

ANNUAL REPORT

2013

PERFECT
HOLDING



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REPORT BY THE CHAIRMAN

Dear Shareholders,

During 2013, Perfect Holding SA has taken the following measures to completely dispose of its activities in the aircraft management business:

- In July 2013, Perfect Holding SA has concluded an agreement for the sale of its Portuguese subsidiary, Perfect Aviation Portugal, S.A. to a local operator which has taken over Perfect Aviation Portugal's business and its operating certificates issued by the Portuguese civil Aviation Authority, INAC
- At the beginning of September 2013, Perfect Holding SA has completed the disposal of its aircraft management activities with the sale of the entire share capital of its UK subsidiary active in this industry, Perfect Aviation UK Limited, to a UK investor interested in entering the market via the AOC operating certificate, staff, know-how and premises of Perfect Aviation UK Limited.

The disposal of the aircraft management operations is consistent with the group's strategy to concentrate on the less regulated sectors of the aviation business, i.e. charters, aircraft acquisitions and sales (brokerage) and aircraft consultancy. The Perfect Group expects this disposal of aircraft management business to have a positive impact on the profitability of the group in the foreseeable future and to facilitate the implementation of possible external growth transactions.

In the consolidated financial statements, the aircraft management segment has been treated as discontinued operations. During 2013, the audited consolidated results of Perfect Holding SA were revenue from continuing operations of CHF 27.4 million (CHF 30.1 million in 2012), net operating loss from continuing operations of CHF 0.7 million (net operating profit of CHF 4.1 million in 2012) and net operating cash flow from continuing operations of CHF 0.1 million (CHF 3.9 million in 2012). In comparison with 2012, the aircraft brokerage segment (intermediation in purchase/sale of aircraft/helicopters) has been penalized due to delay in deliveries caused by aircraft/helicopter manufacturers.

At the shareholders' general meeting of May 24, 2013, a conditional capital of maximum CHF 8'990'000 has been created in order to secure the exercise of conversion rights that may be issued under future convertible loans of Perfect Holding SA. At that occasion, the shareholders have also confirmed the existing opting out clause. Such corporate instruments, together with the existing authorized capital of a maximum amount of CHF 9'050'914 (reserved for the acquisition of businesses or participations in businesses and/or the financing of the development of the business and/or the acquisitions of the company and its subsidiaries) shall enable the group to dispose of a maximum flexibility for the development of the group's business and possible external growth transactions. Actually, the Perfect Group continues its proactive research and evaluation of carefully selected potential acquisitions in order profitably to develop its growth.

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



Jean-Claude Roch (Chairman)
PERFECT HOLDING SA



CORPORATE GOVERNANCE

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

■ 1. GROUP STRUCTURE AND SHAREHOLDERS

GROUP STRUCTURE

Perfect Holding SA (Perfect Holding or the Company) was incorporated in Yverdon-les-Bains (Switzerland) as a Swiss limited company on April 8, 1997 with the Register of Commerce of the Canton of Vaud. The Company has its corporate legal headquarter at 3, Avenue de Florimont, 1006 Lausanne (formerly at 36, Route d'Allaman, 1163 Etoy), Switzerland. Its duration is undetermined. The corporate purpose of the Company, according to Article 2 of its Articles of incorporation, is the acquisition and the management of participations in other companies as well as any directly or indirectly related purposes. Globally, the purpose of the Perfect Group is the provision of business aviation services, including organisation of charters, as specified hereafter.

Perfect Holding, the ultimate parent company, is listed on the SIX Swiss Exchange, SIX Main Standard. The Company is listed under the symbol "PRFN". The valor number is 911512 and the ISIN code is CH0009115129. The market capitalisation as at December 31, 2013 amounts to CHF 23.52 million (December 31, 2012: CHF 21.72 million).

In July 2013, Perfect Holding SA has concluded an agreement for the sale of its Portuguese subsidiary, Perfect Aviation Portugal, S.A., Lisbon, to a local operator which has taken over Perfect Aviation Portugal's business and its operating certificates issued by the Portuguese Civil Aviation Authority, INAC.

At the beginning of September 2013, Perfect Holding SA has completed the disposal of its aircraft management activities with the sale of the entire share capital of its UK subsidiary active in this industry, Perfect Aviation UK Limited, to a UK investor interested in entering the market via the AOC operating certificate, staff, know-how and premises of Perfect Aviation UK Limited.

Perfect Holding's subsidiaries are:

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

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

MAIN SHAREHOLDERS

As at December 31, 2013, the main shareholders of the Company are as follows:

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

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

CROSS SHAREHOLDINGS

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

■ 2. CAPITAL STRUCTURE

SHARE CAPITAL

At December 31, 2013, the share capital amounts to CHF 18'101'828.10, consisting of 181'018'281 issued and fully paid-in registered shares with a nominal value of CHF 0.10 each.

AUTHORISED SHARE CAPITAL

At the shareholders' general meeting held on May 25, 2012, the shareholders had accepted the Board's proposal to create, in order to dispose of a maximum flexibility for the development of the group's business and possible external growth transactions, an authorised capital of a maximum amount of CHF 9'050'914 (divided into a maximum of 90'509'140 registered shares of CHF 0.10 nominal value each), for (i) the acquisition of businesses or participations in businesses and/or (ii) the financing of the development of the business and/or the acquisitions of the company and its subsidiaries, for a 2-year period until 24 May 2014, with the possibility for the Board of Directors to suppress and/or restrict the preferential subscription rights of the shareholders in respect of the new shares to be issued in connection with any acquisitions of businesses and/or participations in businesses.

CONDITIONAL SHARE CAPITAL

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

Conditional capital reserved for share option plans

At December 31, 2013, this component of the conditional capital of the Company amounts to CHF 60'000 (divided into a maximum of 600'000 registered shares of a nominal value of CHF 0.10 each, to be fully paid up). It is reserved for the issuance of new shares to managers and employees of the Perfect Group upon exercise of option rights to be granted by the Board of Directors in the context of option plans. The Articles of incorporation provide that the preferential subscription rights of the shareholders may be suppressed in connection with the new shares to be issued out of the conditional share capital. Currently, there is no option plan in place in the group.

Conditional capital reserved for convertible loans

At the shareholders' general meeting of May 24, 2013, a conditional capital of maximum CHF 8'990'000 (divided into a maximum of 89'900'000 registered shares of a nominal value of CHF 0.10 each, to be fully paid up) has been created in order to secure the exercise of conversion rights that may be issued under future convertible loans of the Company. The new shares may be acquired by creditors of future convertible loans of the Company. The preferential subscription right of shareholders is suppressed for these new shares. The Board of Directors may decide to restrict the preferential right of shareholders to subscribe to such convertible loans by setting minimum indi-

vidual 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.

CHANGES TO THE SHARE CAPITAL

On May 21, 2012, as part of the consideration for the acquisition of Oxygen Aviation Ltd, the share capital of Perfect Holding was increased, by way of a contribution in kind, by the issuance of 33'934'428 registered shares of CHF 0.10 nominal value each, at a subscription price of CHF 0.1586 each. Accordingly, the share capital had been increased by CHF 3'393'442.80 in nominal value (consisting of 33'934'428 registered shares of CHF 0.10 nominal value each) to a total amount of CHF 18'101'828.10 (consisting of 181'018'281 registered shares of CHF 0.10 nominal value) and an agjo (share premium) of CHF 1'988'557.48 had been generated.

SHARES

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

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

TRANSFER OF SHARES & RESTRICTION TO TRANSFERABILITY

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

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

CONVERTIBLE BONDS

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

OPTION RIGHTS

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

CORPORATE GOVERNANCE

■ 3. BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS

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

		First election date	Last election date	Next re-election date
Jean-Claude Roch	Chairman	February 2002	May 2013	May 2014
Stephen Grey	Member	May 2002	May 2013	May 2014
Anouck Ansermoz	Member	May 2009	May 2013	May 2014

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, he 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 the fields of banking, medical and balneology: he is President of the Board of Directors of Banque Hottinger & Cie SA and Vidy Med Holding SA, as well as Board member of the company Les Bains de Lavey SA. Since 1971, Mr. Roch served in various key positions with Copycolor SA, Sicpa SA and Sicpa Holding SA. Mr. Jean-Claude Roch is acting as Executive Chairman of the Board of Directors and as Chief Executive Officer and Chief Financial Officer of Perfect Holding.

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

Anouck Ansermoz, Swiss, holds a master in economics and management from HEC university 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 is, since June 2012, acting as a non-executive member of the Board of Directors and as a part-time consultant to the Company.

ELECTION TO THE BOARD OF DIRECTORS AND DURATION OF MANDATE

The Articles of incorporation provide that the Board of Directors must consist of at least three members. The Board members, including the Chairman, are elected individually by the share-

holders' meeting for a duration of one year and are re-eligible without limitation.

ORGANISATION OF THE BOARD OF DIRECTORS

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

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

The Board of Directors deals with all matters falling within its competencies in its plenary meetings. The Board of Directors meets for regular meetings between four and six times per year, and in any event before the publication of financial statements or of any other important press releases. These meetings generally last approximately half a day, with the presence of all members and the occasional attendance of external persons. Extraordinary meetings can be organised on an ad hoc basis. In 2013, the Board of Directors held eight 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 to be held in May 2014, a Remuneration Committee consisting of 2 members of the Board of Directors will be put in place. The members of such Remuneration Committee will be nominated individually by the shareholders' meeting. The Remuneration Committee will be competent to define the remuneration policies applicable within the Perfect Group and to decide upon the remuneration of the members of the Executive Management.

■ 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
Roderick Glassford	Director of the aircraft charter business of Oxygen Aviation
Mark Green	Director of the aircraft charter business of Oxygen Aviation
Steven A Jack	Director of the aircraft charter business of Oxygen Aviation

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

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

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

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

■ 5. COMPENSATION, SHAREHOLDINGS AND LOANS

COMPENSATION POLICIES

The Company's Board of Directors decides upon the Executives' and Directors' remunerations, including any entitlements under participation and/or share option plans, at its discretion. Executives and Directors are remunerated in relation with their qualifications and responsibilities. The remuneration currently paid to the members of the Board of Directors and Executive Management consists exclusively of a fixed remuneration, subject to the possibility (not used in 2013) for the Board of Directors to grant a discretionary bonus component.

COMPENSATION DISCLOSURES

Compensation

The following compensations have been paid to the Executive Management:

(in CHF '000)	2013	2012
Mr. Jean-Claude Roch, Chairman of BoD, CFO (since June 1, 2012) and CEO of Perfect Holding SA ***	160	168
Mrs. Anouck Ansermoz, member of BoD and CFO (until May 31, 2012) **	-	90
Mr. William Curtis, CEO of the Perfect Group operating companies (until August 31, 2013) *	216	297
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation *	259	146
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	259	146
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation *	259	146
	1'153	993

* Salaries and social charges

** Consultancy fees

*** Board membership fee (in 2013, CHF 31'000 as Executive consultancy fee and CHF 128'713 (including social charges) received as Board membership fee)

Board membership fees of CHF 18'000 have been paid to Mrs. Anouck Ansermoz in 2013. Apart from the fees paid to the Chairman and Mrs. Ansermoz, no Board membership fee has been paid to the other member of the Board of Directors.

SHAREHOLDINGS, LOANS

Loans and credits

At December 31, 2013, 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.

CORPORATE GOVERNANCE

Participations

At December 31, 2013 and at December 31, 2012, the participations held by members of the Board of Directors and the Executive Management (including persons closely related to these members) were as follows:

(in nb of shares)	Dec. 31, 2013		Dec. 31, 2012	
	Shares	Option rights	Shares	Option rights
Mr. Stephen Grey, member of BoD	7'940'361	-	7'940'361	-
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation	11'311'476	-	11'311'476	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	11'311'476	-	11'311'476	-
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation	11'311'476	-	11'311'476	-
	41'874'789	-	41'874'789	-

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

■ 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 incorporation do not impose any restrictions on the voting rights of shareholders. Specifically, there is no limitation on the number of voting rights per shareholder.

The other aspects relating to voting rights as well as the procedure for the exercise of such rights, including the rules governing the rights for a shareholder to ask for the calling of a shareholders' meeting and/or to ask that an item be added to the agen-

da of a shareholders' meeting, are governed by the Articles of incorporation in accordance with the applicable provisions of the Swiss Code of Obligations. The Articles of incorporation do not contain any special rules in relation to quorums or qualified majorities or the calling of shareholders' meetings that derogate from the provisions of the Swiss Code of Obligations.

As from the shareholders' meeting to be held in May 2014, a shareholder can only be represented in a shareholders' meeting by another shareholder with voting rights, by his legal representative or by the independent representative.

■ 7. TAKEOVER AND DEFENSIVE MEANS

OPTING-OUT

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

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

PROVISIONS RELATING TO TAKEOVERS

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

■ 8. AUDITORS

DURATION OF CURRENT AUDIT MANDATE AND OF AUDIT RESPONSIBLE FUNCTION

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

AUDIT FEES

The fees for professional services related to the audit of the Perfect Group's annual accounts for the FY 2013 amounted to KCHF 110. 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 2013.

OTHER FEES

Other services (tax related) were rendered by PricewaterhouseCoopers SA for KCHF 7 in 2013.

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

IMPORTANT DATES

23.05.2014	Ordinary Shareholders General Meeting
26.09.2014	Interim Half-Year 2014 Report

INVESTOR RELATIONS

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

■ REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Perfect Holding SA, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes (pages 20 to 47), for the year ended December 31, 2013.

BOARD OF DIRECTORS' RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements for the year ended December 31, 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

■ REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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



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

Didier Ehret
Audit expert
Auditor in charge

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

Aude Joly
Audit expert

Lausanne, March 17, 2014

CONSOLIDATED INCOME STATEMENTS

(in CHF '000)	Notes	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
CONTINUING OPERATIONS			
Revenue	27	27'443	30'055
Cost of goods sold		-23'884	-21'627
Gross profit		3'559	8'428
Aviation costs		-194	-126
Marketing & sales expenses		-2'045	-2'260
General & administrative expenses		-1'920	-1'928
Other operating income / (expenses)		-116	31
Operating profit / (loss)		-716	4'145
Finance income	7	88	96
Finance expenses	7	-51	-49
Exchange differences		-74	-103
Profit / (loss) before taxes		-753	4'089
Income tax income / (expenses)	8	103	-101
Net profit / (loss) for the year from continuing operations		-650	3'988
DISCONTINUED OPERATIONS			
Net profit / (loss) for the year from discontinued operations	9	-2'334	-4'391
Net profit / (loss) for the year		-2'984	-403
Attributable to:			
Owners of the parent		-2'984	-403
Non-controlling interests		-	-
Earnings per share			
	10		
<i>From continuing operations</i>			
Basic and diluted profit / (loss) per share (in CHF)		-0.004	0.024
<i>From discontinued operations</i>			
Basic and diluted profit / (loss) per share (in CHF)		-0.013	-0.026
<i>From continuing and discontinued operations</i>			
Basic and diluted profit / (loss) per share (in CHF)		-0.017	-0.002

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in CHF '000)	Notes	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Net profit / (loss) for the year		-2'984	-403
Other comprehensive income / (loss):			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements on defined benefit plans, net of taxes	8	15	-38
Total items that will not be reclassified to profit or loss		15	-38
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		72	-43
Total items that may be reclassified subsequently to profit or loss		72	-43
Other comprehensive income / (loss) for the year, net of tax		87	-81
Total comprehensive income / (loss) for the year		-2'897	-484
Attributable to:			
Owners of the parent		-2'897	-484
Non-controlling interests		-	-

CONSOLIDATED BALANCE SHEETS

(in CHF '000)	Notes	Dec. 31, 2013	Dec. 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents	11/16b	1'293	3'322
Trade account receivables	12/16b	2'002	5'358
Advances to suppliers		33	80
Current portion of long-term loan	17/16b	360	180
Other current assets	13/16b	1'015	2'193
Total current assets		4'703	11'133
Non-current assets			
Property, plant and equipment	14	431	663
Intangible assets	15	4'663	4'978
Deferred tax assets	18	452	484
Long-term loan and other assets	17/16b	1'424	1'962
Total non-current assets		6'970	8'087
Total assets	27	11'673	19'220
LIABILITIES AND EQUITY			
Current liabilities			
Trade account payables		862	1'875
Other current liabilities	19	1'300	2'854
Income tax payables	8	43	327
Advances from customers		124	1'767
Current portion of long-term debt	21	21	21
Total current liabilities		2'350	6'844
Non-current liabilities			
Long-term debt	21/25	324	350
Deferred tax liabilities	18	200	182
Defined benefit liabilities	20	92	240
Total non-current liabilities		616	772
Total liabilities		2'966	7'616
Equity attributable to owners of the parent			
Share capital	22	18'102	18'102
Share premium	22	1'989	1'989
Other reserves		-205	-220
Cumulative translation adjustment		-15	-87
Accumulated losses		-11'164	-8'180
Total equity		8'707	11'604
Total liabilities and equity		11'673	19'220

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in CHF '000)	Notes	Attributable to owners of the parent						Total
		Share capital	Share premium	Treasury shares	Other reserves	Cumulative translation adjustment	Accumulated losses	
January 1, 2012		14'709	-	-	-182	-44	-7'777	6'706
Net profit/(loss) for the year		-	-	-	-	-	-403	-403
Translation adjustment		-	-	-	-	-43	-	-43
Remeasurements on defined benefit plans, net of taxes	20	-	-	-	-38	-	-	-38
<i>Total other comprehensive income/(loss), net of taxes</i>		-	-	-	-38	-43	-	-81
Total comprehensive income/(loss) for the year		-	-	-	-38	-43	-403	-484
Issue of share capital, by contribution in kind	22	3'393	1'989	-	-	-	-	5'382
Total transactions with owners		3'393	1'989	-	-	-	-	5'382
December 31, 2012		18'102	1'989	-	-220	-87	-8'180	11'604
January 1, 2013		18'102	1'989	-	-220	-87	-8'180	11'604
Net profit/(loss) for the year		-	-	-	-	-	-2'984	-2'984
Cumulative translation adjustment of disposed subsidiaries recycled to income statement	29	-	-	-	-	29	-	29
Translation adjustment		-	-	-	-	43	-	43
Remeasurements on defined benefit plans, net of taxes	20	-	-	-	15	-	-	15
<i>Total other comprehensive income/(loss), net of taxes</i>		-	-	-	15	43	-	58
Total comprehensive income/(loss) for the year		-	-	-	15	72	-2'984	-2'897
Total transactions with owners		-	-	-	-	-	-	-
December 31, 2013		18'102	1'989	-	-205	-15	-11'164	8'707

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in CHF '000)	Notes	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Cash flows from operating activities			
Net profit/(loss) for the year (including discontinued operations)		-2'984	-403
Adjustments for non-monetary items:			
Financial restructuring result	29	69	-
Allocation to provision for receivables impairment	12	55	28
Depreciation of property, plant and equipment	14	92	110
Amortisation and impairment of intangible assets	15	285	1'282
Result on disposals of fixed assets	14/15	28	-
Change in net defined benefit liabilities	20	-129	-308
Loss on sales of subsidiaries	29	359	-
Cumulative translation adjustment of disposed subsidiaries recycled to income statement	29	-29	-
Foreign exchange differences		99	-12
Interest expense	7	65	76
Interest income	7	-3	-8
Income taxes	8	-103	105
Operating profit/(loss) before working capital changes		-2'196	870
(Increase)/decrease in trade account receivables	12	2'210	-122
(Increase)/decrease in other current assets		877	-6
(Decrease)/increase in trade account payables		-178	336
(Decrease)/increase in other current liabilities		-2'069	-36
Cash generated from/(used in) operating activities		-1'356	1'042
Interest received	7	3	103
Interest paid	7	-65	-76
Tax received	8	-	-
Tax paid	8	-262	-421
Net cash generated from/(used in) operating activities		-1'680	648

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

Net cash generated from/(used in) operating activities		-1'680	648
Cash flows from investing activities			
Purchases of property, plant and equipment	14	-8	-109
Purchases of intangible assets	15	-	-13
Disposals of fixed assets	14/15	8	-
Interest income on loan	7	-88	-95
Proceeds from loan reimbursement	17	250	85
Acquisition/(disposal) of subsidiaries, net of cash	28/29	-492	91
Net cash used in investing activities		-330	-41
Cash flows from financing activities			
Repayments of borrowings		-21	-
Net cash used in financing activities		-21	-
Net increase/(decrease) in cash and cash equivalents		-2'031	607
Exchange gains/(losses) on cash and cash equivalents		2	20
Cash and cash equivalents at beginning of year		3'322	2'695
Cash and cash equivalents at end of year	11/16b	1'293	3'322
Cash and cash equivalents comprise the following:			
Cash and bank balances		1'186	2'182
Customers security deposits, available for use under certain conditions		107	659
Blocked deposits, as guarantees for credit and suppliers cards		-	481
		1'293	3'322

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 (formerly at 36, Route d'Allaman, 1163 Etoy), Switzerland. Its duration is undetermined. The corporate purpose of the Company, according to Article 2 of its Articles of incorporation, is the acquisition and the management of participations in other companies as well as any directly or indirectly related purposes.

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

In July 2013, Perfect Holding SA has concluded an agreement for the sale of its Portuguese subsidiary, Perfect Aviation Portugal, S.A., Lisbon, to a local operator which has taken over Perfect Aviation Portugal's business and its operating certificates issued by the Portuguese Civil Aviation Authority, INAC.

At the beginning of September 2013, Perfect Holding SA has completed the disposal of its aircraft management activities with the sale of the entire share capital of its UK subsidiary active in this industry, Perfect Aviation UK Limited, to a UK investor interested in entering the market via the AOC operating certificate, staff, know-how and premises of Perfect Aviation UK Limited (see Note 29).

As at December 31, 2013, Perfect Holding's subsidiaries are:

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

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 17, 2014, but they are subject to approval of the shareholders' general meeting.

■ 2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

The Perfect Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations and comply with the provisions of commercial accounting as set out in the Swiss Code of Obligations prior to modifications effective since

January 1, 2013, in compliance with the transitional provisions of the new accounting law. The consolidated financial statements have been prepared under the historical cost convention, except for items to be recorded at fair value.

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

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on January 1, 2013:

As at December 31, 2012, the group has early adopted IAS 19 'Employee benefits' (effective January 1, 2013), amended in June 2011. According to IAS 19R, the annual costs for defined benefit plans comprise the net interest costs, measured on the funded status applying the same discount rate for plan assets and defined benefit obligations. Past-service costs are recognised immediately in income. Actuarial gains and losses (renamed to 'remeasurements') are recognised immediately in other comprehensive income. The corridor approach or recognition immediately in profit or loss is no longer permissible.

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

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

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interest in Other Entities', IAS 27 revised 'Separate Financial Statements', IAS 28 revised 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after January 1, 2013), as well as Amendments to IFRS 10, 11 and 12 'Consolidated financial statements, Joint arrangements and Disclosure of interest in other entities: Transition Guidance'. These new standards and amendments specify the accounting and disclosures to be adopted on consolidation and joint arrangements. The group has applied those standards and amendments from January 1, 2013. There is no material effects on the consolidated financial statements of the group.

IFRS 13 'Fair value measurement' (effective January 1, 2013) explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. Fair value is the

price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value of a liability therefore reflects non-performance risk (that is, own credit risk). The group has applied IFRS 13 from January 1, 2013, but it had no impact on the group's financial statements. The group does not have any asset measured at fair value and therefore no further disclosures are currently required.

Amendment to IAS 1 'Financial statement presentation' (effective July 1, 2012) regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The group has applied this amendment from January 1, 2013. The amendment affected the presentation only and had no significant impact on the group's financial position or performance.

Annual improvements 2011 - IAS 34, 'Interim financial reporting' (effective 1 January 2013, retrospective application). The amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. A measure of total assets and liabilities is only required for an operating segment in interim financial statements if such information is regularly provided to the chief operation decision-maker and there has been a material change in those measures since the last annual financial statements. The group has applied this amendment since January 1, 2013, but it had no significant impact on the group's financial statements.

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on January 1, 2013, but are currently not relevant for the group:

- Amendment to IFRS 1 'First time adoption', on government loans (effective January 1, 2013)
- IFRIC 20 'Stripping costs in the production phase of a surface mine' (effective January 1, 2013)
- Amendments to IFRS 7 'Disclosures - Offsetting Financial Assets and Financial Liabilities' (effective January 1, 2013)
- Annual improvements 2011 - IFRS 1 'First time adoption of IFRS' (effective January 1, 2013)
- Annual improvements 2011 - IAS 1 'Presentation of financial statements' (effective January 1, 2013)
- Annual improvements 2011 - IAS 16 'Property, plant and equipment' (effective January 1, 2013)
- Annual improvements 2011 - IAS 32 'Financial instruments: Presentation' (effective January 1, 2013)

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

The group has not early adopted any other new standards,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

interpretations to existing standards and standards amendments which need adoption by January 1, 2014 or later. The group has commenced, but not yet completed, an assessment of the impact of the adoption of these new or amended standards on its consolidated financial statements and is currently of the view that the impact would not be significant other than certain additional disclosures. The relevant standards and amendments identified by the group to date relate to:

- IFRS 9 'Financial Instruments' - classification and measurement (no effective date) comprises two measurement categories for financial assets: amortised cost and fair value. All equity instruments are measured at fair value. However, management has an option to present in other comprehensive income unrealised and realised fair value gains and losses on equity investments that are not held for trading. A debt instrument is at amortised cost only if it is the entity's business model to hold the financial asset to collect contractual cash flows and the cash flows solely represent principal and interest. It will otherwise need to be considered at fair value through profit or loss. The group will apply IFRS 9 from January 1, 2015, but it is not expected to have any significant impact on the group's financial statements.
- Amendment to IAS 19 'Defined Benefit Plans: Employee Contributions' (effective for annual periods beginning on or after July 1, 2014, retrospective application, early application permitted) clarifies the application of IAS 19R to post-employment benefit plans that require employees or third parties to contribute towards the cost of benefits. The amendment allows (but does not require) contributions that are linked to service, and do not vary with length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided; e.g. contributions dependent on the employee's age or contributions that are a fixed percentage of the employee's salary. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the gross benefits. The amendment allows many entities to continue accounting for employee contributions using their accounting policy prior to IAS 19R. The group will apply this amendment from January 1, 2015, but it is not expected to have any significant impact on the group's financial statements.
- IAS 32 (amendment) 'Offsetting financial assets and financial liabilities', (effective for annual periods beginning on or after January 1, 2014, retrospective application, earlier adoption permitted) clarifies some of the requirements for offsetting financial assets and liabilities. Offsetting on the face of the balance sheet is only required, when the entity has a legally enforceable right to set-off and intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously. Clarification, that the right to set-off must be available today (and not contingent on a future event). Further, the right to set-off must be legally enforceable in the normal course of

business, as well as in the event of default, insolvency or bankruptcy. No or no material effects are expected on the consolidated financial statements of the group. The group will apply this amendment from January 1, 2014, but it is not expected to have any significant impact on the group's financial statements.

- Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' (effective January 1, 2014, retrospective application, earlier adoption permitted) corrects an amendment to IAS 36 when IFRS 13 was issued and introduced additional disclosures for measurements based on fair value less costs of disposal in case of an impairment or reversal of an impairment. The IASB has subsequently amended IAS 36 as follows:

- No requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible if there was no impairment.
- Disclosure of the recoverable amount when an impairment loss has been recognized or reversed.
- Detailed disclosure of how fair value less costs of disposal has been measured when impairment loss is recognized or reversed.

The group will apply this amendment from January 1, 2014, but it is not expected to have any significant impact on the group's financial statements.

The following relatively minor changes will be applied by the group from their effective date, but they are not expected to have any significant impact on the group's financial statements:

- Annual improvements 2012 - IFRS 13 'Fair value measurement' (expected effective date January 1, 2014)
- Annual improvements 2012 - IAS 1 'Presentation of financial statements' (expected effective date January 1, 2014)
- Annual improvements 2012 - IAS 7 'Statement of cash flows' (expected effective date January 1, 2014)
- Annual improvements 2012 - IAS 24 'Related party disclosures' (expected effective date January 1, 2014)
- Annual improvements 2012 - IAS 36 'Impairment of assets' (expected effective date January 1, 2014)
- Annual improvements 2013 - IFRS 1 'First-time adoption of IFRS' (expected effective date January 1, 2014)

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

- Amendments to IFRS 9 'Financial instruments' (no effective date)
- Amendments to IFRS 9 'Financial instruments - Hedge Accounting' (no effective date)
- Amendments to IFRS 10, 12 and IAS 27 - 'Investment entities' (effective January 1, 2014)
- Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' (effective January 1, 2014)
- IFRIC 21 'Levies' (effective January 1, 2014)
- Annual improvements 2012 - IFRS 2 'Share-based payment' (expected effective date January 1, 2014)

- Annual improvements 2012 - IFRS 3 'Business combinations' (expected effective date January 1, 2015)
- Annual improvements 2012 - IFRS 8 'Operating segments' (expected effective date January 1, 2014)
- Annual improvements 2012 - IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' (expected effective date January 1, 2014)
- Annual improvements 2013 - IFRS 3 'Business combinations' (expected effective date January 1, 2014)
- Annual improvements 2013 - IFRS 13 'Fair value measurement' (expected effective date January 1, 2014)
- Annual improvements 2013 - IAS 40 'Investment property' (expected effective date January 1, 2014)

2.2 CONSOLIDATION

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

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

2.3 SEGMENT REPORTING

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

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs ("CHF" or "Swiss francs"), which is the Company's functional and the group's presentation currency.

Transactions and balances

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

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

Group companies

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

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

On consolidation, exchange difference arising from the translation of the net investment in foreign operations are taken to "Cumulative translation adjustment" in other comprehensive income. On the disposal of a foreign operation (that is, a disposal of the group's entire interest in a foreign operation), all of the exchange differences accumulated in equity (in other comprehensive income) in respect of that operation attributable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

to the equity holders of the Company are reclassified to the income statement as part of the gain or loss on sale.

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

2.5 CASH AND CASH EQUIVALENTS

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

2.6 TRADE ACCOUNT RECEIVABLES

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

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

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

2.7 PROPERTY, PLANT AND EQUIPMENT

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the

item will flow to the group and when the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

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

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

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

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

2.8 INTANGIBLE ASSETS

All intangible assets are stated at cost less accumulated amortisation.

Licences

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

Goodwill

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

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-

generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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

Customer relationship

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

Software

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

Other intangible assets

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

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

2.10 FINANCIAL ASSETS

Classification

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

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise trade account receivables, long-term loan and cash and cash equivalents in the balance sheet (see accounting policies 2.5 and 2.6).

Recognition and measurement

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

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

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

2.11 IMPAIRMENT OF FINANCIAL ASSETS

Assets carried at amortised cost

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

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

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

2.12 TRADE ACCOUNTS PAYABLE

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

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

2.13 PROVISIONS

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

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

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

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

2.14 EMPLOYEE BENEFITS

Pension obligations

Group companies operate defined benefit and defined contribution pension schemes in accordance with the local conditions and practices in the countries in which they operate. The

schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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

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

Past-service costs are recognised immediately in income.

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

2.15 SHARE-BASED PAYMENTS

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

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

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

2.16 SHARE CAPITAL

Ordinary shares are classified as equity.

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

2.17 LEASES

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

2.18 BORROWINGS

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

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

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

2.19 REVENUE RECOGNITION

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

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic

benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of services

The group sells services to the business aircraft market: aircraft management and operations (activities disposed of and stopped since end of August 2013), world wide charter, brokerage of aircraft acquisition and sales.

Aircraft management

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Charters

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

The group is acting almost exclusively as a principal in this charter business, as it has the exposure to the significant risks and rewards associated with the rendering of those services. Accordingly, the amount invoiced to the final customer is recognised in the income statement in "Revenue"; the amount for the purchase of the flight from an aircraft owner whose aircraft is under our management ('charter') or from an external operator ('subcharter') is recognised in "Cost of goods sold".

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

Brokerage

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

Interest income

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

2.20 CURRENT AND DEFERRED INCOME TAX

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

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

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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of as-

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

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.

2.21 COMPARATIVES

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

■ 3. FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

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

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

Foreign exchange risk

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

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

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

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

At December 31, 2013, if the CHF had weakened / strengthened by 10% against the GBP with all other variables held constant, net result for the year would have been KCHF 177 higher / lower, mainly as a result of foreign exchange gains / losses on translation of GBP-denominated group net assets (2012: KCHF 238).

Profit is less sensitive to movement in currency / GBP exchange rates in 2013 than in 2012 because of the decreased amount of GBP-denominated group net assets, further to the disposal of Perfect Aviation UK Ltd at the end of August 2013.

Interest rate risk

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

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

Credit risk

Credit risk is managed on a group basis. Credit risk arises from credit exposures to customers, including outstanding receivables. There is some concentrations of credit risk on trade receivables (see Notes 11 and 15b). Risk control assesses the credit quality of the customer, taking into account its financial

position, past experience and other factors. The credit quality of receivables past due is assessed on an individual basis and on the customer's history of defaults. The group has policies in place to ensure that sales are made to customers by means of advance payment requests as well as use of major credit cards, especially for charters business. Otherwise, the group only gives credit to reputable companies and to certain individuals of high credit quality.

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

Liquidity risk

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

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

(in CHF '000)	Notes	Less than 3 months	Between 3 months and 1 year	More than 1 year
Trade accounts payable		1'875	-	-
Other current liabilities (excl. deferred inc.)	19	2'854	-	-
Current portion of long-term debt	21	-	21	-
Long-term debt	21	-	-	350
At December 31, 2012		4'729	21	350
Trade accounts payable		862	-	-
Other current liabilities (excl. deferred inc.)	19	1'300	-	-
Current portion of long-term debt	21	-	21	-
Long-term debt	21	-	-	324
At December 31, 2013		2'162	21	324

3.2 CAPITAL MANAGEMENT

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital (see Note 22). The objective of the group is to avoid, as much as possible, resorting on external loans. At December 31, 2013, the group has no external financing, apart from the mortgage on the building located in Horsham (see Note 21).

3.3 FAIR VALUE ESTIMATION

Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Cash and cash equivalents
- Trade account receivables
- Other current assets
- Long-term loan (including current portion) and other assets
- Trade account payables
- Other current liabilities
- Current portion of long-term debt
- Long-term debt

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

In 2013, there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets and financial liabilities. In 2013, there were no reclassifications of financial assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Provision for receivables impairment

Credit risk arises from credit exposures to customers, including outstanding receivables. There is some concentrations of credit risk on trade receivables (see Notes 12 and 16b), as some cur-

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

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy 2.8 Intangible assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see Note 15). The recoverable amount of the goodwill on Oxygen Aviation being higher than its carrying amount, no impairment has been recorded. If the estimated discount rate used for the CGU had been 1% higher than management's estimates (for example 11% instead of 10%), the group would have recognised an impairment of KGBP 339. In case of impairment, it would be first allocated to customer relationship and then to goodwill.

4.2 CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

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

As defined in accounting policy 2.20 Current and deferred income tax, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be realised against which the temporary differences or the unused tax losses can be utilised. The probability of future taxable profit needs management judgements and estimates to be determined. Had the group estimated that all available tax losses could be used, the effect would have been an additional income of KCHF 5'123 as of December 31, 2013 (2012: KCHF 10'029).

Recoverability of long-term loan

The group has granted a loan to the company Mondema SA (see Note 17). The balance of the loan amounts to KCHF 1'784 at December 31, 2013 (2012: KCHF 2'034). The group management has been informed that Mondema is pursuing its strategic change, from being a subcontractor to becoming a manufacturer of specific high-value-added machines, for large customers in the medical, luxury and food sectors. As indicated in Note 17, the repayment schedule has been updated and the loan should be reimbursed within 5 years. It remains however an uncertainty regarding the repayment of the loan due as scheduled. Management is following up the ability of the company to respect the repayment plan.

■ 5. EMPLOYEE BENEFIT EXPENSES

(in CHF '000)	Notes	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Wages, salaries and other costs		1'797	1'475
Social security costs		172	59
Defined benefit plan - pension costs / (income)	20	33	49
Defined contribution plan - pension costs		26	18
Employee benefit expenses (from continuing operations)		2'028	1'601

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

	Dec. 31, 2013	Dec. 31, 2012
Switzerland	3	15
Portugal (2012: including discontinued operations)	-	16
United Kingdom (2012: including discontinued operations)	12	33
	15	64

■ 6. INCOME / EXPENSES BY NATURE

(in CHF '000)	Notes	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Aviation costs		23'232	21'349
Employee benefit expenses	5	2'028	1'601
Depreciation	14	59	71
Amortisation	15	268	202
Administrative and general costs		1'546	1'968
Office expenses		67	126
Representation and travel expenses		487	707
Other operating expenses		591	14
Other operating income		-119	-128
Total expenses by nature (from continuing operations)		28'159	25'910

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

■ 7. FINANCE INCOME AND EXPENSES

(in CHF '000)	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Interest income on long-term loan (Note 17)	88	95
Other financial income	-	1
Finance income	88	96
Interest and financial expenses	-51	-49
Finance expenses	-51	-49
Finance income, net (from continuing operations)	37	47

■ 8. INCOME TAX EXPENSES

(in CHF '000)	Notes	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Current tax		-40	-29
Deferred tax	18	-50	-72
Tax relating to prior years		193	-
Income tax income / (expenses) (from continuing operations)		103	-101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The group's expected tax expenses for each year is based using the applicable tax rate in each individual jurisdiction, which in 2013 ranged between 8% and 22% (2012: 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, 2013	Year ended Dec. 31, 2012
Profit / (loss) before taxes (from continuing operations)	-753	4'089
Tax calculated at tax domestic rates applicable to profits in the respective countries	50	-908
Tax effects of:		
▪ Tax losses for which no deferred income tax asset was recognised	-137	-312
▪ Utilisation of previously unrecognised tax losses	9	891
▪ Change in deferred tax liabilities/assets	-50	-72
▪ Income not subject to tax/(expenses not deductible for tax purposes) (incl. restructuring result)	76	318
▪ Tax relating to prior years	193	-
▪ Other	-38	-18
Income tax income / (expenses) (from continuing operations)	103	-101

The weighted average applicable tax rate was 20% (2012: 21%). The decrease is caused by the impact of the reduction in the UK tax rate.

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

(in CHF '000)	2012		
	Before tax	Tax (charge) /credit	After tax
Remeasurements on defined benefit plans	-48	-10	-38
Other comprehensive income	-48	-10	-38
Current tax	-	-	-
Deferred tax	-	-10	-10

(in CHF '000)	2013		
	Before tax	Tax (charge) /credit	After tax
Remeasurements on defined benefit plans	19	4	15
Other comprehensive income	19	4	15
Current tax	-	-	-
Deferred tax	-	4	4

The movements in income tax receivables/payables, included respectively in the "Other current assets" (Note 13) and in the "Income tax payables" in the balance sheet, are as follows:

(in CHF '000)	Income tax receivables	Income tax payables
January 1, 2012	25	-5
Taxes (received)/paid	32	389
Taxes credited/(charged) to income statement	-	-33
Acquisition of subsidiary (Note 28)	-	-669
Exchange difference	-	-9
December 31, 2012	57	-327
Taxes (received)/paid	175	87
Taxes credited/(charged) to income statement	-	153
Disposal of subsidiaries (Note 29)	-67	-
Others	-	40
Exchange difference	2	4
December 31, 2013	167	-43

Further information is presented in Note 18 about deferred income taxes.

■ 9. DISCONTINUED OPERATIONS

With the sale of its two subsidiaries, Perfect Aviation Portugal, S.A. and Perfect Aviation UK Ltd active in the aircraft management business, in July and September 2013 respectively, Perfect Holding SA has completed the disposal of its aircraft management activities. The disposal of the aircraft management operations is consistent with the group's strategy to concentrate on the less regulated sectors of the aviation business, i.e. charters, aircraft acquisitions and sales and aircraft consultancy.

The results of the discontinued operations (i.e. aircraft management business) included in the profit for the year are set out below:

(in CHF '000)	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
PROFIT / (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS		
Revenue	3'840	4'933
Cost of goods sold	-3'550	-4'370
Gross profit	290	563
Aviation costs	-1'595	-2'814
Marketing & sales expenses	-196	-313
General & administrative expenses	-361	-644
Loss on disposal of subsidiaries	-359	-
Operating profit / (loss)	-2'221	-3'208
Impairment	-	-1'051
Finance income	3	7
Finance expenses	-14	-27
Exchange differences	-102	-108
Profit / (loss) before taxes	-2'334	-4'387
Income tax income / (expenses)	-	-4
Net profit / (loss) for the year from discontinued operations	-2'334	-4'391
CASH FLOWS FROM DISCONTINUED OPERATIONS		
Net cash used in operating activities	-1'788	-3'277
Net cash used in investing activities	-492	-103
Net cash provided by financing activities	969	3'130
Net decrease in cash and cash equivalents	-1'311	-250

■ 10. EARNINGS PER SHARE

(in CHF '000)	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
CONTINUING OPERATIONS		
Net profit / (loss) from continuing operations attributable to shareholders (in CHF '000)	-650	3'988
Weighted average number of ordinary shares in issue	181'018'281	167'945'182
Basic and diluted profit / (loss) per share (in CHF)	-0.004	0.024

DISCONTINUED OPERATIONS		
Net profit / (loss) from discontinued operations attributable to shareholders (in CHF '000)	-2'334	-4'391
Weighted average number of ordinary shares in issue	181'018'281	167'945'182
Basic and diluted profit / (loss) per share (in CHF)	-0.013	-0.026

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

The diluted profit per share is equivalent to the basic profit per share, as there are no dilutive elements to be taken into consideration at December 31, 2013 and 2012.

■ 11. CASH AND CASH EQUIVALENTS

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Cash and bank balances	1'186	2'182
Customers security deposits, available for use under certain conditions	107	659
Blocked deposits, as guarantees for credit and suppliers cards	-	481
	1'293	3'322

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

■ 12. TRADE ACCOUNT RECEIVABLES

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Trade account receivables	2'659	6'789
Less: Provision for receivables impairment	-657	-1'431
Trade account receivables, net	2'002	5'358

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

Trade receivables that are less than six months past due are not considered impaired. As of December 31, 2013, trade receivables of KCHF 1'024 (2012: KCHF 715) are past due but not impaired. These relate to a number of independent customers for whom there is no recent history of defaults. The ageing analysis of the trade receivables not impaired is as follows:

(in CHF '000)	Notes	Dec. 31, 2013	Dec. 31, 2012
Neither past due nor impaired	16b	977	4'643
Up to 6 months past due but not impaired		537	672
6 to 12 months past due but not impaired		488	43
Over 12 months past due but not impaired		-	-
		2'002	5'358

As at December 31, 2013, trade receivables of KCHF 657 (2012: KCHF 1'431) are impaired and provided for. The amount of provision is KCHF 657 as of December 31, 2013 (2012: KCHF 1'431). The individually impaired receivables relate partly to discs producers, which are in difficult economic situations and partly to subcharter customers (and, in the previous year, to an aircraft management customer). The ageing analysis of these receivables is as follows:

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Up to 6 months	-	-
6 to 12 months	-	29
Over 12 months	657	1'402
	657	1'431

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

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
CHF Swiss francs	1'100	600
USD US dollars	61	3'098
EUR Euros	1'528	2'233
GBP British pounds	-30	858
	2'659	6'789

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

(in CHF '000)	2013	2012
January 1	1'431	1'520
Allocation to provision for receivables impairment	56	28
Receivables written off during the year as uncollectible	-8	-119
Unused amounts reversed	-1	-
Disposal of subsidiaries (Note 29)	-822	-
Exchange difference	1	2
December 31	657	1'431

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

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. As far as aircraft management customers were concerned, the group used to hold some deposits as security (see Note 11).

■ 13. OTHER CURRENT ASSETS

(in CHF '000)	Notes	Dec. 31, 2013	Dec. 31, 2012
VAT receivable, net		80	266
Prepaid expenses		629	1'640
Income tax receivables	8	167	57
Other current assets		139	230
		1'015	2'193

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

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

This class of assets does not contain impaired assets.

■ 14. PROPERTY, PLANT AND EQUIPMENT

(in CHF '000)	Building	Equipments	Office equipment	Vehicles	Total
COST					
January 1, 2012	-	31	337	10	378
Additions	-	75	34	-	109
Acquisition of subsidiary (Note 28)	507	-	66	-	573
Exchange difference	8	1	3	-	12
December 31, 2012	515	107	440	10	1'072
Additions	-	-	1	7	8
Disposal of subsidiaries (Note 29)	-	-102	-144	-	-246
Disposals and write-offs	-	-	-201	-10	-211
Exchange difference	-8	-4	-1	-	-13
December 31, 2013	507	1	95	7	610
ACCUMULATED DEPRECIATION					
January 1, 2012	-	7	173	7	187
Depreciation charge	14	22	71	3	110
Acquisition of subsidiary (Note 28)	73	-	36	-	109
Exchange difference	-	1	2	-	3
December 31, 2012	87	30	282	10	409
Depreciation charge	20	21	50	1	92
Disposal of subsidiaries (Note 29)	-	-49	-90	-	-139
Disposals and write-offs	-	-	-168	-10	-178
Exchange difference	-1	-1	-3	-	-5
December 31, 2013	106	1	71	1	179
NET BOOK AMOUNT					
December 31, 2012	428	77	158	-	663
December 31, 2013	401	-	24	6	431

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

(in CHF '000)	Notes	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Marketing & sales expenses		7	23
General & administrative expenses		52	34
Other operating income / (expenses)		-	14
Net profit / (loss) from discontinued operations	9	33	39
		92	110

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

	Dec. 31, 2013	Dec. 31, 2012
Fire insurance value	566	1'321

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■ 15. INTANGIBLE ASSETS

(in CHF '000)	Goodwill	Customer relationship	Licences	Software	Other intangible assets	Total
COST						
January 1, 2012	-	-	1'049	3'423	9	4'481
Additions	-	-	-	13	-	13
Acquisition of subsidiary (Note 28)	3'984	1'000	-	-	-	4'984
Exchange difference	-	7	2	-	-	9
December 31, 2012	3'984	1'007	1'051	3'436	9	9'487
Disposal of subsidiaries (Note 29)	-	-	-1'051	-16	-	-1'067
Write-offs	-	-	-	-77	-	-77
Exchange difference	-	-14	-	-	-	-14
December 31, 2013	3'984	993	-	3'343	9	8'329
ACCUMULATED AMORTISATION						
January 1, 2012	-	-	-	3'226	-	3'226
Amortisation charge	-	124	-	107	-	231
Impairment loss	-	-	1'051	-	-	1'051
Exchange difference	-	2	-	-1	-	1
December 31, 2012	-	126	1'051	3'332	-	4'509
Amortisation charge	-	194	-	91	-	285
Disposal of subsidiaries (Note 29)	-	-	-1'051	-7	-	-1'058
Write-offs	-	-	-	-74	-	-74
Exchange difference	-	4	-	-	-	4
December 31, 2013	-	324	-	3'342	-	3'666
NET BOOK AMOUNT						
December 31, 2012	3'984	881	-	104	9	4'978
December 31, 2013	3'984	669	-	1	9	4'663

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

(in CHF '000)	Notes	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Aviation costs		194	124
Marketing & sales expenses		25	42
General & administrative expenses		49	36
Net profit / (loss) from discontinued operations	9	17	1'080
		285	1'282

Licences

As at December 31, 2012, the group had two Aircraft Operating Certificates ("AOC") in Portugal and in UK. The amount of

KCHF 1'051 was composed of KCHF 639 for the Portuguese licence and KCHF 412 for the UK licence.

As licences had an indefinite useful life, they were tested for impairment and, as at December 31, 2012, both AOC licences had been impaired, generating an impairment loss of KCHF 1'051.

Goodwill

The group tests annually whether goodwill has suffered any impairment, irrespective of indicators of impairment. The group is relying on the estimation of value in use, respectively fair value less costs of disposal. Estimating value in use is a matter of judgement, not fact, requiring estimates of cash flows many years into the future and determining appropriate discount rates to bring them back to their present values.

Regarding the impairment of the goodwill, this latter is attributed to the cash-generating unit corresponding to the UK entity Oxygen Aviation Ltd. The recoverable amount of this CGU has been determined based on value-in-use calculations. These cal-

calculations use the Discounted Cash Flow method, for the 5-year period from 2014 until 2018. 2014 figures have been taken from the group projections, and then, the following key assumptions have been used:

- revenues growth : +4% per year
- margin: 10.5%
- staff expenses: +1% per year
- operating expenses: +1% per year
- long-term average growth rate: 0%

A discount rate of 10% has been used.

The recoverable amount calculated based on value-in-use exceeded carrying value by KGBP 139; therefore no impairment arose. A rise in discount rate to 11% or a fall in annual revenues growth to 3% would remove the remaining headroom.

■ 16A. FINANCIAL INSTRUMENTS BY CATEGORY

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

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Assets as per balance sheet - loans and receivables		
Cash and cash equivalents	1'293	3'322
Trade account receivables	2'002	5'358
Other current assets (excl. prepayments)	386	553
Long-term loan (including current portion) and other assets	1'784	2'142
Total loans and receivables	5'465	11'375

Liabilities as per balance sheet - other financial liabilities at amortised cost

	Dec. 31, 2013	Dec. 31, 2012
Trade account payables	862	1'875
Other current liabilities (excl. deferred income)	585	1'243
Current portion of long-term debt	21	21
Long-term debt	324	350
Total other financial liabilities	1'792	3'489

■ 16B. CREDIT QUALITY OF FINANCIAL ASSETS

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

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Cash and cash equivalents		
AA	753	546
A+	-	329
A	540	1'028
BB	-	1'412
No rating available	-	7
	1'293	3'322

Trade account receivables (without external credit rating)

	Dec. 31, 2013	Dec. 31, 2012
Group 1	139	307
Group 2	830	4'336
Group 3	8	-
	977	4'643

Other current assets (without external credit rating)

	Dec. 31, 2013	Dec. 31, 2012
Group 1	-	-
Group 2	1'015	2'193
Group 3	-	-
	1'015	2'193

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

	Dec. 31, 2013	Dec. 31, 2012
A	-	108
Group 3	1'784	2'034
	1'784	2'142

Group 1 - new customers / counterparties (less than 12 months)
 Group 2 - existing customers / counterparties (more than 12 months) with no defaults in the past
 Group 3 - existing customers / counterparties (more than 12 months) with some defaults in the past. All defaults were fully recovered.

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

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Current portion of long-term loan	360	180
	360	180
Long-term loan	1'424	1'854
Other assets	-	108
	1'424	1'962

The Company had entered into an agreement concerning the sale of certain assets and liabilities, as well as the transfer of its leased facilities and certain contracts in relation to the production of its optical disc manufacturing machines, with effect as of December 31, 2008, to the company Mondema SA. The consideration for such sale was a loan to Mondema SA for an amount of KCHF 1'733. As defined in the assets' sale agree-

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ment between the Company and Mondema SA, an additional working capital loan of KCHF 600 had been granted to Mondema SA in spring 2009. The total loan of KCHF 2'333, denominated in Swiss francs (CHF), is bearing interest at 4.50%. In 2013, the loan has been reimbursed by KCHF 250 (2012: KCHF 85) and amounts to KCHF 1'784 as at December 31, 2013. The repayment schedule has been updated and this loan should be reimbursed within 5 years. Please refer to Note 4.2 for additional information.

This loan is secured by the following guarantees:

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

The amount reported in "Other assets" as at December 31, 2012 was mainly the rent deposit for the hangar/office of Perfect Aviation UK Ltd, in Biggin Hill.

18. DEFERRED INCOME TAXES

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

(in CHF '000)	Building	Employee benefits (IAS 19)	Tax losses to be carried-forward	Total
Deferred tax assets				
January 1, 2012	-	108	631	739
Acquisition of subsidiary (Note 28)	32	-	-	32
Credited to other comprehensive income	-	10	-	10
Credited/(charged) to income statement	-32	-66	-199	-297
December 31, 2012	-	52	432	484
Debited to other comprehensive income	-	-4	-	-4
Credited/(charged) to income statement	-	-28	-	-28
December 31, 2013	-	20	432	452

(in CHF '000)	Building	Customer relationship (intangible assets)	AOC licences (intangible assets)	Total
Deferred tax liabilities				
January 1, 2012	-	-	-199	-199
Acquisition of subsidiary (Note 28)	-	-206	-	-206
Credited/(charged) to income statement	-	26	199	225
Exchange difference (CTA)	-	-2	-	-2
December 31, 2012	-	-182	-	-182
Credited/(charged) to income statement	-75	53	-	-22
Exchange difference (CTA)	-	4	-	4
December 31, 2013	-75	-125	-	-200

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

(in CHF '000)	2013	2012
January 1	302	540
Acquisition of subsidiary (Note 28)	-	-174
Tax charge / (credit) relating to components of other comprehensive income (Note 8)	-4	10
Income statement credit / (charge) (Note 8)	-50	-72
Exchange difference (CTA)	4	-2
December 31	252	302

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

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

(in CHF '000)	Years of expiry	Not recognised
	2014	22'602
	2015	13'485
	2016	200
	2017	-
	Beyond 2018	4'622
		40'909

Out of these CHF 41 million, CHF 24 million relate to Perfect Holding SA, which benefits of a holding status.

In 2013, unused tax losses of CHF 25 million have expired (2012: CHF 41 million).

■ 19. OTHER CURRENT LIABILITIES

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Accrued operating expenses	325	611
Payroll and social charges	105	300
Commissions	29	-
Professional expenses	70	202
Deferred income	715	1'611
Various taxes	21	87
Other	35	43
	1'300	2'854

■ 20. PENSION OBLIGATIONS

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

The Swiss defined benefit plan scheme is valued by independent actuaries every year using the projected unit credit method. The latest actuarial valuation was carried out as at December 31, 2013.

The amounts recognised in the balance sheet are as follows:

(in CHF '000)	Dec. 31 2013	Dec. 31 2012
Defined benefit assets	-	-
Defined benefit liabilities	92	240
Net (asset) / liability in the balance sheet	92	240

This net amount is composed as follows:

(in CHF '000)	Dec. 31 2013	Dec. 31 2012
Present value of defined benefit obligations for funded plan	231	551
Fair value of plan assets	-139	-311
Deficit of funded plans: liability in the balance sheet	92	240

The movement in the net defined benefit obligations over the year, including discontinued operations, is as follows:

(in CHF '000)	Present value of obligation	Fair value of plan assets	Total
January 1, 2012	1'884	-1'384	500
Defined benefit plan - pension costs:			
Curtailment	-1'609	1'231	-378
Current service cost	189	-	189
Interest cost / (income)	27	-19	8
Defined benefit plan - pension costs	-1'393	1'212	-181
Employee contributions	127	-127	-
Employer contributions	-	-127	-127
Benefits received	-109	109	-
	18	-145	-127

Remeasurements:			
Change in financial assumptions	54	-	54
Other actuarial (gains) / losses	-12	-	-12
Plan assets gains / (losses)	-	6	6
Remeasurements	42	6	48
December 31, 2012	551	-311	240

Defined benefit plan - pension costs:			
Curtailment	-390	218	-172
Current service cost	75	-	75
Interest cost / (income)	7	-4	3
Defined benefit plan - pension costs	-308	214	-94
Employee contributions	35	-35	-
Employer contributions	-	-35	-35
Benefits payments	-31	31	-
	4	-39	-35

Remeasurements:			
Change in financial assumptions	-11	-	-11
Other actuarial (gains) / losses	-5	-	-5
Plan assets gains / (losses)	-	-3	-3
Remeasurements	-16	-3	-19
December 31, 2013	231	-139	92

A curtailment gain was incurred due to a reduction in the number of employees under the Swiss scheme, in connection with the disposal of the aircraft management activities and the related departure of employees (crew). In 2012, a curtailment gain had been incurred due to the reduction in the number

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of employees under the Swiss scheme, in connection with the transfer of the charter sales department from Switzerland to UK (where there was no pension plan) and with the departure of employees (crew) in relation with the diminution in the number of managed aircraft.

As at the last valuation date, the present value of the defined benefit obligation was related to 3 active employees.

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

	2013	2012
Discount rate	2.20%	1.90%
Interest credited on savings accounts	2.20%	1.90%
Future salary increases	2.00%	2.00%
Future pension increases	0.50%	0.50%

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

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

	2013	2012
Male	18.93	18.93
Female	22.29	22.29

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

	Change in assumption	Increase in assumption	Decrease in assumption
Sensitivity of the defined benefit obligations:			
Discount rate	0.50%	Decrease by 12.0%	Increase by 14.4%
Salary increase	0.50%	Increase by 0.2%	Decrease by 0.1%
Pension increase	0.50%	Increase by 4.9%	Decrease by 4.5%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at

the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

Expected employer contributions to defined benefit plan for the year ending December 31, 2014 amount to KCHF 16.

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

Expected maturity analysis of undiscounted pension benefits are as follows:

(in CHF '000)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 5 year	Total
Estimated benefit payments	12	22	26	22	82
As at December 31, 2013	12	22	26	22	82

Features of the plan and associated risks

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

This pension solution fully reinsures the risks of disability, death and longevity with Swiss Life. Swiss Life invests the vested pension capital and provides a 100% capital and interest guarantee. In 2013, the guaranteed interest was 1.5% for mandatory retirement savings and 1.25% for supplementary retirement savings. The pension plan is entitled to an annual bonus from Swiss Life comprising the effective savings, risk and cost results.

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

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

The treatment of so-called “fully insured” BVG plans under IAS 19 has been thoroughly analysed by the Swiss Auditing Chamber’s Auditing Practice Committee. As a result of these consultations, the Swiss Auditing Chamber and its Accounting Practice Subcommittee have concluded that for IAS 19 purposes “fully insured” BVG plans shall be considered as defined benefit plans. The reasons are as follows:

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

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

Asset-liability strategy

The risks of disability, death and longevity are reinsured in their entirety with Swiss Life Ltd. Asset liability management strategy and asset allocation are outsourced to Swiss Life Ltd. Swiss Life manages investments in such a way that the economic risk capital is efficiently used in line with its risk appetite. The company’s asset and liability management (ALM) is applied for this purpose, and the investment strategy is based on these risk assessment findings. The aim is to be in a position to pay benefits whenever they fall due and always to have sufficient equity to absorb fluctuations in the value of assets and liabilities. Clearly defined criteria on security, yield and liquidity are taken into account when policyholder assets, the company’s free reserves and shareholders’ equity are invested (this information is taken from Swiss Life 2012 Annual Report - 2013 Annual Report will be published in May 2014).

Funding levels

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

Investments by asset class

As at December 31, 2013, investments by asset class are as follows:

Cash	2.50%
Bonds	83.50%
Shares	2.40%
Real estates	11.40%
Alternative investments	0.20%
	100.00%

■ 21. BORROWINGS

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Current portion of long-term debt	21	21
Long-term debt	324	350
Mortgage debt	345	371

The above mortgage debt, due by Oxygen Aviation Ltd, is secured by one mortgage on the Horsham building (see Note 14). The applicable interest rate a fixed interest rate of 3.11% (2012: 3.11%).

The fair value of those borrowings equals their carrying amount, as the impact of discounting is not significant. The mortgage debt is denominated in British pounds (GBP).

■ 22. SHARE CAPITAL

(in CHF '000)	Number of shares	Ordinary shares	Share premium	Total
Jan. 1, 2012	147'083'853	14'709	-	14'709
Issue of share capital, through contribution in kind	33'934'428	3'393	1'989	5'382
Dec. 31, 2012	181'018'281	18'102	1'989	20'091
Movements in 2013	-	-	-	-
Dec. 31, 2013	181'018'281	18'102	1'989	20'091

At December 31, 2013, the share capital amounts to CHF 18'101'828.10, consisting of 181'018'281 issued and fully paid-in registered shares with a nominal value of CHF 0.10 each.

As at May 21, 2012, as part of the consideration for the acquisition of Oxygen Aviation Ltd (see Note 28), the share capital of Perfect Holding SA had increased by way of a contribution in kind. Perfect Holding SA’s share capital had been consequently increased by the issuance of 33'934'428 registered shares of CHF 0.10 nominal value each, at a subscription price of CHF 0.1586 each. Accordingly, the share capital had been increased by KCHF 3'393 in nominal value (consisting of 33'934'428 registered shares of CHF 0.10 nominal value each) to a total amount of KCHF 18'102 (consisting of 181'018'281 registered shares of CHF 0.10 nominal value) and an agio (share premium) of KCHF 1'989 had been generated.

Each share carries one vote at the shareholders’ meetings. Voting rights may be exercised only after a shareholder has

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been registered in the Company's share register as a shareholder with voting rights.

Authorised capital

At the shareholders' general meeting held on May 25, 2012, the shareholders had accepted the Board's proposal to create, in order to dispose of a maximum flexibility for the development of the group's business and possible external growth transactions, an authorised capital of a maximum amount of CHF 9'050'914 (divided into a maximum of 90'509'140 registered shares of CHF 0.10 nominal value each), for (i) the acquisition of businesses or participations in businesses and/or (ii) the financing of the development of the business and/or the acquisitions of the company and its subsidiaries, for a 2-year period until 24 May 2014, with the possibility for the Board of Directors to suppress and/or restrict the preferential subscription rights of the shareholders in respect of the new shares to be issued in connection with any acquisitions of businesses and/or participations in businesses.

Conditional share capital

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

Conditional capital reserved for share option plans

At December 31, 2013, the conditional capital of the Company amounts to CHF 60'000 (divided into a maximum of 600'000 registered shares of a nominal value of CHF 0.10 each, to be fully paid up). The conditional capital is reserved for the issuance of new shares to managers and employees of the Perfect Group upon exercise of option rights to be granted by the Board of Directors in the context of option plans. The Articles of incorporation provide that the preferential subscription rights of the shareholders may be suppressed in connection with the new shares to be issued out of the conditional share capital. Currently, there is no option plan in place in the group.

Conditional capital reserved for convertible loans

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

Significant shareholders

The main shareholders of the Company are as follows:

	Dec. 31, 2013	Dec. 31, 2012
Haute Vision SA, Mauritius	37.90%	37.90%
Grover Ventures Inc, British Virgin Islands	7.18%	7.18%
Roderick Glassford	6.25%	6.25%
Mark Green	6.25%	6.25%
Steven A Jack	6.25%	6.25%
Nicholas Grey	5.39%	5.39%
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 99'304'873 shares, i.e. 54.86% of the current share capital of CHF 18'101'828.10 (divided into 181'018'281 shares with a nominal value of CHF 0.10 each).

Dividend

At the Annual General Meeting on May 23, 2014, the Board of Directors will not propose any dividend in respect of fiscal year 2013 (2012: nil).

23. COMMITMENTS

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

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Not later than 1 year	19	285
Later than 1 year and not later than 5 years	23	410
More than 5 years	-	-
	42	695

These operating leases mainly concern office and vehicle rentals. Lease payments incurred during 2013 from continuing operations (office and vehicle rentals) and recorded in the income statement amount to KCHF 50 (2012: KCHF 79).

24. CONTINGENT LIABILITIES

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

■ 25. ASSETS PLEDGED

As explained in Note 21, there is a charge on the building registered as security against the company Oxygen Aviation Ltd under a loan agreement with Lloyds TSB Plc (2012: idem).

■ 26. RELATED PARTIES

The following transactions were carried out with related parties.

Key management compensation

Key management composition is described in Note 30. The compensation paid to key management is shown below:

(in CHF '000)	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Salaries and other short-term employee benefits (including KCHF 26 of pension costs)	1'153	993

In 2013 (and in 2012), no other compensation elements were granted to key management (neither share options, nor any other compensation).

Sales of services

(in CHF '000)	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Revenue from brokerage	500	5'020
Revenue from aircraft management (from discontinued operations)	69	390
Revenue from charters	16	236

Year-end balances

(in CHF '000)	Notes	Dec. 31, 2013	Dec. 31, 2012
Included in:			
Trade account receivables	12	500	2'254

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

■ 27. SEGMENT INFORMATION

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

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

- charters
- brokerage

The aircraft management operations have been discontinued in the current year. The segment information reported below does not include any amounts for these discontinued operations, which are described in Note 9.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(in CHF '000)	Charters	Brokerage	Total
2012 (from continuing operations)			
Total revenue	24'030	6'025	30'055
Inter-segment revenue	-	-	-
Revenue from external customers	24'030	6'025	30'055
Adjusted EBITDA	338	5'725	6'063
Depreciation/amortisation/impairment	-193	-	-193
2013 (from continuing operations)			
Total revenue	26'478	965	27'443
Inter-segment revenue	-	-	-
Revenue from external customers	26'478	965	27'443
Adjusted EBITDA	196	965	1'161
Depreciation/amortisation/impairment	-258	-	-258
TOTAL ASSETS			
December 31, 2012	9'011	2'149	11'160
December 31, 2013	7'083	500	7'583

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

There are no differences from the last annual financial statements in the basis of measurement of segment profit or loss.

OTHER SEGMENT INFORMATION FROM CONTINUING OPERATIONS

The acquisition of property, plant and equipment and the acquisition of intangible assets amount respectively to KCHF 9 and nil in 2013 (KCHF 20 and nil in 2012).

A reconciliation of total adjusted EBITDA to operating result (from continuing operations) is provided as follows:

(in CHF '000)	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Adjusted EBITDA for reportable segments (from continuing operations)	1'161	6'063
Corporate overheads	-1'550	-1'645
Depreciation	-59	-71
Amortisation	-268	-202
Operating profit / (loss)	-716	4'145
Finance income, net	37	47
Exchange differences	-74	-103
Profit / (loss) before taxes (from continuing operations)	-753	4'089

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

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Total segments' assets	7'583	11'160
Assets relating to discontinued operations	72	2'379
Unallocated amounts:		
Cash and cash equivalents (2012: part of)	1'293	2'400
Loan (long-term, current portion and accrued interest)	1'872	2'034
Property, plant and equipment (part of)	10	84
Intangible assets (part of)	9	99
Deferred tax assets	452	483
Advances to suppliers	33	28
Other current assets (part of)	349	553
Group assets	11'673	19'220

Breakdown of the revenue from all segments from continuing operations is as follows:

(in CHF '000)	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Sales of goods	-	-
Revenue from services	27'443	30'055
	27'443	30'055

The Company, as well as one of its subsidiaries, is domiciled in Switzerland. The result of its revenue from continuing operations from external customers in Switzerland is KCHF 1'082 (2012: KCHF 10'225) and the results of its revenue from continuing

operations from external customers in United Kingdom is KCHF 26'362 (2012: KCHF 19'567).

The total of non-current assets (there are no financial instruments) located in Switzerland is KCHF 1'623 (2012: KCHF 2'037), the total of non-current assets located in Portugal is nil (2012: KCHF 22), and the total of these non-current assets located in the UK is KCHF 421 (2012: 636).

In 2013, the group has realised more than 10% of 2013 revenues with one customer from the charter segment (KCHF 5'057). In 2012, the group had realised more than 10% of 2012 revenues with one group of customers from the aircraft management - now discontinued (KCHF 2'457) and one customer from the brokerage segment (KCHF 5'020).

■ 28. BUSINESS COMBINATION

On May 21, 2012, Perfect Holding SA had completed the acquisition of the entire share capital (100%) of a UK company, Oxygen Aviation Ltd, Horsham (UK). The purchase price of the shares of Oxygen Aviation Ltd had been settled mainly in the form of new shares of Perfect Holding SA (issued out of its authorised capital) and in cash for the balance. As a result, the nominal value of the share capital of Perfect Holding SA had been increased through contribution in kind.

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

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

The fair value of the contingent consideration had been estimated by considering that the performance criteria will be en-

tirely met. For the financial year 2012, the performance criteria had been met. For 2013, further to performance lower than fixed criteria, the Board of Directors of Perfect Holding SA has decided to amend the share purchase agreement and therefore to extend and move the performance check by one year until 2015 (instead of 2014).

The following table summarises the consideration paid for Oxygen Aviation Ltd, and the identifiable net assets recognised at the acquisition date:

(in CHF '000)	May 21, 2012
Consideration	
Cash	1'009
Shares issued	3'465
Contingent consideration	1'917
Total consideration	6'391
less:	
Total identifiable net assets	2'407
Goodwill	3'984

The excess of the cost of acquisition over the fair value of the identifiable net assets of the subsidiary acquired had been recorded as goodwill. As shown above, a goodwill of KCHF 3'984 had been recognised. This goodwill is subject to annual impairment test (Note 15). It will be tested of impairment annually and whenever there is an indication that it may be impaired, and it is carried at cost less accumulated impairment losses. None of the goodwill is expected to be deductible for tax purposes.

■ 29. DISPOSAL OF SUBSIDIARIES

During the second semester of 2013, Perfect Holding SA has completed the disposal of its aircraft management activities by selling its two operating companies active in the aircraft management, Perfect Aviation Portugal, S.A., Lisbon and Perfect Aviation UK Ltd, Biggin Hill.

Disposal of Perfect Aviation Portugal, S.A., Lisbon (Portugal)

Perfect Holding SA has concluded an agreement for the sale - at a price of EUR 40'000 - of its Portuguese subsidiary, Perfect Aviation Portugal, S.A., Lisbon, to a local operator which has taken over Perfect Aviation Portugal's business and its operating certificates issued by the Portuguese Civil Aviation Authority, INAC.

According to the group accounting principles, subsidiaries are de-consolidated from the date that control ceases. The disposal of Perfect Aviation Portugal, S.A. has been signed on July 10, 2013. This company has been de-consolidated since June

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30, 2013. The results of Perfect Aviation Portugal, S.A. for the six months period ended June 30, 2013 have been incorporated in these consolidated income statements.

Details of the sale are as follows:

(in CHF '000)	
Sale consideration:	
▪ consideration received in cash	50
Cumulative translation adjustment of disposed subsidiary recycled to income statement	
	-66
Fair value of net assets sold	-233
Loss on disposal of subsidiary	-249

The loss on disposal is included in the profit / (loss) for the year from discontinued operations (see Note 9).

Consideration received in cash	50
Cash and cash equivalents sold	-397
Total cash inflow, net of cash sold	-347

The fair values of the assets and liabilities sold are as follows:

(in CHF '000)	Fair values
Cash and cash equivalents	397
Trade account receivables	3
Other current assets	180
Income taxes receivable	67
Advances to suppliers	20
Property, plant and equipment	20
Trade account payables	-13
Other current liabilities	-247
Advances from customers	-125
Provision for restructuring	-69
Net value of assets and liabilities	233

Disposal of Perfect Aviation UK Ltd, Biggin Hill (UK)

At the beginning of September 2013, Perfect Holding SA has completed the disposal of its aircraft management activities with the sale of the entire share capital of its UK subsidiary active in this industry, Perfect Aviation UK Limited, to a UK investor interested in entering the market via the AOC operating certificate, staff, know-how and premises of Perfect Aviation UK Limited.

According to the group accounting principles, subsidiaries are de-consolidated from the date that control ceases. The disposal of Perfect Aviation UK Ltd has been signed on September 5, 2013. This company has been de-consolidated since

August 31, 2013. The results of Perfect Aviation UK Ltd for the eight months period ended August 31, 2013 have been incorporated in these consolidated income statements.

Details of the sale are as follows:

(in CHF '000)	
Sale consideration:	
▪ consideration payable (included in "Other current liabilities")	-40
Cumulative translation adjustment of disposed subsidiary recycled to income statement	
	37
Fair value of net assets sold	-107
Loss on disposal of subsidiary	-110

The loss on disposal is included in the profit / (loss) for the year from discontinued operations (see Note 9).

Consideration received in cash	-
Cash and cash equivalents sold	-146
Total cash inflow, net of cash sold	-146

The fair values of the assets and liabilities sold are as follows:

(in CHF '000)	Fair values
Cash and cash equivalents	146
Trade account receivables	1'055
Other current assets	249
Inventories	82
Advances to suppliers	48
Property, plant and equipment	87
Intangible assets	9
Trade account payables	-805
Other current liabilities	-359
Advances from customers	-405
Net value of assets and liabilities	107

■ 30. COMPENSATION IN ACCORDANCE WITH SWISS CODE OF OBLIGATIONS

Compensation

The following compensations have been paid to the Executive Management:

(in CHF '000)	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Mr. Jean-Claude Roch, Chairman of BoD, CFO (since June 1, 2012) and CEO of Perfect Holding SA ***	160	168
Mrs. Anouck Ansermoz, member of BoD and CFO (until May 31, 2012) **	-	90
Mr. William Curtis, CEO of the Perfect Group operating companies (until August 31, 2013) *	216	297
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation *	259	146
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	259	146
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation *	259	146
	1'153	993

* Salaries and social charges

** Consultancy fees

*** Board membership fee (in 2013, KCHF 31 as Executive consultancy fee and KCHF 129 (including social charges) received as Board membership fee)

Board membership fees of KCHF 18 have been paid to Mrs. Anouck Ansermoz in 2013. Apart from the Chairman and Mrs. Ansermoz, no Board membership fee has been paid to the other member of the Board of Directors.

Loans and credits

At December 31, 2013, there were no loans and credits granted to any current or former members of the Board of Directors or the Executive Management.

Participations

At December 31, 2013 and at December 31, 2012, the participations held by members of the Board of Directors and the Executive Management (including persons closely related to these members) were as follows:

(in thousands)	Dec. 31, 2013		Dec. 31, 2012	
	Shares	Option rights	Shares	Option rights
Mr. Stephen Grey, member of BoD	7'940	-	7'940	-
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation	11'311	-	11'311	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	11'311	-	11'311	-
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation	11'311	-	11'311	-
	41'873	-	41'873	-

■ 31. 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.

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

■ 32. EVENTS AFTER THE REPORTING DATE

Nil.

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

■ REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Perfect Holding SA, which comprise the income statement, balance sheet and notes (pages 52 to 54), for the year ended December 31, 2013.

BOARD OF DIRECTORS' RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements for the year ended December 31, 2013 comply with Swiss law and the company's articles of incorporation.

■ REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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



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

Didier Ehret
Audit expert
Auditor in charge

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

Aude Joly
Audit expert

Lausanne, March 17, 2014

INCOME STATEMENTS

(in CHF '000)	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
INCOME		
Dividends from subsidiaries	2'324	2'295
Management fees from subsidiaries	321	860
Other operating income	-	6
	2'645	3'161
EXPENSES		
Staff expenses	-129	-138
General and administrative expenses	-702	-934
Other operating expenses	-58	-
Waiver granted to subsidiaries	-	-189
Allocation to provision/write-off of investments in subsidiaries	-342	-2'154
Allocation to provision/write-off of receivables from subsidiaries	-1'265	-3'690
Profit/(loss) made on sales of subsidiaries, net	9	-
Interests and other financial expenses	-	-5
Exchange differences, net	-6	-10
Current taxes	-32	-29
	-2'525	-7'149
Net profit / (loss)	120	-3'988

BALANCE SHEETS

(in CHF '000)	December 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	109	15
Receivables from subsidiaries, net	130	904
Other current assets	45	48
Total current assets	284	967
Long-term assets		
Investments in subsidiaries, net	12'891	13'233
Total long-term assets	12'891	13'233
Total assets	13'175	14'200
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade account payables - third parties	432	133
Trade account payables - subsidiaries	-	22
Other current liabilities	55	87
Total current liabilities	487	242
Non-current liabilities		
Loan from subsidiaries	2'310	3'700
Total non-current liabilities	2'310	3'700
Total liabilities	2'797	3'942
Shareholders' equity		
Share capital	18'102	18'102
Share premium	1'989	1'989
Accumulated losses	-9'833	-5'845
Net profit / (loss) for the year	120	-3'988
Total shareholders' equity	10'378	10'258
Total liabilities and shareholders' equity	13'175	14'200

NOTES TO THE FINANCIAL STATEMENTS

■ 1. INDICATIONS ACCORDING TO SWISS CODE OF OBLIGATIONS

1.1 SIGNIFICANT INVESTMENTS

Perfect Holding's subsidiaries are:

		Dec. 31 2013	Dec. 31 2012
	Share capital	Ownership Interest	Ownership Interest
Perfect Aviation SA, Lausanne, Switzerland	CHF 4'225'000	100%	100%
Perfect Aviation Portugal, S.A., Lisbon, Portugal	EUR 250'000	-	100%
Perfect Aviation UK Ltd, Biggin Hill, UK	GBP 1	-	100%
Oxygen Aviation Ltd, Horsham, UK	GBP 360	100%	100%

In July 2013, Perfect Holding SA has concluded an agreement for the sale of its Portuguese subsidiary, Perfect Aviation Portugal, S.A., Lisbon, to a local operator which has taken over Perfect Aviation Portugal's business and its operating certificates issued by the Portuguese Civil Aviation Authority, INAC.

At the beginning of September 2013, Perfect Holding SA has completed the disposal of its aircraft management activities with the sale of the entire share capital of its UK subsidiary active in this industry, Perfect Aviation UK Limited, to a UK investor interested in entering the market via the AOC operating certificate, staff, know-how and premises of Perfect Aviation UK Limited.

Investments are valued at cost less any necessary depreciation.

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Perfect Aviation SA, Lausanne, Switzerland (100%):		
Gross book value	10'699	10'699
Provision on investment	-4'199	-4'199
Net book value	6'500	6'500
Perfect Aviation Portugal, S.A., Lisbon, Portugal (0%, 2012: 100%):		
Gross book value	-	2'348
Provision on investment	-	-2'006
Net book value	-	342
Perfect Aviation UK Ltd, Biggin Hill, UK (0%, 2012: 100%):		
Gross book value	-	148
Provision on investment	-	-148
Net book value	-	-
Oxygen Aviation Ltd, Horsham, UK (100%):	6'391	6'391
	12'891	13'233

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.

Perfect Aviation Portugal S.A. was sold in July 2013, as follows:

Net book value of investment as of December 31, 2012	342
Write-off of investment in 2013	-342
Net book value of investment as of December 31, 2013	-
Sale consideration	50
Net income from the sale of investment	50

Perfect Aviation UK Ltd was sold at the beginning of September 2013, as follows:

Net book value of investment as of December 31, 2012	-
Sale consideration	-41
Net loss from the sale of investment	-41
Profit/(loss) made on sale of subsidiaries, net	9

1.2 AUTHORISED CAPITAL

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

1.3 CONDITIONAL SHARE CAPITAL

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

Conditional capital reserved for share option plan

At December 31, 2013, the conditional capital of the Company amounts to KCHF 60 (divided into a maximum of 600'000 registered shares of a nominal value of CHF 0.10 each, to be fully paid up). The conditional capital is reserved

for the issuance of new shares to managers and employees of the Perfect Group upon exercise of option rights to be granted by the Board of Directors in the context of option plans. The Articles of incorporation provide that the preferential subscription rights of the shareholders may be suppressed in connection with the new shares to be issued out of the conditional share capital. Currently, there is no option plan in place in the group.

Conditional capital reserved for convertible loans

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

1.4 SIGNIFICANT SHAREHOLDERS

(in % of share capital)	Dec. 31, 2013	Dec. 31, 2012
Haute Vision SA, Mauritius	37.90%	37.90%
Grover Ventures Inc, British Virgin Islands	7.18%	7.18%
Roderick Glassford	6.25%	6.25%
Mark Green	6.25%	6.25%
Steven A Jack	6.25%	6.25%
Nicholas Grey	5.39%	5.39%
Stephen Grey	4.39%	4.39%

The following shareholders are considered as significant:

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

1.5 ADDITIONAL BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT DISCLOSURES

Compensation

The following compensations have been paid to the Executive management:

(in CHF '000)	2013	2012
Mr. Jean-Claude Roch, Chairman of BoD, CFO (since June 1, 2012) and CEO of Perfect Holding SA ***	160	168
Mrs. Anouck Ansermoz, member of BoD and CFO (until May 31, 2012) **	-	90
Mr. William Curtis, CEO of the Perfect Group operating companies (until August 31, 2013) *	216	297
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation *	259	146
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	259	146
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation *	259	146
	1'153	993

* Salaries and social charges

** Consultancy fees

*** Board membership fee (in 2013, KCHF 31 as Executive consultancy fee and KCHF 129 (including social charges) received as Board membership fee)

Board membership fees of KCHF 18 have been paid to Mrs. Anouck Ansermoz in 2013. Apart from the Chairman and Mrs. Ansermoz, no Board membership fee has been paid to the other member of the Board of Directors.

Loans and credits

At December 31, 2013, 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.

NOTES TO THE FINANCIAL STATEMENTS

Participations

At December 31, 2013 and at December 31, 2012, the participations held by members of the Board of Directors and the Executive Management (including persons closely related to these members) were as follows:

(in thousands)	Dec. 31, 2013		Dec. 31, 2012	
	Shares	Option rights	Shares	Option rights
Mr. Stephen Grey, member of BoD	7'940	-	7'940	-
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation	11'311	-	11'311	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	11'311	-	11'311	-
Mr. Mark Green, Director of the aircraft charter business of Oxygen Aviation	11'311	-	11'311	-
	41'873	-	41'873	-

1.6 DEVIATIONS FROM THE PRINCIPLE OF CONSISTENCY IN PRESENTATION

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

1.7 RISK ASSESSMENT

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

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

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

2. OTHER INDICATIONS

2.1 RECEIVABLES FROM SUBSIDIARIES

(in CHF '000)	Dec. 31, 2013	Dec. 31, 2012
Perfect Aviation SA, Lausanne, Switzerland:	-	71
Perfect Aviation Portugal S.A., Lisbon, Portugal		
Gross book value	-	1'611
Provision on receivables	-	-1'281
Net book value	-	330
Perfect Aviation UK Ltd, Biggin Hill, UK:		
Gross book value	-	2'825
Provision on receivables	-	-2'409
Net book value	-	416
Oxygen Aviation Ltd, Horsham, UK	130	87
	130	904

In 2012, Perfect Holding SA has granted a waiver of an amount of KCHF 60 in favour of Perfect Aviation Portugal S.A. and KCHF 129 in favour of Perfect Aviation UK Ltd.

In 2013, Perfect Holding has written off net KCHF 184 of receivables against Perfect Aviation Portugal S.A. and net KCHF 1'081 of receivables against Perfect Aviation UK Ltd, for a total write-off of receivables amounting to KCHF 1'265.

2.2 CONTINGENT LIABILITIES DUE TO VAT GROUP

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

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

2.3 NEW ACCOUNTING LAW

These financial statements are prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations prior to modifications effective since January 1, 2013, in compliance with the transitional provisions of the new accounting law.

IMPORTANT DATES IN 2014

23.05.2014	Ordinary Shareholders General Meeting
26.09.2014	Interim Half-Year 2014 Report



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