Four years later, he founded Oxygen Aviation Limited (formerly named Oxygen 4 Ltd) with Mark Green and Steven Jack. Mr. Glassford is acting as Director of the aircraft charter business of Oxygen Aviation.

Please refer to section "Board of Directors" for the biographical description of Mr. Jean-Claude Roch.

■ 5. COMPENSATION, SHAREHOLDINGS AND LOANS

COMPENSATION POLICIES

The Company's Board of Directors decides upon the Executives' and Directors' remunerations, including any entitlements under participation and/or share option plans, at its discretion. Executives and Directors are remunerated in relation with their qualifications and responsibilities. The remuneration currently paid to the members of the Board of Directors and Executive Management consists exclusively of a fixed remuneration, subject to the possibility (not used in 2012) for the Board of Directors to grant a discretionary bonus component.

COMPENSATION DISCLOSURES

Compensation

The following compensations have been paid to the Executive Management:

(in CHF '000)	2012	2011
Mr. Jean-Claude Roch, Chairman of BoD, CFO (since June 1, 2012) and CEO of Perfect Holding SA ***	168	199
Mrs. Anouck Ansermoz, member of BoD and CFO (until May 31, 2012) **	90	216
Mr. William Curtis, CEO of the Perfect Group operating companies *	297	352
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation *	146	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	146	-
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation *	146	-
	993	767

* Salaries and social charges

** Consultancy fees

*** Board membership fee (in 2012, CHF 30'000 as Executive consultancy fee and CHF 138'257 (including social charges) received as Board membership fee)

CORPORATE GOVERNANCE

Board membership fees of CHF 10'500 have been paid to Mrs. Anouck Ansermoz since June 1, 2012. Apart from the Chairman and Mrs. Ansermoz, no Board membership fee has been paid to the other member of the Board of Directors.

Loans and credits

At December 31, 2012, there were no loans and credits granted to any current or former members of the Board of Directors or the Executive Management.

Participations

At December 31, 2012 and at December 31, 2011, the participations held by members of the Board of Directors and the Executive Management (including persons closely related to these members) were as follows:

(in nb of shares)	Dec. 31, 2012		Dec. 31, 2011	
	Shares	Option rights	Shares	Option rights
Mr. Stephen Grey, member of BoD	7'940'361	-	7'940'361	-
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation	11'311'476	-	-	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	11'311'476	-	-	-
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation	11'311'476	-	-	-
	41'874'789	-	7'940'361	-

SHAREHOLDINGS, LOANS

Apart from the shares held by Messrs. Stephen Grey, Mark Green, Steven A Jack and Rod Glassford (as specified in the section "Main Shareholders" above), no member of the Board of Directors and/or Executive Management holds any shares in the Company. No options have currently been issued to any member of the Board of Directors and/or Executive Management under any stock option plan. No company of the Perfect Group has granted any loan to any member of the Board of Directors and/or Executive Management.

6. VOTING RIGHTS AND PARTICIPATION AT SHAREHOLDERS' MEETINGS

Each share carries one vote at the shareholders' meetings of the Company. Voting rights may be exercised only after a shareholder has been registered in the Company's share register as a shareholder with voting rights. The deadline for registration in the Company's share register before a shareholders' meeting is in principle 15 working days prior to the meeting prior to the meeting.

Subject to the registration of the shares in the share register, the Articles of incorporation do not impose any restrictions on the voting rights of shareholders. Specifically, there is no limitation on the number of voting rights per shareholder.

The other aspects relating to voting rights as well as the procedure for the exercise of such rights, including the rules governing the rights for a shareholder to ask for the calling of a shareholders' meeting and/or to ask that an item be added to the agenda of the shareholders' meeting, are governed by the Articles of incorporation in accordance with the applicable provisions of the Swiss Code of Obligations. The Articles of incorporation do not contain any special rules in relation to quorums or qualified majorities or the calling of shareholders' meetings that derogate from the provisions of the Swiss Code of Obligations.

A shareholder can only be represented in a shareholders' meeting by another shareholder with voting rights, by his legal representative, by a member of the Board of Directors, by the independent representative or by a depositary representative.

7. TAKEOVER AND DEFENSIVE MEANS

OPTING-OUT

Previously, in accordance with the applicable provisions of the Swiss Stock Exchanges and Securities Trading Act (Stock Exchange Act) and the Articles of incorporation, modified at the shareholders' meeting of April 29, 2005, whoever acquired shares of the Company, whether directly, indirectly or acting in concert with third parties, which, when added to the shares already held, exceeded the threshold of 49% of the voting rights (whether exercisable or not) of the Company was under an obligation to make an offer to acquire all listed shares of the Company.

However, at the shareholders' meeting held on April 27, 2007, the shareholders of the Company decided, in accordance with article 22 para. 3 of the Stock Exchange Act, to "opt out" from the provisions of the Stock Exchange Act dealing with the duty to submit takeover offers by adopting the following new wording of article 9 of the Articles of incorporation: "The duty to submit a takeover offer within the meaning of ar-

article 32 of the Stock Exchanges and Securities Trading Act is not applicable to the holders and purchasers of shares of the Company in accordance with article 22 para. 3 of such Act." (such clause being referred to as an "Opting-out"). As a result, the Articles of incorporation no longer provide for a duty of any holder or purchaser of shares to make an offer to all other shareholders upon reaching any level of shareholding, regardless of the level of his/her/its participation.

PROVISIONS RELATING TO TAKEOVERS

The contracts between the Company and the members of its Board of Directors and Executive Management do not provide for any golden parachutes, change of control clauses or other specific mechanisms in relation to takeovers.

■ 8. AUDITORS

DURATION OF CURRENT AUDIT MANDATE AND OF AUDIT RESPONSIBLE FUNCTION

PricewaterhouseCoopers SA has been appointed as the statutory auditor of Perfect Holding SA since 1997. The lead auditor since 2010 is Mr. Didier Ehret, Swiss Certified Public Accountant, partner.

AUDIT FEES

The fees for professional services related to the audit of the Perfect Group's annual accounts for the FY 2012 amounted to KCHF 171. This amount includes fees for the audit of Perfect Holding SA, of its subsidiaries and of the consolidated financial statements.

AUDIT RELATED FEES

In addition, for the year 2012, PricewaterhouseCoopers SA rendered audit related services (related to the acquisition of the company Oxygen Aviation Ltd) for KCHF 83.

OTHER FEES

Other services (due diligence and legal aspects related to the acquisition of Oxygen Aviation Ltd) were rendered by PricewaterhouseCoopers SA for KCHF 65.

ASSESSMENT OF EXTERNAL AUDIT

The assessment of the external auditors and supervision of their audit work is done by the Board of Directors. PricewaterhouseCoopers SA has been kept informed of the Board of Directors' feedback through the minutes of the Board of Directors and through some meetings with one or several members of the Board of Directors. PricewaterhouseCoopers has informed the Board of Directors about the audit work and conclusions by

means of a "Detailed Report to the Board of Directors", remitted to the members of the Board of Directors during a closing audit meeting. During such closing audit meeting, the Board of Directors and the group auditors reviewed together the financial statements of the Perfect Group and in particular of Perfect Holding. Two closing audit meetings are normally held per year, one for interim financial statements and one for annual financial statements.

■ 9. FURTHER INFORMATION

The following source of information is available:

<http://www.perfect.aero>, section "Investor Relations".

Interim reporting, as well as annual reports and any press releases are regularly published on the above internet site.

IMPORTANT DATES

24.05.2013	Ordinary Shareholders General Meeting
27.09.2013	Interim Half-Year 2013 Report

INVESTOR RELATIONS

Perfect Holding SA
Mrs. Anouck Ansermoz
Route d'Allaman 36, CP 47
CH-1163 Etoy
Switzerland
Tel: +41 44 5000 810
Fax: +41 44 5000 811
E-mail : aansermoz@perfect.aero

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF PERFECT HOLDING SA, ETOY

■ REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Perfect Holding SA, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes (pages 20 to 47), for the year ended December 31, 2012.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 auditor's 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 the internal control system 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 for the year ended December 31, 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

■ REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.



A handwritten signature in black ink, appearing to read 'D. Ehret'.

Didier Ehret
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'A. Joly'.

Aude Joly
Audit expert

Lausanne, March 25, 2013

CONSOLIDATED INCOME STATEMENTS

(in CHF '000)	Notes	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011	Restated
REVENUE	26	34'988		21'749
Cost of goods sold		-25'997		-13'506
Gross profit		8'991		8'243
Aviation costs		-2'940		-3'335
Production costs		-85		-83
Marketing & sales expenses		-2'573		-1'612
General & administrative expenses		-2'572		-2'597
Other operating income / (expenses)	6	116		-61
Operating profit		937		555
Impairment	14	-1'051		-
Finance income	7	103		115
Finance expenses	7	-76		-53
Exchange differences		-211		-541
Profit / (loss) before taxes		-298		76
Income tax income / (expenses)	8	-105		196
Net profit / (loss) for the year		-403		272
Attributable to:				
Owners of the parent		-403		272
Non-controlling interests		-		-
Basic and diluted profit / (loss) per share (in CHF)	9	0.00		0.00

The notes on pages 20 to 47 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in CHF '000)	Notes	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011 Restated
Net profit / (loss) for the year		-403	272
Other comprehensive income:			
Currency translation differences		-43	-22
Remeasurements on defined benefit plans	19	-38	-182
Other comprehensive income / (loss) for the year, net of tax		-81	-204
Total comprehensive income / (loss) for the year		-484	68
Attributable to:			
Owners of the parent		-484	68
Non-controlling interests		-	-

CONSOLIDATED BALANCE SHEETS

(in CHF '000)	Notes	Dec. 31, 2012	Restated Dec. 31, 2011	Restated Jan. 1, 2011
ASSETS				
Current assets				
Cash and cash equivalents	10/15b	3'322	2'695	2'762
Trade account receivables	11/15b	5'358	4'118	5'218
Advances to suppliers		80	80	283
Current portion of long-term loan	16/15b	180	340	480
Other current assets	12/15b	2'193	1'239	1'215
Total current assets		11'133	8'472	9'958
Long-term assets				
Property, plant and equipment	13	663	191	218
Intangible assets	14	4'978	1'255	989
Deferred tax assets	17	484	540	298
Long-term loan and other assets	16/15b	1'962	1'861	1'935
Total long-term assets		8'087	3'847	3'440
Total assets	26	19'220	12'319	13'398
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade account payables		1'875	1'155	2'566
Other current liabilities	18	2'854	1'163	1'336
Income tax payables	8	327	5	22
Advances from customers		1'767	2'790	2'457
Current portion of long-term debt	20	21	-	-
Total current liabilities		6'844	5'113	6'381
Non-current liabilities				
Long-term debt	20/26	350	-	-
Deferred tax liabilities	17	182	-	-
Defined benefit liabilities	19	240	500	379
Total non-current liabilities		772	500	379
Total liabilities		7'616	5'613	6'760
Equity attributable to owners of the parent				
Share capital	21	18'102	14'709	14'709
Share premium	21	1'989	-	-
Other reserves		-220	-182	-
Cumulative translation adjustment		-87	-44	-22
Accumulated losses		-8'180	-7'777	-8'049
Total equity		11'604	6'706	6'638
Total liabilities and equity		19'220	12'319	13'398

The notes on pages 20 to 47 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in CHF '000)	Notes	Attributable to owners of the parent					Total
		Share capital	Share premium	Other reserves	Cumulative translation adjustment	Accumulated losses	
January 1, 2011 before restatement		14'709	-	-	-22	-7'708	6'979
Restatement		-	-	-	-	-341	-341
January 1, 2011 after restatement		14'709	-	-	-22	-8'049	6'638
Net profit/(loss) for the year		-	-	-	-	272	272
Translation adjustment		-	-	-	-22	-	-22
Remeasurements on defined benefit plans, net of taxes	19	-	-	-182	-	-	-182
<i>Total other comprehensive income, net of taxes</i>		-	-	-182	-22	-	-204
Total comprehensive income for the year		-	-	-182	-22	272	68
Total transactions with owners		-	-	-	-	-	-
December 31, 2011 after restatement		14'709	-	-182	-44	-7'777	6'706
January 1, 2012		14'709	-	-182	-44	-7'777	6'706
Net profit/(loss) for the year		-	-	-	-	-403	-403
Translation adjustment		-	-	-	-43	-	-43
Remeasurements on defined benefit plans, net of taxes	19	-	-	-38	-	-	-38
<i>Total other comprehensive income, net of taxes</i>		-	-	-38	-43	-	-81
Total comprehensive income for the year		-	-	-38	-43	-403	-484
Issue of share capital, by contribution in kind	21	3'393	1'989	-	-	-	5'382
Total transactions with owners		3'393	1'989	-	-	-	5'382
December 31, 2012		18'102	1'989	-220	-87	-8'180	11'604

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in CHF '000)	Notes	Year ended Dec. 31, 2012	Restated Year ended Dec. 31, 2011
Cash flows from operating activities			
Net profit / (loss) for the year		-403	272
Adjustments for non-monetary items:			
Allocation to provision for receivables impairment	11	28	333
Depreciation of property, plant and equipment	13	110	89
Amortisation and impairment of intangible assets	14	1'282	107
Change in net defined benefit liabilities	19	-308	-110
Foreign exchange differences		-12	29
Interest expense	7	76	53
Interest income	7	-8	-14
Income taxes	8	105	-196
Operating profit before working capital changes		870	563
(Increase) / decrease in trade account receivables	11	-122	700
(Increase) / decrease in other current assets		-6	355
(Increase) / decrease in inventories		-	-75
(Decrease) / increase in trade account payables		336	-1'403
(Decrease) / increase in other current liabilities		-36	237
Cash generated from operating activities		1'042	377
Interest received	7	103	14
Interest paid	7	-76	-53
Tax received	8	-	-
Tax paid	8	-421	-37
Net cash generated from operating activities		648	301

The notes on pages 20 to 47 form an integral part of these consolidated financial statements

Net cash generated from operating activities		648	301
Cash flows from investing activities			
Purchases of property, plant and equipment	13	-109	-63
Purchases of intangible assets	14	-13	-27
Interest income on loan	7	-95	-101
Proceeds from loan reimbursement	16	85	214
Acquisition of subsidiary, net of cash	27	91	-
Capitalisation of other intangible assets	14	-	-346
Net cash used in investing activities		-41	-323
Cash flows from financing activities			
Net cash generated from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		607	-22
Exchange gains/(losses) on cash and cash equivalents		20	-45
Cash and cash equivalents at beginning of year		2'695	2'762
Cash and cash equivalents at end of year	10/15b	3'322	2'695
Cash and cash equivalents comprise the following:			
Cash and bank balances		2'182	849
Customers security deposits, available for use under certain conditions		659	1'521
Blocked deposits, as guarantees for credit and suppliers cards		481	325
		3'322	2'695

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

■ 1. ACTIVITY AND GROUP STRUCTURE

Perfect Holding SA (Perfect Holding or the Company) was incorporated in Yverdon-les-Bains (Switzerland) as a Swiss limited company on April 8, 1997 with the Register of Commerce of the Canton of Vaud. The Company has its corporate legal headquarter at 36, Route d'Allaman, 1163 Etoy, Switzerland. Its duration is undetermined. The corporate purpose of the Company, according to Article 2 of its Articles of incorporation, is the acquisition and the management of participations in other companies as well as any directly or indirectly related purposes.

Perfect Holding, the ultimate parent company, is listed on the SIX Swiss Exchange, SIX Main Standard. The Company is listed under the symbol "PRFN".

On May 21, 2012, Perfect Holding SA has completed the acquisition of the entire share capital of a UK company, Oxygen Aviation Ltd, Horsham (UK). The acquired company is active in the aircraft charter business for a variety of clients and aircraft.

Perfect Holding and its subsidiaries (the Perfect Group) are dedicated to the following services to the business aircraft market: aircraft management and operations, world wide charters, aircraft acquisitions and sales, as well as aircraft consultancy.

As at December 31, 2012, the group has two Aircraft Operating Certificates ("AOC") in Portugal and in UK, and provides the above services in Europe, Russia, Switzerland and in the UK, principally (see Note 30 for additional information on the group AOCs).

These group consolidated financial statements were authorised for issue by the Board of Directors on March 25, 2013, but they are subject to approval of the shareholders' general meeting.

■ 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The Perfect Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations and comply with Swiss law. The consolidated financial statements have been prepared under the historical cost convention, except for items to be recorded at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on January 1, 2012:

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1, 2012 that would be expected to have a material impact on the group.

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on January 1, 2012, but are currently not relevant for the group:

- Amendments to IAS 12 'Income taxes' on deferred tax (effective January 1, 2012)
- Amendments to IFRS 7 'Financial instruments: Disclosures - Transfer of financial assets' (effective on July 1, 2011)
- Amendment to IFRS1 'First time adoption' on fixed dates and hyperinflation (effective on July 1, 2011)

Perfect Holding's subsidiaries are:

	Registered office	Country	Currency	Share capital	Ownership Interest
Perfect Aviation SA	Etoy	Switzerland	CHF	4'225'000	100%
Perfect Aviation Portugal, S.A.	Lisbon	Portugal	EUR	250'000	100%
Perfect Aviation UK Ltd	Biggin Hill	UK	GBP	1	100%
Oxygen Aviation Ltd	Horsham	UK	GBP	360	100%

New standards, interpretations to existing standards and standards amendments that are not yet effective:

In the current year, the group has early adopted IAS 19 'Employee benefits' (effective January 1, 2013), amended in June 2011. According to IAS 19R, the annual costs for defined benefit plans comprise the net interest costs, measured on the funded status applying the same discount rate for plan assets and defined benefit obligations. Past-service costs are recognised immediately in income. Actuarial gains and losses (renamed to 'remeasurements') are recognised immediately in other comprehensive income. The corridor approach or recognition immediately in profit or loss is no longer permissible.

Additional disclosures are proposed regarding the characteristics of entity's benefit plans, amounts recognised in the financial statements, impacts on future cash flows and risks arising on from defined-benefit and multi-employer plans.

Finally, the definition of a termination benefit is amended: any benefit that has a future-service obligation is not a termination benefit. This reduces the number of arrangements that meet the definition of termination benefits. The group applies IAS 19 (amendment 2011) from January 1, 2012 (early adoption).

Therefore all additional required information has been included in those consolidated financial statements, including the restatement of the year 2011. The effect on the income statement and the balance sheet is shown in the following tables:

CONSOLIDATED INCOME STATEMENTS

(in CHF '000)	Year ended Dec. 31, 2011	Restatements	Restated Year ended Dec. 31, 2011	Comments
Revenue	21'749		21'749	
Cost of goods sold	-13'506		-13'506	
Gross profit	8'243	-	8'243	
Aviation costs	-3'335		-3'335	
Production costs	-83		-83	
Marketing & sales expenses	-1'612		-1'612	
General & administrative expenses	-2'694	97	-2'597	1)
Other operating income/(expenses)	-61		-61	
Operating profit	458	97	555	
Finance income	115		115	
Finance expenses	-53		-53	
Exchange differences	-541		-541	
Profit/(loss) before taxes	-21	97	76	
Income tax income/(expenses)	223	-27	196	2)
Net profit for the year	202	70	272	
Basic and diluted profit per share (CHF)	0.00	0.00	0.00	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in CHF '000)	Year ended Dec. 31, 2011	Restatements	Restated Year ended Dec. 31, 2011	Comments
Net profit for the year	202	70	272	1)
Other comprehensive income:				
Currency translation differences	-22		-22	
Remeasurements on defined benefit plans	-	-182	-182	1)
Other comprehensive income / (loss) for the year, net of tax	-22	-182	-204	
Total comprehensive income / (loss) for the year	180	-112	68	
Attributable to:				
Owners of the parent	180	-112	68	
Non-controlling interests	-		-	

CONSOLIDATED BALANCE SHEETS

(in CHF '000)	Dec. 31, 2011	Restatements	Restated Dec. 31, 2011	Comments
ASSETS				
Current assets	8'472	-	8'472	
Long-term assets				
Property, plant and equipment	191		191	
Intangible assets	1'255		1'255	
Deferred tax assets	443	97	540	2)
Defined benefit assets	50	-50	-	3)
Long-term loan and other assets	1'861		1'861	
Total long-term assets	3'800	47	3'847	
Total assets	12'272	47	12'319	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	5'113	-	5'113	
Non-current liabilities				
Defined benefit liabilities	-	500	500	1)
Total non-current liabilities	-	500	500	
Total liabilities	5'113	500	5'613	
Equity attributable to owners of the parent				
Share capital	14'709		14'709	
Other comprehensive income	-	-182	-182	1)
Cumulative translation adjustment	-44		-44	
Accumulated losses	-7'506	-271	-7'777	1)
Total equity	7'159	-453	6'706	
Total liabilities and equity	12'272	47	12'319	

CONSOLIDATED BALANCE SHEETS

(in CHF '000)	Jan. 1, 2011	Restatements	Restated Jan. 1, 2011	Comments
ASSETS				
Current assets	9'958	-	9'958	
Long-term assets				
Property, plant and equipment	218		218	
Intangible assets	989		989	
Deferred tax assets	224	74	298	2)
Defined benefit assets	37	-37	-	3)
Long-term loan and other assets	1'935		1'935	
Total long-term assets	3'403	37	3'440	
Total assets	13'361	37	13'398	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	6'382	-1	6'381	
Non-current liabilities				
Defined benefit liabilities	-	379	379	1)
Total non-current liabilities	-	379	379	
Total liabilities	6'382	378	6'760	
Equity attributable to owners of the parent				
Share capital	14'709		14'709	
Other comprehensive income	-		-	1)
Cumulative translation adjustment	-22		-22	
Accumulated losses	-7'708	-341	-8'049	1)
Total equity	6'979	-341	6'638	
Total liabilities and equity	13'361	37	13'398	

1) Changes in defined benefit liabilities/assets implied by the transition to IAS 19R have been recorded against other comprehensive income, as at January 1, 2011. Then, according to IAS 19R, the annual costs for defined benefit plans (recognised in the income statement) comprise the net interest costs, measured on the funded status applying the same discount rate for plan assets and defined benefit obligations. Actuarial gains and losses (renamed to 'remeasurements') are recognised immediately in other comprehensive income.

2) The changes in deferred taxes represents the deferred tax effects on the adjustments necessary to transition to IAS 19R.

3) Restatement of defined benefit assets, existing under IAS 19, as of December 31, 2011 and 2010.

The group has not early adopted any other new standards, interpretations to existing standards and standards amendments

which need adoption by January 1, 2013 or later. The group has commenced, but not yet completed, an assessment of the impact of the adoption of these new or amended standards on its consolidated financial statements and is currently of the view that the impact would not be significant other than certain additional disclosures. The relevant standards and amendments identified by the group to date relate to:

- IFRS 9 'Financial instruments' (effective January 1, 2015) addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification de-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

depends on 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 will apply IFRS 9 from January 1, 2015, but it is not expected to have any significant impact on the group's financial statements.

- IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interest in Other Entities', Amendment to IAS 27 'Separate Financial Statements', Amendment to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after January 1, 2013). These new standards and amendment specify the accounting and disclosures to be adopted on consolidation and joint arrangements. No or no material effects are expected on the consolidated financial statements of the group.

- IFRS 13 'Fair value measurement' (effective January 1, 2013) explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value of a liability therefore reflects non-performance risk (that is, own credit risk). The group will apply IFRS 13 from January 1, 2013, but it is not expected to have any significant impact on the group's financial statements.

- Amendment to IAS 1 'Financial statement presentation' (effective July 1, 2012) regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The group will apply this amendment from January 1, 2013, but it is not expected to have any significant impact on the group's financial statements.

The following new standards, amendments to standards and interpretations are not yet effective, and are currently not relevant for the group:

- Amendment to IFRS 1 'First time adoption', on government loans (effective January 1, 2013)
- Amendments to IFRS 9 'Financial instruments' (effective January 1, 2013 or 2015)
- IFRIC 20 'Stripping costs in the production phase of a surface mine' (effective January 1, 2013)

- Amendments to IFRS 7 'Disclosures - Offsetting Financial Assets and Financial Liabilities' (effective January 1, 2013)
- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (effective January 1, 2014)

2.2 CONSOLIDATION

The annual closing date of the individual financial statements is December 31.

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. They are de-consolidated from the date that control ceases.

The group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs 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. On an acquisition-by-acquisition basis, 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.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable net assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2.3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the group'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 Swiss francs ("CHF" or "Swiss francs"), which is the Company's functional and the group's presentation currency.

Transactions and balance

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

All foreign exchange gains and losses are presented in the income statement within "Exchange differences".

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised in other comprehensive income, under "Cumulative translation adjustment".

On consolidation, exchange difference arising from the translation of the net investment in foreign operations are taken to "Cumulative translation adjustment" in other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash in hand, other short-term highly liquid investments with original maturities of three months or less. This position is readily convertible to known amounts of cash. Restricted cash (which comprises customers security deposits and blocked deposits) is included in "Cash and cash equivalents".

2.6 TRADE ACCOUNT RECEIVABLES

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement in "Marketing & sales expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "Marketing & sales expenses" in the income statement.

2.7 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and when the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives, as follows:

Building	25 years
Equipments	5 years
Office equipment	3 - 10 years
Vehicles	5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see accounting policy 2.9 Impairment of non-financial assets).

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating income / expenses" in the income statement.

2.8 INTANGIBLE ASSETS

All intangible assets are stated at cost less accumulated amortisation.

Licences

Licences (such as Aircraft Operating Certificates) acquired in a business combination are recognised at fair value at the acquisition date. Same type of licences obtained internally are capitalised on the basis of the costs incurred to obtain the specific licences. Such licences have an indefinite useful life. They are tested for impairment annually and whenever there is an indication that it may be impaired, and they are carried at cost less accumulated impairment losses.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisitions of subsidiaries is included in "Intangible assets". Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Customer relationship

Customer relationship has been identified in the business combination as of May 21, 2012. It has been recognised at fair value at the acquisition date and classified under "Customer relationship" in intangible assets. Such customer relationship has an estimated useful life of 5 years. Amortisation is calculated using the straight-line method to allocate the cost of this asset over its estimated useful life.

Software

Software cost relating to the implementation of the Enterprise resource planning system costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives, i.e. over three years from the completion date. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred, because not meeting recognition criteria.

Other intangible assets

Other intangible assets consist of "Perfect Aviation" trademark registration, shown at historical cost. This trademark has an indefinite useful life.

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 FINANCIAL ASSETS

Classification

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The financial assets of the group consist of loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's

loans and receivables comprise trade account receivables, long-term loan and cash and cash equivalents in the balance sheet (see accounting policies 2.5 and 2.6).

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are carried at amortised cost using the effective interest method.

2.11 IMPAIRMENT OF FINANCIAL ASSETS

Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Impairment testing of trade receivables is described in the accounting policy 2.6.

2.12 TRADE ACCOUNTS PAYABLE

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 PROVISIONS

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Restructuring provisions mainly comprise lease termination penalties, employee termination payments, and are recognised in the period in which the group becomes legally or constructively committed to payment. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.14 EMPLOYEE BENEFITS

Pension obligations

Group companies operate defined benefit and defined contribution pension schemes in accordance with the local conditions and practices in the countries in which they operate. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution

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plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligations. The contributions are recognised as employee benefit expense when they are due and are included in staff costs. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.15 SHARE-BASED PAYMENTS

Until the end of 2010, the group had operated an equity-settled, share-based compensation plan. Share options could be granted to the management and employees of the group. Options were granted at the market price of the shares (but with a minimum corresponding to the nominal value) on the date of the grant and were exercisable at that price. The unexercised portion of any option rights granted under the plans had expired on December 31, 2010.

The fair value of the employee services received in exchange for the grant of the options was recognised as an expense. The total amount to be expensed over the vesting period was determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions were included in assumptions about the number of options that were expected to become exercisable. At each balance sheet date, the entity revised its estimates of the number of options that were expected to become

exercisable. It recognised the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs were credited to share capital (nominal value) and share premium when the options were exercised.

2.16 SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, reduce the proceeds from the equity issue and are recognised directly in equity.

2.17 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.18 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.19 REVENUE RECOGNITION

Revenue comprises the invoiced value for the sale of services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of services

The group sells services to the business aircraft market: aircraft management and operations, world wide charter, brokerage of aircraft acquisition and sales.

Aircraft management

Revenue from aircraft management is recognised on a monthly basis, in accordance with the aircraft management agreements signed with the aircraft owners. Revenue from aircraft management is recognised in applying the proper "agent VS principal" rule of IAS 18 revenue recognition. In an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission. Determining whether an entity is acting as a principal or as an agent requires judgement and consideration of all relevant facts and circumstances.

An entity is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. Features that indicate that an entity is acting as a principal include:

- (a) the entity has the primary responsibility for providing the goods or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;
- (b) the entity has inventory risk before or after the customer order, during shipping or on return;
- (c) the entity has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services; and
- (d) the entity bears the customer's credit risk for the amount receivable from the customer.

An entity is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. One feature indicating that an entity is acting as an agent is that the amount the entity earns is predetermined, being either a fixed fee per transaction or a stated percentage of the amount billed to the customer.

The different services included in the aircraft management have been examined separately into details in order to determine whether the group is acting as a principal (it is the case for the crew management and all its related expenses, such as salaries, training, etc.) or as an agent (it is the case for fuel, insurance, maintenance, travel, handling, etc.).

Charters

Revenue from charters is recognised when the group entity has delivered its services to its customers, i.e. when the concerned flight has occurred. In addition, revenue from charter business is recognised in applying the proper "agent VS principal" rule of IAS 18 revenue recognition (see above).

The group is acting almost exclusively as a principal in this charter business, as it has the exposure to the significant risks and rewards associated with the rendering of those services. Accordingly, the amount invoiced to the final customer is reco-

gnised in the income statement in "Revenue"; the amount for the purchase of the flight from an aircraft owner whose aircraft is under our management ('charter') or from an external operator ('subcharter') is recognised in "Cost of goods sold".

The only case when the group is acting as an agent is when the group acts as an intermediate and recommends an operator to a customer and vice versa. In such situation, the group will get a commission, which is recognised in "Revenue" in the income statement.

Brokerage

Revenue from brokerage on acquisition and sales of aircrafts, which corresponds to commissions, is recognised when the adjacent transaction has taken place.

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.20 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Taxes on income are accrued in the same periods as the revenues and expenses to which they relate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences or the unused tax losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

■ 3. FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group does not use derivative financial instruments to hedge these exposures.

Through the group's internal control system and with the internal audit department, the Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas. It also performs the risk assessment, defines the adequate measures and ensures the monitoring of the internal control system.

Foreign exchange risk

Transaction exposure arises because the amount of local currency paid or received in transactions denominated in foreign currencies may vary due to changes in exchange rates. The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euros, US dollars and British pounds. Foreign exchange risk arises from:

- forecast revenue and costs denominated in a currency other than the entity's functional currency;
- recognised assets and liabilities; and
- net investments in foreign operations.

The translation exposure is limited by aligning the revenue streams to currencies that match the cost base. The group ensures that its net exposure is kept to a minimum level: group companies are responsible for their own cash management and they are invoicing revenue and paying expenses as much as possible in their local currency. The remaining exposure is related to the recognised assets and liabilities, which are denominated in a currency that is not the entity's functional currency. This exposure is kept as low as possible by compensating the risk on invoices in other currencies by purchasing some goods and services in these other currencies.

The group does not specifically manage the risk in respect of the net investments in foreign operations as long as the risk is kept to a reasonable level.

At December 31, 2012, if the CHF had weakened/strengthened by 10 % against the GBP with all other variables held constant, net result for the year would have been KCHF 168 higher/lower, mainly as a result of foreign exchange gains / losses on translation of GBP-denominated group net assets (2011: KCHF 29).

Profit is much more sensitive to movement in currency / GBP exchange rates in 2012 than in 2011 because of the increased amount of GBP-denominated group net assets, further to the acquisition of Oxygen Aviation Ltd, UK in May 2012.

Interest rate risk

Interest rate risk arises from movements in interest rates which could have adverse effects on the group's net income or financial position. Changes in interest rates cause variations in interest income and expenses on interest-bearing assets and liabilities.

The group's net income and financial position are independent of changes in market interest rates as the group has only interest-bearing assets and liabilities with fixed rates.

Credit risk

Credit risk is managed on a group basis. Credit risk arises from credit exposures to customers, including outstanding receivables. There is some concentrations of credit risk on trade receivables (see Notes 11 and 15b), as the current group customers in the segments of aircraft management and brokerage represent a considerable part of the group revenues and trade receivables. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The credit quality of receivables past due is assessed on an individual basis and on the customer's history of defaults. The group has policies in place to ensure that sales are made to customers only under appropriate financial securities level (the group requires operating and security deposits from the aircraft management customers) and also by means of advance payment requests as well as use of major credit cards, especially for charters business. Otherwise, the group

only gives credit to reputable companies and to certain individuals of high credit quality.

For banks and financial institutions, the group works with different banks in each country.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecast of the group's liquidity requirements to ensure sufficient cash is available to meet operational needs. Weekly cash reports are used to monitor the available cash, the outstanding trade account receivables and payables. Prudent liquidity risk management implies maintaining sufficient cash to cover working capital requirements. Individual companies are responsible for their own cash management, under the supervision of the group management, which is in charge of balancing the subsidiaries cash needs and/or cash surplus.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(in CHF '000)	Notes	Less than 3 months	Between 3 months and 1 year	More than 1 year
Trade accounts payable		1'155	-	-
Other current liabilities (excl. deferred inc.)	18	1'163	-	-
Current portion of long-term debt	20	-	-	-
Long-term debt	20	-	-	-
At December 31, 2011		2'318	-	-
Trade accounts payable		1'875	-	-
Other current liabilities (excl. deferred inc.)	18	2'854	-	-
Current portion of long-term debt	20	-	21	-
Long-term debt	20	-	-	350
At December 31, 2012		4'729	21	350

3.2 CAPITAL MANAGEMENT

The group considers equity as equivalent to the IFRS equity on the balance sheet.

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital (see Note 21). The objective of the group is to avoid, as much as possible, resorting on external loans. At December 31, 2012, the group has no external financing, apart from the mortgage on the building located in Horsham (see Note 20).

3.3 FAIR VALUE ESTIMATION

The nominal values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

In 2012, there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets and financial liabilities. In 2012, there were no reclassifications of financial assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Building

Building depreciation is based on its estimated useful life. Estimating useful life of an asset is a matter of judgement, not fact, requiring good knowledge of the asset's quality and assumptions regarding the possible duration of use.

Provision for receivables impairment

Credit risk arises from credit exposures to customers, including outstanding receivables. There is some concentrations of credit risk on trade receivables (see Notes 11 and 15b), as some current group customers represent a considerable part of the group revenues and trade receivables. Risk control assesses the

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credit quality of the customer, taking into account its financial position, past experience and other factors. The credit quality of receivables is assessed on an individual basis and on the customer's history of defaults. The group only gives credit to reputable companies and to certain individuals of high credit quality. The group has policies in place to ensure that sales are made to customers by means of advance payment requests as well as use of major credit cards. Based on its knowledge of its customers and on experience, as well as on statistics, the management estimates the level of necessary provision for receivables impairment.

Licences

Licences (such as Aircraft Operating Certificates) have an indefinite useful life, and consequently they must be tested for impairment annually, irrespective of indicators of impairment, and they are carried at cost less accumulated impairment losses. An impairment test has been performed at December 31, 2012 and consequently, both the Portuguese and the UK AOC licences have been impaired. The impairment test process is a matter of judgement, not fact, requiring estimation of fair value less cost to sell, respectively estimation of value in use, based on estimation of future cash flows and appropriate discount rates.

4.2 CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

Deferred tax assets related to tax losses to be carried-forward

As defined in accounting policy 2.20 Current and deferred income tax, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be realised against which the temporary differences or the unused tax losses can be utilised. The probability of future taxable profit needs management judgements and estimates to be determined. Had the group estimated that all available tax losses could be used, the effect would have been an additional income of KCHF 10'029 as of December 31, 2012 (2011: KCHF 15'275).

Recoverability of long-term loan

The group has granted a loan to the company Mondema SA (see Note 16). The balance of the loan amounts to KCHF 2'034 at December 31, 2012. The group management has been informed that Mondema is pursuing its strategic change, from being a subcontractor to becoming a manufacturer of specific high-value-added machines, for large customers in the medical, luxury and food sectors. However, it remains an uncertainty regarding the repayment of the loan due as scheduled. Management is following up the ability of the company to respect the repayment plan.

5. EMPLOYEE BENEFIT EXPENSES

(in CHF '000)	Notes	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Wages, salaries and other costs		5'670	6'072
Social security costs		841	823
Defined benefit plan - pension costs/(income)	19	-181	138
Defined contribution plan - pension costs		18	-
		6'348	7'033

Number of persons (full-time equivalent) employed by the group at the end of the year:

	Dec. 31, 2012	Dec. 31, 2011
Switzerland	15	30
Portugal	16	19
United Kingdom	33	6
	64	55

6. INCOME / EXPENSES BY NATURE

(in CHF '000)	Notes	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Aviation costs		23'196	10'033
Material costs and changes in inventories		-	27
Employee benefit expenses	5	6'347	7'033
Depreciation	13	110	89
Amortisation	14	231	107
Impairment	14	1'051	-
Administrative and general costs		3'389	2'848
Representation and travel expenses		859	1'118
Other operating income		47	-471
Other operating expenses		-128	410
Total expenses by nature		35'102	21'194

The total income / expenses by nature correspond to the total of the following income/expenses by function: cost of goods sold, aviation costs, production costs, marketing & sales expenses, general & administrative expenses, impairment and other operating income/expenses.

■ 7. FINANCE INCOME AND EXPENSES

(in CHF '000)	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Interest income on long-term loan (Note 16)	95	101
Other financial income	8	14
Finance income	103	115
Interest and financial expenses	-76	-53
Finance expenses	-76	-53
Finance income, net	27	62

■ 8. INCOME TAX EXPENSES

(in CHF '000)	Notes	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Current tax		-33	-5
Deferred tax	17	-72	192
Tax relating to prior years		-	9
Income tax income/(expenses)		-105	196

The group's expected tax expenses for each year is based using the applicable tax rate in each individual jurisdiction, which in 2012 ranged between 8% and 22% (2011: between 8% and 22%), in the tax jurisdictions in which the group operates. The reconciliation of the expected and the effective income tax expenses is as follows:

(in CHF '000)	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Profit/(loss) before taxes	-298	76
Tax calculated at tax domestic rates applicable to profits in the respective countries	-23	-89
Tax effects of:		
• Tax losses for which no deferred income tax asset was recognised	-817	-241
• Utilisation of previously unrecognised tax losses	711	334
• Recognised tax loss carried forward (previously unrecognised)	-	219
• Change in deferred tax liabilities/assets	-72	-27
• Income not taxable/(expenses not deductible) (incl. restructuring result)	118	-3
• Other	-22	3
Income tax income/(expenses)	-105	196

The movements in income tax receivables/payables, included respectively in the "Other current assets" (Note 12) and in the "Income tax payables" in the balance sheet, are as follows:

(in CHF '000)	Income tax receivables	Income tax payables
January 1, 2011	-	-22
Taxes (received)/paid	25	12
Taxes credited/(charged) to income statement	-	4
Exchange difference	-	1
December 31, 2011	25	-5
Taxes (received)/paid	32	389
Taxes credited/(charged) to income statement	-	-33
Acquisition of subsidiary (Note 27)	-	-669
Exchange difference	-	-9
December 31, 2012	57	-327

Further information is presented in Note 17 about deferred income taxes.

■ 9. EARNINGS PER SHARE

	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Net profit attributable to shareholders (in CHF '000)	-403	272
Weighted average number of ordinary shares in issue	167'945'182	147'083'853
Basic and diluted profit/(loss) per share (in CHF)	0.00	0.00

Basic profit per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

The diluted profit per share is equivalent to the basic profit per share, as there are no dilutive elements to be taken into consideration at December 31, 2012 and 2011.

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■ 10. CASH AND CASH EQUIVALENTS

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Cash and bank balances	2'182	849
Customers security deposits, available for use under certain conditions	659	1'521
Blocked deposits, as guarantees for credit and suppliers cards	481	325
	3'322	2'695

The customers security deposits correspond to the deposits advanced by the customers, as a security for their obligations in the context of their aircraft management agreements. The group will not use the security deposits, subject to any default of the customers with regard to any payment due to the group under the aircraft management agreements. The counterpart can be found in the "Advances from customers". These deposits are denominated in Euros (EUR).

■ 11. TRADE ACCOUNT RECEIVABLES

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Trade account receivables	6'789	5'638
Less: Provision for receivables impairment	-1'431	-1'520
Trade account receivables, net	5'358	4'118

The fair value of above trade receivables equals their carrying amount, as the impact of discounting is not significant.

Trade receivables that are less than six months past due are not considered impaired. As of December 31, 2012, trade receivables of KCHF 716 (2011: KCHF 143) are past due but not impaired. These relate to a number of independent customers for whom there is no recent history of defaults. The ageing analysis of the trade receivables not impaired is as follows:

(in CHF '000)	Notes	Dec. 31, 2012	Dec. 31, 2011
Neither past due nor impaired	15b	4'643	3'932
Up to 6 months past due but not impaired		672	141
6 to 12 months past due but not impaired		43	-
Over 12 months past due but not impaired		-	2
		5'358	4'075

As at December 31, 2012, trade receivables of KCHF 1'431 (2011: KCHF 1'563) are impaired and provided for. The amount of provision is KCHF 1'431 as of December 31, 2012 (2011: KCHF 1'520). As at December 31, 2011, it was assessed that a portion of the receivables is expected to be recovered. The individually impaired receivables relate partly to discs producers, which are in difficult economic situations, partly to an aircraft management customer and, for a minor part, to subcharter customers. The ageing analysis of these receivables is as follows:

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Up to 6 months	-	36
6 to 12 months	29	23
Over 12 months	1'402	1'504
	1'431	1'563

The carrying amounts of the group's trade accounts receivables are denominated in the following currencies:

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
CHF Swiss francs	600	556
USD US dollars	3'098	1'701
EUR Euros	2'233	3'335
GBP British pounds	858	46
	6'789	5'638

Movements on the group provision for impairment on trade receivables are as follows:

(in CHF '000)	2012	2011
January 1	1'520	1'208
Allocation to provision for receivables impairment	28	333
Receivables written off during the year as uncollectible	-119	-
Exchange difference	2	-21
December 31	1'431	1'520

The creation and release of provision for impaired receivables have been included in "Marketing & sales expenses" in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. As far as aircraft management customers are concerned, the group holds some deposits as security (see Note 10).

■ 12. OTHER CURRENT ASSETS

(in CHF '000)	Notes	Dec. 31, 2012	Dec. 31, 2011
VAT receivable, net		266	153
Prepaid expenses		1'640	835
Income tax receivables	8	57	25
Other current assets		230	226
		2'193	1'239

The above other current assets are mainly denominated in British pounds (GBP), as well as in Swiss francs (CHF) and in Euros (EUR).

The fair value of above other current assets equals their carrying amount, as the impact of discounting is not significant.

This class of assets does not contain impaired assets.

■ 13. PROPERTY, PLANT AND EQUIPMENT

(in CHF '000)	Building	Equipments	Office equipment	Vehicles	Total
COST					
January 1, 2011	-	-	328	10	338
Additions	-	31	32	-	63
Disposals and write-offs	-	-	-21	-	-21
Exchange difference	-	-	-2	-	-2
December 31, 2011	-	31	337	10	378
Additions	-	75	34	-	109
Acquisition of subsidiary (Note 27)	507	-	66	-	573
Exchange difference	8	1	3	-	12
December 31, 2012	515	107	440	10	1'072
ACCUMULATED DEPRECIATION					
January 1, 2011	-	-	117	3	120
Depreciation charge	-	7	78	4	89
Disposals and write-offs	-	-	-21	-	-21
Exchange difference	-	-	-1	-	-1
December 31, 2011	-	7	173	7	187
Depreciation charge	14	22	71	3	110
Acquisition of subsidiary (Note 27)	73	-	36	-	109
Exchange difference	-	1	2	-	3
December 31, 2012	87	30	282	10	409
NET BOOK AMOUNT					
December 31, 2011	-	24	164	3	191
December 31, 2012	428	77	158	-	663

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Depreciation expense has been recorded to the following functional lines in the income statement:

	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Aviation costs	36	41
Marketing & sales expenses	24	19
General & administrative expenses	36	29
Other operating income/(expenses)	14	-
	110	89

The fire insurance value of property, plant and equipment is as follows:

	Dec. 31, 2012	Dec. 31, 2011
Fire insurance value	1'321	680

■ 14. INTANGIBLE ASSETS

(in CHF '000)	Goodwill	Customer relationship	Licences	Software	Other intangible assets	Total
COST						
January 1, 2011	-	-	685	3'417	6	4'108
Additions	-	-	364	6	3	373
December 31, 2011	-	-	1'049	3'423	9	4'481
Additions	-	-	-	13	-	13
Acquisition of subsidiary (Note 27)	3'984	1'000	-	-	-	4'984
Exchange difference	-	7	2	-	-	9
December 31, 2012	3'984	1'007	1'051	3'436	9	9'487
ACCUMULATED AMORTISATION						
January 1, 2011	-	-	-	3'119	-	3'119
Amortisation charge	-	-	-	107	-	107
December 31, 2011	-	-	-	3'226	-	3'226
Amortisation charge	-	124	-	107	-	231
Impairment loss	-	-	1'051	-	-	1'051
Exchange difference	-	2	-	-1	-	1
December 31, 2012	-	126	1'051	3'332	-	4'509
NET BOOK AMOUNT						
December 31, 2011	-	-	1'049	197	9	1'255
December 31, 2012	3'984	881	-	104	9	4'978

Amortisation and impairment have been recorded to the following functional lines in the income statement:

(in CHF '000)	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Aviation costs	151	52
Marketing & sales expenses	44	31
General & administrative expenses	36	24
Impairment	1'051	-
	1'282	107

During October 2010, Perfect Holding SA had created a subsidiary company in the UK, Perfect Aviation UK Ltd, which had obtained on June 1, 2011 its UK Air Operators Certificate from the UK Civil Aviation Authority (CAA) and its EASA Part 145 approval. The application costs for such licences, as well as their directly attributable costs, had been capitalised in the intangible assets in the category "Licences".

As at December 31, 2012, the group has two Aircraft Operating Certificates ("AOC") in Portugal and in UK, and provides the above services in Europe, Russia, Switzerland and in the UK, principally.

The amount of KCHF 1'051 is composed of KCHF 639 for the Portuguese licence and KCHF 412 for the UK licence.

Impairment tests

As licences have an indefinite useful life, they must be tested for impairment annually, irrespective of indicators of impairment. The group is relying on the estimation of value in use, respectively fair value less cost to sell. Estimating value in use is a matter of judgement, not fact, requiring estimates of cash flows many years into the future and determining appropriate discount rates to bring them back to their present values.

As far as the impairment test of the Portuguese AOC is concerned, as the Portuguese AOC has been suspended and as Perfect Aviation Portugal SA has no intention to continue the aircraft management activity (see Note 30), this AOC has been totally impaired, for an amount of KCHF 639.

Regarding the impairment of the UK AOC licence, this latter is attributed to the cash-generating unit corresponding to the UK entity Perfect Aviation UK Ltd. The value in use has been calculated using the Discounted Cash Flow method, for the 5-year period from 2013 until 2017. 2013 figures have been taken from the group budget, and then, the following key assumptions have been used:

- revenues growth: +5% per year
 - COGS growth: +4% per year
 - staff expenses: +2.5% per year
 - operating expenses: +1% per year
- A discount rate of 10% has been used.

In parallel, the fair value less cost to sell of the UK AOC licence has been estimated to an amount close to zero, taking into consideration a similar transaction.

Consequently, the carrying amount of this cash-generating unit has been impaired. The impairment charge of KCHF 412, corresponding to the carrying amount of the license, arose following the reassessment of the aircraft management activities and profitability in the UK.

Both AOC licences have been impaired, generating an impairment loss of KCHF 1'051.

No class of assets other than AOC licences has been impaired.

■ 15A. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Assets as per balance sheet -		
loans and receivables		
Cash and cash equivalents	3'322	2'695
Trade account receivables	5'358	4'118
Other current assets (excl. prepayments)	553	404
Long-term loan (including current portion) and other assets	2'142	2'201
Total loans and receivables	11'375	9'418
Liabilities as per balance sheet -		
other financial liabilities		
at amortised cost		
Trade account payables	1'875	1'155
Other current liabilities (excl. deferred income)	1'243	1'163
Current portion of long-term debt	21	-
Long-term debt	350	-
Total other financial liabilities	3'489	2'318

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■ 15B. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rating (if available) or to historical information about counterparty default rates:

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Cash and cash equivalents		
AA	546	584
AA-	-	-
A+	329	308
A	1'028	102
BB (BBB- in 2011)	1'412	1'687
No rating available	7	14
	3'322	2'695

Trade account receivables (without external credit rating)

	Dec. 31, 2012	Dec. 31, 2011
Group 1	307	165
Group 2	4'336	3'953
Group 3	-	-
	4'643	4'118

Other current assets (without external credit rating)

	Dec. 31, 2012	Dec. 31, 2011
Group 1	-	-
Group 2	2'193	1'239
Group 3	-	-
	2'193	1'239

Long-term loan (including current portion) and other assets

	Dec. 31, 2012	Dec. 31, 2011
A (AA- in 2011)	108	82
Group 3	2'034	2'119
	2'142	2'201

Group 1 - new customers / counterparties (less than 12 months)

Group 2 - existing customers / counterparties (more than 12 months)
with no defaults in the past

Group 3 - existing customers / counterparties (more than 12 months)
with some defaults in the past. All defaults were fully recovered.

■ 16. LONG-TERM LOAN (INCLUDING CURRENT PORTION) AND OTHER ASSETS

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Current portion of long-term loan	180	340
	180	340
Long-term loan	1'854	1'779
Other assets	108	82
	1'962	1'861

The Company had entered into an agreement concerning the sale of certain assets and liabilities, as well as the transfer of its leased facilities and certain contracts in relation to the production of its optical disc manufacturing machines, with effect as of December 31, 2008, to the company Mondema SA. The consideration for such sale was a loan to Mondema SA for an amount of KCHF 1'733. As defined in the assets' sale agreement between the Company and Mondema SA, an additional working capital loan of KCHF 600 had been granted to Mondema SA in spring 2009. The total loan of KCHF 2'333, denominated in Swiss francs (CHF), is bearing interest at 4.50% and should be reimbursed by monthly instalments of KCHF 40, starting in January 2011 and ending in October 2015. In 2012, the loan has been reimbursed by KCHF 85 (2011: KCHF 214). Please refer to Note 4.2 for additional information.

This loan is secured by the following guarantees:

- promissory notes for a total of KCHF 2'333 issued by Mondema SA
- personal guarantee of Mondema SA's shareholder for KCHF 100
- pledge of the shares of Mondema SA with a total nominal value of CHF 250'000, as well as pledge of the shares of another company owned by Mondema SA's shareholder (with a total nominal value of CHF 609'500)
- pledge of Mondema SA's receivables

The amount reported in "Other assets" is mainly the rent deposit for the hangar / office of Perfect Aviation UK Ltd, in Biggin Hill.

■ 17. DEFERRED INCOME TAXES

The analysis of deferred tax assets and deferred tax liabilities is as follows:

(in CHF '000)	Building	Employee benefits (IAS 19)	Tax losses to be carried-forward	Total
Deferred tax assets				
January 1, 2011	-	82	344	426
Credited to other comprehensive income	-	50	-	50
Credited / (charged) to income statement	-	-24	287	263
December 31, 2011	-	108	631	739
Acquisition of subsidiary (Note 27)	32	-	-	32
Credited to other comprehensive income	-	10	-	10
Charged to income statement	-32	-66	-199	-297
December 31, 2012	-	52	432	484

(in CHF '000)	Customer relationship (intangible assets)	AOC licences (intangible assets)	Total
Deferred tax liabilities			
January 1, 2011	-	-128	-128
Charged to income statement	-	-71	-71
December 31, 2011	-	-199	-199
Acquisition of subsidiary (Note 27)	-206	-	-206
Charged to income statement	26	199	225
Exchange difference (CTA)	-2	-	-2
December 31, 2012	-182	-	-182

The gross movement on the net deferred income tax account is as follows:

(in CHF '000)	2012	2011
January 1	540	298
Acquisition of subsidiary (Note 27)	-174	-
Credited to other comprehensive income	10	50
Income statement credit / (charge) (Note 8)	-72	192
Exchange difference (CTA)	-2	-
December 31	302	540

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be realised against which the temporary differences or the unused tax losses can be utilised.

As at December 31, 2011, deferred tax assets and deferred tax liabilities have been offset as:

- the concerned group entity had a legally enforceable right to set off current tax assets against current tax liabilities; and

- the deferred tax assets and the deferred tax liabilities related to income taxes levied by the same taxation authority on the same taxable entity.

Tax losses to be carried-forward:

(in CHF '000)	Years of expiry	Not recognised
	2013	25'439
	2014	23'471
	2015	14'610
	2016	1'174
	Beyond 2017	6'511
		71'205

Out of these CHF 71 million, CHF 35 million relate to Perfect Holding SA, which benefits of a holding status.

In 2012, unused tax losses of CHF 41 million have expired (2011: CHF 22 million).

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18. OTHER CURRENT LIABILITIES

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Accrued operating expenses	611	518
Payroll and social charges	300	369
Commissions	-	28
Professional expenses	202	197
Deferred income	1'611	-
Various taxes	87	41
Other	43	10
	2'854	1'163

19. PENSION OBLIGATIONS

The group has subsidiaries in several countries, where the retirement systems are very different. In Switzerland, the pension plan is classifying as defined benefit plan. The employees of operating companies in the UK and in Portugal are mainly covered by local social security schemes. Those benefit plans are not considered as material, and pension costs for these plans are charged to the income statement when incurred.

The Swiss defined benefit plan scheme is valued by independent actuaries every year using the projected unit credit method. The latest actuarial valuation was carried out as at December 31, 2012.

The amounts recognised in the balance sheet are as follows:

(in CHF '000)	Restated		Restated
	Dec. 31 2012	Dec. 31 2011	Jan. 1 2011
Defined benefit assets	-	-	-
Defined benefit liabilities	240	500	379
Net (asset)/liability in the balance sheet	240	500	379

This net amount is composed as follows:

(in CHF '000)	Restated		Restated
	Dec. 31 2012	Dec. 31 2011	Jan. 1 2011
Present value of defined benefit obligations for funded plan	551	1'884	1'169
Fair value of plan assets	-311	-1'384	-790
Deficit of funded plans: liability in the balance sheet	240	500	379

The movement in the net defined benefit obligations over the year is as follows:

(in CHF '000)	Present value of obligation	Fair value of plan assets	Total
January 1, 2011 after restatement	1'169	-790	379
Defined benefit plan - pension costs:			
Curtailment	-432	270	-162
Current service cost	292	-	292
Interest cost/(income)	27	-19	8
Defined benefit plan - pension costs	-113	251	138

Employee contributions	248	-248	-
Employer contributions	-	-248	-248
Benefits received	346	-346	-
	594	-842	-248

Remeasurements:

Change in financial assumptions	23	-	23
Other actuarial (gains)/losses	211	-	211
Plan assets gains/(losses)	-	-3	-3
Remeasurements	234	-3	231

December 31, 2011

after restatement **1'884** **-1'384** **500**

Defined benefit plan - pension costs:

Curtailment	-1'609	1'231	-378
Current service cost	189	-	189
Interest cost/(income)	27	-19	8
Defined benefit plan - pension costs	-1'393	1'212	-181

Employee contributions	127	-127	-
Employer contributions	-	-127	-127
Benefits payments	-109	109	-
	18	-145	-127

Remeasurements:

Change in financial assumptions	54	-	54
Other actuarial (gains)/losses	-12	-	-12
Plan assets gains/(losses)	-	6	6
Remeasurements	42	6	48

December 31, 2012 **551** **-311** **240**

A curtailment gain was incurred due to the reduction in the number of employees under the Swiss scheme, in connection with the transfer of the charter sales department from Switzerland to

UK (where there is no pension plan) and with the departure of employees (crew) in relation with the diminution in the number of managed aircraft.

The principal actuarial assumptions used for accounting purposes are as follows for all periods presented:

	2012	2011
Discount rate	1.90%	2.50%
Interest credited on savings accounts	1.90%	2.50%
Future salary increases	2.00%	2.00%
Future pension increases	0.50%	0.50%

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in each territory.

Mortality assumptions for Switzerland are based on the following mortality table: the average expectancy of life after retirement (LPP 2010) in years of a pensioner retiring at age 65 (male) and 64 (female) on the balance sheet date is as follows:

	2012	2011
Male	18.93	18.93
Female	22.29	22.29

The sensitivity of the defined benefit obligations and of the service cost to changes in the weighted principal assumption is:

	Change in assumption	Increase in assumption	Decrease in assumption
Sensitivity of the defined benefit obligations:			
Discount rate	0.50%	Decrease by 11.8%	Increase by 14.2%
Sensitivity of the service cost:			
Discount rate	0.50%	Decrease by 11.1%	Increase by 13.3%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Expected employer contributions to defined benefit plan for the year ending December 31, 2013 amount to KCHF 60.

The weighted average duration of the defined benefit obligation is 15 years.

Expected maturity analysis of undiscounted pension benefits are as follows:

(in CHF '000)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 5 year	Total
Estimated benefit payments	30	64	87	82	263
As at December 31, 2012	30	64	87	82	263

Features of the plan and associated risks

Perfect Aviation SA is affiliated to the Swiss Life Collective BVG Foundation (contract no. 5B4F63) based in Zurich for the provision of occupational benefits. All benefits in accordance with the regulations are reinsured in their entirety with Swiss Life Ltd within the framework of the corresponding contract.

This pension solution fully reinsures the risks of disability, death and longevity with Swiss Life. Swiss Life invests the vested pension capital and provides a 100% capital and interest guarantee. In 2012, the guaranteed interest was 1.5% for mandatory retirement savings and 1.25% for supplementary retirement savings. The pension plan is entitled to an annual bonus from Swiss Life comprising the effective savings, risk and cost results.

The technical administration and management of the savings account are guaranteed by Swiss Life on behalf of the collective foundation. Insurance benefits due are paid directly to the entitled persons by Swiss Life in the name of and for the account of the collective foundation. Perfect Aviation SA has committed itself to pay the annual contributions and costs due under the pension fund regulations.

The contract of affiliation between Perfect Aviation SA and the collective foundation can be terminated by either side. In the event of a termination recipients of retirement and survivors' benefits would remain with the collective foundation. Perfect Aviation SA hereby commits itself to transfer its active insured members and recipients of disability benefits to the new employee benefits institution, thus releasing the collective foundation from all obligations.

The treatment of so-called "fully insured" BVG plans under IAS 19 has been thoroughly analysed by the Swiss Auditing Chamber's Auditing Practice Committee. As a result of these consultations, the Swiss Auditing Chamber and its Accounting

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Practice Subcommittee have concluded that for IAS 19 purposes "fully insured" BVG plans shall be considered as defined benefit plans. The reasons are as follows:

- In the event of contract cancellation there is no guarantee that the employee benefits can be continued under the same conditions,
- The risk and cost premiums are charged at different levels.

The valuation of employee benefits obligations in accordance with international accounting standards is carried out regardless of the legal configuration of the pension plans and employee benefits institutions. The standards influence solely the financial result of the company and not that of the employee benefits institution. These results are not relevant for an actuarial assessment in accordance with Article 52e, BVG.

Asset-liability strategy

No asset-liability strategy was performed by Swiss Life in the last fiscal year.

Funding levels

The coverage of the contract with the Swiss Life Collective BVG Foundation is 100%.

20. BORROWINGS

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Current portion of long-term debt	21	-
Long-term debt	350	-
Mortgage debt	371	-

The above mortgage debt, due by Oxygen Aviation Ltd, is secured by one mortgage on the Horsham building (see Note 13). The applicable interest rate a fixed interest rate of 3.11%.

21. SHARE CAPITAL

(in CHF '000)	Number of shares	Ordinary shares	Share premium	Total
Jan. 1, 2011	147'083'853	14'709	-	14'709
Movements in 2011		-	-	-
Dec. 31, 2011	147'083'853	14'709	-	14'709
Issue of share capital, through contribution in kind	33'934'428	3'393	1'989	5'382
Dec. 31, 2012	181'018'281	18'102	1'989	20'091

At December 31, 2012, the share capital amounts to CHF 18'101'828.10, consisting of 181'018'281 issued and fully paid-in registered shares with a nominal value of CHF 0.10 each.

As at May 21, 2012, as part of the consideration for the acquisition of Oxygen Aviation Ltd (see Note 27), the share capital of Perfect Holding SA was increased by way of a contribution in kind. Perfect Holding SA's share capital has been consequently increased by the issuance of 33'934'428 registered shares of CHF 0.10 nominal value each, at a subscription price of CHF 0.1586 each. Accordingly, the share capital has been increased by KCHF 3'393 in nominal value (consisting of 33'934'428 registered shares of CHF 0.10 nominal value each) to a total amount of KCHF 18'102 (consisting of 181'018'281 registered shares of CHF 0.10 nominal value) and an agio (share premium) of KCHF 1'989 has been generated.

Each share carries one vote at the shareholders' meetings. Voting rights may be exercised only after a shareholder has been registered in the Company's share register as a shareholder with voting rights.

Authorised capital

At the shareholders' general meeting held on May 25, 2012, the shareholders have accepted the Board's proposal to create, in order to dispose of a maximum flexibility for the development of the group's business and possible external growth transactions, an authorised capital of a maximum amount of KCHF 9'051 (divided into a maximum of 90'509'140 registered shares of CHF 0.10 nominal value each), for (i) the acquisition of businesses or participations in businesses and/or (ii) the financing of the development of the business and/or the acquisitions of the company and its subsidiaries, for a 2-year period until 24 May 2014, with the possibility for the Board of Directors to suppress and/or restrict the preferential subscription rights of the shareholders in respect of the new shares to be issued in connection with all acquisitions of businesses and/or participations in businesses.

Conditional share capital

At December 31, 2012, the conditional capital of the Company amounts to KCHF 60 (divided into a maximum of 600'000 registered shares of a nominal value of CHF 0.10 each, to be fully paid up). The conditional capital is reserved for the issuance of new shares to managers and employees of the Perfect Group upon exercise of option rights to be granted by the Board of Directors in the context of option plans. The Articles of incorporation provide that the preferential subscription rights of the shareholders may be suppressed in connection with the new shares to be issued out of the conditional share capital. Currently, there is no option plan in place in the group.

Significant shareholders

The main shareholders of the Company are as follows:

	Dec. 31, 2012	Dec. 31, 2011
Haute Vision SA, Mauritius	37.90%	46.64%
Grover Ventures Inc, British Virgin Islands	7.18%	8.84%
Roderick Glassford	6.25%	-
Mark Green	6.25%	-
Steven A Jack	6.25%	-
Nicholas Grey	5.39%	6.64%
Stephen Grey	4.39%	5.40%

Mr. Stephen Grey, Mr. Nicholas Grey, Haute Vision SA and Grover Ventures Inc, who are deemed to form a group based on their family and business relationships and voting agreement (as disclosed in the Swiss Official Gazette of Commerce of August 6, 2008), hold in aggregate 99'304'873 shares, i.e. 54.86% of the current share capital of CHF 18'101'828.10 (divided into 181'018'281 shares with a nominal value of CHF 0.10 each).

Dividend

At the Annual General Meeting on May 24, 2013, the Board of Directors will not propose any dividend in respect of fiscal year 2012 (2011: nil).

22. COMMITMENTS

The future minimum lease payments under non cancellable operating leases are as follows:

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Not later than 1 year	285	278
Later than 1 year and not later than 5 years	410	369
More than 5 years	-	-
	695	647

These operating leases mainly concern office, hangar and vehicle rentals. Lease payments incurred during 2012 and recorded in the income statement amount to KCHF 307 (2011: KCHF 284).

23. CONTINGENT LIABILITIES

The group has contingent liabilities in respect of legal claims arising in the ordinary course of business. In management's opinion, it is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for and the one described here above.

24. ASSETS PLEDGED

As explained in Note 20, there is a charge on the building registered as security against the company Oxygen Aviation Ltd under a loan agreement with Lloyds TSB Plc. There was no assets pledged as at December 31, 2011.

25. RELATED PARTIES

The following transactions were carried out with related parties

Key management compensation

Key management composition is described in Note 28. The compensation paid to key management is shown below:

(in CHF '000)	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Salaries and other short-term employee benefits (including KCHF 24 of pension costs)	993	767

In 2012 (and in 2011), no other compensation elements were granted to key management (neither share options, nor any other compensation).

Sales of services

(in CHF '000)	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Revenue from brokerage	5'020	4'123
Revenue from aircraft management	390	106
Revenue from charters	236	214

Year-end balances

(in CHF '000)	Notes	Dec. 31, 2012	Dec. 31, 2011
Included in:			
Trade account receivables	11	2'254	1'358

The receivables from related parties arise mainly from revenue from brokerage. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

■ 26. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the strategic steering committee. This committee reviews the group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The committee considers the business from a service perspective. Management assesses the performance of the following segments:

- aircraft management
- charters
- brokerage

The strategic steering committee assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA). This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as restructuring costs, legal expenses and impairments when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are not included in the result for each operating segment that is reviewed by the strategic steering committee. Other information provided, except as noted below, to the strategic steering committee is measured in a manner consistent with that in the financial statements.

Total segments' assets exclude certain current assets and certain financial assets (including liquidity).

The segment information provided to the strategic steering committee for the reportable segments is as follows:

(in CHF '000)	Aircraft management	Charters	Brokerage	Total
2011				
Total revenue	5'101	10'315	6'333	21'749
Inter-segment revenue	-	-	-	-
Revenue from external customers	5'101	10'315	6'333	21'749
Adjusted EBITDA	-2'926	-131	6'069	3'012
Depreciation / amortisation / impairment	-102	-43	-6	-151
2012				
Total revenue	4'933	24'030	6'025	34'988
Inter-segment revenue	-	-	-	-
Revenue from external customers	4'933	24'030	6'025	34'988
Adjusted EBITDA	-3'131	338	5'725	2'932
Depreciation / amortisation / impairment	-1'129	-193	-	-1'322
TOTAL ASSETS				
December 31, 2011	4'510	149	1'474	6'133
December 31, 2012	2'379	9'011	2'149	13'539

The revenue from external customers reported to the strategic steering committee is measured in a manner consistent with that presented in the income statement.

Since January 1, 2012, optical disc is not considered anymore as an operating segment. Comparative figures have been restated. There are no differences from the last annual financial statements in the basis of measurement of segment profit or loss.

OTHER SEGMENT INFORMATION

The acquisition of property, plant and equipment and the acquisition of intangible assets amount respectively to KCHF 109 and KCHF 13 in 2012 (KCHF 63 and KCHF 371 in 2011).

A reconciliation of total adjusted EBITDA to operating result is provided as follows:

(in CHF '000)	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Adjusted EBITDA for reportable segments	2'932	3'012
Corporate overheads	-1'654	-2'261
Depreciation	-110	-89
Amortisation	-231	-107
Operating profit	937	555
Impairment on licences	-1'051	-
Finance income, net	27	62
Exchange differences	-211	-541
Profit / (loss) before taxes	-298	76

A reconciliation of total segments' assets to group assets is provided as follows:

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Total segments' assets	13'539	6'133
Unallocated amounts:		
Cash and cash equivalents (part of)	2'400	2'695
Loan (long-term, current portion and accrued interest)	2'034	2'220
Property, plant and equipment (part of)	84	134
Intangible assets (part of)	99	204
Deferred tax assets	483	540
Advances to suppliers (part of)	28	28
Other current assets (part of)	553	365
Group assets	19'220	12'319

Breakdown of the revenue from all segments is as follows:

(in CHF '000)	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Sales of goods	-	-
Revenue from services	34'988	21'749
	34'988	21'749

The Company, as well as one of its subsidiaries, is domiciled in Switzerland. The result of its revenue from external customers in Switzerland is KCHF 10'831 (2011: KCHF 16'104), the result of its revenue from external customers in Portugal is KCHF 2'327 (2011: KCHF 5'441), and the total or revenue from external customers in United Kingdom is KCHF 21'830 (2011: KCHF 204).

The total of non-current assets (there are no financial instruments) located in Switzerland is KCHF 183 (2011: KCHF 338), the total of non-current assets located in Portugal is KCHF 22 (2011: KCHF 667), and the total of these non-current assets located in other countries is KCHF 176 (2011: 441).

In 2012, the group has realised more than 10% of 2012 revenues with one group of customers from the aircraft management (KCHF 2'457) and one customer from the brokerage segment (KCHF 5'020). In 2011, the group had realised more than 10% of 2011 revenues with one group of customers from the aircraft management (KCHF 3'993) and one customer from the brokerage segment (KCHF 4'123).

■ 27. BUSINESS COMBINATION

On May 21, 2012, Perfect Holding SA has completed the acquisition of the entire share capital (100%) of a UK company, Oxygen Aviation Ltd, Horsham (UK). The acquired company is active in the provision of independent worldwide business aircraft charter to a variety of clients and aircraft. This acquisition has immediately added significant charter volume to the Group. The purchase price of the shares of Oxygen Aviation Ltd has been settled mainly in the form of new shares of Perfect Holding SA (issued out of its authorised capital) and in cash for the balance. As a result, the nominal value of the share capital of Perfect Holding SA has been increased through contribution in kind.

The acquisition of Oxygen Aviation Ltd is accounted for in these consolidated financial statements using the acquisition method of accounting. The results of Oxygen Aviation Ltd have been incorporated since May 22, 2012.

The consideration for this transaction is valued at KGBP 4'275, payable partly in cash for KGBP 675 and partly in shares for KGBP 3'600. The corresponding CHF values, at acquisition date, are a total consideration of KCHF 6'391, composed of a cash consideration of KCHF 1'009 (of which KCHF 269 have been paid in June 2012, KCHF 471 in August 2012 and KCHF 269 in September 2012) and a consideration in shares of KCHF 5'382.

Perfect Holding SA's share capital has been consequently increased by the issuance of 33'934'428 registered shares of CHF 0.10 nominal value each, at a subscription price of CHF 0.1586 each. Accordingly, the share capital has been increased by KCHF 3'393 in nominal value (representing 33'934'428 registered shares of CHF 0.10 nominal value each) to a total amount of KCHF 18'102 (representing 181'018'281 registered shares of CHF 0.10 nominal value) and an agio (share premium) of KCHF 1'989 has been generated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consideration payable to the former shareholders of Oxygen Aviation Ltd has been set on the basis of the assumption that the acquired business will achieve certain performance criteria during the 3 business years following the acquisition. Accordingly, a portion corresponding to 30% of the total consideration (i.e. 30% of KGBP 4'275, the equivalent of a fair value in CHF at date of acquisition of KCHF 1'917), withheld exclusively from the component of the consideration paid in the form of Perfect Holding SA's shares, has been put in escrow at the acquisition date in accordance with the share purchase agreement, for holding (in the name of the designated escrow agent) and release of the escrowed shares by the escrow agent in favour of the former shareholders of Oxygen Aviation Ltd in three identical 1/3 instalments subject (in respect of each instalment) to the satisfaction of an increase of 3% per year over a defined-baseline profit.

The following table summarises the consideration paid for Oxygen Aviation Ltd, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date:

(in CHF '000)	May 21, 2012
Consideration	
Cash (of which KCHF 269 have been paid in June 2012, KCHF 471 in August 2012 and KCHF 269 in September 2012)	1'009
Shares issued	3'465
Contingent consideration	1'917
Total consideration	6'391
less:	
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1'100
Trade account receivables	1'141
Other current assets	930
Property, plant and equipment	465
Customer relationship	1'000
Deferred tax assets	32
Trade account payables	-327
Other current liabilities	-680
Income tax payables	-669
Current portion of long-term debt	-21
Long-term debt	-358
Deferred tax liabilities	-206
Total identifiable net assets	2'407
Goodwill	3'984

The fair value of the contingent consideration has been estimated by considering that the performance criteria will be entirely met. For the financial year 2012, the performance criteria has been met.

The fair value of identifiable net assets acquired as of May 21, 2012 includes the customer relationship acquired in the business combination which has been recognised at fair value at the acquisition date for an amount of KCHF 1'000 and classified under "Customer relationship" in intangible assets. Related deferred tax liabilities of KCHF 206 have been recognised. Such customer relationship has an estimated useful life of 5 years. Amortisation is calculated using the straight-line method to allocate the cost of this asset over its estimated useful life.

Trade account receivables represent the gross contractual amount, as it is expected to be entirely collectible.

The excess of the cost of acquisition over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. As shown above, a goodwill of KCHF 3'984 is recognised. This goodwill is subject to annual impairment test. It will be tested of impairment annually and whenever there is an indication that it may be impaired, and it is carried at cost less accumulated impairment losses. None of the goodwill is expected to be deductible for tax purposes.

The goodwill of KCHF 3'984 arises from a number of factors such as expected synergy's through combining a highly skilled workforce and obtaining economies of scale and unrecognised assets such as the workforce.

Acquisition-related costs of KCHF 429 have been charged to "General & administrative expenses" in the consolidated income statement.

The revenue included in the consolidated income statement from May 22 to December 31, 2012 contributed by Oxygen Aviation Ltd was KCHF 16'621. Oxygen Aviation Ltd also contributed profit of KCHF 311 over the same period. Had Oxygen Aviation Ltd been consolidated from January 1, 2012, the consolidated income statement for the twelve months ended December 31, 2012 would show pro-forma revenue of KCHF 44'982 and pro-forma profit of KCHF 162 (the information on combined revenue and profit does not represent actual results for the year and is therefore labelled as pro-forma).

■ 28. COMPENSATION IN ACCORDANCE WITH SWISS CODE OF OBLIGATIONS

Compensation

The following compensations have been paid to the Executive Management:

(in CHF '000)	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Mr. Jean-Claude Roch, Chairman of BoD, CFO (since June 1, 2012) and CEO of Perfect Holding SA ***	168	199
Mrs. Anouck Ansermoz, member of BoD and CFO (until May 31, 2012) **	90	216
Mr. William Curtis, CEO of the Perfect Group operating companies *	297	352
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation *	146	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	146	-
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation *	146	-
	993	767

* Salaries and social charges

** Consultancy fees

*** Board membership fee (in 2012, KCHF 30 as Executive consultancy fee and KCHF 138 (including social charges) received as Board membership fee)

Board membership fees of KCHF 10 have been paid to Mrs. Anouck Ansermoz since June 1, 2012. Apart from the Chairman and Mrs. Ansermoz, no Board membership fee has been paid to the other member of the Board of Directors.

Loans and credits

At December 31, 2012, there were no loans and credits granted to any current or former members of the Board of Directors or the Executive Management.

Participations

At December 31, 2012 and at December 31, 2011, the participations held by members of the Board of Directors and the Executive Management (including persons closely related to these members) were as follows:

(in thousands)	Dec. 31, 2012		Dec. 31, 2011	
	Shares	Option rights	Shares	Option rights
Mr. Stephen Grey, member of BoD	7'940	-	7'940	-
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation	11'311	-	-	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	11'311	-	-	-
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation	11'311	-	-	-
	41'873	-	7'940	-

■ 29. RISK ASSESSMENT

In the context of the group Internal Control System, the Board of Directors has performed a risk assessment of the Company and of its subsidiaries.

The identification and the risk evaluation have been carried out by taking into consideration the degree of importance of the different processes - applicable to each group company - on the financial and operating risks.

The Board has prepared a detailed risk assessment, and define the necessary measures to be taken. The Board has taken the short and long-term measures necessary to cover the identified risks. The objectives are the systematic identification of the risks, their assessment, the classification by priority level, the determination of their impact on the Company, as well as the adoption and controlling of measures taken in order to eliminate or reduce those risks. Such risk assessment, measures follow-up and action plan is performed at least once a year.

Further risks are described under "Financial risk management" (see Note 3).

■ 30. EVENTS AFTER THE REPORTING PERIOD

In March 2013, INAC (Portuguese civil aviation) has granted Perfect Aviation Portugal SA with an AOC suspension. Perfect Aviation Portugal SA has no further aircraft under AOC management and no intention to continue such activity which will be concentrated within the UK AOC as an economy.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF PERFECT HOLDING SA, ETOY

■ REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Perfect Holding SA, which comprise the income statement, balance sheet and notes (pages 52 to 54), for the year ended December 31, 2012.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the 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 financial statements for the year ended December 31, 2012 comply with Swiss law and the company's articles of incorporation.

■ REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.



A handwritten signature in black ink, appearing to read 'D. Ehret'.

Didier Ehret
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'A. Joly'.

Aude Joly
Audit expert

Lausanne, March 25, 2013

INCOME STATEMENTS

(in CHF '000)	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
INCOME		
Dividends from subsidiaries	2'295	1'268
Management fees from subsidiaries	860	626
Other operating income	6	-
Other financial income	-	3
	3'161	1'897
EXPENSES		
Staff expenses	- 138	- 140
General and administrative expenses	-934	-652
Other operating expenses	-	-49
Waiver granted to subsidiaries	-189	-163
Allocation to provision on investments in subsidiaries	-2'154	-
Allocation to provision on receivables from subsidiaries	-3'690	-
Interests and other financial expenses	- 15	-2
Current taxes	-29	-24
	-7'149	-1'030
Net profit/(loss)	-3'988	867

BALANCE SHEETS

(in CHF '000)	December 31, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	15	19
Receivables from subsidiaries, net	904	1'745
Other current assets	48	30
Total current assets	967	1'794
Long-term assets		
Investments in subsidiaries, net	13'233	8'996
Total long-term assets	13'233	8'996
Total assets	14'200	10'790
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current liabilities – third parties	220	130
Current liabilities – subsidiaries	22	97
Loan from subsidiaries	3'700	1'700
Total liabilities	3'942	1'927
Shareholders' equity		
Share capital	18'102	14'708
Share premium	1'989	-
Accumulated losses	-5'845	-6'712
Net profit/(loss) for the year	-3'988	867
Total shareholders' equity	10'258	8'863
Total liabilities and shareholders' equity	14'200	10'790

NOTES TO THE FINANCIAL STATEMENTS

1. INDICATIONS ACCORDING TO SWISS CODE OF OBLIGATIONS

1.1 GUARANTEES, DEPOSITS AND PLEDGES MADE IN FAVOUR OF THIRD PARTIES

Perfect Holding SA has signed financial support declarations in favour of its subsidiaries Perfect Aviation Portugal, S.A and Perfect Aviation UK Ltd, for a period of at least one year after March 1st, 2013.

1.2 SIGNIFICANT INVESTMENTS

On May 21, 2012, Perfect Holding SA has completed the acquisition of the entire share capital of a UK company, Oxygen Aviation Ltd, Horsham (UK). The acquired company is active in the aircraft charter business for a variety of clients and aircraft. Perfect Holding's subsidiaries are:

		Dec. 31 2012	Dec. 31 2011
	Share capital	Ownership Interest	Ownership Interest
Perfect Aviation SA, Etoy, Switzerland	CHF 4'225'000	100%	100%
Perfect Aviation Portugal, S.A., Lisbon, Portugal	EUR 250'000	100%	100%
Perfect Aviation UK Ltd, Biggin Hill, UK	GBP 1	100%	100%
Oxygen Aviation Ltd, Horsham, UK	GBP 360	100%	0%

Investments are valued at cost less any necessary depreciation.

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Perfect Aviation SA, Etoy, Switzerland (100%):		
Gross book value	10'699	10'699
Provision on investment	-4'199	-4'199
Net book value	6'500	6'500
Perfect Aviation Portugal, S.A., Lisbon, Portugal (100%):		
Gross book value	2'348	2'348
Provision on investment	-2'006	-
Net book value	342	2'348
Perfect Aviation UK Ltd, Biggin Hill, UK (100%):		
Gross book value	148	148
Provision on investment	-148	-
Net book value	-	148
Oxygen Aviation Ltd, Horsham, UK (100%):		
	6'391	-
	13'233	8'996

Perfect Holding and its subsidiaries (the Perfect Group) are dedicated to the following services to the business aircraft market: aircraft management and operations, world wide charters, aircraft acquisitions and sales, as well as aircraft consultancy.

As at December 31, 2012, the group has two Aircraft Operating Certificates ("AOC") in Portugal and in UK, and provides the above services in Europe, Russia, Switzerland and in the UK, principally.

1.3 AUTHORISED CAPITAL

At the shareholders' general meeting held on May 25, 2012, the shareholders have accepted the Board's proposal to create, in order to dispose of a maximum flexibility for the development of the group's business and possible external growth transactions, an authorised capital of a maximum amount of KCHF 9'051 (divided into a maximum of 90'509'140 registered shares of CHF 0.10 nominal value each), for (i) the acquisition of businesses or participations in businesses and/or (ii) the financing of the development of the business and/or the acquisitions of the company and its subsidiaries, for a 2-year period until 24 May 2014, with the possibility for the Board of Directors to suppress and/or restrict the preferential subscription rights of the shareholders in respect of the new shares to be issued in connection with all acquisitions of businesses and/or participations in businesses.

1.4 CONDITIONAL SHARE CAPITAL

At December 31, 2012, the conditional capital of the Company amounts to KCHF 60 (divided into a maximum of 600'000 registered shares of a nominal value of CHF 0.10 each, to be fully paid up). The conditional capital is reserved for the issuance of new shares to managers and employees of the Perfect Group upon exercise of option rights to be granted by the Board of Directors in the context of option plans. The Articles of incorporation provide that the preferential subscription rights of the shareholders may be suppressed in connection with the new shares to be issued out of the conditional share capital. Currently, there is no option plan in place in the group.

1.5 CHANGES TO SHARE CAPITAL

On May 21, 2012, as part of the consideration for the acquisition of Oxygen Aviation Ltd (see Note 1.2), the share capital of Perfect Holding SA was increased by way of a contribution in kind. Perfect Holding SA's share capital has been consequently increased by the issuance of 33'934'428 registered shares of CHF 0.10 nominal value each, at a subscription price of CHF 0.1586 each. Accordingly, the share capital has been increased by KCHF 3'393 in nominal value (consisting of 33'934'428 registered shares of CHF 0.10 nominal

value each) to a total amount of KCHF 18'102 (consisting of 181'018'281 registered shares of CHF 0.10 nominal value) and an agio (share premium) of KCHF 1'989 has been generated.

The consideration payable to the former shareholders of Oxygen Aviation Ltd has been set on the basis of the assumption that the acquired business will achieve certain performance criteria during the 3 business years following the acquisition. Accordingly, a portion corresponding to 30% of the total consideration (i.e. 30% of KGBP 4'275, the equivalent of a fair value in CHF at date of acquisition of KCHF 1'917), withheld exclusively from the component of the consideration paid in the form of Perfect Holding SA's shares, has been put in escrow at the acquisition date in accordance with the share purchase agreement, for holding (in the name of the designated escrow agent) and release of the escrowed shares by the escrow agent in favour of the former shareholders of Oxygen Aviation Ltd in three identical 1/3 instalments subject (in respect of each instalment) to the satisfaction of an increase of 3% per year over a defined-baseline profit. For the financial year 2012, the performance criteria has been met.

1.6 SIGNIFICANT SHAREHOLDERS

The following shareholders are considered as significant:

(in % of share capital)	Dec. 31, 2012	Dec. 31, 2011
Haute Vision SA, Mauritius	37.90%	46.64%
Grover Ventures Inc, British Virgin Islands	7.18%	8.84%
Roderick Glassford	6.25%	-
Mark Green	6.25%	-
Steven A Jack	6.25%	-
Nicholas Grey	5.39%	6.64%
Stephen Grey	4.39%	5.40%

Mr. Stephen Grey, Mr. Nicholas Grey, Haute Vision SA and Grover Ventures Inc, who are deemed to form a group based on their family and business relationships and voting agreement (as disclosed in the Swiss Official Gazette of Commerce of August 6, 2008), hold in aggregate 99'304'873 shares, i.e. 54.86% of the current share capital of KCHF 18'102 (divided into 181'018'281 shares with a nominal value of CHF 0.10 each).

1.7 ADDITIONAL BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT DISCLOSURES

Compensation

The following compensations have been paid to the Executive management:

(in CHF '000)	2012	2011
Mr. Jean-Claude Roch, Chairman of BoD, CFO (since June 1, 2012) and CEO of Perfect Holding SA ***	168	199
Mrs. Anouck Ansermoz, member of BoD and CFO (until May 31, 2012) **	90	216
Mr. William Curtis, CEO of the Perfect Group operating companies *	297	352
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation *	146	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	146	-
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation *	146	-
	993	767

* Salaries and social charges

** Consultancy fees

*** Board membership fee (in 2012, KCHF 30 as Executive consultancy fee and KCHF 138 (including social charges) received as Board membership fee)

Board membership fees of KCHF 10 have been paid to Mrs. Anouck Ansermoz since June 1, 2012. Apart from the Chairman and Mrs. Ansermoz, no Board membership fee has been paid to the other member of the Board of Directors.

Loans and credits

At December 31, 2012, there were no loans and credits granted to any current or former members of the Board of Directors or the General management.

NOTES TO THE FINANCIAL STATEMENTS

Participations

At December 31, 2012 and at December 31, 2011, the participations held by members of the Board of Directors and the Executive Management (including persons closely related to these members) were as follows:

(in thousands)	Dec. 31, 2012		Dec. 31, 2011	
	Shares	Option rights	Shares	Option rights
Mr. Stephen Grey, member of BoD	7'940	-	7'940	-
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation	11'311	-	-	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	11'311	-	-	-
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation	11'311	-	-	-
	41'873	-	7'940	-

1.8 DEVIATIONS FROM THE PRINCIPLE OF CONSISTENCY IN PRESENTATION

Some figures from prior year have been reclassified for comparison purposes.

1.9 RISK ASSESSMENT

In the context of the group Internal Control System, the Board of Directors has performed a risk assessment of the Company and of its subsidiaries.

The identification and the risk evaluation have been carried out by taking into consideration the degree of importance of the different processes - applicable to each group company - on the financial and operating risks.

The Board has prepared a detailed risk assessment, and define the necessary measures to be taken. The Board has taken the short and long-term measures necessary to cover the identified risks. The objectives are the systematic identification of the risks, their assessment, the classification by priority level, the determination of their impact on the Company, as well as the adoption and controlling of measures taken in order to eliminate or reduce those risks. Such risk assessment, measures follow-up and action plan is performed at least once a year.

2. OTHER INDICATIONS

2.1 RECEIVABLES FROM SUBSIDIARIES

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Perfect Aviation SA:		
Gross book value	71	438
Provision on receivables	-	-
Net book value	71	438
Perfect Aviation Portugal SA:		
Gross book value	1'611	463
Provision on receivables	-1'281	-
Net book value	330	463
Perfect Aviation UK Ltd:		
Gross book value	2'825	844
Provision on receivables	-2'409	-
Net book value	416	844
Oxygen Aviation Ltd	87	-
	904	1'745

In 2012, Perfect Holding SA has granted a waiver of an amount of KCHF 60 (2011: KCHF 163) in favour of Perfect Aviation Portugal SA and KCHF 129 (2011: Nil) in favour of Perfect Aviation UK Ltd.

2.2 CONTINGENT LIABILITIES DUE TO VAT GROUP

From the VAT point of view (art. 22 LTVA), the Swiss companies of Perfect Group are considered as one and sole company.

In case of insolvency of a group company, the other group companies are jointly responsible for the VAT liabilities (art. 32e LTVA).

3. EVOLUTION OF ACCUMULATED LOSSES

(in CHF '000)	Dec. 31, 2012	Dec. 31, 2011
Accumulated losses		
from prior years	-5'845	-6'712
Net profit / (loss) for the year	-3'988	867
Accumulated losses		
at the end of the year	-9'833	-5'845

IMPORTANT DATES IN 2013

24.05.2013	Ordinary Shareholders General Meeting
27.09.2013	Interim Half-Year 2013 Report



