ANNUAL REPORT

2018

PERFECT
HOLDING

CONTENT

REPORT BY THE CHAIRMAN

Dear Shareholders,

For the year 2018, the audited consolidated results of Perfect Holding SA were revenues of CHF 16.2 million (CHF 17.6 million in 2017), net operating loss of CHF 0.8 million (CHF 0.5 million in 2017) and negative net operating cash flow of CHF 0.7 million (positive net operating cash flow of CHF 0.1 million in 2017).

As a result of the continued intense competition in the business aircraft charter industry, of the excess capacity in the business jet resale market and of the political situation in some of Oxygen Aviation's key markets, sales to existing clients have decreased compared to 2017. Fortunately, the Group's UK subsidiary was able to partly compensate this decrease and to further reduce its dependence to the Russian market through the continued diversification of its client base, in particular thanks to the hiring of new staff to focus on previously unexplored or under developed markets, such as the Commercial Aircraft Charter business (flights for large passenger numbers), and the launch of a loyalty program.

As announced on January 25th, 2019, the Board of directors of Perfect Holding SA has decided to change the Group's accounting standard from IFRS to Swiss GAAP FER starting with the 2018 consolidated financial statements. The main effect of this changeover concerns the accounting policy on goodwill. Under IFRS, goodwill is capitalised and tested annually for its recoverable value (impairment test). Under Swiss GAAP FER, goodwill is amortised over a specific period (5 years in principle). As a result of the change of accounting standard, the Group's consolidated financial statements require a restatement as of January 1, 2017 with regard to the goodwill recorded in connection with the acquisition of Oxygen Aviation in 2012. The impact of this restatement on the consolidated equity as of December 31, 2017 is a decrease of approximately CHF 3.5 million.

With the change to Swiss GAAP FER, the shares of Perfect Holding SA will remain listed on the SIX Swiss Exchange, but under the Swiss Reporting Standard. The change of regulatory standard (from International to Swiss) becomes effective today, date of publication of the company's 2018 annual report under Swiss GAAP FER.

The net operating loss incurred in 2018 as well as the reduction of the value of the investment in Oxygen Aviation resulted in a situation of loss of capital in the statutory accounts of Perfect Holding SA (with accumulated losses of approx. CHF 5.5 million for a share capital of approx. CHF 7.2 million), which requires the Board of directors to propose recapitalisation measures to the shareholders. The Board of directors will therefore submit at the forthcoming shareholders' meeting of 24 May 2019 a proposal to vote in favour of a declaratory reduction of the company's share capital to absorb a large portion of the accumulated losses appearing in the balance sheet.

The Board of directors has continued throughout the entire year 2018 its active search and evaluation of potential acquisition targets with the objective of growing the Group's activities. The Board intends to pursue these efforts during the coming months, with the firm intention of trying to come up with an attractive project before the end of the year 2019.

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. The Company has decided to change from SIX International Reporting Standard to SIX Swiss Reporting Standard, effective March 29, 2019. 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, 2018 amounts to CHF 1.99 million (December 31, 2017: CHF 5.43 million).

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, 2018, 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%
Nicholas Grey	5,39%
Roderick Glassford	4,76%
Steven A Jack	4,76%
Stephen Grey	4,39%

Mr. Stephen Grey, Mr. Nicholas Grey, Haute Vision SA and Grover Ventures Inc, who are deemed to form a group based on their family and business relationships and voting agreement (as disclosed in the Swiss Official Gazette of Commerce of August 6, 2008), hold in aggregate 98'704'873 shares, i.e. 54.53% of the current share capital of CHF 7'240'731.24 (divided into 181'018'281 shares with a nominal value of CHF 0.04 each).

In January 2018, as a result of the sale of shares (see section "Treasury shares" below), Perfect Holding SA's shareholding fell below the threshold of 3 % of voting rights (see disclosure published on *https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html#notificationId=TAI1C00016*).

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.

Perfect Holding's subsidiaries are:

	Registered office	Country	Currency	Share capital	Ownership Interest
Perfect Aviation SA	Lausanne	Switzerland	CHF	1'300'000	100%
Oxygen Aviation Ltd	Horsham	UK	GBP	360	100%

2. CAPITAL STRUCTURE

SHARE CAPITAL

At December 31, 2018, the share capital amounts to CHF 7'240'731.24, consisting of 181'018'281 issued and fully paid-in registered shares with a nominal value of CHF 0.04 each.

At the shareholders' general meeting held on May 27, 2016, the shareholders had accepted the Board's proposal to reduce the share capital of the Company from CHF 18'101'828.10 to CHF 7'240'731.24 by a reduction of the nominal value of each share from CHF 0.10 to CHF 0.04.

TREASURY SHARES

As at December 31, 2018, Perfect Holding SA does not own any of its own shares. Further information can be found in Note 17 of the consolidated financial statements.

AUTHORISED SHARE CAPITAL

At the shareholders' general meeting held on May 25, 2018, 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 3'620'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.04 nominal value each), which equates to 49.99% of the existing share capital, 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 25 May 2020, 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

In relation with the capital reduction (by way of a reduction in the share's nominal value) accepted by the shareholders on May 27, 2016 (see above), the conditional share capital of the Company had been restructured: both the former conditional capital reserved for share option plans (CHF 60'000) and the former conditional capital reserved for convertible loans (CHF 8'990'000) had been cancelled and a new conditional capital reserved for convertible loans has been created (CHF 3'620'000).

Conditional capital reserved for convertible loans

At the shareholders' general meeting of May 27, 2016, a conditional capital of maximum CHF 3'620'000 (divided into a maximum of 90'500'000 registered shares of a nominal value of CHF 0.04 each, to be fully paid up), which equates to 49.99% of the existing share capital, 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 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 0.04 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 2018	May 2019
Stephen Grey	Member	May 2002	May 2018	May 2019
Anouck Ansermoz	Member	May 2009	May 2018	May 2019

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 banking and balneology: he is Board member of Banque Havilland SA and 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 2018, the Board of Directors held 6 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 2018) 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.

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, 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

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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 2018) 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 accordance 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. Since 2017, the lead auditor is Mr. Yves Cerutti, Swiss Audit Expert, partner. As required by law, the lead auditor has to be changed every 7 years.

AUDIT FEES

The fees for professional services related to the audit of the Perfect Group's annual accounts for the FY 2018 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

No further audit related services were rendered by PricewaterhouseCoopers SA in 2018.

OTHER FEES

No further other services were rendered by PricewaterhouseCoopers SA in 2018.

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:
http://www.perfect.aero/en/investor-relations/annual-and-interim-reports.

Ad Hoc Publicity can be found on:
http://www.perfect.aero/en/investor-relations/adhoc-publicity-and-shareholders-information.

Calendar can be accessed on:
http://www.perfect.aero/en/investor-relations/calendar.

IMPORTANT DATES

24.05.2019	Ordinary Shareholders General Meeting
27.09.2019	Interim Half-Year 2019 Report

INVESTOR RELATIONS

Perfect Holding SA
Mrs. Anouck Ansermoz
Avenue de Florimont 3
CH-1006 Lausanne
Switzerland
Tel: +41 21 552 60 16
E-mail: aansermoz@perfect.aero

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

pwc

Report of the statutory auditor
to the General Meeting of Perfect Holding SA

Lausanne

We have audited the accompanying remuneration report (pages 14 to 16) of Perfect Holding SA for the year ended December 31, 2018.

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 December 31, 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Yves Cerutti	Laura Ruzzin
Audit expert Auditor in charge	Audit expert

Lausanne, March 25, 2019

PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, case postale, CH-1001 Lausanne, Switzerland
Téléphone: +41 58 792 81 00, Téléfax: +41 58 792 81 10, www.pwc.ch

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 had 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 at least 2 members of the Board of Directors has been put in place. At the Annual General Meeting of May 25, 2018, Mr. Jean-Claude Roch (Chairman of the Board of Directors), Mr. Stephen Grey (Board member) and Mrs Anouck Ansermoz (Board member) have been elected. 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 2018) 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 2018) 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 2018. 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)	2018	2017
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 *	253	245
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	253	245
	640	**624**

* *Salaries and social charges*
** *Board membership remuneration*

Mrs. Anouck Ansermoz, as an external consultant to Perfect Holding SA, received fixed monthly fees of CHF 10'000 during the year 2018 (2017: 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 2018 or 2017.

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

(in CHF '000)	Actual figures 2018	Figures approved by the AGM for 2018
Fixed remuneration of the members of the Board of Directors	134	200
Fixed remuneration of the members of the Executive Management	506	600
	640	**800**

REMUNERATION REPORT

3. SHAREHOLDINGS, LOANS

LOANS AND CREDITS

At December 31, 2018 and at December 31, 2017, 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, 2018 and at December 31, 2017, the participations held by members of the Board of Directors and Executive Management were as follows:

	Dec. 31, 2018		Dec. 31, 2017	
(in nb of shares)	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	8'625'001	-	8'625'001	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	8'625'001	-	8'625'001	-
	25'190'363	**-**	**25'190'363**	**-**

Apart from the shares held by Messrs. Stephen Grey, 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

to the General Meeting of Perfect Holding SA

Lausanne

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Perfect Holding SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2018 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 24 to 41) give a true and fair view of the consolidated financial position of the Group as at December 31, 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
We draw your attention to note 2.1 to these financial statements, which states the financial and revenue situation of the Group for the year 2018 and as of December 31, 2018. This, along with other matters as described in note 2.1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, case postale, CH-1001 Lausanne, Switzerland
Téléphone: +41 58 792 81 00, Téléfax: +41 58 792 81 10, www.pwc.ch

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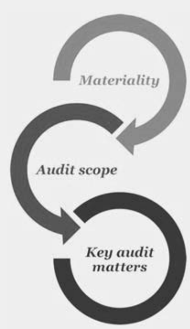
Our audit approach

Overview



Overall Group materiality: CHF 162’000

We concluded full scope audit work at two reporting units in two countries and specified audit procedures at one reporting unit in one country out of the three reporting units of the group.

Our full audit scope addressed 95% of the Group's revenue and 98% of the Group’s assets.

As key audit matter the following area of focus has been identified:

Change of the Group’s accounting framework from IFRS to Swiss GAAP FER

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 162’000
How we determined it	1% of total revenue, rounded
Rationale for the materiality benchmark applied	We chose total revenue as the benchmark for determining overall materiality. As profit/loss before tax fluctuated widely from year to year in previous periods, an overall materiality based on profit/loss before tax was considered as inappropriate. Further, management uses revenue as Key Performance Indicator, as revenue is a generally accepted benchmark in charter and brokerage segments.

We agreed with the Board of Directors that we would report to them misstatements above CHF 16'200 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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

Perfect Holding SA, the ultimate parent company, and its two subsidiaries are dedicated to services to the business aircraft market (worldwide charters, aircraft acquisition and sales, as well as aircraft consultancy). The Group financial statements are based on the consolidation of three components, representing three reporting units.

Following our assessment of the risk of material misstatements of the Group financial statements, we selected all three components in determining our Group audit scope. Two of these components were subject to a full audit and one was subject to specified audit procedures. The specified audit procedures were based on our assessment of the risks of material misstatement and the materiality of the location's business operations relative to the Group.

The Group audit team was responsible for auditing two Swiss components directly, being one full scope audit and one subject of specified audit procedures. From the audit team located in another territory ("component auditor"), we obtained an inter-office audit report, as well as a report detailing the audit procedures that were conducted on areas perceived to be associated with higher risk of misstatement. We reviewed these reports, held discussions with the component auditor and, where appropriate, challenged the component auditor as to the adequacy and sufficiency of its audit procedures.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Change of the Group's accounting framework from IFRS to Swiss GAAP FER

Key audit matter	*How our audit addressed the key audit matter*
The Board of Directors of Perfect Holding SA has decided to change the Group's applied accounting standards from IFRS to Swiss GAAP FER starting with the 2018 consolidated financial statements. Management performed an analysis of the differences between the two accounting frameworks, assessed the accounting impacts of a change and concluded on the two following main changes: Accounting treatment of goodwill and pension accounting. Under IFRS, goodwill was capitalised and tested for its recoverable value (impairment test) annually. Two possible goodwill treatments exist under Swiss GAAP FER 30: a) Under a first treatment, goodwill can be amortised over a pre-defined duration (generally 5 years, more if justified); or b) Based on an alternative treatment, it can be directly offset, as at the acquisition date, with retained earnings in equity.	We performed an analysis of the impact of the transition from IFRS to Swiss GAAP FER reflecting the Group's activity, accounting policies and consolidated financial statements. We performed audit procedures in relation to the first time adoption of Swiss GAAP FER and resulting restatement of the consolidated financial statements as follows: • We obtained from management an assessment of the changes and their effects on the opening balance sheet and the income statement of the 2017 consolidated financial statements. • We assessed management's conclusion that the main changes resulting from the first time adoption of Swiss GAAP FER relate mainly to pension accounting and goodwill treatment. • We compared the accounting changes prepared by management to Swiss GAAP FER requirements and did not take exception to those changes.

The Group has chosen the first treatment and goodwill will therefore be amortised over 5 years. Regarding pension accounting, the amount booked in Other Comprehensive Income under IFRS should be reversed for Swiss GAAP FER purposes. As a result of the change of the accounting framework, the consolidated financial statements required restatement as of January 1, 2017. The impact on the consolidated equity as of December 31, 2017 was a decrease of approximately CHF 3.5 million in Group's equity. Further information on the changes of accounting policies and the related impacts can be found in note 2.2 to the consolidated financial statements. The changes were material and involved significant judgment representing a major focus of our audit of the consolidated financial statements 2018.	• We recalculated the goodwill amortization prepared by management and agreed the amortisation period with Swiss GAAP FER guidelines and the amortization amount with the consolidated financial statements. • We further verified mathematically management's calculations of the impacts of the goodwill amortization over the cumulative translation adjustment (CTA) and agreed it to the consolidated financial statements without exception. • Regarding pension liability, we found that management appropriately reclassified the pension liability and that no impact remained on the Group's equity as of 31 December 2018. • We performed, supported by PwC accounting specialists, audit procedures on the presentation of the financial statements according to Swiss GAAP FER (including disclosure requirements). Based on our audit procedures we are satisfied with the Group's approach of initially applying Swiss GAAP FER.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

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

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Report on other legal and regulatory requirements

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.

PricewaterhouseCoopers SA

Yves Cerutti	Laura Ruzzin
Audit expert Auditor in charge	Audit expert

Lausanne, March 25, 2019

CONSOLIDATED INCOME STATEMENTS

(in CHF '000)	Notes	Year ended Dec. 31, 2018	*Restated* Year ended Dec. 31, 2017
Revenue	22	**16'194**	**17'554**
Cost of services sold		–14'570	–15'552
Gross profit		**1'624**	**2'002**
Marketing & sales expenses	13	–1'521	–1'803
General & administrative expenses		–899	–904
Other operating income / (expenses)		33	231
Operating profit / (loss)		**–763**	**–474**
Finance income	6	2	1
Finance expenses	6	–29	–36
Exchange differences		–4	8
Profit / (loss) before taxes		**–794**	**–501**
Income tax income / (expenses)	7	32	–15
Net profit / (loss) for the year		**–762**	**–516**
Attributable to:			
Owners of the parent		–762	–516
Non-controlling interests		-	-
Earnings per share	8		
Basic and diluted profit / (loss) per share (in CHF)		–0.004	–0.003

The notes on pages 28 to 41 form an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEETS

(in CHF '000)	Notes	Dec. 31, 2018	*Restated* Dec. 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	9	943	1'549
Trade account receivables	10	328	748
Other current assets	11	619	537
Income tax receivables		26	-
Total current assets		**1'916**	**2'834**
Non-current assets			
Property, plant and equipment	12	274	308
Intangible assets	13	-	-
Total non-current assets		**274**	**308**
Total assets		**2'190**	**3'142**
LIABILITIES AND EQUITY			
Current liabilities			
Trade account payables		477	523
Other current liabilities	15	808	1'040
Income tax payables		-	38
Advances from customers		114	118
Short-term debt	16/23	170	-
Current portion of long-term debt	16	22	24
Total current liabilities		**1'591**	**1'743**
Non-current liabilities			
Long-term debt	16/20	174	206
Deferred tax liabilities	14	48	57
Total non-current liabilities		**222**	**263**
Total liabilities		**1'813**	**2'006**
Equity attributable to owners of the parent			
Share capital	17	7'241	7'241
Share premium		220	220
Treasury shares	17	-	−71
Cumulative translation adjustment		−313	−277
Accumulated losses		−6'771	−5'977
Total equity		**377**	**1'136**
Total liabilities and equity		**2'190**	**3'142**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the parent						
(in CHF '000)	Notes	Share capital	Share premium	Other reserves	Treasury shares	Cumulative translation adjustment	Accumulated losses	Total
December 31, 2016 - under IFRS		7'241	220	−214	−443	−767	−1'606	4'431
Swiss GAAP FER adjustments	2.2	-	-	214	-	452	−3'689	−3'023
January 1, 2017 - under Swiss GAAP FER *(restated)*		**7'241**	**220**	**-**	**−443**	**−315**	**−5'295**	**1'408**
Net profit / (loss) for the year		-	-	-	-	-	−516	−516
Currency translation differences		-	-	-	-	38	-	38
Sale of treasury shares, net	17	-	-	-	372	-	−166	206
December 31, 2017 - under Swiss GAAP FER *(restated)*		**7'241**	**220**	**-**	**−71**	**−277**	**−5'977**	**1'136**
Net profit / (loss) for the year		-	-	-	-	-	−762	−762
Currency translation differences		-	-	-	-	−36	-	−36
Sale of treasury shares, net	17	-	-	-	71	-	−32	39
December 31, 2018		**7'241**	**220**	**-**	**-**	**−313**	**−6'771**	**377**

The notes on pages 28 to 41 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in CHF '000)	Notes	Year ended Dec. 31, 2018	*Restated* Year ended Dec. 31, 2017
Cash flows from operating activities			
Net profit / (loss) for the year		−762	−516
Adjustments for non-monetary items:			
• Allocation to provision for receivables impairment	10	-	82
• Allocation to / (dissolution of) provision on long-term loan		-	−195
• Allocation to / (dissolution of) provision for litigation		-	−33
• Depreciation of property, plant and equipment	12	24	25
• Amortisation of intangible assets	13	-	64
• Amortisation of goodwill	13	-	256
• Foreign exchange differences		−13	−30
• Interest expense	6	29	36
• Interest income	6	−2	−1
• Income taxes	7	−32	15
Operating profit / (loss) before working capital changes		*−756*	*−297*
(Increase) / decrease in trade account receivables		385	477
(Increase) / decrease in other current assets		−105	−78
(Decrease) / increase in trade account payables		−23	84
(Decrease) / increase in provisions		-	−213
(Decrease) / increase in other current liabilities		−190	310
Cash generated from / (used in) operating activities		**−689**	**283**
Interest paid	6	−22	−31
Tax paid		−38	−128
Net cash generated from / (used in) operating activities		**−749**	**124**
Cash flows from investing activities			
Purchases of property, plant and equipment	12	−4	−13
Proceeds from loan reimbursement		-	220
Net cash from / (used in) investing activities		**−4**	**207**
Cash flows from financing activities			
Proceeds from borrowings	16	170	-
Repayments of borrowings	16	−23	−20
Interest paid on borrowings		−5	−4
Sale of treasury shares	17	39	206
Net cash from / (used in) financing activities		**181**	**182**
Net increase / (decrease) in cash and cash equivalents		**−572**	**513**
Exchange gains / (losses) on cash and cash equivalents		−34	61
Cash and cash equivalents at beginning of year		1'549	975
Cash and cash equivalents at end of year	9	**943**	**1'549**
Cash and cash equivalents comprise the following:			
Cash and bank balances		878	1'483
Customers security deposits, available for use under certain conditions		65	66
		943	**1'549**

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. The Company has decided to change from SIX International Reporting Standard to SIX Swiss Reporting Standard, effective March 29, 2019. 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 25, 2019, and they are subject to approval of the shareholders' general meeting.

As at December 31, 2018, Perfect Holding's subsidiaries are:

	Registered office	Country	Currency	Share capital	Ownership Interest
Perfect Aviation SA	Lausanne	Switzerland	CHF	1'300'000	100%
Oxygen Aviation Ltd	Horsham	UK	GBP	360	100%

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 provide a true and fair view of the group's assets, financial position and earnings, and have been prepared in accordance with all of the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER. The financial statements of the group are based upon the financial statements of the Perfect Group's companies at December 31 and are established in accordance with the standardised reporting and accounting policies. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with Swiss GAAP FER requires the use of certain critical accounting estimates and judgements. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are assumed to be reasonable under the given circumstances. Real results may differ from those estimates. Management continuously reviews and, if necessary, adapts the estimates and underlying assumptions. Any changes are recognised in the period in which the estimate is revised.

Going concern

The Group's UK subsidiary Oxygen Aviation is active in the charter sales business, a highly competitive and volatile industry. Future business evolution is highly impredictible.

In 2018, the group obtained a new loan from a related party. Based on the current commitments and operations, as well as the availability of bridge financing, 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.

The Company is however aware of the significant execution risk this carries. The Company is confident that it will secure sufficient financing to meet its obligations as they fall due. There remains a material uncertainty over the liquidity of the entity which may cast significant doubt on the entity's ability to continue as a going concern.

2.2 CHANGES IN ACCOUNTING POLICIES: FIRST-TIME ADOPTION OF SWISS GAAP FER

The Board of Directors of Perfect Holding SA has decided to change the Group's accounting standard from IFRS to Swiss GAAP FER with effect from January 1, 2018. Swiss GAAP FER are recognised, comprehensible and comprehensive accounting standards ensuring the continued publication of high-quality and transparent financial reports. The differences in valuation and a reconciliation at the level of equity and net result are set out below. The related adjustments were made retrospectively to January 1, 2017.

Swiss GAAP FER restatement

The accounting policies under Swiss GAAP FER, which have been applied for the preparation and presentation of the consolidated financial statements for 2018, differ in the following respects from those applied for the consolidated financial statements for 2017 under IFRS:

- Goodwill from acquisitions: two possible goodwill treatments exist under Swiss GAAP FER 30 "Consolidated Financial Statements" : a) under basic treatment, goodwill can be amortised over a pre-defined duration (generally 5 years, more if justified), or b) under alternative treatment, it can be directly offset, as at the acquisition date, with retained earnings in equity. Perfect Holding has chosen the basic treatment and goodwill will therefore be amortised over 5 years, in principle. Below presentation includes the impact on "Cumulative translation adjustment". Under IFRS, goodwill was capitalised and tested for its recoverable value (impairment test) annually.
- Employee benefits: in accordance with Swiss GAAP FER 16 "Pension benefit obligations", an economical obligation or a benefit from Swiss pension schemes is determined from the financial statements of such pension schemes prepared in accordance with Swiss GAAP FER 26 "Accounting of Pension Plans". The economic impact from pension schemes of foreign subsidiaries is determined in accordance with the local valuation methods. Employer contribution reserves and comparable items are capitalised in accordance with Swiss GAAP FER 16. Under IFRS, defined benefit plans were calculated in accordance with the projected unit credit method and recognised in accordance with IAS 19. As part of the restatement, an amount of KCHF 214 has been reclassed from "Other reserves" to "Accumulated losses", without impact on the net equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes to accounting principles due to the first-time adoption of Swiss GAAP FER became effective retrospectively on January 1, 2017. The presentation and structure of the balance sheet, income statement, cash flow statement and statement of changes in equity were adjusted to meet the requirements of Swiss GAAP FER. The previous periods were restated in order to ensure comparability with the presentation of the period under review. The tables below show the effect of the changeover from IFRS to Swiss GAAP FER on the equity and on the net result.

(in CHF '000)	Dec. 31, 2017	Jan. 1, 2017
Equity according to IFRS	4'679	4'431
Swiss GAAP FER adjustments:		
Amortisation of goodwill over 5 years	−3'543	−3'116
Adjustment defined benefits liabilities	-	93
Total adjustments to equity	*−3'543*	*−3'023*
Equity according to Swiss GAAP FER	**1'136**	**1'408**
Net result according to IFRS	−260	
Swiss GAAP FER adjustments:		
Amortisation of goodwill over 5 years	−256	
Total adjustments to net result	*−256*	
Net result according to Swiss GAAP FER	**−516**	

2.3 CONSOLIDATION

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

Subsidiaries

Subsidiaries are all entities that are directly or indirectly controlled by the Perfect Group. In this respect, control is defined as the power to control the financial and operating activities of the respective entity, so as to obtain benefits from its operations. The control is normally evidenced by the holding of more than half of the voting rights on share capital of an 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.

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.

Companies acquired over the course of the year are revalued and consolidated in accordance with group principles upon the date of acquisition. The group applies the acquisition method of accounting to account for business combinations. Goodwill from business combinations represents the amount of the acquisition costs which exceeds the proportional actual value of the revalued net identifiable assets of the acquired company at the time of purchase.

Disposal of subsidiaries

In the event that shares of group companies are sold, the difference between the proceeds from the sale and the proportional book value of the net assets, including the carrying amount of the goodwill, is recognised as a gain or loss in the income statement.

2.4 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.

2.5 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 equity, 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" without affecting the income statement. 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 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.

The main exchange rates used are:

Currency	Unit	Average rates 2018	Closing rates Dec. 31, 2018	Average rates 2017	Closing rates Dec. 31, 2017
GBP	1	1.32100	1.26162	1.28219	1.32982

2.6 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".

2.7 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 and carried at the original net invoice amount less an allowance for any specifically impaired receivables. Impairment is charged on receivables which are either more than 12 months overdue or for which specific risks have been identified. Bad debts are written off when there is objective evidence that the group will not be able to collect the receivables. Allowances for impaired receivables as well as losses on trade receivables are recognised as "Marketing and sales expenses" in the income statement.

2.8 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less accumulated depreciation and any impairments. 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.

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.

2.9 INTANGIBLE ASSETS

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the acquisition costs over the proportional actual value of the revalued net assets of the acquired company at the time of purchase. Goodwill on acquisitions of subsidiaries is included in "Intangible assets". Goodwill is amortised over a pre-defined duration (generally 5 years, more if justified), using the straight-line method. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer relationship

Customer relationship has been identified in the business combination as of May 21, 2012. 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.

2.10 IMPAIRMENT OF ASSETS

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 net selling price 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.

Prior impairments of assets are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.11 TRADE ACCOUNT PAYABLES

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.

2.12 PROVISIONS

Provisions 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.

2.13 EMPLOYEE BENEFITS

Pension obligations

The pension and retirement benefits are based on the regulations and practices in the respective countries. Plans are generally funded through payments to insurance companies/funds or to state social security. An economical obligation or a benefit from Swiss pension schemes is determined from the financial statements of such pension schemes prepared in accordance with Swiss GAAP FER 26 "Accounting of Pension Plans" and recognized in the balance sheet accordingly. The economic impact from pension schemes of foreign subsidiaries is determined in accordance with the local valuation methods. Employer contribution reserves and comparable items are capitalised in accordance with Swiss GAAP FER.

The group operates a defined contribution pension plan in the UK for all qualifying employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company 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. The assets of the scheme are held separately from those of the company in an independently administered fund.

In Switzerland, the defined benefit pension scheme operated by the Swiss company ended in 2017, and therefore, no economic asset or liability was recognized in the balance sheet. There is no employer contribution reserve available at December 31, 2018.

2.14 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.

2.15 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.

2.16 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.

2.17 BORROWINGS

Borrowings are recognised at nominal values.
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.

2.18 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.

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 "principal VS agent" rule. When a third party is involved in providing services to a customer, the seller is required to determine whether the nature of its obligation is to (a) provide the specified goods or services itself (principal) and recognises revenue at the gross amount, or (b) arrange for a third party to provide those goods or services (agent) and recognises revenue as 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.

2.19 CURRENT AND DEFERRED INCOME TAX

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

Current income taxes

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities. The current income tax charge is calculated on the basis of the tax rates and 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.

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

Deferred taxes

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.

2.20 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.

2.21 COMPARATIVES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT

3.1 RISK ASSESSMENT

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

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

The Board has prepared a detailed risk assessment, and 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.

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.

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 only dependent of changes in market interest rates in relation with the UK mortgage, carrying interest at variable rate (see Note 16); this risk is considered as insignificant for the group.

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. 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.

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. Monthly 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		523	-	-
Current portion of long-term debt	16	-	24	-
Long-term debt	16	-	-	206
At December 31, 2017		**523**	**24**	**206**
Trade accounts payable		477	-	-
Short-term debt	16	-	170	-
Current portion of long-term debt	16	-	22	-
Long-term debt	16	-	-	174
At December 31, 2018		**477**	**192**	**174**

3.3 CAPITAL MANAGEMENT

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. In 2018, the group obtained a new loan from a related party (see Note 16), in addition to the mortgage on the building located in Horsham (see Note 16).

4. EMPLOYEE BENEFIT EXPENSES

(in CHF '000)	Year ended Dec. 31, 2018	Year ended Dec. 31, 2017
Wages, salaries and other costs	1'162	1'122
Social security costs	130	127
Pension costs	24	21
Employee benefit expenses	**1'316**	**1'270**

5. INCOME / EXPENSES BY NATURE

This note provides an analysis of expenses by nature.

(in CHF '000)	Notes	Year ended Dec. 31, 2018	*Restated* Year ended Dec. 31, 2017
Purchase of charter flights		14'570	15'552
Employee benefit expenses	4	1'316	1'270
Depreciation	12	24	25
Amortisation	13	-	320
Administrative costs		630	576
Office expenses		48	36
Marketing, representation and travel expenses		356	318
Allocation to provision for receivables impairment		-	82
Sales commissions		46	80
Dissolution of provision on long-term loan		-	−195
Other operating expenses / (income)		−33	−36
Total expenses by nature		**16'957**	**18'028**

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

6. FINANCE INCOME AND EXPENSES

(in CHF '000)	Notes	Year ended Dec. 31, 2018	Year ended Dec. 31, 2017
Other financial income		2	1
Finance income		**2**	**1**
Interest on loan from related party	16	−1	-
Interest and financial expenses		−28	−36
Finance expenses		**−29**	**−36**
Finance income / (expenses), net		**−27**	**−35**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSES

This note provides an analysis of the group's income tax expenses 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, 2018	Year ended Dec. 31, 2017
Current tax		27	−37
Deferred tax	14	5	16
Tax relating to prior years		-	6
Income tax income / (expenses)		**32**	**−15**

The group's expected tax expenses for each year is based using the applicable tax rate in each individual jurisdiction, which in 2018 ranged between 8% and 22% (2017: 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, 2018	*Restated* Year ended Dec. 31, 2017
Profit / (loss) before taxes	−794	−501
Tax calculated at tax domestic rates applicable to profits in the respective countries	98	39
Tax effects of:		
• Tax losses for which no deferred income tax asset was recognised	−352	−7
• Utilisation of previously unrecognised tax losses	-	20
• Deferred tax	5	16
• Income not subject to tax	322	11
• Expenses not deductible for tax purposes	−41	−97
• Tax relating to prior years	-	6
• Other	-	−3
Income tax income / (expenses)	**32**	**−15**

The weighted average applicable tax rate was 12.3% (2017: 7.9%). This increase is due to changes in the mix of the taxable results of the individual group companies.

Further information is presented in Note 14 about deferred income taxes.

8. EARNINGS PER SHARE

	Year ended Dec. 31, 2018	*Restated* Year ended Dec. 31, 2017
Net profit / (loss) attributable to shareholders (in CHF '000)	−762	−516
Weighted average number of ordinary shares in issue	180'949'864	175'050'550
Basic and diluted profit / (loss) per share (in CHF)	**−0.004**	**−0.003**

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 17).

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, 2018 and 2017.

9. CASH AND CASH EQUIVALENTS

(in CHF '000)	Dec. 31, 2018	Dec. 31, 2017
Cash and bank balances	878	1'483
Customers security deposits, available for use under certain conditions	65	66
	943	**1'549**

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).

10. TRADE ACCOUNT RECEIVABLES

(in CHF '000)	Dec. 31, 2018	Dec. 31, 2017
Trade account receivables	328	748
Less: Provision for receivables impairment	-	-
Trade account receivables, net	**328**	**748**

The ageing analysis of the trade receivables is as follows:

(in CHF '000)	Dec. 31, 2018	Dec. 31, 2017
Neither past due nor impaired	118	403
Up to 6 months past due but not impaired	62	291
6 to 12 months past due but not impaired	95	-
Over 12 months past due but not impaired	53	54
	328	**748**

Impairment is charged on receivables which are either more than 12 months overdue or for which specific risks have been identified. The above overdue receivable amount is not impaired as it is covered by an advance from customer.

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

(in CHF '000)	2018	2017
January 1	-	28
Allocation to provision for receivables impairment	-	82
Receivables written off during the year as uncollectible	-	−113
Exchange difference	-	3
December 31	**-**	**-**

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

(in CHF '000)	Dec. 31, 2018	Dec. 31, 2017
USD US dollars	-	6
EUR Euros	308	626
GBP British pounds	20	116
	328	**748**

11. OTHER CURRENT ASSETS

(in CHF '000)	Dec. 31, 2018	Dec. 31, 2017
VAT receivable, net	15	21
Accrued income and prepaid expenses	599	514
Other current assets	5	2
	619	**537**

12. PROPERTY, PLANT AND EQUIPMENT

(in CHF '000)	Building	Office equipment	Vehicles	Total
COST				
January 1, 2017	426	91	7	524
Additions	-	8	5	13
Disposals and scrapping	-	−20	−7	−27
Exchange difference	14	2	-	16
December 31, 2017	**440**	**81**	**5**	**526**
Additions	-	4	-	4
Disposals and scrapping	-	−24	-	−24
Exchange difference	−23	−3	-	−26
December 31, 2018	**417**	**58**	**5**	**480**
ACCUMULATED DEPRECIATION				
January 1, 2017	131	75	7	213
Depreciation charge	17	6	2	25
Disposals and scrapping	-	−20	−7	−27
Exchange difference	5	2	-	7
December 31, 2017	**153**	**63**	**2**	**218**
Depreciation charge	18	5	1	24
Disposals and scrapping	-	−24	-	−24
Exchange difference	−9	−3	-	−12
December 31, 2018	**162**	**41**	**3**	**206**
NET BOOK AMOUNT				
December 31, 2017	287	18	3	308
December 31, 2018	255	17	2	274

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. INTANGIBLE ASSETS

(in CHF '000)	Goodwill *(restated)*	Customer relationship	Other intangible assets	Total
COST				
January 1, 2017	3'374	971	26	4'371
Disposals and scrapping	-	-	−2	−2
Exchange difference	169	−81	-	88
December 31, 2017	**3'543**	**890**	**24**	**4'457**
Exchange difference	−180	−46	-	−226
December 31, 2018	**3'363**	**844**	**24**	**4'231**
ACCUMULATED AMORTISATION				
January 1, 2017 - balance as previously reported - under IFRS	-	906	26	932
Swiss GAAP FER adjustments	3'116	-	-	3'116
January 1, 2017 - *restated* - under Swiss GAAP FER	**3'116**	**906**	**26**	**4'048**
Amortisation charge	256	64	-	320
Disposals and scrapping	-	-	−2	−2
Exchange difference	171	−80	-	91
December 31, 2017 - *restated*	**3'543**	**890**	**24**	**4'457**
Exchange difference	−180	−46	-	−226
December 31, 2018	**3'363**	**844**	**24**	**4'231**
NET BOOK AMOUNT				
December 31, 2017 - *restated*	-	-	-	-
December 31, 2018	-	-	-	-

Amortisation has been recorded in the functional line "Marketing & sales expenses" in the income statement.

14. DEFERRED INCOME TAXES

The analysis of deferred tax liabilities is as follows:

(in CHF '000)	Building	Customer relationship (intangible assets)	Total
Deferred tax liabilities			
January 1, 2017	−59	−13	−72
Credited/(charged) to income statement (Note 7)	3	13	16
Exchange difference (CTA)	−1	-	−1
December 31, 2017	**−57**	**-**	**−57**
Credited/(charged) to income statement (Note 7)	5	-	5
Exchange difference (CTA)	4	-	4
December 31, 2018	**−48**	**-**	**−48**

Deferred income tax assets can be 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, 2018.

Tax losses to be carried-forward (in CHF '000):

	Not recognised	
Years of expiry	Dec. 31, 2018	Dec. 31, 2017
2018	-	-
2019	3'988	3'988
2020	545	545
2021	142	142
2022	3'646	3'646
2023	1'785	1'785
2024	92	92
2025	4'401	-
	14'599	**10'198**

Out of these CHF 15 million, CHF 12 million relate to Perfect Holding SA, which benefits of a holding status.

In 2018, unused tax losses of CHF nil have expired (2017: nil).

15. OTHER CURRENT LIABILITIES

(in CHF '000)	Dec. 31, 2018	Dec. 31, 2017
Accrued operating expenses	82	78
Payroll and social charges	39	134
Professional expenses	97	64
Deferred income	589	758
Various taxes	-	6
Other	1	-
	808	**1'040**

16. BORROWINGS

(in CHF '000)	Dec. 31, 2018	Dec. 31, 2017
Short-term debt	170	-
Current portion of long-term debt (mortgage debt)	22	24
Long-term debt (mortgage debt)	174	206
	366	**230**

On September 13, 2018, Perfect Holding SA signed a bridge facility agreement with a related party for a total amount of CHF 200'000, of which CHF 170'000 were received in 2018. This borrowing, unsecured, bears interest at 8%. Its maturity date is December 31, 2019 (see Note 23).

The above mortgage debt (denominated in GBP), due by Oxygen Aviation Ltd, is secured by one pledge on the Horsham building (see Note 12). This mortgage debt was renewed in March 2017 for a ten years duration at a variable interest rate of 1% over base rate (2018: 1.75%, 2017: 1.25%).

17. SHARE CAPITAL

(in CHF '000)	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
Jan. 1, 2017	181'018'281	7'241	220	−443	7'018
Treasury shares (sale)		-	-	372	372
Dec. 31, 2017	**181'018'281**	**7 241**	**220**	**−71**	**7'390**
Treasury shares (sale)		-	-	71	71
Dec. 31, 2018	**181'018'281**	**7 241**	**220**	**-**	**7'461**

At December 31, 2018, the share capital amounts to CHF 7'240'731.24, consisting of 181'018'281 issued and fully paid-in registered shares with a nominal value of CHF 0.04 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 consisted in a contingent consideration, based on an earn-out clause (achievement of certain performance criteria during 3 financial years after the acquisition). The performance criteria for the financial years 2014 and 2015 had unfortunately not been met.

Consequently, the second and third portions of escrow shares had not been released in favour of the former shareholders of Oxygen Aviation Ltd, but in favour of Perfect Holding SA.

Accordingly, 4'029'713 own shares had been received by Perfect Holding SA in 2016 (4'029'713 own shares in 2015). Those shares had been considered at the market price as of the date of the official notices of non-release of the third (respectively second) portion of escrow shares to the former shareholders of Oxygen Aviation Ltd, at a price of CHF 0.07 per share (respectively CHF 0.04 per share). An amount of KCHF 161 had therefore been reclassified in 2016 from "Accumulated losses" to "Treasury shares", in the equity (KCHF 282 in 2015). There had been no impact on the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movements on the treasury shares position are as follows:

	2018			2017		
	Price (in CHF)	Number of treasury shares	Value (in CHF '000)	Price (in CHF)	Number of treasury shares	Value (in CHF '000)
At the beginning of the year	0.055	1'300'000	71	0.055	8'059'426	443
Additions	-	-	-	-	-	-
Disposals	-	−1'300'000	−71	-	−6'759'426	−372
At the end of the year	**-**	**-**	**-**	**0.055**	**1'300'000**	**71**

The sale of 1'300'000 treasury shares in 2018 has been realised at a sales price of CHF 0.03 per share, with a consideration received of KCHF 39, recognised directly in equity. Treasury shares were valued using the weighted average price method.

As at December 31, 2018, Perfect Holding SA does not own any treasury shares (December 31, 2017: 1'300'000 treasury shares).

Authorised capital

At the shareholders' general meeting held on May 25, 2018, 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 3'620'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.04 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 25 May 2020, 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

Conditional capital reserved for convertible loans

At the shareholders' general meeting of May 27, 2016, a conditional capital of maximum CHF 3'620'000 (divided into a maximum of 90'500'000 registered shares of a nominal value of CHF 0.04 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 had been 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, 2018	Dec. 31, 2017
Haute Vision SA, Mauritius	37,90%	37,90%
Grover Ventures Inc, British Virgin Islands	6,85%	6,85%
Nicholas Grey	5,39%	5,39%
Roderick Glassford	4,76%	4,76%
Steven A Jack	4,76%	4,76%
Stephen Grey	4,39%	4,39%

Mr. Stephen Grey, Mr. Nicholas Grey, Haute Vision SA and Grover Ventures Inc, who are deemed to form a group based on their family and business relationships and voting agreement (as disclosed in the Swiss Official Gazette of Commerce of August 6, 2008), hold in aggregate 98'704'873 shares (2017: 98'704'873 shares), i.e. 54.53% (2017: 54.53%) of the current share capital of CHF 7'240'731.24 (divided into 181'018'281 shares with a nominal value of CHF 0.04 each).

Dividend

At the Annual General Meeting on May 24, 2019, the Board of Directors will not propose any dividend in respect of fiscal year 2018 (2017: nil).

■ 18. LEASES

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

(in CHF '000)	Dec. 31, 2018	Dec. 31, 2017
Not later than 1 year	13	14
Later than 1 year and not later than 5 years	15	26
More than 5 years	-	-
	28	**40**

These operating leases mainly concern office and vehicle rentals. Lease payments incurred during 2018 (office and vehicle rentals) and recorded in the income statement amount to KCHF 17 (2017: KCHF 25).

■ 19. 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 (2017: same).

■ 20. ASSETS PLEDGED

As explained in Note 16, there is a charge on the building registered as security against the company Oxygen Aviation Ltd under a loan agreement with Lloyds Bank (2017: same).

■ 21. RELATED PARTIES

The following transactions were carried out with related parties.

Key management compensation:
The compensation paid to key management (please refer to section Remuneration Report) is shown below:

(in CHF '000)	Year ended Dec. 31, 2018	Year ended Dec. 31, 2017
Salaries and other short-term employee benefits (including KCHF 16 of pension costs)	640	624

In 2018 (and in 2017), no other compensation elements were granted to key management (neither share options, nor any other compensation).

Year-end balances:

(in CHF '000)	Dec. 31, 2018	Dec. 31, 2017
Short-term debt (see Note 16)	170	-
Other current liabilities (accrued interest in above short-term debt)	1	-

■ 22. 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 only one segment: charters.

The strategic steering committee assesses the performance of the operating segments based on a measure of sales revenue.

Geographic information
The segment information provided to the strategic steering committee is as follows:

(in CHF '000)	Charters - sales revenue
2017	
- European countries	5'907
- Russia	5'515
- Middle East	1'976
- Central Asia	894
- Switzerland	836
- Americas	1'570
- Others	856
Revenue external	**17'554**
2018	
- European countries	6'535
- Russia	3'002
- Middle East	2'092
- Central Asia	1'278
- Switzerland	1'198
- Americas	2'060
- Others	29
Revenue external	**16'194**

The revenue from external customers reported to the strategic steering committee is measured in a manner consistent with that presented in the income statement. Revenues are allocated to countries on the basis of the customer's location.

■ 23. EVENTS AFTER THE REPORTING DATE

On February 21, 2019, Perfect Holding SA signed a bridge facility agreement with a related party for an amount of CHF 600'000. This borrowing, unsecured, bears interest at 8%. Its maturity date is December 31, 2022.

On March 1, 2019, the maturity of the other bridge loan of CHF 200'000 (see Note 16) was extended to December 31, 2020.

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

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Report of the statutory auditor

to the General Meeting of Perfect Holding SA

Lausanne

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Perfect Holding SA, which comprise the balance sheet as at December 31, 2018, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 48 to 52) as at December 31, 2018 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

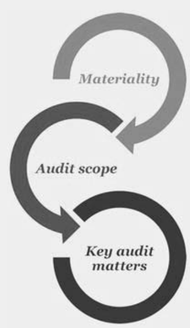
Material uncertainty related to going concern

We draw your attention to note 1.7 to these financial statements, which states the financial situation for the year 2018 and as of December 31, 2018. 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.

PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, case postale, CH-1001 Lausanne, Switzerland
Téléphone: +41 58 792 81 00, Téléfax: +41 58 792 81 10, www.pwc.ch

Our audit approach

Overview



Overall materiality: CHF 30’000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of investments in subsidiaries

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 30’000
How we determined it	1% of total assets, rounded
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the most appropriate benchmark for a holding company which has limited operating activities.

We agreed with the Board of Directors that we would report to them misstatements above CHF 3’000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Valuation of investments in subsidiaries

Key audit matter	*How our audit addressed the key audit matter*
Perfect Holding SA's investments in Group companies (CHF 2'941'125) consists of both an investment in Oxygen Aviation Ltd., UK, and in Perfect Aviation SA. For further information on investments in Group companies please refer to note 2.1 to the financial statements. For the year ended December 31, 2018, management has performed an impairment assessment over the investments in Group companies. The carrying amount of each investment in subsidiaries has been compared to the higher of its equity value or Enterprise Value. We focused on this area due to the size of the balance, which represent almost total assets, and because the directors' assessment of the Enterprise Value of investment in Oxygen Aviation Ltd. involves judgements about the future results of the business and the discount rates applied to future cash flow forecast. For the valuation of Oxygen Aviation Ltd., management performed a sensitivity analysis over the Enterprise Value calculations, by varying the assumptions used (revenue growth and margin level; as opposed to long-term average growth rate, which is a more technical assumption) to assess the impact on the valuations. The company recognised this year an impairment charge on its investment in Oxygen Aviation Ltd. of CHF 4'100'000. For Perfect Aviation SA, the related statutory equity of the company is above the net book value of CHF 650'000.	For the investment in Perfect Aviation SA, we compared the carrying amount of CHF 650'000 with its equity value as per the statutory financial statements examined by us and noted that the statutory equity is above the net book value as of December 31, 2018. For the investment in Oxygen Aviation Ltd., we obtained management's cash flow forecasts and the description of the process by which they were developed; we also verified the mathematical accuracy of the underlying calculations. We found that the budget used in the Enterprise Value calculations was consistent with Oxygen Aviation Ltd.'s Directors approved budget, and that the key assumptions were subject to oversight by Perfect Holding Board of Directors. We noted that the approved budget covers a period of one year, but that forecasts for the purposes of the Enterprise Value calculation extend out to five years (2019 to 2023). We therefore made years 2 to 5 a particular focus area for our procedures below. We compared current year (2018) actual results with the figures included as budget in the prior year (2017) forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. We found that actual performance was below forecast performance and understood the reasons related to this difference and the impact it has on the current forecast and model. We also had in our audit focus: • management's key assumptions for revenue growth, margin, evolution of staff and operating expenses and long-term growth rates in the forecasts by comparing them to historical results and economic and industry forecasts;

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	• management's sensitivity analysis by recalculating and analysing the results from using a margin and a revenue growth rate, which were within a reasonably foreseeable range; and • the discount rate used in the model by assessing the cost of capital for Oxygen Aviation Ltd. by comparing it to market data and industry research. Based on the above audit procedures, we do not take exception to the impairment assessment performed by management on the valuation of the investments in subsidiaries as at December 31, 2018.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

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

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Report on other legal and regulatory requirements

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.

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

PricewaterhouseCoopers SA

Yves Cerutti	Laura Ruzzin
Audit expert Auditor in charge	Audit expert

Lausanne, March 25, 2019

INCOME STATEMENTS

(in CHF '000)	Notes	Year ended Dec. 31, 2018	Year ended Dec. 31, 2017
INCOME			
Dividend income	2.6	196	189
Profit on sale of treasury shares	2.5	39	206
		235	**395**
EXPENSES			
Personnel expenses		−134	−134
General and administrative expenses		−351	−349
Allocation to the provision on investments in subsidiaries	2.1	−4'100	-
Bank fees		−1	−3
Interest charges		−1	-
Exchange differences		-	−2
		−4'587	**−488**
Profit/(Loss) before taxes		**−4'352**	**−93**
Income tax		-	-
Profit/(Loss) for the year		**−4'352**	**−93**

BALANCE SHEETS

(in CHF '000)	Notes	December 31, 2018	December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents		15	7
Other current receivables			
Due from third parties		6	10
Accrued income and prepaid expenses		13	18
Total current assets		**34**	**35**
Non-current assets			
Investments	2.1	2'941	7'041
Total non-current assets		**2'941**	**7'041**
Total assets		**2'975**	**7'076**
LIABILITIES			
Current liabilities			
Trade accounts payable			
Due to third parties		20	51
Other current liabilities		-	10
Accrued expenses and deferred income		83	60
Short-term liabilities			
Due to related parties	2.2 / 3.9	170	-
Total current liabilities		**273**	**121**
Non-current liabilities			
Long-term liabilities			
Due to Group companies	2.3	697	598
Total non-current liabilities		**697**	**598**
Total liabilities		**970**	**719**
Shareholders' equity			
Share capital	2.4	7'241	7'241
Treasury shares	2.5	-	-
Legal reserves from capital contributions		219	219
Profit/(Loss) brought forward		−1'103	−1'010
Profit/(Loss) for the year		−4'352	−93
Total shareholders' equity		**2'005**	**6'357**
Total liabilities and shareholders' equity		**2'975**	**7'076**

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 (32nd 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 recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expenses.

1.4 LONG-TERM LIABILITIES (NON-INTEREST BEARING)
Long-term liabilities are recognized 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, 2018	Balance Sheet Dec. 31, 2017
US dollar	USD	0.99433	0.98826
Euro	EUR	1.13726	1.18080
British pound	GBP	1.26162	1.32982

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 income statement are determined monthly based on closing rates published by the Federal Tax Administration and used for the next month's transactions.

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 recognized accounting standard, 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
Perfect Holding SA's UK subsidiary Oxygen Aviation is active in the charter sales business, a highly competitive and volatile industry. Future business evolution is highly impredictible.

In 2018, Perfect Holding SA obtained a new loan from a related party. Based on the current commitments and operations, as well as the availability of bridge financing, 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 financial statements have been prepared on a going concern basis.

The Company is however aware of the significant execution risk this carries. The Company is confident that it will secure sufficient financing to meet its obligations as they fall due. There remains a material uncertainty over the liquidity of the entity which may cast significant doubt on the entity's ability to continue as a going concern.

■ 2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

2.1 INVESTMENTS
Perfect Holding SA 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, 2018	Dec. 31, 2017
Perfect Aviation SA, Lausanne, Switzerland (100% share capital and voting rights):	CHF 1'300'000		
Gross book value		7'774	7'774
Accumulated provision		–7'124	–7'124
Net book value		**650**	**650**
Oxygen Aviation Ltd, Horsham, UK (100% share capital and voting rights):	GBP 360		
Gross book value		6'391	6'391
Accumulated provision		–4'100	-
Net book value		**2'291**	**6'391**
		2'941	**7'041**

In 2018, an allocation to the provision on investments was made for the subsidiary Oxygen Aviation Ltd, Horsham, UK for an amount of KCHF 4'100. In 2017, there was no change in the provision on investments.

2.2 SHORT-TERM LIABILITIES DUE TO RELATED PARTIES

On September 13, 2018, Perfect Holding SA signed a bridge facility agreement with a related party for a total amount of KCHF 200, of which KCHF 170 were received in 2018. This borrowing bears interest at 8%. Its maturity date is December 31, 2019 (see Note 3.9).

2.3 LONG-TERM LIABILITIES DUE TO GROUP COMPANIES

This amount represents a long-term liability due to the subsidiary Perfect Aviation SA, Lausanne. It does not bear any interest.

2.4 SHARE CAPITAL

As at December 31, 2018, the share capital amounts to CHF 7'240'731, consisting of 181'018'281 authorised, issued and fully paid-in registered shares with a nominal value of CHF 0.04 each.

2.5 TREASURY SHARES

	2018		2017	
Number of registered shares	Acquisition cost (in CHF '000)	Number of shares (in thousands)	Acquisition cost (in CHF '000)	Number of shares (in thousands)
Owned by Perfect Holding SA as at January 1	-	1'300	-	8'059
Sales (3 transactions)	-	−1'300	-	−6'759
Owned by Perfect Holding SA as at December 31	**-**	**-**	**-**	**1'300**

As at balance sheet date, Perfect Holding SA does not own any of its own shares (2017: 1'300'000 shares, with an acquisition cost of Nil). During 2018, the sale of 1'300'000 shares generated a profit of KCHF 39 (2017: sale of 6'759'426 shares, profit of KCHF 206).

2.6 DIVIDEND INCOME

The amount of KCHF 196 recorded in 2018 represents a dividend distributed by the subsidiary Oxygen Aviation Ltd, Horsham (UK) for the 2017 business year (2017: KCHF 189).

■ 3. OTHER INFORMATION

3.1 FULL-TIME EQUIVALENTS

In 2018 and 2017, Perfect Holding SA employed no more than ten full-time equivalents on an annual average basis.

3.2 AUTHORISED SHARE CAPITAL

At the shareholders' general meeting held on May 25, 2018, the shareholders had accepted the Board's resolution 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 3'620 (divided into a maximum of 90'500'000 registered shares of CHF 0.04 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 25 May 2020, 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 relation with the capital reduction (by way of a reduction in the share's nominal value) accepted by the shareholders on May 27, 2016 (see above), the conditional share capital of the Company had been restructured: both the former conditional capital reserved for share option plans (KCHF 60) and the former conditional capital reserved for convertible loans (KCHF 8'990) had been cancelled and a new conditional capital reserved for convertible loans had been created (KCHF 3'620).

Conditional capital reserved for convertible loans

At the shareholders' general meeting of May 27, 2016, a conditional capital of maximum KCHF 3'620 (divided into a maximum of 90'500'000 registered shares of a nominal value of CHF 0.04 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 had been 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 KCHF 50. 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, 2018	Dec. 31, 2017
Haute Vision SA, Mauritius	37,90%	37,90%
Grover Ventures Inc, British Virgin Islands	6,85%	6,85%
Nicholas Grey	5,39%	5,39%
Roderick Glassford	4,76%	4,76%
Steven A Jack	4,76%	4,76%
Stephen Grey	4,39%	4,39%

Mr. Stephen Grey, Mr. Nicholas Grey, Haute Vision SA and Grover Ventures Inc, who are deemed to form a group based on their family and business relationships and voting agreement (as disclosed in the Swiss Official Gazette of Commerce of August 6, 2008), hold in aggregate 98'704'873 shares (2017: 98'704'873), i.e. 54.53% (2017: 54.53%) of the current share capital of KCHF 7'241.

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

At December 31, 2018 and at December 31, 2017, the shares held by members of the Board of Directors and the Executive Management (including persons closely related to these members) were as follows:

	Dec. 31, 2018		Dec. 31, 2017	
(in thousands)	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	8'625	-	8'625	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	8'625	-	8'625	-
	25'190	-	25'190	-

3.6 COMPENSATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The following compensations have been paid to the Executive management:

(in CHF '000)	Dec. 31, 2018	Dec. 31, 2017
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 *	253	245
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	253	245
	640	624

* *Salaries and social charges*
** *Board member remuneration*

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

At December 31, 2018, 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 (at December 31, 2017: 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).

3.9 EVENTS AFTER THE REPORTING DATE

On February 21, 2019, Perfect Holding SA signed a bridge facility agreement with a related party for an amount of KCHF 600. This borrowing, unsecured, bears interest at 8%. Its maturity date is December 31, 2022.

On March 1, 2019, the maturity of the other bridge loan of KCHF 200 (see Note 2.2) was extended to December 31, 2020.

■ 4. EVOLUTION OF ACCUMULATED LOSSES

(in CHF '000)	Dec. 31, 2018	Dec. 31, 2017
Profit/(Loss) brought forward from prior years	−1'103	−1'010
Profit/(Loss) for the year	−4 352	−93
Profit/(Loss) brought forward at the end of the year	**−5'455**	**−1'103**

IMPORTANT DATES IN 2019

24.05.2019	Ordinary Shareholders General Meeting
27.09.2019	Interim Half-Year 2019 Report

Perfect Holding SA
Avenue de Florimont 3
1006 Lausanne
Switzerland
Tel: +41 21 552 60 16
www.perfect.aero