

HALF-YEAR 2019 INTERIM REPORT

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REPORT BY THE CHAIRMAN

Dear Shareholders,

In the 1st half of 2019, the unaudited consolidated results of Perfect Holding SA were revenue of CHF 7.7 million (CHF 6.6 million in HY 2018), net operating loss of CHF 0.6 million (CHF 0.5 million in HY 2018) and negative net operating cash flow of CHF 0.2 million (negative net operating cash flow of CHF 0.3 million in HY 2018).

The HY 2019 revenue shows a slight increase. Despite the intense competition in the business aircraft charter industry and the pressure on margins, the Group's UK subsidiary was able to pursue the diversification of its client base, in particular in the business of Commercial Aircraft Charter (flights for large passenger numbers), but could not increase its margins.

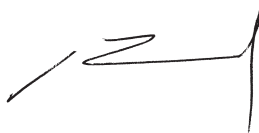
At the shareholders' general meeting held on May 24, 2019, the shareholders accepted the proposal of the Board to reduce the share capital of the Company from CHF 7'240'731.24 to CHF 1'810'182.81, through a reduction of the nominal value from CHF 0.04 to CHF 0.01 per share. The number of shares remained unchanged at 181'018'281 shares. This transaction reduced the accumulated losses by CHF 5'430'548.43. The existing authorized capital and conditional capital were reduced in the same proportion.

Ad hoc information disclosure

As announced in March 2019, the Board has pursued its efforts to search and evaluate potential acquisition targets with the objective of growing the Group's activities. These efforts

have led to the signature by the Company on 26 September 2019 of a confidential memorandum of understanding regarding the possible acquisition of a recently set up but already profitable Swiss based company active in the aviation technology/software industry. Such an acquisition would be structured as a share exchange on terms that still need to be finally agreed with the counterparty and would thereafter be submitted for approval to the shareholders' meeting of the Company, before the end of the year 2019. If approved and implemented, such a transaction would result in a dilution of the shareholding of the existing shareholders of the Company, but would enable the Group to diversify its activities into a new and more promising sector offering better margins and more growth potential.

Yours sincerely,



Jean-Claude Roch (Chairman)
PERFECT HOLDING SA

INTERIM CONSOLIDATED INCOME STATEMENTS

(in CHF '000)	Notes	<i>Restated</i>	
		Unaudited Six months period ended June 30, 2019	Unaudited Six months period ended June 30, 2018
Revenue	6	7'701	6'615
Purchase of charter flights		-6'982	-5'993
Employee benefit expenses		-657	-625
Marketing & sales expenses		-182	-192
General & administrative expenses		-459	-325
Earnings / (loss) before interest, taxes and depreciation		-579	-520
Depreciation		-12	-12
Operating profit / (loss)		-591	-532
Financial income		1	1
Financial expenses		-24	-15
Exchange differences		-1	-5
Profit / (loss) before taxes		-615	-551
Income tax income / (expenses)		2	38
Net profit / (loss) for the period		-613	-513
Attributable to:			
Owners of the parent		-613	-513
Non-controlling interests		-	-
Earnings per share			
Basic and diluted profit / (loss) per share (in CHF)	12	-0.003	-0.003

INTERIM CONSOLIDATED BALANCE SHEETS

(in CHF '000)	Notes	Unaudited June 30, 2019	Audited December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents		894	943
Trade account receivables		771	328
Other current assets		465	619
Income tax receivables		26	26
Total current assets		2'156	1'916
Long-term assets			
Property, plant and equipment		258	274
Total long-term assets		258	274
Total assets		2'414	2'190
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade account payables		678	477
Other current liabilities		1'321	808
Advances from customers		112	114
Short-term debt	7/11	-	170
Current portion of long-term debt	7	22	22
Total current liabilities		2'133	1'591
Non-current liabilities			
Long-term debt	7	463	174
Deferred tax liabilities		46	48
Total non-current liabilities		509	222
Total liabilities		2'642	1'813
Equity attributable to owners of the parent			
Share capital	8	1'810	7'241
Share premium		220	220
Cumulative translation adjustment		-305	-313
Accumulated losses		-1'953	-6'771
Total equity		-228	377
Total liabilities and equity		2'414	2'190

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in CHF '000)	Attributable to owners of the parent (Unaudited)					Total
	Share capital	Share premium	Treasury shares	Cumulative translation adjustment	Accumulated losses	
SIX MONTHS PERIOD ENDED JUNE 30, 2018						
January 1, 2018 - under Swiss GAAP FER (<i>restated</i>)	7'241	220	-71	-277	-5'977	1'136
Net profit / (loss) for the period	-	-	-	-	-513	-513
Currency translation differences	-	-	-	-29	-	-29
Sale of treasury shares, net	-	-	71	-	-32	39
June 30, 2018	7'241	220	-	-306	-6'522	633
SIX MONTHS PERIOD ENDED JUNE 30, 2019						
January 1, 2019	7'241	220	-	-313	-6'771	377
Net profit / (loss) for the period	-	-	-	-	-613	-613
Currency translation differences	-	-	-	8	-	8
Share capital reduction (Note 8)	-5'431	-	-	-	5'431	-
June 30, 2019	1'810	220	-	-305	-1'953	-228

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in CHF '000)	Unaudited Six months period ended June 30, 2019	Unaudited Six months period ended June 30, 2018
Operating activities		
Net profit / (loss) for the period	-613	-513
Adjustments for non-monetary items:		
▪ Depreciation	12	12
▪ Foreign exchange differences	15	-5
▪ Interest and taxes, net	22	-23
Change in working capital	418	237
Interest and taxes, paid	-14	-14
Net cash provided by / (used in) operating activities	-160	-306
Investing activities		
Purchases of property, plant and equipment	-	-1
Net cash provided by / (used in) investing activities	-	-1
Financing activities		
Proceeds from borrowings	133	-
Reimbursement of borrowings	-12	-12
Sale of treasury shares	-	39
Net cash provided by / (used in) financing activities	121	27
Net increase / (decrease) in cash and cash equivalents	-39	-280
Effect of changes in exchange rates	-10	-3
Cash and cash equivalents at beginning of period	943	1'549
Cash and cash equivalents at end of period	894	1'266
Cash and cash equivalents comprise the following:		
Cash and bank balances	829	1'201
Customers security deposits, available for use under certain conditions	65	65
	894	1'266

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

■ 1. CORPORATE INFORMATION

Perfect Holding SA (Perfect Holding or the Company) was incorporated in Yverdon-les-Bains (Switzerland) as a Swiss limited company on April 8, 1997 with the Register of Commerce of the Canton of Vaud. The Company has its corporate legal headquarter at 3, Avenue de Florimont, 1006 Lausanne, Switzerland. Its duration is undetermined. The corporate purpose of the Company, according to Article 2 of its Articles of 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, Swiss Reporting Standard. The Company is listed under the symbol "PRFN".

Perfect Holding and its subsidiaries are dedicated to services to the business aircraft market.

These unaudited condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on September 26, 2019.

■ 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended June 30, 2019 have been prepared in accordance with all of the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended December 31, 2018, which have been prepared in accordance with Swiss GAAP FER.

Swiss GAAP FER restatement

For the 2018 financial reporting, the Board of Directors of Perfect Holding SA had decided to change the Group's accounting standard from IFRS to Swiss GAAP FER with effect from January 1, 2018. The differences in valuation and a reconciliation at the level of equity and net result were disclosed in the annual financial statements for the year ended December 31, 2018. The related adjustments were made retrospectively to January 1, 2017. The presentation and structure of the balance sheet, income statement, cash flow statement and statement of changes in equity were adjusted to meet the requirements of Swiss GAAP FER. The previous periods were restated in order to ensure comparability with the presentation of the period under review. There was no impact on the net result for the six months period ended June 30, 2018.

Change in presentation from income statement by function to income statement by nature

The Board of Directors of Perfect Holding SA has decided to change the income statement presentation from a presentation by function to a presentation by nature, for the first time in these interim consolidated financial statements. The income statement of the previous period has been presented according to the new presentation by nature with no impact on the net result for the six months period ended June 30, 2018.

■ 3. ACCOUNTING POLICIES

Except as described below, the group accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2018, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

■ 4. ESTIMATES

The preparation of interim financial statements in conformity with Swiss GAAP FER requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2018.

Going concern

The group has signed a memorandum of understanding regarding the possible acquisition, by means of a share exchange subject to the approval of the shareholders' meeting, of a target which would enable the group to develop activities in a new and promising sector.

Based on the current commitments and operations and taking into account the expected impact of the contemplated transaction, the Board of Directors considers that the Company will be able to meet all of its obligations for at least the next twelve months as they fall due. As a result, the consolidated interim financial statements have been prepared on a going concern basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of the Company is aware of the significant execution risks relating to the approach. Also, there remains a material uncertainty regarding the liquidity of the group which may cast significant doubt on its ability to continue as a going concern. The Board of Directors of the Company is confident, though, that it will secure sufficient financing to meet the group's obligations as they fall due.

■ 5. SEASONALITY OF OPERATIONS

The business aircraft market (charters and aircraft acquisitions & sales) is not a seasonal or cyclical market.

■ 6. SEGMENT INFORMATION

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

The committee considers the business from a service perspective. Management assesses the performance of only one segment: charters.

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

(in CHF '000)	Six months period ended June 30, 2019	Six months period ended June 30, 2018
Charters - sales revenue		
▪ European countries	4'201	2'865
▪ Russia	1'264	1'732
▪ Middle East	1'490	864
▪ Central Asia	62	544
▪ Switzerland	393	312
▪ Americas	288	298
▪ Others	3	-
Revenue external	7'701	6'615

Geographic information

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

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

■ 7. BORROWINGS

(in CHF '000)	June 30, 2019	Dec. 31, 2018
Short-term debt	-	170
Current portion of long-term debt (mortgage debt)	22	22
Long-term debt	303	-
Long-term debt (mortgage debt)	160	174
	485	366

On September 13, 2018, Perfect Holding SA signed a bridge facility agreement with a related party for a total amount of CHF 200'000, totally withdrawn as at June 30, 2019. This borrowing, unsecured, bears interest at 8%. On March 1, 2019, the maturity date of this borrowing was extended from December 31, 2019 to December 31, 2020. Accordingly, this borrowing is reported as short-term debt as of December 31, 2018 and as long-term debt as of June 30, 2019.

On February 21, 2019, Perfect Holding SA signed a second bridge facility agreement with the same related party for an amount of CHF 600'000. As at June 30, 2019, the amount withdrawn is of CHF 100'000. This borrowing, unsecured, bears interest at 8%. Its maturity date is December 31, 2022.

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

■ 8. SHARE CAPITAL

As at June 30, 2019, the share capital amounts to CHF 1'810'182.81, consisting of 181'018'281 authorised, issued and fully paid-in registered shares with a nominal value of CHF 0.01 each.

At the shareholders' general meeting held on May 24, 2019, the shareholders accepted the Board resolution to reduce the share capital of the Company from CHF 7'240'731.24 to CHF 1'810'182.81, through a reduction of the nominal value from CHF 0.04 to CHF 0.01 per share. The number of shares remained unchanged at 181'018'281 shares. This transaction reduced the accumulated losses by CHF 5'430'548.43.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

■ 9. AUTHORISED CAPITAL

At the shareholders' general meeting held on May 25, 2018, the shareholders had accepted the Board resolution to create, in order to dispose of a maximum flexibility for the development of the group's business and possible external growth transactions, an authorised capital of a maximum amount of CHF 3'620'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.04 nominal value each), for (i) the acquisition of businesses or participations in businesses and/or (ii) the financing of the development of the business and/or the acquisitions of the company and its subsidiaries, for a 2-year period until 25 May 2020, with the possibility for the Board of Directors to suppress and/or restrict the preferential subscription rights of the shareholders in respect of the new shares to be issued in connection with all acquisitions of businesses and/or participations in businesses.

At the shareholders' general meeting held on May 24, 2019, further to the reduction of the nominal value from CHF 0.04 to CHF 0.01 per share (Note 8), the authorised capital was adjusted to a maximum amount of CHF 905'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.01 nominal value each).

■ 10. CONDITIONAL SHARE CAPITAL

Conditional capital reserved for convertible loans

At the shareholders' general meeting of May 27, 2016, a conditional capital of maximum CHF 3'620'000 (divided into a maximum of 90'500'000 registered shares of a nominal value of CHF 0.04 each, to be fully paid up) had been created in order to secure the exercise of conversion rights that may be issued under future convertible loans of the Company. The new shares may be acquired by creditors of future convertible loans of the Company. The preferential subscription right of shareholders 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.

At the shareholders' general meeting held on May 24, 2019, further to the reduction of the nominal value from CHF 0.04 to CHF 0.01 per share (Note 8), the conditional capital was adjusted to a maximum amount of CHF 905'000 (divided

into a maximum of 90'500'000 registered shares of CHF 0.01 nominal value each).

■ 11. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties.

Key management compensation:

(in CHF '000)	Six months period ended June 30, 2019	Six months period ended June 30, 2018
Salaries and other short-term employee benefits	185	325

Year-end balances:

(in CHF '000)	June 30, 2019	Dec. 31, 2018
Short-term debt	-	170
Long-term debt	303	-
Other current liabilities (accrued interest)	9	1

■ 12. EARNINGS PER SHARE

	Six months period ended June 30, 2019	Six months period ended June 30, 2018
Net profit / (loss) attributable to shareholders (in CHF '000)	-613	-513
Weighted average number of ordinary shares in issue	181'018'281	180'880'312
Basic and diluted profit / (loss) per share (in CHF)	-0.003	-0.003

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

The diluted profit per share is equivalent to the basic profit per share, as there are no dilutive elements to be taken into consideration.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

■ 13. 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.

■ 14. EVENTS AFTER THE REPORTING DATE

Together with the publication of these condensed consolidated interim financial statements, the group is announcing the signature of a memorandum of understanding regarding a possible acquisition, by means of a share exchange subject to the approval of the shareholders' meeting, of a target which would enable the group to develop activities in a new and promising sector.

Events after the balance sheet date were considered until September 26, 2019. On this date, the interim consolidated financial statements were approved by the Board of Directors.



IMPORTANT DATES IN 2020

17.04.2020	Annual Report 2019
29.05.2020	Shareholders Ordinary General Meeting



INVESTOR RELATIONS
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