

# ANNUAL REPORT 2015



# CONTENT

Report by the Chairman	5
<b>Annual Report 2015</b>	
Corporate governance	6 - 11
<b>Remuneration Report of Perfect Group</b>	
Report of the statutory auditor on the remuneration report	15
Remuneration Report	16 - 18
<b>Consolidated financial statements of Perfect Group</b>	
Report of the statutory auditor on the consolidated financial statements	21
Consolidated income statements	22
Consolidated statements of comprehensive income	23
Consolidated balance sheets	24
Consolidated statements of changes in equity	25
Consolidated statements of cash flows	26
Notes to the consolidated financial statements	27 - 49
<b>Financial statements of Perfect Holding SA</b>	
Report of the statutory auditor on the financial statements	53
Income statements	54
Balance sheets	55
Notes to the financial statements	56 - 58
<b>Important dates in 2016</b>	61





## REPORT BY THE CHAIRMAN

Dear Shareholders,

During 2015, the audited consolidated results of Perfect Holding SA were revenues of CHF 15.6 million (CHF 24.3 million in 2014), net operating loss of CHF 1.6 million (CHF 0.3 million in 2014) and negative net operating cash flow of CHF 0.1 million (negative net operating cash flow of CHF 0.1 million in 2014).

Two main elements have negatively impacted the Group's 2015 results:

- The foreign exchange evolution in 2015, and most particularly the CHF appreciation, has strongly impacted the level of revenues and gross profit
- The creation of a provision of KCHF 713 on a loan as a result of some uncertainty about the compliance with the loan repayment schedule.

The Group's main area of business with regard to charters was concentrated in the Russian market. The recent problems between Russia and Ukraine and resulting sanctions have had a negative effect on the turnover of the business compared to 2014. The Group is actively trying to penetrate new markets and has had recent success breaking into the Middle Eastern market place where it expects its business to continue to grow in 2016. Another objective is more actively to service the UK and European markets, through dedicated sales and marketing efforts. It is hoped these new initiatives will bring in new business in the upcoming year.

The net operating loss incurred in 2015 has resulted in a situation of loss of capital which requires the Board of directors to propose at the next ordinary shareholders' meeting of 27 May 2016 to vote in favour of a declaratory reduction of the company's share capital to absorb a portion of the accumulated losses appearing in the balance sheet.

The Group continues to have no bank borrowing, apart from a mortgage on the UK office premises.

The Group continues its proactive research and evaluation of carefully selected potential acquisitions, in order to develop profitably its growth. Existing corporate instruments, such as an authorised capital and a conditional capital reserved for convertible loans, are available for the development of the Group's business and possible external growth transactions.

We wish to take this opportunity to thank our employees and shareholders for their continuing support.



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. Additional disclosures required by the Directive on Information Relating to Corporate Governance for issuers subject to the Ordinance against Excessive Compensation at Listed Companies (OaEC) can be found in the separate section Remuneration Report or in Perfect Holding SA's Articles of Association (<http://www.perfect.aero/en/investor-relations/adhoc-publicity-and-shareholders-information>).

## ■ 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 3, Avenue de Florimont, 1006 Lausanne, 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 business aviation services, including organisation of charters, as specified hereafter.

Perfect Holding, 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, 2015 amounts to CHF 7.24 million (December 31, 2014: CHF 14.48 million).

Perfect Holding's subsidiaries are:

	Registered office	Country	Currency	Share capital	Ownership Interest
Perfect Aviation SA	Lausanne	Switzerland	CHF	4'225'000	100%
Oxygen Aviation Ltd	Horsham	UK	GBP	360	100%

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

### MAIN SHAREHOLDERS

As at December 31, 2015, the main shareholders of the Company are as follows:

	Ownership Interest
Haute Vision SA, Mauritius	37.90%
Grover Ventures Inc, British Virgin Islands	6.85%
Roderick Glassford	5.51%
Steven A Jack	5.51%
Nicholas Grey	5.39%
Stephen Grey	4.39%
Mark Green	3.45%

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 98'704'873 shares, i.e. 54.53% 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).

In December 2015, as a result of both the release of shares from a lock-up arrangement and the sale of shares (see section "Treasury shares" below), Mark Green's shareholding fell below the threshold of 5% of voting rights (see disclosure published on <https://www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TAFC700033>).

## CROSS SHAREHOLDINGS

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

## ■ 2. CAPITAL STRUCTURE

### SHARE CAPITAL

At December 31, 2015, 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.

### TREASURY SHARES

As at December 31, 2015, Perfect Holding SA owns 4'029'713 of its own shares. Further information can be found in Note 20 of the consolidated financial statements.

### AUTHORISED SHARE CAPITAL

At the shareholders' general meeting held on May 23, 2014, the shareholders 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 9'050'914 (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 23 May 2016, 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

The conditional share capital of the Company represents an aggregate amount of CHF 9'050'000 and is divided into the two following components:

#### Conditional capital reserved for share option plans

At December 31, 2015, this component of 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). It 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 Association 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.

#### Conditional capital reserved for convertible loans

At the shareholders' general meeting of May 24, 2013, a conditional capital of maximum CHF 8'990'000 (divided into a maximum of 89'900'000 registered shares of a nominal value of CHF 0.10 each, to be fully paid up) was created in order to secure the exercise of conversion rights that may be issued under future convertible loans of the Company. The new shares may be acquired by creditors of future convertible loans of the Company. The preferential subscription right of shareholders was suppressed for these new shares. The Board of Directors may decide to restrict the preferential right of shareholders to subscribe to such convertible loans by setting minimum individual loan tranches of CHF 50'000. The conversion right can only be exercised for up to 3 years from the date of issuance of the convertible loan. The issuance of the new shares is subject to the applicable conditions of conversion, whereby the conversion price must correspond to the nominal value of the shares.

### 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. Each shareholder recorded in the share register with voting rights may be represented at the General Meeting by the independent representative or a third party. 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 Association 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 2015	May 2016
Stephen Grey	Member	May 2002	May 2015	May 2016
Anouck Ansermoz	Member	May 2009	May 2015	May 2016

Jean-Claude Roch, Swiss, after a university education in Commercial and Economics studies at the University of Lausanne and a certification as Swiss Certified Public Accountant in 1980, has specialised in the management, 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 particular in the fields of medical and balneology: he is Chairman of the Board of Directors of Vidy-Med Holding SA, as well as Board member of the company Les Bains de Lavey SA. Previously, Mr. Roch served in various key positions with Sicpa SA and Sicpa Holding SA, amongst others. 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 master in economics and management from HEC in Lausanne 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. Since 2012, she is working as a partner at CapFinance, a finance and management consulting company. Mrs. Anouck Ansermoz was previously acting as Chief Financial Officer of the Perfect Group and has, since June 2012, been acting as a non-executive member of the Board of Directors and as an external consultant to the Company.

### ELECTION TO THE BOARD OF DIRECTORS AND DURATION OF MANDATE

The Articles of Association provide that the Board of Directors must consist of at least three members. The Chairman of the Board of Directors and the members of the Board of Directors shall be elected individually by the General Meeting for a term

of office until the next Annual General Meeting. Members of the Board of Directors whose term of office has expired shall be immediately eligible for re-election, 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 deals with all matters falling within its competencies in its plenary meetings, without any allocation of specific tasks to individual members and/or committees. 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 2015, the Board of Directors held six regular meetings.

### COMMITTEES OF THE BOARD OF DIRECTORS / REMUNERATION COMMITTEE

In view of the corporate structure and organisation of the Perfect Group and of the limited size of the Board of Directors, the Board had not set any committees until the end of the year 2013. As from the shareholders' meeting held in May 2014, a Remuneration Committee consisting of at least 2 members of the Board of Directors has been put in place. The members of such Remuneration Committee are elected individually by the shareholders' meeting for a term of office running until the next annual General Meeting.

The Remuneration Committee assists the Board of Directors in establishing and periodically reviewing the Company's compensation strategy and guidelines as well as in preparing the proposals to the General Meeting regarding the compensation



of the members of the Board of Directors and of the Executive Management. It may submit proposals and recommendations to the Board of Directors regarding other compensation-related issues. The Board of Directors may promulgate regulations to determine for which positions of the Board of Directors and of the Executive Management the Compensation Committee, together with the Chairman of the Board of Directors or on its own, shall submit proposals for the compensation, and for which positions it shall determine the compensation in accordance with the Articles of Association and the compensation guidelines established by the Board of Directors. The Board of Directors may delegate further tasks and powers to the Remuneration Committee.

The Company's Board of Directors decides upon the Executives' and Directors' remunerations, including any entitlements under participation and/or share option plans, within the limits of the maximum amounts fixed by the General Meeting. Executives and Directors are remunerated in relation to 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 2015) for the Board of Directors to grant a variable remuneration element.

#### OTHER MANDATES OF THE MEMBERS OF THE BOARD OF DIRECTORS

No member of the Board of Directors can hold more than 4 additional mandates (i.e. positions in the highest body of a legal entity registered with a register of commerce or similar register) in public companies and more than 15 additional mandates in non-public companies, whereby the following mandates do not fall within the scope of this limitation: mandates in companies controlled by the Company, mandates held at the request of the Company (subject to a maximum limit of 10 such mandates) and mandates in associations, foundations, trusts, welfare organisations (subject to a maximum limit of 10 such mandates).

#### ■ 4. EXECUTIVE MANAGEMENT

Currently, the executive management team (the "Executive Management") is composed as follows:

Jean-Claude Roch	Chief Executive Officer and Chief Financial Officer of Perfect Holding
Steven A Jack	Director of the aircraft charter business of Oxygen Aviation
Roderick Glassford	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.

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 Messrs. Mark Green and Rod Glassford. Mr. Steven A Jack 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 Messrs. Mark Green and Steven Jack. Mr. Glassford is acting as Director of the aircraft charter business of Oxygen Aviation.

Mr. Mark Green, former director of the aircraft charter business of the subsidiary Oxygen Aviation and member of the executive management team, has left the company and his functions as from January 2016.

No member of the Executive Management can hold more than 2 additional mandates in public companies and more than 10 additional mandates in non-public companies. The definition of the concept of "mandate" as well as the exceptions to these limitations are the same as those applicable to the members of the Board of Directors. In addition, the acceptance of any such external mandate by a member of the Executive Management is subject to the approval of the Board of Directors.

#### ■ 5. COMPENSATION, SHAREHOLDINGS AND LOANS

##### COMPENSATION POLICIES

Compensation of the non-executive members of the Board of Directors comprises fixed compensation elements, as well as a possible variable remuneration element. Compensation of the members of the Executive Management may comprise fixed and variable compensation elements. Fixed compensation comprises the base salary and may comprise other compensation elements and benefits. Variable compensation may comprise short-term and long-term compensation elements.

The Board of Directors submits proposals to the General Assembly regarding the maximum amounts of the fixed compensation (for the following business year) and variable compensation (for the past business year). Within such limits, the Board of Directors, upon a proposal of the Remuneration Committee, de-

# CORPORATE GOVERNANCE

cides upon the fixed and variable compensation elements, their components and the possible performance metrics for the variable compensation. Compensation may be paid or granted in the form of cash, shares, other benefits or in kind; compensation to members of the Board of Directors and of the Executive Management may also be paid or granted in the form of financial instruments or similar products. The Board of Directors, upon proposal of the Remuneration Committee, determines grant, vesting, blocking, exercise and forfeiture conditions; it may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture, for example in case of pre-determined events such as a termination of an employment or mandate agreement. Compensation may be paid by the Company or companies controlled by it. The Board of Directors evaluates compensation according to the principles that apply to the remuneration report.

The Chairman of the Board of Directors receives an annual fixed remuneration, subject to the possibility (not used in 2015) for the Board of Directors to grant a variable remuneration element. He is compensated in cash for the performance of his duties, including ordinary and extraordinary meetings, committee activities and other extraordinary activities. There is no remuneration for the other members of the Board of Directors. Out-of-pocket expenses are reimbursed to all members of the Board of Directors.

Any loans to members of the Board of Directors and/or the Executive Management can only be granted at market conditions and may not exceed, at the time of grant, the annual compensation of the relevant member during the previous business year.

## COMPENSATION DISCLOSURES

### Compensation

Further information can be found in the separate section Remuneration Report.

## SHAREHOLDINGS, LOANS

### Loans and credits

Further information can be found in the separate section Remuneration Report.

### Participations

Further information can be found in the separate section Remuneration Report.

## ■ 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.

Subject to the registration of the shares in the share register, the Articles of Association 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 a shareholders' meeting, are governed by the Articles of Association in accordance with the applicable provisions of the Swiss Code of Obligations. The Articles of Association do not contain any special rules in relation to quorums, qualified majorities, calling of shareholders' meetings, participation in shareholders' meetings and/or the adding of an item to the agenda of shareholders' meetings that derogate from the provisions of the Swiss Code of Obligations.

Each shareholder recorded in the share register with voting rights may be represented at the General Meeting by the independent representative or a third party.

## ■ 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 Association, 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 Association: "The obligation to submit a takeover offer within the meaning of article 32 of the Stock Exchanges and Securities Trading Act does not apply to the owners and acquirers of shares of the Company in accor-

dance with article 22 para. 3 of such Act.” (such clause being referred to as an “Opting-out”). The validity of this “Opting-out” clause was confirmed by the shareholders at the shareholders’ meeting held on May 24, 2013 on the basis of a proposal to that effect made by the group of shareholders referred to as a group under “Main Shareholders” above following a decision of the Swiss Takeover Board of April 26, 2013. As a result, the Articles of Association no longer provide for a duty of any owner or acquirer of shares of the Company to make an offer to all other shareholders upon reaching any level of shareholding, regardless of the level of his/her/its participation.

There are no provisions dealing with possible takeovers in the agreements with, and/or any incentive schemes for, the members of the Board of Directors and/or Executive Management.

## ■ 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 2015 amounted to KCHF 111. This amount includes fees for the audit of Perfect Holding, of its subsidiaries and of the consolidated financial statements.

### AUDIT RELATED FEES

Audit related services were rendered by PricewaterhouseCoopers SA for KCHF 19 in 2015.

### OTHER FEES

Other services (tax related) were rendered by PricewaterhouseCoopers SA for KCHF 5 in 2015.

### 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 an audit closing

meeting. During such audit closing meeting, the Board of Directors and the auditors reviewed together the financial statements of the Perfect Group and in particular of Perfect Holding. Two audit closing 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/en/investor-relations>.

Interim reporting, as well as annual reports and any press releases are regularly published on the above internet site (<http://www.perfect.aero/en/investor-relations/annual-and-interim-reports>).

### IMPORTANT DATES

27.05.2016	Ordinary Shareholders General Meeting
30.09.2016	Interim Half-Year 2016 Report

### INVESTOR RELATIONS

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

## ■ REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT

We have audited the accompanying remuneration report dated 22 March 2016 of Perfect Holding SA for the year ended 31 December 2015.

### BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14-16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14-16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating

the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### OPINION

In our opinion, the remuneration report of Perfect Holding SA for the year ended 31 December 2015 complies with Swiss law and articles 14-16 of the Ordinance.



A handwritten signature in black ink, appearing to read "D. Ehret", written over a light gray background.

Didier Ehret  
Audit expert  
Auditor in charge

A handwritten signature in black ink, appearing to read "A. Joly", written over a light gray background.

Aude Joly  
Audit expert

Lausanne, March 22, 2016

# REMUNERATION REPORT

The remuneration report contains information about the principles of remuneration, procedures for determining remuneration and components of compensation for the Board of Directors and Executive Management of Perfect Holding SA. It is based on the provisions of the Articles of Association, the transparency requirements set out in Article 663b bis and Article 663c of the Swiss Code of Obligations, Articles 13-16 and Article 20 of the Swiss Ordinance against Excessive Remuneration at Listed Companies (OaEC), the SIX Swiss Exchange Directive on Information relating to Corporate Governance and the Swiss Code of Best Practice for Corporate Governance drawn up by Economiesuisse.

## ■ 1. REMUNERATION SYSTEM

### PRINCIPLES

At the Annual General Meeting of May 29, 2015, the shareholders have approved revised Articles of Association designed to implement the requirements of the OaEC. Amongst other things, the amended Articles of Association include the general principles regarding the elements of remuneration paid to Members of the Board of Directors and of the Executive Management. The amendments to the Articles of Association also set out the competencies of the Remuneration Committee, clarify the role of the independent representative and the possibility of electronic voting, as well as the duration of the employment contracts of the Board members and the Executive Management.

### ORGANISATION AND COMPETENCIES

As from the shareholders' meeting held on May 23, 2014, a Remuneration Committee consisting of 2 members of the Board of Directors, Mr. Jean-Claude Roch (Chairman of the Board of Directors) and Mrs. Anouck Ansermoz (Board member), has been put in place. The members were re-elected at the Annual General Meeting of May 29, 2015. The members of such Remuneration Committee are elected individually by the shareholders' meeting for a term of office running until completion of the next annual General Meeting.

The Remuneration Committee assists the Board of Directors in establishing and periodically reviewing the Company's compensation strategy and guidelines as well as in preparing the proposals to the General Meeting regarding the compensation of the members of the Board of Directors and of the Executive Management. It may submit proposals and recommendations to the Board of Directors regarding other compensation-related issues. The Board of Directors may promulgate regulations to determine for which positions of the Board of Directors and of the Executive Management the Compensation Committee, together with the Chairman of the Board of Directors or on

its own, shall submit proposals for the compensation, and for which positions it shall determine the compensation in accordance with the Articles of Association and the compensation guidelines established by the Board of Directors. The Board of Directors may delegate further tasks and powers to the Remuneration Committee.

The Company's Board of Directors decides upon the Executives' and Directors' remunerations, including any entitlements under participation and/or share option plans, within the limits of the maximum amounts fixed by the General Meeting. Executives and Directors are remunerated in relation to 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 2015) for the Board of Directors to grant variable remuneration components.

### GENERAL COMPENSATION PRINCIPLES

Compensation of the non-executive members of the Board of Directors comprises a fixed compensation as well as a possible variable remuneration element. Compensation of the members of the Executive Management may comprise fixed and variable compensation elements. Fixed compensation comprises the base salary and may comprise other compensation elements and benefits. Variable compensation may comprise short-term and long-term compensation elements.

The Board of Directors submits proposals to the General Assembly regarding the maximum amounts of the fixed compensation (for the following business year) and variable compensation (for the past business year). Within such limits, the Board of Directors, upon a proposal of the Remuneration Committee, decides upon the fixed and variable compensation elements, their components and the possible performance metrics for the variable compensation. Compensation may be paid or granted in the form of cash, shares, other benefits or in kind; compensation to members of the Board of Directors and of the Executive Management may also be paid or granted in the form of financial instruments or similar products. The Board of Directors, upon proposal of the Remuneration Committee, determines grant, vesting, blocking, exercise and forfeiture conditions; it may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture, for example in case of pre-determined events such as a termination of an employment or mandate agreement. Compensation may be paid by the Company or companies controlled by it. The Board of Directors evaluates compensation according to the principles that apply to the remuneration report.

## REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

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

Jean-Claude Roch	Chairman
Stephen Grey	Member
Anouck Ansermoz	Member

The Chairman of the Board of Directors receives an annual fixed remuneration, subject to the possibility (not used in 2015) for the Board of Directors to grant a variable remuneration element. He is compensated in cash for the performance of his duties, including ordinary and extraordinary meetings, committee activities and other extraordinary activities. There was no remuneration paid for the other members of the Board of Directors in 2015. Out-of-pocket expenses are reimbursed to all members of the Board of Directors.

Statutory and regulatory social security contributions due on the remuneration paid to the Chairman of the Board of Directors are paid by Perfect Holding SA.

## REMUNERATION OF THE EXECUTIVE MANAGEMENT

Currently, the executive management team (the "Executive Management") is composed as follows:

Jean-Claude Roch	Chief Executive Officer and Chief Financial Officer of Perfect Holding
Roderick Glassford	Director of the aircraft charter business of Oxygen Aviation
Steven A Jack	Director of the aircraft charter business of Oxygen Aviation

Mr. Jean-Claude Roch's remuneration as CEO and CFO is included in his above-described remuneration as Chairman of the Board of Directors.

The compensation of the other members of the Executive Management is a fixed remuneration in cash, taking into account their qualifications, experience and area of responsibility, at prevailing market conditions. Remuneration borne by the group comprises also the employer's contribution to social insurance, as well as a participation to an individual pension plan.

## EMPLOYMENT CONTRACTS

Members of the Executive Management, apart from Mr. Jean-Claude Roch who has only an oral agreement, have written permanent employment contracts that can be terminated on 6 months' notice.

There is no contractual provision regarding a severance pay for members of the Board of Directors or of the Executive Management.

## 2. COMPENSATION DISCLOSURES

### COMPENSATION

The following compensations have been paid to the members of the Executive Management:

(in CHF '000)	2015	2014
Mr. Jean-Claude Roch, Chairman of the Board of Directors, CFO and CEO of Perfect Holding SA **	134	134
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation *	261	272
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	261	272
Mr. Mark Green, former director of the aircraft charter business of Oxygen Aviation ***	260	272
	<b>916</b>	<b>951</b>

\* Salaries and social charges

\*\* Board membership fee

\*\*\* Mr. Mark Green, former director of the aircraft charter business of the subsidiary Oxygen Aviation, has left the company as from January 2016.

Mrs. Anouck Ansermoz, as an external consultant to Perfect Holding SA, received fixed monthly fees of CHF 10'000 during the year 2015 (2014: idem) for specific tasks relating mainly to consolidation and corporate finance matters, in addition to (and separate from) her duties as member of the Board of Directors.

Mr. Stephen Grey and Mrs. Anouck Ansermoz did not receive any remuneration for their tasks as members of the Board of Directors in 2015 or 2014.

### COMPARISON BETWEEN ACTUAL FIGURES AND FIGURES APPROVED BY THE ANNUAL GENERAL MEETING (PROSPECTIVE VOTE)

(in CHF '000)	Actual figures 2015	Figures approved by the AGM for 2015
Fixed remuneration of the members of the Board of Directors	134	250
Fixed remuneration of the members of the Executive Management	782	1'000
	<b>916</b>	<b>1'250</b>

# REMUNERATION REPORT

## ■ 3. SHAREHOLDINGS, LOANS

### LOANS AND CREDITS

At December 31, 2015 and at December 31, 2014, there were no loans and/or credits granted by any company of the Perfect Group to any current or former member of the Board of Directors or Executive Management.

### PARTICIPATIONS

At December 31, 2015 and at December 31, 2014, the participations held by members of the Board of Directors and Executive Management were as follows:

(in nb of shares)	Dec. 31, 2015		Dec. 31, 2014	
	Shares	Option rights	Shares	Option rights
Mr. Stephen Grey, member of the Board of Directors	7'940'361	-	7'940'361	-
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation	9'968'238	-	11'311'476	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	9'968'238	-	11'311'476	-
Mr. Mark Green, former director of the aircraft charter business of Oxygen Aviation	6'244'724	-	11'311'476	-
	<b>34'091'561</b>	<b>-</b>	<b>41'874'789</b>	<b>-</b>

Mr. Mark Green, former director of the aircraft charter business of the subsidiary Oxygen Aviation, has left the company as from January 2016.

Apart from the shares held by Messrs. Stephen Grey, Mark Green, Steven A Jack and Rod Glassford, 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.







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

## ■ REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying 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 22 to 49), for the year ended December 31, 2015.

### 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, 2015 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.

### EMPHASIS OF MATTER

We draw your attention to Note 4.1 to these financial statements, which states the financial situation of the company and of the Perfect Holding group for the year 2015 and as of 31 December 2015. This, along with other matters as described in Note 4.1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern. Our opinion is not qualified in respect of this matter.

## ■ 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 22, 2016

# CONSOLIDATED INCOME STATEMENTS

(in CHF '000)	Notes	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	<b>25</b>	<b>15'594</b>	<b>24'342</b>
Cost of services sold		-13'784	-21'548
<b>Gross profit</b>		<b>1'810</b>	<b>2'794</b>
Aviation costs		-197	-202
Marketing & sales expenses		-1'397	-1'571
General & administrative expenses		-1'129	-1'256
Other operating income / (expenses)		-674	-57
<b>Operating profit / (loss)</b>		<b>-1'587</b>	<b>-292</b>
Finance income	7	59	74
Finance expenses	7	-36	-43
Exchange differences		-109	-118
<b>Profit / (loss) before taxes</b>		<b>-1'673</b>	<b>-379</b>
Income tax income / (expenses)	8	39	-442
<b>Net profit / (loss) for the year from continuing operations</b>		<b>-1'634</b>	<b>-821</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Net profit / (loss) for the year from discontinued operations</b>		<b>-</b>	<b>-44</b>
<b>Net profit / (loss) for the year</b>		<b>-1'634</b>	<b>-865</b>
<b>Attributable to:</b>			
Owners of the parent		-1'634	-865
Non-controlling interests		-	-
<b>Earnings per share</b>			
9			
<i>From continuing operations</i>			
Basic and diluted profit / (loss) per share (in CHF)		-0.009	-0.005
<i>From discontinued operations</i>			
Basic and diluted profit / (loss) per share (in CHF)		0.000	0.000
<i>From continuing and discontinued operations</i>			
Basic and diluted profit / (loss) per share (in CHF)		-0.009	-0.005

The notes on pages 27 to 49 form an integral part of these consolidated financial statements

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in CHF '000)	Notes	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
<b>Net profit / (loss) for the year</b>		<b>-1'634</b>	<b>-865</b>
<b>Other comprehensive income / (loss):</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements on defined benefit plans, net of taxes	8	-	-9
<b>Total items that will not be reclassified to profit or loss</b>		<b>-</b>	<b>-9</b>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		-24	65
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>-24</b>	<b>65</b>
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>-24</b>	<b>56</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>-1'658</b>	<b>-809</b>
<b>Attributable to:</b>			
Owners of the parent		-1'658	-809
Non-controlling interests		-	-



# CONSOLIDATED BALANCE SHEETS

(in CHF '000)	Notes	Dec. 31, 2015	Dec. 31, 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10/15b	1'113	1'213
Trade account receivables	11/15b	1'276	1'553
Current portion of long-term loan	16/15b	357	714
Other current assets	12	180	475
<b>Total current assets</b>		<b>2'926</b>	<b>3'955</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	385	414
Intangible assets	14	4'279	4'492
Deferred tax assets	17	19	20
Long-term loan	16/15b	357	1'070
<b>Total non-current assets</b>		<b>5'040</b>	<b>5'996</b>
<b>Total assets</b>	<b>25</b>	<b>7'966</b>	<b>9'951</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade account payables		325	456
Other current liabilities	18	775	823
Income tax payables		7	70
Advances from customers		109	121
Current portion of long-term debt	19	23	23
<b>Total current liabilities</b>		<b>1'239</b>	<b>1'493</b>
<b>Non-current liabilities</b>			
Long-term debt	19/23	286	313
Deferred tax liabilities	17	108	154
Defined benefit liabilities		93	93
<b>Total non-current liabilities</b>		<b>487</b>	<b>560</b>
<b>Total liabilities</b>		<b>1'726</b>	<b>2'053</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	20	18'102	18'102
Share premium	20	1'989	1'989
Other reserves		-214	-214
Treasury shares	20	-282	-
Cumulative translation adjustment		26	50
Accumulated losses		-13'381	-12'029
<b>Total equity</b>		<b>6'240</b>	<b>7'898</b>
<b>Total liabilities and equity</b>		<b>7'966</b>	<b>9'951</b>

The notes on pages 27 to 49 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	Treasury shares	Cumulative translation adjustment	Accumulated losses	
January 1, 2014		18'102	1'989	-205	-	-15	-11'164	8'707
Net profit / (loss) for the year		-	-	-	-	-	-865	-865
Translation adjustment		-	-	-	-	65	-	65
Remeasurements on defined benefit plans, net of taxes	8	-	-	-9	-	-	-	-9
<i>Total other comprehensive income / (loss), net of taxes</i>		-	-	-9	-	65	-	56
<b>Total comprehensive income / (loss) for the year</b>		-	-	-9	-	65	-865	-809
<b>Total transactions with owners</b>		-	-	-	-	-	-	-
<b>December 31, 2014</b>		<b>18'102</b>	<b>1'989</b>	<b>-214</b>	<b>-</b>	<b>50</b>	<b>-12'029</b>	<b>7'898</b>
January 1, 2015		18'102	1'989	-214	-	50	-12'029	7'898
Net profit / (loss) for the year		-	-	-	-	-	-1'634	-1'634
Translation adjustment		-	-	-	-	-24	-	-24
Remeasurements on defined benefit plans, net of taxes	8	-	-	-	-	-	-	-
<i>Total other comprehensive income / (loss), net of taxes</i>		-	-	-	-	-24	-	-24
<b>Total comprehensive income / (loss) for the year</b>		-	-	-	-	-24	-1'634	-1'658
Treasury shares		-	-	-	-282	-	282	-
<b>Total transactions with owners</b>		-	-	-	-282	-	282	-
<b>December 31, 2015</b>		<b>18'102</b>	<b>1'989</b>	<b>-214</b>	<b>-282</b>	<b>26</b>	<b>-13'381</b>	<b>6'240</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(in CHF '000)	Notes	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
<b>Cash flows from operating activities</b>			
Net profit / (loss) for the year		-1'634	-865
Adjustments for non-monetary items:			
Allocation to / (dissolution of) provision for receivables impairment	11	-	-42
Allocation to provision on long-term loan	16	713	-
Depreciation of property, plant and equipment	13	29	35
Amortisation of intangible assets	14	202	207
Change in net defined benefit liabilities		-	-10
Foreign exchange differences		-2	-
Interest expense	7	36	43
Interest income	7	-59	-74
Income taxes	8	-39	442
<b>Operating profit / (loss) before working capital changes</b>		<b>-754</b>	<b>-264</b>
(Increase) / decrease in trade account receivables		268	544
(Increase) / decrease in other current assets		636	436
(Decrease) / increase in trade account payables		-127	-415
(Decrease) / increase in other current liabilities		-58	-522
<b>Cash generated from / (used in) operating activities</b>		<b>-35</b>	<b>-221</b>
<b>Cash flows from investing activities</b>			
Interest received	7	-	3
Interest paid	7	-26	-33
Tax received	8	-	169
Tax paid	8	-64	-36
<b>Net cash generated from / (used in) operating activities</b>		<b>-125</b>	<b>-118</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	13	-5	-3
Purchases of intangible assets	14	-	-15
Interest income on loan	7	71	68
<b>Net cash from / (used in) investing activities</b>		<b>66</b>	<b>50</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings	19	-22	-22
Interest expenses on borrowings		-10	-10
<b>Net cash from / (used in) financing activities</b>		<b>-32</b>	<b>-32</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>-91</b>	<b>-100</b>
Exchange gains / (losses) on cash and cash equivalents		-9	20
Cash and cash equivalents at beginning of year		1'213	1'293
Cash and cash equivalents at end of year	10/15b	1'113	1'213
Cash and cash equivalents comprise the following:			
Cash and bank balances		1'048	1'148
Customers security deposits, available for use under certain conditions		65	65
		<b>1'113</b>	<b>1'213</b>

The notes on pages 27 to 49 form an integral part of these consolidated financial statements

# 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 3, Avenue de Florimont, 1006 Lausanne, 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.

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

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

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

These group consolidated financial statements were authorised for issue by the Board of Directors on March 22, 2016, but they are subject to approval of the shareholders' general meeting.

As at December 31, 2015, Perfect Holding's subsidiaries are:

	Registered office	Country	Currency	Share capital	Ownership Interest
Perfect Aviation SA	Lausanne	Switzerland	CHF	4'225'000	100%
Oxygen Aviation Ltd	Horsham	UK	GBP	360	100%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## ■ 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 the provisions of the Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations). 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, 2015:**

- Amendment to IAS 19 'Defined Benefit Plans: Employee Contributions' (effective for annual periods beginning on or after July 1, 2014, retrospective application, early application permitted) clarifies the application of IAS 19R to post-employment benefit plans that require employees or third parties to contribute towards the cost of benefits. The amendment allows (but does not require) contributions that are linked to service, and do not vary with length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided; e.g. contributions dependent on the employee's age or contributions that are a fixed percentage of the employee's salary. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the gross benefits. The amendment allows many entities to continue accounting for employee contributions using their accounting policy prior to IAS 19R. The group has applied this amendment from January 1, 2015, but it had no impact on the group's financial statements.

The following relatively minor changes have been applied by the group from their effective date, but they had no significant impact on the group's financial statements:

- Annual improvements 2012 - IFRS 13 'Fair value measurement' (effective date July 1, 2014)

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on January 1, 2015, but are currently not relevant for the group:

- Annual improvements 2012 - IFRS 2 'Share-based payment' (effective date July 1, 2014)
- Annual improvements 2012 - IFRS 3 'Business combinations' (effective date July 1, 2014)
- Annual improvements 2012 - IFRS 8 'Operating segments' (effective date July 1, 2014)
- Annual improvements 2012 - IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' (effective date July 1, 2014)
- Annual improvements 2012 - IFRS 24 'Related party disclosures' (effective date July 1, 2014)
- Annual improvements 2013 - IFRS 1 'First-time adoption of IFRS' (effective date July 1, 2014)
- Annual improvements 2013 - IFRS 3 'Business combinations' (effective date July 1, 2014)
- Annual improvements 2013 - IFRS 13 'Fair value measurement' (effective date July 1, 2014)
- Annual improvements 2013 - IAS 40 'Investment property' (effective date July 1, 2014)

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

The group has not early adopted any other new standards, interpretations to existing standards and standards amendments which need adoption by January 1, 2016 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 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after January 1, 2018, retrospective application, earlier application permitted) - The new standard on the recognition of revenue from contracts with customers applies to all contracts with customers except those that are financial instruments, leases or insurance contracts.

IFRS 15 is based on a five step approach:

- 1) Identify the contract with the customer
- 2) Identify the separate performance obligations in the contract
- 3) Determine the transaction price
- 4) Allocate the transaction price to separate performance obligations
- 5) Recognize revenue when a performance obligation is satisfied.

The new standard will require entities to redefine their revenue recognition, and consider adjustments to the invoicing and accounting systems and consider renegotiating contracts with their clients. Entities currently using industry-specific guidance

may be more significantly affected. In addition, the amount of revenue-related disclosures will increase.

The group will apply IFRS 15 from January 1, 2018, and it is yet to assess IFRS 15's full impact.

- IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after January 1, 2018, retrospective application, earlier application permitted) - The complete version of IFRS 9 'Financial Instruments' includes requirements on the classification and measurement of financial assets and liabilities; it defines three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification for investments in debt instruments is driven by the entity's business model for managing financial assets and their contractual cash flows. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading.

No changes were introduced for the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss.

IFRS 9 also contains a new impairment model which will result in earlier recognition of losses. The expected credit losses (ECL) model is a 'three-stage' model for impairment based on changes in credit quality since initial recognition.

In addition, the new standard contains amendments to general hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

The group will apply IFRS 9 from January 1, 2018, and it is yet to assess IFRS 9's full impact: no significant impact is expected.

- IFRS 16 'Leases' (effective for annual periods beginning on or after January 1, 2019) - Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. IFRS 16 is likely to have a significant impact on the financial statements of a number of lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group will apply IFRS 16 from January 1, 2019, and it is yet to assess IFRS 16's full impact: no significant impact is expected.

- Amendments to IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2016, prospective application, earlier application permitted) - The amendments clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. The group will apply this amendment from January 1, 2016, but it is not expected to have any significant impact.

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

- Amendment to IAS 27 'Separate financial statements' (effective January 1, 2016)
- Amendments to IFRS 11 'Accounting for Acquisitions of Interests in Joint Operations' (effective January 1, 2016)
- Amendments to IFRS 10 'Consolidated financial statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in associates and joint ventures' (effective date January 1, 2016)
- Amendment to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation' (effective date January 1, 2016)
- Amendments to IAS 16 and IAS 41 'Agriculture: Bearer plants' (effective date January 1, 2016)
- IFRS 14 'Regulatory Deferral Accounts' (effective date January 1, 2016)

## 2.2 CONSOLIDATION

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

### Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 recognised amounts of acquiree's identifiable net assets.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the 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. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

## Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

## 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 balances

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. On the disposal of a foreign operation (that is, a disposal of the group's entire interest in a foreign operation), all of the exchange differences accumulated in equity (in other comprehensive income) in respect of that operation attributable to the equity holders of the Company are reclassified to 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. Exchange differences arising are recognised in other comprehensive income.

## 2.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at nominal value. 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) 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	4 years

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

### 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 the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 programs 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 of disposal 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).

Prior impairments of non-financial assets (other than goodwill) 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, short and 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 subsequently carried at amortised cost using the effective interest method.

## 2.11 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## 2.12 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.

## 2.13 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.

## 2.14 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.

## 2.15 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. 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 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.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year.

Past service costs, resulting from a plan amendment or curtailment, are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

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.

For 2015, as the Swiss company operating a defined benefit pension scheme has just one employee, the management has made the assumption that employer contributions equal IAS19R's defined benefit pension costs. Reference should be made to 2014 Annual Report (Note 20) for the details of the defined benefit liabilities reported in the consolidated balance sheet.

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.

## 2.16 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 TREASURY SHARES

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition, until they are cancelled. Where such shares are subsequently sold, any consideration received is included in shareholders' equity.

## 2.18 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.

## 2.19 BORROWINGS

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

## 2.20 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable 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: world wide charter, brokerage of aircraft acquisition and sales.

For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

### 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. 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 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 recognised in the income statement in "Revenue"; the amount for the purchase of the flight from an external operator ('subcharter') is recognised in "Cost of services 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, when the concerned flight has occurred.

### Brokerage

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

## 2.21 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.

## 2.22 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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. 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 substantively 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.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability 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 are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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.

## 2.23 ROUNDING OF AMOUNTS

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Swiss francs unless otherwise stated.

## ■ 3. FINANCIAL RISK MANAGEMENT

### 3.1 RISK ASSESSMENT (AS REQUIRED BY SWISS CODE OF OBLIGATIONS)

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 defined 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.

### 3.2 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 group's financial performance. The group does not use derivative financial instruments to hedge these exposures.

Through the group's internal control system, 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, British pounds and US dollars. 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 foreign currency transaction 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from these net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At December 31, 2015, if the CHF had already weakened / strengthened by 10% against the EUR with all other variables held constant, the pre-tax result for the year would have been KCHF 82 higher / lower, mainly as a result of foreign exchange gains / losses on translation of EUR-denominated trade account receivables, bank accounts and trade account payables (2014: KCHF 132).

At December 31, 2015, if the CHF had weakened / strengthened by 10% against the GBP with all other variables held constant, the pre-tax result for the year would have been KCHF 118 higher / lower, mainly as a result of foreign exchange gains / losses on translation of GBP-denominated group net assets (2014: KCHF 146).

At December 31, 2015, if the CHF had weakened / strengthened by 10% against the USD with all other variables held constant, the pre-tax result for the year would have been KCHF 94 higher / lower, mainly as a result of foreign exchange gains / losses on translation of USD-denominated trade account receivables and bank accounts (2014: KCHF 74).

## 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. Actually, the group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## Credit risk

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and terms and conditions are offered. 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). 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 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		456	-	-
Current portion of long-term debt	19	-	23	-
Long-term debt	19	-	-	313
<b>At December 31, 2014</b>		<b>456</b>	<b>23</b>	<b>313</b>
Trade accounts payable		325	-	-
Current portion of long-term debt	19	-	23	-
Long-term debt	19	-	-	286
<b>At December 31, 2015</b>		<b>325</b>	<b>23</b>	<b>286</b>

## 3.3 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. The objective of the group is to avoid, as much as possible, resorting on external loans. At December 31, 2015, the group has no external financing, apart from the mortgage on the building located in Horsham (see Note 19).

### 3.4 FAIR VALUE ESTIMATION

The nominal values less any estimated credit adjustments for the following financial assets and liabilities are assumed to approximate their fair values:

- Cash and cash equivalents
- Trade account receivables
- Long-term loan (including current portion) (see Note 16)
- Trade account payables
- Current portion of long-term debt
- Long-term debt (see Note 19)

In 2015, 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 2015, 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. Management also needs to exercise judgement in applying the group's accounting policies. 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.

#### Going concern

The foreign exchange evolution in 2015, and most particularly the CHF appreciation, has strongly impacted the level of revenue. Charter and brokerage activities have also decreased as a result of the continuing very tense situation in Russia/Eastern Europe. Diversification in Europe and Middle-East is however slowly starting to bear fruit.

As indicated in the Interim Report 2015, the group continues the evaluation of opportunities for amalgamation with companies of value. However, this process proves to be more time-consuming than expected.

At December 31, 2015, the group continues to have no external financing (apart from a long-term mortgage on the UK office premises - see Note 19). Based on the current commitments and operations, as well as the expected cash collection, the Board of Directors believes that the Company will be able to meet all of its obligations for at least the next twelve months

as they fall due and hence, the consolidated financial statements have been prepared on a going concern basis.

In addition, the Board of Directors will propose some restructuring measures at the next ordinary shareholders' meeting of May 27, 2016.

#### Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy 2.8 Intangible assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see Note 14). The recoverable amount of the goodwill on Oxygen Aviation being higher than its carrying amount, no impairment has been recorded. If the estimated margin percentage used for the CGU had been 0.5% lower than management's estimates (for example 10.6% instead of 11.1%) for the periods 2017-2020, the group would have recognised an impairment of KGBP 335. In case of impairment, it would be first allocated to customer relationship and then to goodwill.

### 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 2.22 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. Due to the volatility of the result of the group company benefiting from tax losses, the management has decided not to recognise any deferred income tax assets at December 31, 2015. Had the group estimated that all available tax losses could be used, the effect would have been an additional income of KCHF 886 as of December 31, 2015 (2014: KCHF 2'549).

#### 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 1'427 at December 31, 2015 (2014: KCHF 1'784). The group management has been informed that Mondema is pursuing its strategic goal, as manufacturer of specific high-value-added machines, for large customers in the medical, luxury and food sectors. As indicated in Note 16, based on the amended repayment schedule, the first reimbursement instalment has been received on February 9, 2015. As it remains an uncertainty regarding the repayment of the loan due as scheduled, management has decided to create a provision of 50% of the remaining loan amount. Management is following up the ability of the company to respect the repayment plan.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## ■ 5. EMPLOYEE BENEFIT EXPENSES

(in CHF '000)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Wages, salaries and other costs	1'358	1'476
Social security costs	149	166
Defined benefit plan - pension costs / (income)	5	-2
Defined contribution plan - pension costs	11	22
<b>Employee benefit expenses</b>	<b>1'523</b>	<b>1'662</b>

## ■ 6. INCOME / EXPENSES BY NATURE

This note provides an analysis of expenses by nature.

(in CHF '000)	Notes	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Aviation costs		13'766	21'548
Employee benefit expenses	5	1'523	1'662
Depreciation	13	29	35
Amortisation	14	202	207
Administrative costs		696	846
Office expenses		57	59
Marketing, representation and travel expenses		235	220
Allocation to provision on long-term loan		713	-
Other operating expenses / (income)		-40	57
<b>Total expenses by nature</b>		<b>17'181</b>	<b>24'634</b>

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

## ■ 7. FINANCE INCOME AND EXPENSES

(in CHF '000)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Interest income on long-term loan (Note 16)	59	71
Other financial income	-	3
<b>Finance income</b>	<b>59</b>	<b>74</b>
Interest and financial expenses	-36	-43
<b>Finance expenses</b>	<b>-36</b>	<b>-43</b>
<b>Finance income, net</b>	<b>23</b>	<b>31</b>

## ■ 8. INCOME TAX EXPENSES

This note provides an analysis of the group's income tax expenses, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the group's tax position.

(in CHF '000)	Notes	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Current tax		-	-61
Deferred tax	17	41	-381
Tax relating to prior years		-2	-
<b>Income tax income / (expenses)</b>		<b>39</b>	<b>-442</b>

The group's expected tax expenses for each year is based using the applicable tax rate in each individual jurisdiction, which in 2015 ranged between 8% and 21% (2014: between 8% and 22%), in the tax jurisdictions in which the group operates.

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

(in CHF '000)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Profit / (loss) before taxes	-1 673	-379
Tax calculated at tax domestic rates applicable to profits in the respective countries	270	15
<b>Tax effects of:</b>		
▪ Tax losses for which no deferred income tax asset was recognised	-413	-11
▪ Utilisation of previously unrecognised tax losses	-	19
▪ Change in deferred tax liabilities / assets	41	-381
▪ Income not subject to tax / (expenses not deductible for tax purposes)	143	-75
▪ Tax relating to prior years	-2	-
▪ Other	-	-9
<b>Income tax income / (expenses)</b>	<b>39</b>	<b>-442</b>

The weighted average applicable tax rate was 16% (2014: 10%). This increase is due to changes in the mix of the taxable results of the individual group companies.

The tax (charge) / credit relating to components of other comprehensive income is as follows:

(in CHF '000)	2015		
	Before tax	Tax (charge) /credit	After tax
Remeasurements on defined benefit plans	-	-	-
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current tax		-	
Deferred tax		-	
		-	

(in CHF '000)	2014		
	Before tax	Tax (charge) /credit	After tax
Remeasurements on defined benefit plans	-11	-2	-9
<b>Other comprehensive income</b>	<b>-11</b>	<b>-2</b>	<b>-9</b>
Current tax		-	
Deferred tax		-2	
		-2	

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

## ■ 9. EARNINGS PER SHARE

(in CHF '000)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
<b>CONTINUING OPERATIONS</b>		
Net profit / (loss) from continuing operations attributable to shareholders (in CHF '000)	-1'634	-821
Weighted average number of ordinary shares in issue	178'501'090	181'018'281
<b>Basic and diluted profit / (loss) per share (in CHF)</b>	<b>-0.009</b>	<b>-0.005</b>
<b>DISCONTINUED OPERATIONS</b>		
Net profit / (loss) from discontinued operations attributable to shareholders (in CHF '000)	-	-44
Weighted average number of ordinary shares in issue	-	181'018'281
<b>Basic and diluted profit / (loss) per share (in CHF)</b>	<b>-</b>	<b>0.000</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, excluding ordinary shares owned by the Company and held as treasury shares (Note 20).

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, 2015 and 2014.

## ■ 10. CASH AND CASH EQUIVALENTS

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
Cash and bank balances	1'048	1'148
Customers security deposits, available for use under certain conditions	65	65
	<b>1'113</b>	<b>1'213</b>

The customers security deposits correspond to the deposits advanced by aircraft management customers. The counterpart can be found in "Advances from customers". These deposits are denominated in Euros (EUR).

## ■ 11. TRADE ACCOUNT RECEIVABLES

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
Trade account receivables	1'276	1'570
Less: Provision for receivables impairment	-	-17
<b>Trade account receivables, net</b>	<b>1'276</b>	<b>1'553</b>

Trade receivables that are less than six months past due are not considered impaired. As of December 31, 2015, trade receivables of KCHF 610 (2014: KCHF 402) 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, 2015	Dec. 31, 2014
Neither past due nor impaired	15b	666	1'151
Up to 6 months past due but not impaired		-	226
6 to 12 months past due but not impaired		-	109
Over 12 months past due but not impaired		610	67
		<b>1'276</b>	<b>1'553</b>

As at December 31, 2015, trade receivables of nil (2014: KCHF 17) are impaired and provided for. The amount of provision is KCHF nil as of December 31, 2015 (2014: KCHF 17). In 2014, the individually impaired receivables related to subcharter customers. The ageing analysis of these receivables is as follows:

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
Up to 6 months	-	-
6 to 12 months	-	-
Over 12 months	-	17
	<b>-</b>	<b>17</b>

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

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
CHF Swiss francs	66	79
USD US dollars	695	639
EUR Euros	444	839
GBP British pounds	71	13
	<b>1'276</b>	<b>1'570</b>

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

(in CHF '000)	2015	2014
January 1	17	657
Allocation to provision for receivables impairment	-	16
Receivables written off during the year as uncollectible	-17	-600
Unused amounts reversed	-	-58
Exchange difference	-	2
<b>December 31</b>	<b>-</b>	<b>17</b>

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.

## ■ 12. OTHER CURRENT ASSETS

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
VAT receivable, net	19	16
Prepaid expenses	99	352
Other current assets	62	107
	<b>180</b>	<b>475</b>

The above other current assets are mainly denominated in British pounds (GBP) and in Swiss francs (CHF).

This class of assets does not contain impaired assets.

## ■ 13. PROPERTY, PLANT AND EQUIPMENT

(in CHF '000)	Building	Equipments	Office equipment	Vehicles	Total
<b>COST</b>					
January 1, 2014	507	1	95	7	610
Additions	-	-	3	-	3
Disposals and scrapping	-	-	-2	-	-2
Exchange difference	19	-	2	-	21
<b>December 31, 2014</b>	<b>526</b>	<b>1</b>	<b>98</b>	<b>7</b>	<b>632</b>
Reclassification	-	-1	1	-	-
Additions	-	-	5	-	5
Exchange difference	-5	-	-	-	-5
<b>December 31, 2015</b>	<b>521</b>	<b>-</b>	<b>104</b>	<b>7</b>	<b>632</b>
<b>ACCUMULATED DEPRECIATION</b>					
January 1, 2014	106	1	71	1	179
Depreciation charge	21	-	12	2	35
Disposals and scrapping	-	-	-2	-	-2
Exchange difference	4	-	2	-	6
<b>December 31, 2014</b>	<b>131</b>	<b>1</b>	<b>83</b>	<b>3</b>	<b>218</b>
Reclassification	-	-1	1	-	-
Depreciation charge	20	-	7	2	29
Exchange difference	-	-	-	-	-
<b>December 31, 2015</b>	<b>151</b>	<b>-</b>	<b>91</b>	<b>5</b>	<b>247</b>
<b>NET BOOK AMOUNT</b>					
December 31, 2014	395	-	15	4	414
December 31, 2015	370	-	13	2	385

Depreciation expense has been included in the functional line "General & administrative expenses" in the income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## ■ 14. INTANGIBLE ASSETS

(in CHF '000)	Goodwill	Customer relationship	Software	Other intangible assets	Total
<b>COST</b>					
January 1, 2014	3'984	993	3'343	9	8'329
Additions	-	-	15	-	15
Disposals and scrapping	-	-	-3'341	-	-3'341
Exchange difference	-	25	-	-	25
<b>December 31, 2014</b>	<b>3'984</b>	<b>1'018</b>	<b>17</b>	<b>9</b>	<b>5'028</b>
Exchange difference	-	-5	-	-	-5
<b>December 31, 2015</b>	<b>3'984</b>	<b>1'013</b>	<b>17</b>	<b>9</b>	<b>5'023</b>
<b>ACCUMULATED AMORTISATION</b>					
January 1, 2014	-	324	3'342	-	3'666
Amortisation charge	-	202	5	-	207
Disposals and scrapping	-	-	-3'341	-	-3'341
Exchange difference	-	4	-	-	4
<b>December 31, 2014</b>	<b>-</b>	<b>530</b>	<b>6</b>	<b>-</b>	<b>536</b>
Amortisation charge	-	197	5	-	202
Exchange difference	-	6	-	-	6
<b>December 31, 2015</b>	<b>-</b>	<b>733</b>	<b>11</b>	<b>-</b>	<b>744</b>
<b>NET BOOK AMOUNT</b>					
December 31, 2014	3'984	488	11	9	4'492
December 31, 2015	3'984	280	6	9	4'279

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

(in CHF '000)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Aviation costs	197	202
General & administrative expenses	5	5
	<b>202</b>	<b>207</b>

### Goodwill

The group tests annually whether goodwill has suffered any impairment, irrespective of indicators of impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. The group is relying on the estimation of value in use. 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.

Regarding the impairment of the goodwill, this latter is attributed to the cash-generating unit corresponding to the UK entity Oxygen Aviation Ltd. The recoverable amount of this CGU has

been determined based on value-in-use calculations. These calculations use the Discounted Cash Flow method, for the 5-year period from 2016 until 2020. 2016 figures have been taken from the group projections, and then, the following key assumptions have been used:

- revenues growth: +12.5% for 2016 and +15% for 2017 (based on market diversification efforts) and then, +5% per year (based on management's expectations of market development)
  - margin: 12.1% for 2016 (based on management estimates) and then, 11.1% (based on past performance - average margin 2012-2016 - and industry trends in the concerned markets)
  - staff expenses: -5% for 2016 (based on organisation changes) and then, +1% per year (management forecasts these costs based on the same structure of the business as 2016, adjusting only for inflationary increases)
  - operating expenses: +2.1% for 2016 (based on organisation changes) and then, +1% per year (those costs are fixed costs and do not vary significantly with sales volumes)
  - long-term average growth rate: 1%
- A discount rate of 11.6% has been used.

The recoverable amount calculated based on value-in-use exceeded carrying value by KGBP 197; therefore no impairment arose. A decrease in margin to 10.6% for 2017-2020 or a fall in annual revenues growth to 10% (instead of 15%) for 2017 would remove the remaining headroom.

#### ■ 15a. FINANCIAL INSTRUMENTS BY CLASS AND BY CATEGORY

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

(in CHF '000)	Notes	Dec. 31, 2015	Dec. 31, 2014
<b>Financial assets - loans and receivables</b>			
Cash and cash equivalents	10	1'113	1'213
Trade account receivables	11	1'276	1'553
Long-term loan (including current portion)	16	714	1'784
<b>Total financial assets</b>		<b>3'103</b>	<b>4'550</b>

#### Financial liabilities - other financial liabilities at amortised cost

Trade account payables		325	456
Current portion of long-term debt	19	23	23
Long-term debt	19	286	313
<b>Total financial liabilities</b>		<b>634</b>	<b>792</b>

<b>Net financial position</b>		<b>2'469</b>	<b>3'758</b>
of which at fair value		-	-

As indicated in Note 3.4, carrying amount of these instruments is a reasonable approximation of their fair value. For long-term loan, included in financial assets, see Note 16, and for long-term debt, included in financial liabilities, see Note 19.

#### ■ 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, 2015	Dec. 31, 2014
<b>Cash and cash equivalents</b>		
AA	122	361
A	991	852
	<b>1'113</b>	<b>1'213</b>

<b>Trade account receivables (without external credit rating)</b>		
Group 1	125	6
Group 2	541	1'145
Group 3	-	-
	<b>666</b>	<b>1'151</b>

<b>Long-term loan (including current portion)</b>		
Group 3	714	1'784
	<b>714</b>	<b>1'784</b>

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.

#### ■ 16. LONG-TERM LOAN (INCLUDING CURRENT PORTION)

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
Total long-term loan	1'427	1'784
Provision on long-term loan	-713	-
	<b>714</b>	<b>1'784</b>

of which:

Current portion of long-term loan	357	714
Long-term loan	357	1'070
	<b>714</b>	<b>1'784</b>

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 agree-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ment between the Company and Mondema SA, an additional working capital loan of KCHF 600 had been granted to Mondema SA in spring 2009. The balance of the loan amounted to KCHF 1'784 as at December 31, 2014. The repayment schedule and the interest rate had been updated and this loan, bearing interest at 4.00% since January 1, 2014, should be reimbursed within 5 years. The first reimbursement instalment has been received on February 9, 2015. The balance of the loan amounts to KCHF 1'427 at December 31, 2015. The group management has been informed that Mondema is pursuing its strategic goal, as manufacturer of specific high-value-added machines, for large customers in the medical, luxury and food sectors. As it remains an uncertainty regarding the repayment of the loan due as scheduled, management has decided to create a provision of 50% of the remaining loan amount. Please refer to Note 4.2 for additional information.

This loan is secured by the following guarantees:

- promissory notes for a total of KCHF 1'784 issued by Mondema SA
- personal guarantee of Mondema SA's shareholder for KCHF 100
- pledge of some 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 long-term loan has not been discounted, as the impact is not significant.

## 17. DEFERRED INCOME TAXES

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

(in CHF '000)	Employee benefits (IAS 19)	Tax losses to be carried-forward	Total
<b>Deferred tax assets</b>			
January 1, 2014	20	432	452
Credited to other comprehensive income	2	-	2
Credited/(charged) to income statement	-2	-432	-434
<b>December 31, 2014</b>	<b>20</b>	<b>-</b>	<b>20</b>
Credited to other comprehensive income	-	-	-
Credited/(charged) to income statement	-1	-	-1
<b>December 31, 2015</b>	<b>19</b>	<b>-</b>	<b>19</b>

(in CHF '000)	Building	Customer relationship (intangible assets)	Total
<b>Deferred tax liabilities</b>			
January 1, 2014	-75	-125	-200
Credited/(charged) to income statement	9	44	53
Exchange difference (CTA)	-3	-4	-7
<b>December 31, 2014</b>	<b>-69</b>	<b>-85</b>	<b>-154</b>
Credited/(charged) to income statement	6	36	42
Exchange difference (CTA)	1	3	4
<b>December 31, 2015</b>	<b>-62</b>	<b>-46</b>	<b>-108</b>

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

(in CHF '000)	2015	2014
January 1	-134	252
Tax charge / (credit) relating to components of other comprehensive income (Note 8)	-	2
Income statement credit / (charge) (Note 8)	41	-381
Exchange difference (CTA)	4	-7
<b>December 31</b>	<b>-89</b>	<b>-134</b>

Deferred income tax assets were recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits was probable. Due to the volatility of the result of the group company benefiting from tax losses, the management has decided not to recognise any deferred income tax assets at December 31, 2015.

Tax losses to be carried-forward:

(in CHF '000)	Years of expiry	Not recognised
	2016	200
	2017	-
	2018	-
	2019	3'988
	Beyond 2020	4'505
		<b>8'693</b>

Out of these CHF 9 million, CHF 7 million relate to Perfect Holding SA, which benefits of a holding status.

In 2015, unused tax losses of CHF 13 million have expired (2014: CHF 23 million).

## ■ 18. OTHER CURRENT LIABILITIES

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
Accrued operating expenses	128	212
Payroll and social charges	128	119
Commissions	41	-
Professional expenses	60	128
Deferred income	409	333
Various taxes	6	26
Other	3	5
	<b>775</b>	<b>823</b>

## ■ 19. BORROWINGS

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
Current portion of long-term debt	23	23
Long-term debt	286	313
<b>Mortgage debt</b>	<b>309</b>	<b>336</b>

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% (2014: 3.11%).

The mortgage debt is denominated in British pounds (GBP).

The long-term debt has not been discounted, as the impact is not significant.

## ■ 20. SHARE CAPITAL

(in CHF '000)	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
Jan. 1, 2014	181'018'281	18'102	1'989	-	20'091
Movements in 2014	-	-	-	-	-
<b>Dec. 31, 2014</b>	<b>181'018'281</b>	<b>18'102</b>	<b>1'989</b>	<b>-</b>	<b>20'091</b>
Movements in 2015	-	-	-	-282	-282
<b>Dec. 31, 2015</b>	<b>181'018'281</b>	<b>18'102</b>	<b>1'989</b>	<b>-282</b>	<b>19'809</b>

At December 31, 2015, 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.

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.

### Treasury shares

On May 21, 2012, Perfect Holding SA had completed the acquisition of the entire share capital of Oxygen Aviation Ltd,

Horsham (UK). Part of the acquisition price consists in a contingent consideration (see Note 26), based on an earn-out clause (achievement of certain performance criteria during 3 financial years after the acquisition). The performance check processed in spring 2015 on 2014 audited statutory accounts confirmed that the performance criteria for the financial year 2014 had unfortunately not been met.

Consequently, the second portion of escrow shares has not been released in favour of the former shareholders of Oxygen Aviation Ltd, but in favour of Perfect Holding SA.

Accordingly, Perfect Holding SA owns 4'029'713 of its own shares, considered at a price of CHF 0.07 per share, corresponding to the market price as of the date of the official notice of non-release of the second portion of escrow shares to the former shareholders of Oxygen Aviation Ltd. An amount of KCHF 282 has therefore been reclassified from "Accumulated losses" to "Treasury shares", in the equity. There has been no impact on the income statement.

### Authorised capital

At the shareholders' general meeting held on May 23, 2014, the shareholders had 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 9'050'914 (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 23 May 2016, 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

The conditional share capital of the Company represents an amount of CHF 9'050'000 and is divided into the two following components:

#### Conditional capital reserved for share option plans

At December 31, 2015, 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 Association 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Conditional capital reserved for convertible loans

At the shareholders' general meeting of May 24, 2013, a conditional capital of maximum CHF 8'990'000 (divided into a maximum of 89'900'000 registered shares of a nominal value of CHF 0.10 each, to be fully paid up) had been created in order to secure the exercise of conversion rights that may be issued under future convertible loans of the Company. The new shares may be acquired by creditors of future convertible loans of the Company. The preferential subscription right of shareholders is suppressed for these new shares. The Board of Directors may decide to restrict the preferential right of shareholders to subscribe to such convertible loans by setting minimum individual loan tranches of CHF 50'000. The conversion right can only be exercised for up to 3 years from the date of issuance of the convertible loan. The issuance of the new shares is subject to the applicable conditions of conversion, whereby the conversion price must correspond to the nominal value of the shares.

## Significant shareholders

The main shareholders of the Company are as follows:

	Dec. 31, 2015	Dec. 31, 2014
Haute Vision SA, Mauritius	37.90%	37.90%
Grover Ventures Inc, British Virgin Islands	6.85%	6.85%
Roderick Glassford	5.51%	6.25%
Steven A Jack	5.51%	6.25%
Nicholas Grey	5.39%	5.39%
Stephen Grey	4.39%	4.39%
Mark Green	3.45%	6.25%

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 98'704'873 shares (2014: 98'704'873 shares), i.e. 54.53% (2014: 54.53%) 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 27, 2016, the Board of Directors will not propose any dividend in respect of fiscal year 2015 (2014: nil).

## 21. LEASES

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

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
Not later than 1 year	19	19
Later than 1 year and not later than 5 years	3	13
More than 5 years	-	-
	<b>22</b>	<b>32</b>

These operating leases mainly concern office and vehicle rentals. Lease payments incurred during 2015 (office and vehicle rentals) and recorded in the income statement amount to KCHF 31 (2014: KCHF 31).

## 22. 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 (2014: idem).

## 23. ASSETS PLEDGED

As explained in Note 19, there is a charge on the building registered as security against the company Oxygen Aviation Ltd under a loan agreement with Lloyds TSB Plc (2014: idem).

## 24. RELATED PARTIES

The following transactions were carried out with related parties.

### Key management compensation:

The compensation paid to key management (please refer to section Corporate Governance) is shown below:

(in CHF '000)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Salaries and other short-term employee benefits (including KCHF 11 of pension costs)	916	950

In 2015 (and in 2014), 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, 2015	Year ended Dec. 31, 2014
Revenue from brokerage	-	491
Revenue from charters	-	45

#### Year-end balances:

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
Included in:		
Trade account receivables	559	610

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.

## 25. SEGMENT INFORMATION

The strategic steering committee is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the strategic steering committee for the purpose of allocating resources and assessing performance.

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

- 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 from continuing operations provided to the strategic steering committee for the reportable segments is as follows:

(in CHF '000)	Charters	Brokerage	Total
<b>2014</b>			
Total revenue	23'851	491	24'342
Inter-segment revenue	-	-	-
<b>Revenue from external customers</b>	<b>23'851</b>	<b>491</b>	<b>24'342</b>
<b>Adjusted EBITDA</b>	<b>385</b>	<b>491</b>	<b>876</b>
<b>Depreciation/amortisation/impairment</b>	<b>-234</b>	<b>-</b>	<b>-234</b>
<b>2015</b>			
Total revenue	15'594	-	15'594
Inter-segment revenue	-	-	-
<b>Revenue from external customers</b>	<b>15'594</b>	<b>-</b>	<b>15'594</b>
<b>Adjusted EBITDA</b>	<b>108</b>	<b>-</b>	<b>108</b>
<b>Depreciation/amortisation/impairment</b>	<b>-223</b>	<b>-</b>	<b>-223</b>
<b>TOTAL ASSETS</b>			
December 31, 2014	6'140	544	6'684
December 31, 2015	5'374	559	5'933

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

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 5 and nil in 2015 (KCHF 3 and 15 in 2014).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(in CHF '000)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Adjusted EBITDA for reportable segments	108	876
Corporate overheads	-751	-926
Allocation to provision on long-term loan	-713	-
Depreciation	-29	-35
Amortisation	-202	-207
<b>Operating profit / (loss)</b>	<b>-1'587</b>	<b>-292</b>
Finance income, net	23	31
Exchange differences	-109	-118
<b>Profit / (loss) before taxes</b>	<b>-1'673</b>	<b>-379</b>

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

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
Total segments' assets	5'933	6'684
Unallocated amounts:		
Cash and cash equivalents	1'113	1'213
Loan (long-term, current portion and accrued interest)	773	1'875
Property, plant and equipment (part of)	4	7
Intangible assets (part of)	14	19
Deferred tax assets	19	20
Trade account receivables (part of)	64	82
Other current assets (part of)	46	51
<b>Group assets</b>	<b>7'966</b>	<b>9'951</b>

Breakdown of the revenue from all segments is as follows:

(in CHF '000)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Revenue from services	15'594	24'342
	<b>15'594</b>	<b>24'342</b>

The Company, as well as one of its subsidiaries, is domiciled in Switzerland. The result of its revenue from external customers in Switzerland is nil (2014: KCHF 569) and the results of its revenue from external customers in United Kingdom is KCHF 15'594 (2014: KCHF 23'773).

The total of non-current assets (there are no financial instruments) located in Switzerland is KCHF 732 (2014: KCHF 1'116) and the total of the non-current assets located in the UK is KCHF 381 (2014: KCHF 407).

In 2015, the group has realised more than 10% of 2015 revenues with two customers from the charter segment (KCHF 2'170 and KCHF 1'971). In 2014, the group has realised more than 10% of 2014 revenues with one customer from the charter segment (KCHF 2'818).

## 26. CONTINGENT CONSIDERATION

On May 21, 2012, Perfect Holding SA had completed the acquisition of the entire share capital (100%) of a UK company, Oxygen Aviation Ltd, Horsham (UK). The purchase price of the shares of Oxygen Aviation Ltd had 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 had been increased through contribution in kind.

The consideration for this transaction was 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, were a total consideration of KCHF 6'391, composed of a cash consideration of KCHF 1'009 (of which KCHF 269 had 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.

The consideration payable to the former shareholders of Oxygen Aviation Ltd had been set on the basis of the assumption that the acquired business would 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, had 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 fair value of the contingent consideration had been estimated by considering that the performance criteria will be entirely met. For the financial year 2012, the performance criteria had been met. For 2013, further to performance lower than fixed criteria, the Board of Directors of Perfect Holding SA had decided to amend the share purchase agreement and therefore to extend and move the performance check by one year until 2015 (instead of 2014). The performance check processed in spring 2015 on 2014 audited statutory accounts confirmed that the performance criteria for the financial year 2014 had unfortunately not been met.

Consequently, the second portion of escrow shares has not been released in favour of the former shareholders of Oxygen Aviation Ltd, but in favour of Perfect Holding SA (see Note 20).

For the financial year 2015, the performance criteria is not met; however, the check of performance will be processed on audited statutory accounts, later in spring 2016.

## ■ 27. EVENTS AFTER THE REPORTING DATE

Nil.









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

## ■ REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying financial statements of Perfect Holding SA, which comprise the income statement, balance sheet and notes (pages 54 to 58), for the year ended December 31, 2015.

### 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, 2015 comply with Swiss law and the company's articles of incorporation.

### EMPHASIS OF MATTER

We draw your attention to Note 1.7 to these financial statements, which states the situation of the company and the Perfect Holding group. This, along with other matters as described in Note 1.7, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern. Our opinion is not qualified in respect of this matter.

## ■ 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.

Further, we draw attention to the fact that half of the share capital and the legal reserves is no longer covered (article 725 para. 1 CO).



A handwritten signature in black ink, appearing to read 'D. Ehret', written over a light blue horizontal line.

Didier Ehret  
Audit expert  
Auditor in charge

A handwritten signature in black ink, appearing to read 'A. Joly', written over a light blue horizontal line.

Aude Joly  
Audit expert

Lausanne, March 22, 2016

# INCOME STATEMENTS

(in CHF '000)	Notes	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
<b>INCOME</b>			
Dividend income	2.7	-	384
		-	<b>384</b>
<b>EXPENSES</b>			
Personnel expenses		-134	-134
General and administrative expenses		-388	-373
Allocation to the provision on investments in subsidiaries	2.2	-2'250	-
Other operating expenses from prior years		-	-17
Exchange differences		-3	-3
		<b>-2'775</b>	<b>-527</b>
<b>Profit / (loss) before taxes</b>		<b>-2'775</b>	<b>-143</b>
Income tax		-	-
<b>Profit / (loss) for the year</b>		<b>-2'775</b>	<b>-143</b>

# BALANCE SHEETS

(in CHF '000)	Notes	December 31, 2015	December 31, 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2	154
Other current receivables			
Due from third parties		13	9
Due from group companies	2.1	-	42
Accrued income and prepaid expenses		25	25
<b>Total current assets</b>		<b>40</b>	<b>230</b>
<b>Non-current assets</b>			
Investments	2.2	10'641	12'891
<b>Total non-current assets</b>		<b>10'641</b>	<b>12'891</b>
<b>Total assets</b>		<b>10'681</b>	<b>13'121</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade accounts payable			
Due from third parties		79	11
Accrued expenses and deferred income		51	70
<b>Total current liabilities</b>		<b>130</b>	<b>81</b>
<b>Non-current liabilities</b>			
Long-term liabilities			
Due to group companies	2.3	3'091	2'805
<b>Total non-current liabilities</b>		<b>3'091</b>	<b>2'805</b>
<b>Total liabilities</b>		<b>3'221</b>	<b>2'886</b>
<b>Shareholders' equity</b>			
Share capital	2.4	18'102	18'102
Legal reserves from capital contributions	2.6	1'989	1'989
Profit / (loss) brought forward		-9'856	-9'713
Profit / (loss) for the year		-2'775	-143
Treasury shares	2.5	-	-
<b>Total shareholders' equity</b>		<b>7'460</b>	<b>10'235</b>
<b>Total liabilities and shareholders' equity</b>		<b>10'681</b>	<b>13'121</b>



# NOTES TO THE FINANCIAL STATEMENTS

## ■ 1. PRINCIPLES

### 1.1 GENERAL ASPECTS

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles are described below.

### 1.2 INVESTMENTS

Investments are valued at cost less necessary depreciation.

### 1.3 TREASURY SHARES

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognised through the income statement as financial income or financial expenses.

### 1.4 LONG-TERM LIABILITIES (NON-INTEREST BEARING)

Long-term liabilities are recognised in the balance sheet at nominal value.

### 1.5 FOREIGN CURRENCIES

Monetary and non-monetary items in foreign currency are translated into Swiss francs at the following exchange rates:

		Balance Sheet Dec. 31, 2015	Balance Sheet Dec. 31, 2014
US dollar	USD	1.0118	0.9811
Euro	EUR	1.0945	1.2146
British pound	GBP	1.5216	1.5374

The exchange rates used for balance sheet items are the rates prevailing on December 31; the exchange rates used for transactions conducted during the course of the year and for items in the profit and loss statement are monthly average rates published by the Federal Tax Administration.

### 1.6 FOREGOING A CASH FLOW STATEMENT AND ADDITIONAL DISCLOSURES IN THE NOTES

As Perfect Holding SA has prepared its consolidated financial statements in accordance with a recognised accounting standard (IFRS), it has decided to forego presenting additional information on audit fees in the notes as well as a cash flow statement in accordance with the law.

### 1.7 GOING CONCERN

The foreign exchange evolution in 2015, and most particularly the CHF appreciation, has strongly impacted the level of revenue. Charter and brokerage activities have also decreased as a result of the continuing very tense situation in Russia/Eastern

Europe. Diversification in Europe and Middle-East is however slowly starting to bear fruit.

As indicated in the Interim Report 2015, the group continues the evaluation of opportunities for amalgamation with companies of value. However, this process proves to be more time-consuming than expected.

At December 31, 2015, the group continues to have no external financing (apart from a long term mortgage on the UK office premises). Based on the current commitments and operations, as well as the expected cash collection, the Board of Directors believes that the Company will be able to meet all of its obligations for at least the next twelve months as they fall due and hence, the statutory financial statements have been prepared on a going concern basis.

In addition, the Board of Directors will propose some restructuring measures at the next ordinary shareholders' meeting of May 27, 2016.

## ■ 2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

### 2.1 OTHER CURRENT RECEIVABLES DUE FROM GROUP COMPANIES

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
Oxygen Aviation Ltd, Horsham, UK	-	42
	-	42

### 2.2 INVESTMENTS

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

(in CHF '000)	Share capital	Dec. 31, 2015	Dec. 31, 2014
Perfect Aviation SA, Lausanne, Switzerland (100% share capital and voting rights):	CHF 4'225'000		
Gross book value		10'699	10'699
Provision		-6'449	-4'199
<b>Net book value</b>		<b>4'250</b>	<b>6'500</b>

Oxygen Aviation Ltd, Horsham, UK (100% share capital and voting rights):	GBP 360		
Gross book value		6'391	6'391
		10'641	12'891

In 2015, an allocation to the provision on investment has been made for the subsidiary Perfect Aviation SA, Lausanne (Switzerland) for an amount of KCHF 2'250 (2014: Nil).

### 2.3 LONG-TERM LIABILITIES DUE TO GROUP COMPANIES

(in CHF '000)	Dec. 31, 2015	Dec. 31, 2014
Perfect Aviation SA, Lausanne, Switzerland, (non-interest bearing)	3'091	2'805
	<b>3'091</b>	<b>2'805</b>

### 2.4 SHARE CAPITAL

In 2015 and 2014, the share capital of CHF 18'101'828.10 consisted of 181'018'281 registered shares at a par value of CHF 0.10 each.

### 2.5 TREASURY SHARES

Number of registered shares	Acquisition cost (in CHF '000)	Number of shares
Owned by Perfect Holding SA as at 31.12.2014	-	-
Acquisition (1 transaction)	-	4'029'713
<b>Owned by Perfect Holding SA as at 31.12.2015</b>	<b>-</b>	<b>4'029'713</b>

As at balance sheet date, Perfect Holding SA owns 4'029'713 of its own shares, with an acquisition cost of Nil (2014: zero share, Nil).

### 2.6 RESERVES FROM CAPITAL CONTRIBUTIONS

The reserves from capital contributions include the premium from capital increase in the year 2012.

### 2.7 DIVIDEND INCOME

There was no dividend income recorded in the year 2015 (2014: KCHF 384). This amount represented dividends distributed by the subsidiary Oxygen Aviation Ltd, Horsham (UK) for the 2013 business year. The balance of the amount due at December 31, 2014 of KCHF 42 was recorded as a receivable.

## ■ 3. OTHER INFORMATION

### 3.1 FULL-TIME EQUIVALENTS

In 2015 and 2014, Perfect Holding SA employed no more than ten full-time equivalent persons during the year.

### 3.2 AUTHORISED SHARE CAPITAL

At the shareholders' general meeting held on May 23, 2014, the shareholders had 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 23 May 2016, 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.

### 3.3 CONDITIONAL SHARE CAPITAL

In 2015 and 2014, the conditional share capital of the Company represented an amount of KCHF 9'050 and is divided into the two following components:

#### Conditional capital reserved for share option plans

At December 31, 2015 and December 31, 2014, the conditional capital of the Company amounted 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.

#### Conditional capital reserved for convertible loans

At the shareholders' general meeting of May 24, 2013, a conditional capital of maximum KCHF 8'990 (divided into a maximum of 89'900'000 registered shares of a nominal value of CHF 0.10 each, to be fully paid up) has been created in order to secure the exercise of conversion rights that may be issued under future convertible loans of the Company. The new shares may be acquired by creditors of future convertible loans of the Company. The preferential subscription right of shareholders is suppressed for these new shares. The Board of Directors may decide to restrict the preferential right of shareholders to subscribe to such convertible loans by setting minimum individual loan tranches of CHF 50'000. The conversion right can only be exercised for up to 3 years from the date of issuance of the convertible loan. The issuance of the new shares is subject to the applicable conditions of conversion, whereby the conversion price must correspond to the nominal value of the shares.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.4 SIGNIFICANT SHAREHOLDERS

The following shareholders are considered as significant:

(in % of share capital)	Dec. 31, 2015	Dec. 31, 2014
Haute Vision SA, Mauritius	37.90%	37.90%
Grover Ventures Inc, British Virgin Islands	6.85%	6.85%
Roderick Glassford	5.51%	6.25%
Steven A Jack	5.51%	6.25%
Nicholas Grey	5.39%	5.39%
Stephen Grey	4.39%	4.39%
Mark Green	3.45%	6.25%

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 98'704'873 shares (2014: 98'704'873), i.e. 54.53% (2014: 54.53%) of the current share capital of CHF 18'101'828.10.

## 3.5 SHARES AND OPTIONS HELD BY THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

At December 31, 2015 and at December 31, 2014, the shares 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, 2015		Dec. 31, 2014	
	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	9'968	-	11'311	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	9'968	-	11'311	-
Mr. Mark Green, former Director of the aircraft charter business of Oxygen Aviation	6'245	-	11'311	-
	<b>34'121</b>	<b>-</b>	<b>41'873</b>	<b>-</b>

Mr. Mark Green, former director of the aircraft charter business of the subsidiary Oxygen Aviation, has left the company as from January 2016.

## 3.6 COMPENSATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The following compensations have been paid to the Executive management:

(in CHF '000)	2015	2014
Mr. Jean-Claude Roch, Chairman of BoD, CFO and CEO of Perfect Holding SA *	134	134
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation *	261	272
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	261	272
Mr. Mark Green, former director of the aircraft charter business of Oxygen Aviation *	260	272
	<b>916</b>	<b>950</b>

\* Salaries and social charges

## 3.7 LOANS AND CREDITS GRANTED TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

At December 31, 2015, there were no loans and/or credits granted by any company of the Perfect Group to any current or former members of the Board of Directors or Executive management (December 31, 2014: none).

## 3.8 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).





## IMPORTANT DATES IN 2016

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27.05.2016	Ordinary Shareholders General Meeting
30.09.2016	Interim Half-Year 2016 Report

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