

# HALF-YEAR 2018 INTERIM REPORT

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## REPORT BY THE CHAIRMAN

### HALF-YEAR RESULTS FROM PERFECT HOLDING SA (SIX: PRFN)

Dear Shareholders,

In the 1<sup>st</sup> half of 2018, the unaudited consolidated results of Perfect Holding SA were revenue of CHF 6.6 million (CHF 8.3 million in HY 2017), net operating loss of CHF 0.5 million (CHF 0.4 million in HY 2017) and negative net operating cash flow of CHF 0.3 million (negative net operating cash flow of CHF 0.2 million in HY 2017).

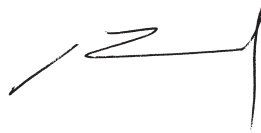
The HY 2018 results show sales decrease. The sales reduction has been partly compensated by cost savings.

The 1<sup>st</sup> half of 2018 has been challenging for Oxygen Aviation due to a number of factors outside the group's control (worldwide political situations, two large clients flying an own aircraft rather than buying charter flights). However, sales and marketing efforts, such as investment in to new markets and diversification of offerings, are creating new opportunities.

A strong start to the 2<sup>nd</sup> half of 2018 has been encouraging and Oxygen Aviation will continue with plans to increase enquiry numbers and enquiry conversion rate, which will in turn increase bookings and revenue.

In terms of group development, Perfect Holding SA continues its research and analysis of target entities with the objective of developing the group's business via a possible external growth transaction. In that context, existing corporate instruments such as an authorized capital and a conditional capital reserved for convertible loans are available.

Yours sincerely,



Jean-Claude Roch (Chairman)  
PERFECT HOLDING SA

# INTERIM CONSOLIDATED INCOME STATEMENTS

(in CHF '000)	Unaudited Six months period ended June 30, 2018	Unaudited Six months period ended June 30, 2017
<b>Revenue</b>	<b>6'615</b>	<b>8'324</b>
Cost of services sold	-5'993	-7'411
<b>Gross profit</b>	<b>622</b>	<b>913</b>
Marketing & sales expenses	-720	-736
General & administrative expenses	-434	-565
Amortisation of customer relationship	-	-64
Other operating income / (expenses)	-	10
<b>Operating profit / (loss)</b>	<b>-532</b>	<b>-442</b>
Financial income	1	-
Financial expenses	-15	-14
Exchange differences	-5	-1
<b>Profit / (loss) before taxes</b>	<b>-551</b>	<b>-457</b>
Income tax expenses	38	21
<b>Net profit / (loss) for the period</b>	<b>-513</b>	<b>-436</b>
<b>Attributable to:</b>		
Owners of the parent	-513	-436
Non-controlling interests	-	-
<b>Earnings per share</b>		
Basic and diluted profit / (loss) per share (in CHF)	-0.003	-0.003

# INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in CHF '000)	Unaudited Six months period ended June 30, 2018	Unaudited Six months period ended June 30, 2017
<b>Net profit / (loss) for the period</b>	<b>-513</b>	<b>-436</b>
<b>Other comprehensive income / (loss):</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gain	-	93
<b>Total items that will not be reclassified to profit or loss</b>	<b>-</b>	<b>93</b>
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	-29	-37
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>-29</b>	<b>-37</b>
<b>Other comprehensive income / (loss) for the period, net of tax</b>	<b>-29</b>	<b>56</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>-542</b>	<b>-380</b>
<b>Attributable to:</b>		
Owners of the parent	-542	-380
Non-controlling interests	-	-

## INTERIM CONSOLIDATED BALANCE SHEETS

(in CHF '000)	Unaudited June 30, 2018	Audited December 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1'266	1'549
Trade account receivables	712	748
Other current assets	1'363	537
<b>Total current assets</b>	<b>3'341</b>	<b>2'834</b>
<b>Long-term assets</b>		
Property, plant and equipment	296	308
Goodwill	3'516	3'543
<b>Total long-term assets</b>	<b>3'812</b>	<b>3'851</b>
<b>Total assets</b>	<b>7'153</b>	<b>6'685</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Trade account payables	345	523
Other current liabilities	2'242	1'040
Income tax payables	3	38
Advances from customers	116	118
Current portion of long-term debt	23	24
<b>Total current liabilities</b>	<b>2'729</b>	<b>1'743</b>
<b>Non-current liabilities</b>		
Long-term debt	193	206
Deferred tax liabilities	55	57
<b>Total non-current liabilities</b>	<b>248</b>	<b>263</b>
<b>Total liabilities</b>	<b>2'977</b>	<b>2'006</b>
<b>Equity attributable to owners of the parent</b>		
Share capital	7'241	7'241
Share premium	220	220
Treasury shares	-	-71
Cumulative translation adjustment	-587	-558
Accumulated losses	-2'698	-2'153
<b>Total equity</b>	<b>4'176</b>	<b>4'679</b>
<b>Total liabilities and equity</b>	<b>7'153</b>	<b>6'685</b>

# INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in CHF '000)	Attributable to owners of the parent (Unaudited)						Total
	Share capital	Share premium	Other reserves	Treasury shares	Cumulative translation adjustment	Accumulated losses	
<b>SIX MONTHS PERIOD ENDED JUNE 30, 2017</b>							
January 1, 2017	7'241	220	-214	-443	-767	-1'606	4'431
Net profit / (loss) for the period	-	-	-	-	-	-436	-436
Translation adjustment	-	-	-	-	-37	-	-37
Actuarial gain	-	-	214	-	-	-121	93
<i>Total other comprehensive income / (loss)</i>	-	-	214	-	-37	-121	56
<b><i>Total comprehensive income / (loss) for the period</i></b>	-	-	<b>214</b>	-	<b>-37</b>	<b>-557</b>	<b>-380</b>
Sale of treasury shares, net (Note 11)	-	-	-	33	-	-15	18
<b><i>Total transactions with owners</i></b>	-	-	-	<b>33</b>	-	<b>-15</b>	<b>18</b>
<b>June 30, 2017</b>	<b>7'241</b>	<b>220</b>	<b>-</b>	<b>-410</b>	<b>-804</b>	<b>-2'178</b>	<b>4'069</b>
<b>SIX MONTHS PERIOD ENDED JUNE 30, 2018</b>							
January 1, 2018	7'241	220	-	-71	-558	-2'153	4'679
Net profit / (loss) for the period	-	-	-	-	-	-513	-513
Translation adjustment	-	-	-	-	-29	-	-29
<i>Total other comprehensive income / (loss)</i>	-	-	-	-	-29	-	-29
<b><i>Total comprehensive income / (loss) for the period</i></b>	-	-	-	-	<b>-29</b>	<b>-513</b>	<b>-542</b>
Sale of treasury shares, net (Note 11)	-	-	-	71	-	-32	39
<b><i>Total transactions with owners</i></b>	-	-	-	<b>71</b>	-	<b>-32</b>	<b>39</b>
<b>June 30, 2018</b>	<b>7'241</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>-587</b>	<b>-2'698</b>	<b>4'176</b>

# INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in CHF '000)	Unaudited Six months period ended June 30, 2018	Unaudited Six months period ended June 30, 2017
<b>Operating activities</b>		
Net profit / (loss) for the period	-513	-436
Adjustments for non-monetary items:		
Allocation to provision for receivables impairment	-	81
Depreciation and amortisation	12	78
Change in provisions	-	19
Foreign exchange differences	-5	-21
Interest and taxes, net	-23	-7
Change in working capital	237	126
Interest and taxes, paid	-14	-8
<b>Net cash provided by / (used in) operating activities</b>	<b>-306</b>	<b>-168</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	-1	-9
<b>Net cash provided by / (used in) investing activities</b>	<b>-1</b>	<b>-9</b>
<b>Financing activities</b>		
Reimbursement of borrowings	-12	-14
Sale of treasury shares	39	18
<b>Net cash provided by / (used in) financing activities</b>	<b>27</b>	<b>4</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>-280</b>	<b>-173</b>
Effect of changes in exchange rates	-3	7
Cash and cash equivalents at beginning of period	1'549	975
<b>Cash and cash equivalents at end of period</b>	<b>1'266</b>	<b>809</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances	1'201	744
Customers security deposits, available for use under certain conditions	65	65
	<b>1'266</b>	<b>809</b>



# 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, International 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 25, 2018.

## ■ 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended June 30, 2018 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. 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, 2017, which have been prepared in accordance with IFRSs.

## ■ 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, 2017, 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.

### 3.1 IFRS

**A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies and make additional disclosures as a result of adopting the following standards:**

- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after January 1, 2018, retrospective application, earlier application permitted) - The new standard on the recognition of revenue from contracts with customers applies to all contracts with customers except those that are financial instruments, leases or insurance contracts. IFRS 15 is based on a five step approach:

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

The new standard requires entities to redefine their revenue recognition, and consider adjustments to the invoicing and accounting systems and consider renegotiating contracts with their clients. Entities currently using industry-specific guidance may be more significantly affected. In addition, the amount of revenue-related disclosures increases.

- Amendment to IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after January 1, 2018) - The amendments clarify certain areas of IFRS 15, in particular:

- identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
  - how to determine whether a party involved in a transaction is the principal (responsible for providing the goods or services) or the agent (responsible for arranging for the goods or services to be provided to the customer); and
  - how to determine whether the revenue from granting a licence should be recognised at a point in time or over time.
- In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

- IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after January 1, 2018, retrospective application, earlier application permitted) - The complete version of IFRS 9 'Financial Instruments' includes requirements on the classification and measurement of financial assets and liabilities; it defines three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification for investments in debt instruments is driven by the entity's business

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

model for managing financial assets and their contractual cash flows. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. No changes were introduced for the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. IFRS 9 also contains a new impairment model which will result in earlier recognition of losses. The expected credit losses (ECL) model is a 'three-stage' model for impairment based on changes in credit quality since initial recognition. In addition, the new standard contains amendments to general hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

**The following new standards, amendments to standards and interpretations are also mandatory for the financial year beginning on January 1, 2018, however they did not have any impact on the group's accounting policies:**

- IFRIC Interpretation 22 'Foreign Currency Transaction and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) - The interpretation establishes that the date of transaction (for determining the exchange rate to use) is the date of payment/receipt of advance consideration. The group has applied this amendment from 1 January 2018 but it did not have any impact on the consolidated financial statements.

**The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on January 1, 2018, but are currently not relevant for the group:**

- Amendments to IFRS 2 'Share-based payment' (effective date January 1, 2018)
- Amendments to IAS 40 'Investment property' (effective date January 1, 2018)
- Annual improvements to IFRSs 2014-2016 Cycle (effective for annual periods on or after January 1, 2017 / January 1, 2018)

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

The group has not early adopted any other new standards, interpretations to existing standards and standards amendments which need adoption by January 1, 2019 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 16 'Leases' (effective for annual periods beginning on or after January 1, 2019) - Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. IFRS 16 is likely to have a significant impact on the financial statements of a number of lessees, as it will result in almost all leases being recognised on the balance sheet. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The group will apply IFRS 16 from January 1, 2019. It will affect primarily the accounting for the group's operating leases. As at December 31, 2017, the group has non-cancellable operating lease commitments of KCHF 40. However, the group has not yet determined to what extent these commitments (and any others committed by year-end) will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

- Amendments to IFRS 9 'Financial instruments' - Prepayment features with negative compensation (effective for annual periods beginning on or after January 1, 2019) - This amendment covers (a) what financial assets may be measured at amortised cost and (b) how to account for the modification of a financial liability. The group will apply this amendment from January 1, 2019 but it does not expect any impact on the consolidated financial statements.

- Amendments to IAS 28 'Investments in associates' - Long-term interests in associates and joint ventures (effective for annual periods beginning on or after January 1, 2019) - This amendment clarifies that the long-term interests in an associate or joint venture (for example preference shares or long-term loans), to which the equity method is not applied, should be accounted for using IFRS 9. The group will apply this amendment from January 1, 2019 but it does not expect any impact on the consolidated financial statements.

- Amendments to IAS 19 'Employee benefits' - Plan amendment, curtailment or settlement (effective for annual periods beginning on or after January 1, 2019) - This amendment requires an entity to use updated assumptions to determine current service cost and

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The group will apply this amendment from January 1, 2019 but it does not expect any impact on the consolidated financial statements.

- Annual improvements 2015-2017 (effective for annual periods beginning on or after January 1, 2019) - The group will apply those improvements from January 1, 2019 but it does not expect any impact on the consolidated financial statements:

- IFRS 3 'Business combinations': the amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages

- IFRS 11 'Joint arrangements': the amendments clarify that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation

- IAS 12 'Income taxes': the amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised

- IAS 23 'Borrowing costs': the amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

- IFRIC 23 'Uncertainty over income tax treatments' (effective retrospectively for annual periods beginning on or after January 1, 2019) - IFRIC 23 clarifies accounting treatment when there is uncertainty over whether tax treatment will be accepted by tax authorities and defines that it is in scope of IAS 12 and not IAS 37. The interpretation clarifies that the uncertainties may be treated separately or together as a group, providing factors to determine the unit of account. It is to be assumed that tax authorities will examine those treatments and have full knowledge of all related information. Both current and deferred income taxes are accounted based on probabilities that certain treatments will be accepted, determined by most likely amount method or expected value method. Uncertain tax treatments are reassessed following a change in circumstances or due to new information, while merely absence of comment from the tax authority is unlikely to lead to a change in the estimate. The group will apply this interpretation from January 1, 2019 but it does not expect any significant impact on the consolidated financial statements.

## 3.2 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial In-

struments' on the group's consolidated financial statements and also discloses the new accounting policies that have been applied from January 1, 2018, where they are different to those applied in prior periods.

### (a) IFRS 15 - Impact of adoption

The group has adopted IFRS 15 'Revenue from Contracts with Customers' from January 1, 2018, which resulted in changes in accounting policies and additional disclosures. No restatement of the amounts recognised in the consolidated financial statements (and therefore no impact on the retained earnings) was necessary.

This standard requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Accordingly, further disclosures were added to the note about Segment information (see Note 7).

### (b) IFRS 15 - Accounting policies - Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control over a product or service to a customer.

#### SALE OF SERVICES

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

#### CHARTERS

Revenue from charters is recognised when the group entity has satisfied a performance obligation by transferring a service to a customer, i.e. when the group entity has delivered its services to its customers, which obtain control of them. The performance obligation satisfied by the group entity is a charter flight. The transfer of control happens when the concerned flight has occurred. Performance obligations are therefore considered as satisfied at a point in time, being the date of the flight.

The amount invoiced to the customer is recognised in the income statement in "Revenue"; the amount for the purchase of the flight from an external operator ('subcharter') is recognised in "Cost of services sold".

#### BROKERAGE

Revenue from brokerage on acquisition and sales of aircrafts, which corresponds to commissions, is recognised when the sub-jacent transaction has taken place, i.e. once the related aircraft has been duly delivered and paid by the end-customer. The revenue is therefore recognised at a point in time, considered as being the date where the control is transferred.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## (c) IFRS 9 - Impact of adoption

The group has adopted IFRS 9 'Financial Instruments' from January 1, 2018, which resulted in changes in accounting policies and additional disclosures about the group's financial assets and liabilities (composed of loans, receivables and financial liabilities at amortised costs). No restatement of the amounts recognised in the consolidated financial statements (and therefore no impact on the retained earnings) was necessary.

The group is only affected by one section of this standard: IFRS 9 contains a new impairment model which results in earlier recognition of losses. The expected credit losses (ECL) model is a 'three-stage' model for impairment based on changes in credit quality since initial recognition.

From January 1, 2018, the group applies the simplified approach permitted by IFRS 9, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on credit risk characteristics, the group's past history and the days past due. Trade receivables have been splitted in two categories : (i) new customers & existing customers with some defaults in the past - these customers are considered as impaired when they are more than 180 days overdue, and (ii) existing customers with no defaults in the past - these customers are considered as impaired when they are more than 270 days overdue.

On that basis, the loss allowance on trade receivables as at January 1, 2018 was determined as follows:

	Current and less than 30 days past due	Between 30 and 90 days past due	Between 90 and 180 days past due	Between 180 and 270 days past due	More than 270 days past due	Total
<i>New customers &amp; existing customers with some defaults in the past</i>						
Expected loss rate	0%	0%	0%	100%	100%	
Gross carrying amount *	10	-	-	-	-	10
<b>Loss allowance</b>	-	-	-	-	-	-
<i>Existing customers with no defaults in the past</i>						
Expected loss rate	0%	0%	0%	0%	100%	
Gross carrying amount *	327	229	128	-	-	684
<b>Loss allowance</b>	-	-	-	-	-	-
<b>Total loss allowance</b>	-	-	-	-	-	-

\* As of December 31, 2017, trade receivables amounted to KCHF 748. The above chart does not include an amount of KCHF 54, more than 360 days past due, however covered by an advance from customer and consequently not impaired.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As per the above loss allowance chart, no allowance for expected credit losses was necessary as at January 1, 2018: no adjustment was recognised in relation with the adoption of IFRS 9.

## (d) IFRS 9 - Accounting policies - 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 loss allowance.

Allowance for expected credit losses is determined based on the group's past history, customers' credit risk characteristics, existing market conditions as well as forward looking estimates at the end of each reporting period.

A loss allowance 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 for new customers & existing customers with some defaults in the past and more than 270 days overdue for existing customers with no defaults in the past) are indicators of expected credit losses.

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.

## ■ 4. ESTIMATES

The preparation of interim financial statements 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, 2017.

## Going concern

The group continues its research and analysis of target entities with the objective of developing the group's business via a possible external growth transaction. In that context, existing corporate instruments such as an authorized capital and a conditional capital reserved for convertible loans are available.

At June 30, 2018, the group continues to have no bank or other borrowings (apart from a mortgage on the UK office premises). Based on the current commitments and operations, as well as the availability of bridge financing, the Board of Directors believes that the Company will be able to meet all of its obligations for at least the next twelve months as they fall due and hence, the consolidated interim financial statements have been prepared on a going concern basis.

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

## ■ 5. FINANCIAL RISK MANAGEMENT.

### 5.1 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 condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at December 31, 2017.

There have been no changes in financial risk management since year-end.

### 5.2 FAIR VALUE ESTIMATION

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

- Cash and cash equivalents
- Trade account receivables
- Trade account payables
- Current portion of long-term debt
- Long-term debt

In 2018, 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 2018, there were no reclassifications of financial assets.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## ■ 6. SEASONALITY OF OPERATIONS

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

## ■ 7. 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 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).

(in CHF '000)	Charters	Brokerage	Total
<b>SIX MONTHS PERIOD</b>			
<b>ENDED JUNE 30, 2017</b>			
Total revenue	8'324	-	8'324
Inter-segment revenue	-	-	-
<b>Revenue external</b>	<b>8'324</b>	<b>-</b>	<b>8'324</b>
<b>Geographical segment</b>			
▪ Russia	3'031	-	3'031
▪ European countries	2'381	-	2'381
▪ Middle East	1'455	-	1'455
▪ Americas	877	-	877
▪ Central Asia	352	-	352
▪ Switzerland	177	-	177
▪ Others	51	-	51
<b>Revenue external</b>	<b>8'324</b>	<b>-</b>	<b>8'324</b>
<b>Adjusted EBITDA</b>	<b>8</b>	<b>-</b>	<b>8</b>
<b>SIX MONTHS PERIOD</b>			
<b>ENDED JUNE 30, 2018</b>			
Total revenue	6'615	-	6'615
Inter-segment revenue	-	-	-
<b>Revenue external</b>	<b>6'615</b>	<b>-</b>	<b>6'615</b>
<b>Geographical segment</b>			
▪ European countries	2'865	-	2'865
▪ Russia	1'732	-	1'732
▪ Middle East	864	-	864
▪ Central Asia	544	-	544
▪ Switzerland	312	-	312
▪ Americas	298	-	298
▪ Others	-	-	-
<b>Revenue external</b>	<b>6'615</b>	<b>-</b>	<b>6'615</b>
<b>Adjusted EBITDA</b>	<b>-229</b>	<b>-</b>	<b>-229</b>
<b>TOTAL ASSETS</b>			
December 31, 2017	5'031	-	5'031
June 30, 2018	5'947	-	5'947

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 related to charters and brokerage segments are recognised at a point in time (see Note 3.2 (a) and (b)).

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

(in CHF '000)	Six months period ended June 30, 2018	Six months period ended June 30, 2017
Adjusted EBITDA for reportable segments	-229	8
Corporate overheads	-291	-372
Depreciation	-12	-14
Amortisation of customer relationship	-	-64
<b>Operating profit / (loss)</b>	<b>-532</b>	<b>-442</b>
Finance income, net	-14	-14
Exchange differences	-5	-1
<b>Profit / (loss) before taxes</b>	<b>-551</b>	<b>-457</b>

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

## ■ 8. SHARE CAPITAL

As at June 30, 2018, the share capital amounts to CHF 7'240'731.24, consisting of 181'018'281 authorised, issued and fully paid-in registered shares with a nominal value of CHF 0.04 each.

## ■ 9. AUTHORISED CAPITAL

At the shareholders' general meeting held on May 25, 2018, the shareholders 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.

## ■ 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.

## ■ 11. TREASURY SHARES

On May 21, 2012, Perfect Holding SA had completed the acquisition of the entire share capital of Oxygen Aviation Ltd, Horsham (UK). Part of the acquisition price consisted in a contingent consideration, based on an earn-out clause (achievement of certain performance criteria during 3 financial years after the acquisition). The performance criteria for the financial years 2014 and 2015 had unfortunately not been met.

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

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Movements on the treasury shares position are as follows:

	June 30, 2018			December 31, 2017		
	Price (in CHF)	Number of treasury shares	Value (in CHF '000)	Price (in CHF)	Number of treasury shares	Value (in CHF '000)
At the beginning of the period	0.055	1'300'000	71	0.055	8'059'426	443
Additions	-	-	-	-	-	-
Disposals	-	-1'300'000	-71	-	-6'759'426	-372
<b>At the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.055</b>	<b>1'300'000</b>	<b>71</b>

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

As at June 30, 2018, Perfect Holding SA does not own any treasury shares (December 31, 2017: 1'300'000 treasury shares).



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## ■ 12. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties.

### Key management compensation:

	Six months period ended June 30, 2018	Six months period ended June 30, 2017
Salaries and other short-term employee benefits	325	310

## ■ 13. EARNINGS PER SHARE

	Six months period ended June 30, 2018	Six months period ended June 30, 2017
Net profit / (loss) attributable to shareholders (in CHF '000)	-513	-436
Weighted average number of ordinary shares in issue	180'880'312	172'972'115
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 (Note 11).

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

## ■ 14. 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.

## IMPORTANT DATES IN 2019

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29.03.2019	Annual Report 2018
24.05.2019	Shareholders Ordinary General Meeting

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