ANNUAL REPORT

2019

PERFECT
HOLDING

CONTENT

REPORT BY THE BOARD OF DIRECTORS

Dear Shareholders,

2019 FINANCIAL STATEMENTS OF PERFECT HOLDING SA (SIX: PRFN)
In line with the figures communicated with the Company's press release of 30 April 2020, the audited consolidated results of Perfect Holding SA for the year 2019 were revenues of CHF 17.3 million (CHF 16.2 million in 2018), net operating loss (before interest, taxes and depreciation) of CHF 0.8 million (CHF 0.7 million in 2018) and negative net operating cash flow of CHF 0.7 million (CHF 0.7 million in 2018). These results are in line with those of prior years and reflect the intense pressure on the margins that continued to prevail in the business aircraft charter industry throughout the entire year 2019.

Taking into account the expenses related to the acquisition project that did eventually not materialize in October 2019 and other non-operating items, the net result for the year 2019 is a loss of CHF 0.9 million.

AD HOC INFORMATION DISCLOSURE
The sale of Oxygen Aviation Ltd. left the Group with only one subsidiary, Perfect Aviation SA, which has practically no ongoing operating activities in the current environment, and with practically no financial means to engage in any further transactions or projects. The Board of directors has therefore initiated negotiations with the Group's main creditors and partners to find agreements to overcome the threatening over-indebtedness situation.

While these efforts were ongoing, the Board of directors was approached at the end of April 2020 by a third party interested in discussing a possible transaction with Perfect Holding SA. As a result of such unexpected development, the Board of directors decided to delay both the publication of the Company's 2019 annual report and the date of the annual shareholders' meeting in order to assess the situation. SIX Exchange Regulation AG granted the requested extension, allowing Perfect Holding SA to release its 2019 annual report on May 28, 2020.

The Board of directors is currently still analysing and discussing the possible transaction with the third party investor, and expects to be in a position to present such project for resolution at an extraordinary shareholders' meeting within the next few months, although there is, as for any project of this kind, no certainty at this stage that the outcome of the analysis and negotiations will be successful. The project would consist in an acquisition (by way of a share exchange) of a business and assets on terms that are currently being analysed and discussed. 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 another sector that is less volatile than the aviation industry.

In the context of the negotiations, Perfect Holding SA has signed a bridge facility agreement with the potential investor in order to fund the Group's continued operations until the possible implementation of the contemplated transaction. The drawdowns under such facility are, however, conditional upon the continuation of the negotiations regarding the transaction and would therefore be discontinued in case of a termination of the negotiations, which would leave the Company in a very delicate financial situation that would jeopardise the going concern status of the Group.

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

Stephen Grey
PERFECT HOLDING SA

Anouck Ansermoz
PERFECT HOLDING SA

CORPORATE GOVERNANCE

The following section has been prepared in accordance with the Swiss Code of Obligations and the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange. Additional disclosures required by the Directive on Information Relating to Corporate Governance for issuers subject to the Ordinance against Excessive Compensation at Listed Companies (OaEC) can be found in the separate section Remuneration Report or in Perfect Holding SA's Articles of Association (*http://www.perfect.aero/en/investor-relations/adhoc-publicity-and-shareholders-information*).

1. GROUP STRUCTURE AND SHAREHOLDERS

GROUP STRUCTURE

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

Perfect Holding, the ultimate parent company, is listed on the SIX Swiss Exchange, SIX Swiss Reporting 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, 2019 amounts to CHF 3.08 million (December 31, 2018: CHF 1.99 million).

Perfect Holding's subsidiaries as at December 31, 2019 are:

	Registered office	Country	Currency	Share capital	Ownership Interest
Perfect Aviation SA	Lausanne	Switzerland	CHF	650'000	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, 2019, the main shareholders of the Company are as follows:

	Ownership Interest
Haute Vision SA, Mauritius	37,90%
Grover Ventures Inc, British Virgin Islands	6,85%
Nicholas Grey	5,39%
Roderick Glassford	4,76%
Steven A Jack	4,76%
Stephen Grey	4,39%

Mr. Stephen Grey, Mr. Nicholas Grey, Haute Vision SA and Grover Ventures Inc, who are deemed to form a group based on their family and business relationships and voting agreement (as disclosed in the Swiss Official Gazette of Commerce of August 6, 2008), hold in aggregate 98'704'873 shares, i.e. 54.53% of the current share capital of CHF 1'810'182.81 (divided into 181'018'281 shares with a nominal value of CHF 0.01 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

As at December 31, 2019, the share capital amounts to CHF 1'810'182.81, consisting of 181'018'281 issued and fully paid-in registered shares with a nominal value of CHF 0.01 each.

At the shareholders' meeting held on May 24, 2019, the shareholders accepted the Board's proposal 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.

TREASURY SHARES

As at December 31, 2019, Perfect Holding SA does not own any of its own shares.

AUTHORISED SHARE CAPITAL

At the shareholders' meeting held on May 25, 2018, the shareholders had accepted the Board's proposal to create, in order to dispose of a maximum flexibility for the development of the group's business and possible external growth transactions, an authorised capital of a maximum amount of CHF 3'620'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.04 nominal value each), for (i) the acquisition of businesses or participations in businesses and/or (ii) the financing of the development of the business and/or the acquisitions of the company and its subsidiaries, for a 2-year period until May 25, 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' meeting held on May 24, 2019, further to the reduction of the nominal value of each share from CHF 0.04 to CHF 0.01 per share, the authorised capital was adjusted to a reduced maximum amount of CHF 905'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.01 nominal value each).

CONDITIONAL SHARE CAPITAL (FOR CONVERTIBLE LOANS)

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

SHARES

All shares of the Company are registered shares with a nominal value of CHF 0.01 each. The Company has one single class of shares. Each registered share carries one vote at the shareholders' meeting. Each shareholder recorded in the share register with voting rights may be represented at the shareholders' meeting by the independent representative or a third party. Shareholders have the right to receive dividends decided by the shareholders' meeting and have all other rights provided for by the Swiss Code of Obligations.

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

TRANSFER OF SHARES & RESTRICTION TO TRANSFERABILITY

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

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

CONVERTIBLE BONDS

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

OPTION RIGHTS

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 2019	N/A
Stephen Grey	Member	May 2002	May 2019	May 2020
Anouck Ansermoz	Member	May 2009	May 2019	May 2020

Jean-Claude Roch, Swiss, after a university education in Commercial and Economics studies at the University of Lausanne and a certification as Swiss Certified Public Accountant in 1980, has specialised in the management, restructuring and development of companies and enjoys an excellent financial and industrial network. Mr. Roch is currently acting as a Board member of several companies, in particular in the fields of banking and balneology : he is Board member of Banque Havilland SA and of the company Les Bains de Lavey SA. Previously, Mr. Roch served in various key positions with Sicpa SA and Sicpa Holding SA, amongst others. Mr. Jean-Claude Roch is acting as Executive Chairman of the Board of Directors and as Chief Executive Officer and Chief Financial Officer of Perfect Holding.

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

Anouck Ansermoz, Swiss, holds a master in economics and management from HEC in Lausanne and became a Swiss Certified Public Accountant in 2001. She has worked in the fields of audit and consolidation with STG-Coopers & Lybrand, Sicpa SA and Tetra Laval Finance, prior to joining the Perfect Group in 2002. Since 2012, she is working as a partner at CapFinance, a finance and management consulting company. Mrs. Anouck Ansermoz was previously acting as Chief Financial Officer of the Perfect Group and has, since June 2012, been acting as a non-executive member of the Board of Directors and as an external consultant to the Company.

ELECTION TO THE BOARD OF DIRECTORS AND DURATION OF MANDATE

The Articles of Association provide that the Board of Directors must consist of at least three members. The Chairman of the Board of Directors and the members of the Board of Directors shall be elected individually by the shareholders' meeting for a term of office until the next annual shareholders' meeting. Members of the Board of Directors whose term of office has expired shall be immediately eligible for re-election, without limitation.

ORGANISATION OF THE BOARD OF DIRECTORS

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

The Board of Directors deals with all matters falling within its competencies in its plenary meetings, without any allocation of specific tasks to individual members and/or committees. The Board of Directors meets for regular meetings between four and six times per year, and in any event before the publication of financial statements or of any other important press releases. These meetings generally last approximately half a day, with the presence of all members and the occasional attendance of external persons. Extraordinary meetings can be organised on an ad hoc basis. In 2019, the Board of Directors held 4 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 up any committees until the end of the year 2013. As from the shareholders' meeting held in May 2014, a Remuneration Committee consisting of at least 2 members of the Board of Directors has been put in place. The members of such Remuneration Committee are elected individually by the shareholders' meeting for a term of office running until the next annual shareholders' meeting.

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

The Company's Board of Directors decides upon the Executives' and Directors' remunerations, including any entitlements under participation and/or share option plans, within the limits of the maximum amounts fixed by the shareholders' meeting. Executives and Directors are remunerated in relation to their qualifications and responsibilities. The remuneration currently paid to the members of the Board of Directors and Executive Management consists exclusively of a fixed remuneration, subject to the possibility (not used in 2019) for the Board of Directors to grant a variable remuneration element.

OTHER MANDATES OF THE MEMBERS OF THE BOARD OF DIRECTORS

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

■ 4. EXECUTIVE MANAGEMENT

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

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

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

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

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

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

■ 5. COMPENSATION, SHAREHOLDINGS AND LOANS

COMPENSATION POLICIES

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

The Board of Directors submits proposals to the shareholders' meeting regarding the maximum amounts of the fixed compensation (for the following business year) and variable compensation (for the past business year). Within such limits, the Board of Directors, upon a proposal of the Remuneration Committee, decides upon the fixed and variable compensation elements, their components and the possible performance metrics for the variable compensation. Compensation may be paid or granted in the form of cash, shares, other benefits or in kind; compensation

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

The Chairman of the Board of Directors receives an annual fixed remuneration, subject to the possibility (not used in 2019) for the Board of Directors to grant a variable remuneration element. He is compensated in cash for the performance of his duties, including ordinary and extraordinary meetings, committee activities and other extraordinary activities. There is no remuneration for the other members of the Board of Directors. Out-of-pocket expenses are reimbursed to all members of the Board of Directors.

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

COMPENSATION DISCLOSURES

Compensation

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

SHAREHOLDINGS, LOANS

Loans and credits

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

Participations

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

■ 6. VOTING RIGHTS AND PARTICIPATION AT SHAREHOLDERS' MEETINGS

Each share carries one vote at the shareholders' meetings of the Company. Voting rights may be exercised only after a shareholder has been registered in the Company's share register as a shareholder with voting rights. The deadline for registration in the Company's share register before a shareholders' meeting is in principle 15 working days prior to the meeting.

Subject to the registration of the shares in the share register, the Articles of Association do not impose any restrictions on the voting rights of shareholders. Specifically, there is no limitation on the number of voting rights per shareholder.

The other aspects relating to voting rights as well as the procedure for the exercise of such rights, including the rules governing the rights for a shareholder to ask for the calling of a shareholders' meeting and/or to ask that an item be added to the agenda of a shareholders' meeting, are governed by the Articles of Association in accordance with the applicable provisions of the Swiss Code of Obligations. The Articles of Association do not contain any special rules in relation to quorums, qualified majorities, calling of shareholders' meetings, participation in shareholders' meetings and/or the adding of an item to the agenda of shareholders' meetings that derogate from the provisions of the Swiss Code of Obligations.

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

■ 7. TAKEOVER AND DEFENSIVE MEANS

OPTING-OUT

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

However, at the shareholders' meeting held on April 27, 2007, the shareholders of the Company decided, in accordance with article 22 para. 3 of the Stock Exchange Act, to "opt out" from the provisions of the Stock Exchange Act dealing with the duty to submit takeover offers by adopting the following new wording of article 9 of the Articles of Association: "The obligation to submit a takeover offer within the meaning of article 32 of the Stock Exchanges and Securities Trading Act does not apply to the owners and acquirers of shares of the Company in accordance with article 22 para. 3 of such Act."

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

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

■ 8. AUDITORS

DURATION OF CURRENT AUDIT MANDATE AND OF AUDIT RESPONSIBLE FUNCTION

PricewaterhouseCoopers SA has been appointed as the statutory auditor of Perfect Holding SA since 1997. Since 2017, the lead auditor was Mr. Yves Cerutti, Swiss Audit Expert, partner. The lead auditor for 2019 is Mrs Corinne Pointet, Swiss Audit Expert, partner. As required by law, the lead auditor has to be changed every 7 years.

AUDIT FEES

The fees for professional services related to the audit of the Perfect Group's annual accounts for the FY 2019 amounted to KCHF 119. 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 2019.

OTHER FEES

Other services (M&A related) were rendered by PricewaterhouseCoopers SA for an amount of fees KCHF 89 in 2019.

ASSESSMENT OF EXTERNAL AUDIT

The assessment of the external auditors and supervision of their audit work is done by the Board of Directors. PricewaterhouseCoopers SA has been kept informed of the Board of Directors' feedback through the minutes of the Board of Directors and through some meetings with one or several members of the Board of Directors. PricewaterhouseCoopers has informed the Board of Directors about the audit work and conclusions by means of a "Detailed Report to the Board of Directors", remitted to the members of the Board of Directors during an audit closing meeting. During such audit closing meeting, the Board of Directors and the auditors reviewed together the financial statements of the Perfect Group and in particular of Perfect Holding. Two audit closing meetings are normally held per year, one for interim financial statements and one for annual financial statements.

■ 9. FURTHER INFORMATION

The following source of information is available:
http://www.perfect.aero/en/investor-relations.

Interim reporting, as well as annual reports and any press releases are regularly published on:
http://www.perfect.aero/en/investor-relations/annual-and-interim-reports.

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

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

IMPORTANT DATES

26.06.2020	Ordinary Shareholders General Meeting
29.09.2020	Interim Half-Year 2020 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

to the General Meeting of Perfect Holding SA

Lausanne

We have audited the remuneration report (pages 14 to 16) of Perfect Holding SA for the year ended December 31, 2019.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the remuneration report of Perfect Holding SA for the year ended December 31, 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Patrick Wagner
Audit expert Auditor in charge	Audit expert

Lausanne, May 28, 2020

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REMUNERATION REPORT

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

1. REMUNERATION SYSTEM

PRINCIPLES

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

ORGANISATION AND COMPETENCIES

As from the shareholders' meeting held on May 23, 2014, a Remuneration Committee consisting of at least 2 members of the Board of Directors has been put in place. At the Annual General Meeting of May 24, 2019, Mr. Jean-Claude Roch (Chairman of the Board of Directors), Mr. Stephen Grey (Board member) and Mrs Anouck Ansermoz (Board member) have been elected. The members of such Remuneration Committee are elected individually by the shareholders' meeting for a term of office running until completion of the next annual General Meeting.

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

The Company's Board of Directors decides upon the Executives' and Directors' remunerations, including any entitlements under participation and/or share option plans, within the limits of the maximum amounts fixed by the General Meeting. Executives and Directors are remunerated in relation to their qualifications and responsibilities. The remuneration currently paid to the members of the Board of Directors and Executive Management consists exclusively of a fixed remuneration, subject to the possibility (not used in 2019) for the Board of Directors to grant variable remuneration components.

GENERAL COMPENSATION PRINCIPLES

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

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

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

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

Jean-Claude Roch	Chairman
Stephen Grey	Member
Anouck Ansermoz	Member

The Chairman of the Board of Directors receives an annual fixed remuneration, subject to the possibility (not used in 2019) for the Board of Directors to grant a variable remuneration element. He is compensated in cash for the performance of his duties, including ordinary and extraordinary meetings, committee activities and other extraordinary activities. There was no remuneration paid for the other members of the Board of Directors in 2019. Out-of-pocket expenses are reimbursed to all members of the Board of Directors.

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

REMUNERATION OF THE EXECUTIVE MANAGEMENT

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

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

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

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

EMPLOYMENT CONTRACTS

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

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

■ 2. COMPENSATION DISCLOSURES

COMPENSATION

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

(in CHF '000)	2019	2018
Mr. Jean-Claude Roch, Chairman of the Board of Directors, CFO and CEO of Perfect Holding SA **	135	134
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation *	166	253
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	166	253
	467	640

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

Mrs. Anouck Ansermoz, as an external consultant to Perfect Holding SA, received fixed monthly fees of CHF 10'000 during the year 2019 (2018: idem) for specific tasks relating mainly to consolidation and corporate finance matters, in addition to (and separate from) her duties as member of the Board of Directors.

Mr. Stephen Grey and Mrs. Anouck Ansermoz did not receive any remuneration for their tasks as members of the Board of Directors in 2019 or 2018.

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

(in CHF '000)	Actual figures 2019	Figures approved by the AGM for 2019
Fixed remuneration of the members of the Board of Directors	135	200
Fixed remuneration of the members of the Executive Management	332	600
	467	800

REMUNERATION REPORT

3. SHAREHOLDINGS, LOANS

LOANS AND CREDITS

At December 31, 2019 and at December 31, 2018, there were no loans and/or credits granted by any company of the Perfect Group to any current or former member of the Board of Directors or Executive Management.

PARTICIPATIONS

At December 31, 2019 and at December 31, 2018, the participations held by members of the Board of Directors and Executive Management were as follows:

	Dec. 31, 2019		Dec. 31, 2018	
(in nb of shares)	Shares	Option rights	Shares	Option rights
Mr. Stephen Grey, member of the Board of Directors	7'940'361	-	7'940'361	-
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation	8'625'001	-	8'625'001	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	8'625'001	-	8'625'001	-
	25'190'363	-	25'190'363	-

Apart from the shares held by Messrs. Stephen Grey, Steven A Jack and Rod Glassford, no member of the Board of Directors and/or Executive Management holds any shares in the Company. No options have currently been issued to any member of the Board of Directors and/or Executive Management under any stock option plan.

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

Report of the statutory auditor

to the General Meeting of Perfect Holding SA

Lausanne

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Perfect Holding SA and its subsidiaries (the Group), which comprise the consolidated income statements, consolidated balance sheets, consolidated statements of changes in equity and consolidated statements of cash flows as at December 31, 2019 and for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 22 to 36) give a true and fair view of the consolidated financial position of the Group as at December 31, 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw your attention to note 2.1 to these consolidated financial statements, which states that the Group is aware of the significant execution risks in connection with a foreseen transaction with a third party. This, along with other matters as described in note 2.1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. If it is not possible for the Group to continue as a going concern, the consolidated financial statements will need to be prepared on the basis of liquidation values. Our opinion is not modified in respect to this matter.

Material subsequent event

We draw your attention to note 20 to these consolidated financial statements which states that Oxygen Aviation Ltd has been sold. The transaction resulted in a loss of CHF 308'000 in the financial year 2020. Our opinion is not modified in respect to this matter.

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Our audit approach

Materiality

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

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

Overall Group materiality	CHF 173'000
How we determined it	1% of total revenue, rounded
Rationale for the materiality benchmark applied	We chose total revenue as the benchmark for determining overall materiality as profit/loss before tax fluctuated widely from year to year and management used revenue as Key Performance Indicator. Furthermore, revenue is a generally accepted benchmark in charter and brokerage segments.

Audit scope

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

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

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

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

Except for the matter described in the "Material uncertainty related to going concern" section, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

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

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

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

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Patrick Wagner
Audit expert Auditor in charge	Audit expert

Lausanne, May 28, 2020

CONSOLIDATED INCOME STATEMENTS

(in CHF '000)	Notes	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Revenue	19	**17'304**	**16'194**
Purchase of charter flights		−15'474	−14'570
Employee benefit expenses	4	−1'421	−1'316
Marketing & sales expenses		−368	−402
General & administrative expenses		−877	−645
Loss before interest, taxes and depreciation		**−836**	**−739**
Depreciation		−25	−24
Financial income	5	1	2
Financial expenses	5	−56	−29
Exchange differences		−27	−4
Loss before taxes		**−943**	**−794**
Income tax income / (expenses)		3	32
Loss for the year		**−940**	**−762**
Loss per share			
Basic and diluted profit / (loss) per share (in CHF)	6	−0,005	−0,004

The notes on pages 26 to 36 form an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEETS

(in CHF '000)	Notes	Dec. 31, 2019	Dec. 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	7	880	943
Trade account receivables	8	361	328
Other current assets	9	653	619
Income tax receivables		27	26
Total current assets		1'921	1'916
Non-current assets			
Property, plant and equipment	10	253	274
Total non-current assets		253	274
Total assets		2'174	2'190
LIABILITIES AND EQUITY			
Current liabilities			
Trade account payables		673	477
Other current liabilities	12	889	808
Advances from customers		110	114
Short-term debt	13/18	-	170
Current portion of long-term debt	13	23	22
Total current liabilities		1'695	1'591
Non-current liabilities			
Long-term debt	13/17/18	985	174
Deferred tax liabilities	11	46	48
Total non-current liabilities		1'031	222
Total liabilities		2'726	1'813
Equity attributable to owners of the parent			
Share capital	14	1'810	7'241
Share premium	14	220	220
Cumulative translation adjustment		−302	−313
Accumulated losses		−2'280	−6'771
Total equity		−552	377
Total liabilities and equity		2'174	2'190

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the parent					
(in CHF '000)	Notes	Share capital	Share premium	Treasury shares	Cumulative translation adjustment	Accumulated losses	Total
January 1, 2018		**7'241**	**220**	**–71**	**–277**	**–5'977**	**1'136**
Net profit / (loss) for the year		-	-	-	-	–762	–762
Currency translation differences		-	-	-	–36	-	–36
Sale of treasury shares, net	14	-	-	71	-	–32	39
December 31, 2018		**7'241**	**220**	**-**	**–313**	**–6'771**	**377**
Net profit / (loss) for the year		-	-	-	-	–940	–940
Currency translation differences		-	-	-	11	-	11
Share capital reduction	14	–5'431	-	-	-	5'431	-
December 31, 2019		**1'810**	**220**	**-**	**–302**	**–2'280**	**–552**

The notes on pages 26 to 36 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in CHF '000)	Notes	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Cash flows from operating activities			
Net profit / (loss) for the year		−940	−762
Adjustments for non-monetary items:			
▪ Allocation to provision for receivables impairment	8	15	-
▪ Depreciation of property, plant and equipment	10	25	24
▪ Foreign exchange differences		25	−13
▪ Interest expense	5	56	29
▪ Interest income	5	−1	−2
▪ Income taxes		−3	−32
Operating profit / (loss) before working capital changes		*−823*	*−756*
(Increase) / decrease in trade account receivables		−43	385
(Increase) / decrease in other current assets		−51	−105
(Decrease) / increase in trade account payables		186	−23
(Decrease) / increase in other current liabilities		94	−190
Cash generated from / (used in) operating activities		**−637**	**−689**
Interest paid		−25	−22
Tax paid		-	−38
Net cash generated from / (used in) operating activities		**−662**	**−749**
Cash flows from investing activities			
Purchases of property, plant and equipment	10	-	−4
Net cash from / (used in) investing activities		**-**	**−4**
Cash flows from financing activities			
Proceeds from borrowings	13	633	170
Repayments of borrowings	13	−23	−23
Interest paid on borrowings		−3	−5
Sale of treasury shares		-	39
Net cash from / (used in) financing activities		**607**	**181**
Net increase / (decrease) in cash and cash equivalents		**−55**	**−572**
Exchange gains / (losses) on cash and cash equivalents		−8	−34
Cash and cash equivalents at beginning of year		943	1'549
Cash and cash equivalents at end of year	7	**880**	**943**
Cash and cash equivalents comprise the following:			
Cash and bank balances		815	878
Customers security deposits, available for use under certain conditions		65	65
		880	943

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACTIVITY AND GROUP STRUCTURE

Perfect Holding SA (Perfect Holding or the Company) was incorporated in Yverdon-les-Bains (Switzerland) as a Swiss limited company on April 8, 1997 with the Register of Commerce of the Canton of Vaud. The Company has its corporate legal headquarter at 3, Avenue de Florimont, 1006 Lausanne, Switzerland. Its duration is undetermined. The corporate purpose of the Company, according to Article 2 of its Articles of Association, is the acquisition and the management of participations in other companies as well as any directly or indirectly related purposes.

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

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

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

These group consolidated financial statements were authorised for issue by the Board of Directors on May 28, 2020, and they are subject to approval of the shareholders' general meeting.

As at December 31, 2019, Perfect Holding's subsidiaries are:

	Registered office	Country	Currency	Share capital	Ownership Interest
Perfect Aviation SA	Lausanne	Switzerland	CHF	650'000	100%
Oxygen Aviation Ltd	Horsham	UK	GBP	360	100%

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

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

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

Going concern

On April 9, 2020, in view of the need to act promptly because of the rapid deterioration of the situation in the aviation sector due to the Covid-19 coronavirus pandemic, the Board of directors of Perfect Holding SA signed a Share Purchase Agreement for the sale of its subsidiary Oxygen Aviation Ltd to Messrs. Roderick Glassford and Steven A Jack, directors of this UK entity.

On April 20, 2020, an agreement was signed with a creditor (related party) allowing the group to receive the last instalments (i.e. CHF 200'000) of the bridge loan granted in February 2019 and providing for the creditor's waiver of its rights and claims concerning the repayment of the total principal amount of CHF 600'000 plus interest.

On May 24, 2020, Perfect Holding SA signed a bridge facility agreement with a third party (new investor) in order for Perfect Holding SA to maintain its operations in the context of the negotiations relating to a possible acquisition project to be implemented within the next months. The payments under the bridge loan are conditional upon the continuation of discussions regarding the foreseen transaction. For more details regarding the conditions of the bridge facility, please refer also to Note 20.

In spite of its recent success in restructuring the group's liabilities and of the new financing received in the context of the negotiations of the potential transaction, the Board of Directors is aware of the significant execution risk for this contemplated transaction, which may cast significant doubts on the group's ability to continue as a going concern. Based on the ongoing discussions with this new investor as well as the signature of the bridge facility agreement, the Board of Directors believe that the group will be able to meet all its obligations as they fall due for at least the next twelve months, and the consolidated financial statements have therefore been prepared on a going concern basis.

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 the interim HY2019 consolidated financial statements. The income statement of the previous year has been presented according to the new presentation by nature with no impact on the net result of the previous year.

2.2 CONSOLIDATION

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

Subsidiaries

Subsidiaries are all entities that are directly or indirectly controlled by the Perfect Group. In this respect, control is defined as the power to control the financial and operating activities of the respective entity, so as to obtain benefits from its operations. The control is normally evidenced by the holding of more than half of the voting rights on share capital of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

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

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

Disposal of subsidiaries

In the event that shares of group companies are sold, the diffe-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

rence between the proceeds from the sale and the proportional book value of the net assets, including the carrying amount of the goodwill, is recognised as a gain or loss in the income statement.

2.3 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

National and presentation currency

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

Transactions and balances

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

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

Group companies

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

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

On consolidation, exchange difference arising from the translation of the net investment in foreign operations are taken to "Cumulative translation adjustment" without affecting the income statement. On the disposal of a foreign operation (that is, a disposal of the group's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to the income statement as part of the gain or loss on sale.

The main exchange rates used are:

Currency	Unit	Average rates 2019	Closing rates Dec. 31, 2019	Average rates 2018	Closing rates Dec. 31, 2018
GBP	1	1,27928	1,28353	1,321	1,26162

2.5 CASH AND CASH EQUIVALENTS

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

2.6 TRADE ACCOUNT RECEIVABLES

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised and carried at the original net invoice amount less an allowance for any specifically impaired receivables. Impairment is charged on receivables which are either more than 12 months overdue or for which specific risks have been identified. Bad debts are written off when there is objective evidence that the group will not be able to collect the receivables. Allowances for impaired receivables as well as losses on trade receivables are recognised as "Marketing and sales expenses" in the income statement.

2.7 PROPERTY, PLANT AND EQUIPMENT

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and when the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Building	25 years
Equipments	5 years
Office equipment	3 - 10 years
Vehicles	4 years

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

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

2.8 IMPAIRMENT OF ASSETS

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

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

2.9 TRADE ACCOUNT PAYABLES

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

2.10 PROVISIONS

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

2.11 EMPLOYEE BENEFITS

Pension obligations

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

The group operates a defined contribution pension plan in the UK for all qualifying employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the scheme are held separately from those of the company in an independently administered fund. In Switzerland, the defined benefit pension scheme operated by the Swiss company ended in 2017, and therefore, no economic asset or liability was recognized in the balance sheet. There is no employer contribution reserve available at December 31, 2019.

2.12 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.

2.13 TREASURY SHARES

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

2.14 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.

2.15 BORROWINGS

Borrowings are recognised at nominal values.

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

2.16 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable for the sale of services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below.

Sale of services

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Charters

Revenue from charters is recognised when the group entity has delivered its services to its customers, i.e. when the concerned flight has occurred. In addition, revenue from charter business is recognised in applying the proper "principal VS agent" rule. When a third party is involved in providing services to a customer, the seller is required to determine whether the nature of its obligation is to (a) provide the specified goods or services itself (principal) and recognises revenue at the gross amount, or (b) arrange for a third party to provide those goods or services (agent) and recognises revenue as the amount of commission. Determining whether an entity is acting as a principal or as an agent requires judgement and consideration of all relevant facts and circumstances.

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

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

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

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

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

2.17 CURRENT AND DEFERRED INCOME TAX

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

Current income taxes

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities. The current income tax charge is calculated on the basis of the tax rates and tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

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

Deferred taxes

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 ROUNDING OF AMOUNTS

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

2.19 COMPARATIVES

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

3. FINANCIAL RISK MANAGEMENT

3.1 RISK ASSESSMENT

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

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

The Board has prepared a detailed risk assessment, and defined the necessary measures to be taken. Such risk assessment, measures follow-up and action plan is performed at least once a year.

4. EMPLOYEE BENEFIT EXPENSES

(in CHF '000)	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Wages, salaries and other costs	1'253	1'162
Social security costs	136	130
Pension costs	32	24
Employee benefit expenses	**1'421**	**1'316**

5. FINANCIAL INCOME AND EXPENSES

(in CHF '000)	Notes	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Other financial income		1	2
Financial income		**1**	**2**
Interest on loan from related parties	13	−27	−1
Interest and financial expenses		−29	−28
Financial expenses		**−56**	**−29**
Financial income / (expenses), net		**−55**	**−27**

6. EARNINGS PER SHARE

(in CHF '000)	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Net profit / (loss) attributable to shareholders (in CHF '000)	−940	−762
Weighted average number of ordinary shares in issue	181'018'281	180'949'864
Basic and diluted profit / (loss) per share (in CHF)	**−0,005**	**−0,004**

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

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, 2019 and 2018.

7. CASH AND CASH EQUIVALENTS

(in CHF '000)	Dec. 31, 2019	Dec. 31, 2018
Cash and bank balances	815	878
Customers security deposits, available for use under certain conditions	65	65
	880	**943**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. TRADE ACCOUNT RECEIVABLES

(in CHF '000)	Dec. 31, 2019	Dec. 31, 2018
Trade account receivables	376	328
Less: Provision for receivables impairment	−15	-
Trade account receivables, net	**361**	**328**

The ageing analysis of the trade receivables is as follows:

(in CHF '000)	Dec. 31, 2019	Dec. 31, 2018
Neither past due nor impaired	179	118
Up to 6 months past due but not impaired	132	62
6 to 12 months past due but not impaired	-	95
Over 12 months past due but not impaired	50	53
	361	**328**

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

9. OTHER CURRENT ASSETS

(in CHF '000)	Dec. 31, 2019	Dec. 31, 2018
VAT receivable, net	12	15
Accrued income and prepaid expenses	630	599
Other current assets	11	5
	653	**619**

10. PROPERTY, PLANT AND EQUIPMENT

(in CHF '000)	Building	Office equipment	Vehicles	Total
COST				
January 1, 2018	440	81	5	526
Additions	-	4	-	4
Disposals and scrapping	-	−24	-	−24
Exchange difference	−23	−3	-	−26
December 31, 2018	**417**	**58**	**5**	**480**
Exchange difference	7	1	-	8
December 31, 2019	**424**	**59**	**5**	**488**
ACCUMULATED DEPRECIATION				
January 1, 2018	153	63	2	218
Depreciation charge	18	5	1	24
Disposals and scrapping	-	−24	-	−24
Exchange difference	−9	−3	-	−12
December 31, 2018	**162**	**41**	**3**	**206**
Depreciation charge	18	5	2	25
Exchange difference	3	1	-	4
December 31, 2019	**183**	**47**	**5**	**235**
NET BOOK AMOUNT				
December 31, 2018	255	17	2	274
December 31, 2019	241	12	-	253

11. DEFERRED INCOME TAXES

The analysis of deferred tax liabilities is as follows:

(in CHF '000)	Building	Total
Deferred tax liabilities		
January 1, 2018	−57	−57
Credited/(charged) to income statement (Note 6)	5	5
Exchange difference (CTA)	4	4
December 31, 2018	**−48**	**−48**
Credited/(charged) to income statement (Note 6)	3	3
Exchange difference (CTA)	−1	−1
December 31, 2019	**−46**	**−46**

Deferred income tax assets can be recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits was probable. Due to the uncertainty regarding going concern as explained in Note 2.1 and hence the capacity to realise sufficient taxable profits, no deferred income tax assets have been recognised at December 31, 2019.

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

	Not recognised	
Years of expiry	Dec. 31, 2019	Dec. 31, 2018
2019	-	3'988
2020	545	545
2021	142	142
2022	3'646	3'646
2023	1'785	1'785
2024	92	92
2025	4'401	4'401
2026	3'690	-
	14'301	14'599

Out of these CHF 14 million, CHF 11 million relate to Perfect Holding SA.

In 2019, unused tax losses of KCHF 3'988 have expired (2018: nil).

12. OTHER CURRENT LIABILITIES

(in CHF '000)	Dec. 31, 2019	Dec. 31, 2018
Accrued operating expenses	72	82
Payroll and social charges	48	39
Professional expenses	58	97
Deferred income	707	589
Other	4	1
	889	**808**

13. BORROWINGS

(in CHF '000)	Dec. 31, 2019	Dec. 31, 2018
Short-term debt - due to related parties	-	170
Short-term debt	*-*	*170*
Current portion of long-term debt (mortgage debt)	23	22
Current portion of long-term debt	*23*	*22*
Long-term debt - due to related parties - subordinated	553	-
Long-term debt - due to shareholders - subordinated	250	-
Accrued interest expenses - subordinated	28	-
Long-term debt (mortgage debt)	154	174
Long-term debt	*985*	*174*
Borrowings	1'008	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 received at the end of 2019. This borrowing bears interest at 8%. Its maturity date is December 31, 2020. This borrowing and related interests have been subordinated according to a subordination agreement signed on December 31, 2019 and is therefore considered as long-term (at December 31, 2018, the amount lent of CHF 170'000 was reported as short-term). Subsequent to December 31, 2019 the related party waived its rights and claims concerning the repayment and the interests of this bridge as explained in Note 20.

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 December 31, 2019, the amount withdrawn is of CHF 353'435. This borrowing, unsecured, bears interest at 8%. Its maturity date is December 31, 2022. This borrowing and related interests have been subordinated according to a subordination agreement signed on December 31, 2019. Subsequent to December 31, 2019 the related party waived its rights and claims concerning the repayment and the interests of this bridge as explained in Note 20.

On October 10, 2019, Perfect Holding SA signed a bridge facility agreement with a shareholder for a total amount of CHF 250'000, totally received in 2019. This borrowing bears interest at 1.5%. Its maturity date is June 30, 2021. This borrowing and related interests have been subordinated according to a subordination agreement signed on November 15, 2019. Subsequent to December 31, 2019 the related party waived

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

its rights and claims concerning the repayment and the interests of this bridge as explained in Note 20.

The above mortgage debt (denominated in GBP), due by Oxygen Aviation Ltd, is secured by one pledge on the Horsham building (see Note 10). This mortgage debt was renewed in March 2017 for a ten years duration at a variable interest rate of 1% over base rate (2019: 1.75%, 2018: 1.75%).

14. SHARE CAPITAL

(in CHF '000)	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
Jan. 1, 2018	181'018'281	7'241	220	−71	7'390
Treasury shares (sale)	-	-	-	71	71
Dec. 31, 2018	**181'018'281**	**7'241**	**220**	**-**	**7'461**
Share capital reduction	-	−5'431	-	-	−5'431
Dec. 31, 2019	**181'018'281**	**1'810**	**220**	**-**	**2'030**

As at December 31, 2019, the share capital amounts to CHF 1'810'182.81, consisting of 181'018'281 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's proposal 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.

Each share carries one vote at the shareholders' meetings. Voting rights may be exercised only after a shareholder has been registered in the Company's share register as a shareholder with voting rights.

Authorised capital

At the shareholders' general meeting held on May 25, 2018, the shareholders had accepted the Board's proposal to create, in order to dispose of a maximum flexibility for the development of the group's business and possible external growth transactions, an authorised capital of a maximum amount of CHF 3'620'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.04 nominal value each), for (i) the acquisition of businesses or participations in businesses and/or (ii) the financing of the development of the business and/or the acquisitions of the company and its subsidiaries, for a 2-year period until May 25, 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 of each share from CHF 0.04 to CHF 0.01 per share, the authorised capital was adjusted to a reduced maximum amount of CHF 905'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.01 nominal value each).

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 of each share from CHF 0.04 to CHF 0.01 per share, the conditional capital was adjusted to a reduced maximum amount of CHF 905'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.01 nominal value each).

Significant shareholders

The main shareholders of the Company are as follows:

	Dec. 31, 2019	Dec. 31, 2018
Haute Vision SA, Mauritius	37,90%	37,90%
Grover Ventures Inc, British Virgin Islands	6,85%	6,85%
Nicholas Grey	5,39%	5,39%
Roderick Glassford	4,76%	4,76%
Steven A Jack	4,76%	4,76%
Stephen Grey	4,39%	4,39%

Mr. Stephen Grey, Mr. Nicholas Grey, Haute Vision SA and Grover Ventures Inc, who are deemed to form a group based on their family and business relationships and voting agreement (as disclosed in the Swiss Official Gazette of Commerce of August 6, 2008), hold in aggregate 98'704'873 shares (2018: 98'704'873 shares), i.e. 54.53% (2018: 54.53%) of the current share capital of CHF 1'810'182.81 (divided into 181'018'281 shares with a nominal value of CHF 0.01 each).

Dividend

At the Annual General Meeting on June 26, 2020, the Board of Directors will not propose any dividend in respect of fiscal year 2019 (2018: nil).

15. LEASES

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

(in CHF '000)	Dec. 31, 2019	Dec. 31, 2018
Not later than 1 year	11	13
Later than 1 year and not later than 5 years	4	15
More than 5 years	-	-
	15	28

These operating leases concern vehicle rentals. Lease payments incurred during 2019 (office and vehicle rentals) and recorded in the income statement amount to KCHF 14 (2018: KCHF 17).

16. 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 (2018: same).

17. ASSETS PLEDGED

As explained in Note 13, there is a charge on the building registered as security against the company Oxygen Aviation Ltd under a loan agreement with Lloyds Bank (2018: same).

18. RELATED PARTIES

The following transactions were carried out with related parties.

Key management compensation:

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

(in CHF '000)	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Salaries and other short-term employee benefits (including KCHF 15 of pension costs)	467	640

In 2019 (and in 2018), no other compensation elements were granted to key management (neither share options, nor any other compensation).

Transactions:

(in CHF '000)	Notes	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
General & administrative expenses with related parties		−156	−156
Interest on loan from related parties	13	−27	−1

Year-end balances:

(in CHF '000)	Notes	Dec. 31, 2019	Dec. 31, 2018
Short-term debt - due to related parties	13	-	170
Long-term debt - due to related parties - subordinated	13	553	-
Long-term debt - due to shareholders - subordinated	13	250	-
Accrued interest expenses - subordinated	13	28	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the Board of Directors for the purpose of allocating resources and assessing performance.

Management assesses the performance of only one segment: charters. The Board of Directors assesses the performance of the operating segments based on a measure of sales revenue.

Geographic information

The segment information provided to the Board of Directors is as follows:

(in CHF '000)	Charters - sales revenue
2018	
• European countries	6'535
• Russia	3'002
• Middle East	2'092
• Central Asia	1'278
• Switzerland	1'198
• Americas	2'060
• Others	29
Revenue external	**16'194**
2019	
• European countries	8'775
• Russia	3'660
• Middle East	2'813
• Central Asia	336
• Switzerland	305
• Americas	1'251
• Others	164
Revenue external	**17'304**

The revenue from external customers 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.

20. EVENTS AFTER THE REPORTING DATE

On April 9, 2020, in view of the need to act promptly because of the rapid deterioration of the situation in the aviation sector due to the Covid-19 coronavirus pandemic, the Board of directors of Perfect Holding SA signed a Share Purchase Agreement for the sale of its subsidiary Oxygen Aviation Ltd to Messrs. Roderick Glassford and Steven A Jack, directors of this UK entity. The sale was completed on April 24, 2020 at a consideration price of CHF 100'000, and the buyers also handed over to Perfect Holding SA in this context all the shares that they held in the Company, resulting in a treasury share position representing approximately 9.5% of the share capital of Perfect Holding. The difference between the selling price of the entity Oxygen Aviation Ltd (CHF 100'000) and its net asset value contributed to the group at December 31, 2019 (CHF 408'000) resulted in a loss of CHF 308'000, recognised in the financial year 2020.

As of December 31, 2019, the group discloses a negative equity of CHF 552'000. Accordingly, the Board of Directors has initiated discussions with its main creditors and partners to find agreements to remedy this situation. These negotiations have resulted in particular in (i) an agreement of April 20, 2020 with a creditor (related party) allowing the Company to receive the last instalments (i.e. CHF 200'000) of the bridge loan granted in February 2019 and providing for the creditor's waiver of its rights to the repayment of the total principal amount of CHF 600'000 plus interest, (ii) further agreements of April 23, 2020 under which the lenders (a related party and a shareholder, respectively) of bridge loans granted in September 2018 and October 2019, respectively, agreed to waive their rights to the repayment of the relevant loans in total principal amounts of CHF 200'000 and CHF 250'000, respectively, plus interest and (iii) other invoice reductions, the cumulative effect of which is to bring the Company out of the temporary over-indebtedness situation that prevailed at December 31, 2019.

In addition, on May 24, 2020, in the context of the negotiations relating to a potential acquisition project (by way of share exchange) with a third party investor, Perfect Holding SA signed a bridge facility agreement with the potential investor for an aggregate principal amount of CHF 520'000 in order to fund the group's continued operations until the possible implementation of the contemplated transaction within the next months. The monthly instalments of CHF 40'000 to be advanced under such bridge facility agreement are conditional upon the continuation of the negotiations regarding the contemplated transaction and shall be automatically subordinated to the settlement of the claims of all other creditors, while a possible interruption of the negotiations shall lead to a termination of the drawdown possibilities and to a waiver of all instalments already paid.

There were no other relevant events after the reporting date.

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

Report of the statutory auditor

to the General Meeting of Perfect Holding SA

Lausanne

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Perfect Holding SA, which comprise the income statement, the balance sheet as at December 31, 2019 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 41 to 47) as at December 31, 2019 comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw your attention to note 1.2 to these financial statements, which states that the Company is aware of the significant execution risks in connection with a foreseen transaction with a third party. This, along with other matters as described in note 1.2, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. If it is not possible for the Company to continue as a going concern, the financial statements will need to be prepared on the basis of liquidation values. Our opinion is not modified in respect of this matter.

Our audit approach

Materiality

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

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

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Overall materiality	CHF 2'000
How we determined it	1% of total assets, rounded
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the most appropriate benchmark for a holding company which has limited operating activities.

Audit scope

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

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

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

Except for the matter described in the "Material uncertainty related to going concern" section, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

Furthermore, we draw attention to the fact that the financial statements of Perfect Holding SA disclose an excess of liabilities over assets. However, according to an interim balance sheet as of April 24, 2020, prepared according to article 725 para. 2 CO on the basis of going concern values, the claims of the creditors of Perfect Holding SA are covered at going concern values.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Patrick Wagner
Audit expert Auditor in charge	Audit expert

INCOME STATEMENTS

(in CHF '000)	Notes	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
INCOME			
Dividend income	2.5	91	196
Profit on sale of treasury shares	2.4	-	39
		91	235
EXPENSES			
Personnel expenses		−135	−134
General and administrative expenses	2.6	−591	−351
Allocation to the provision on investments in subsidiaries	2.1	−2'841	−4'100
Bank fees		-	−1
Interest charges		−27	−1
Extraordinary income	2.2	609	-
		−2'985	−4'587
Profit/(Loss) before taxes		−2'894	−4'352
Income tax		-	-
Profit/(Loss) for the year		−2'894	−4'352

BALANCE SHEETS

(in CHF '000)	Notes	December 31, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents		79	15
Other current receivables			
Due from third parties		10	6
Accrued income and prepaid expenses		10	13
Total current assets		**99**	**34**
Non-current assets			
Investments	2.1	100	2 941
Total non-current assets		**100**	**2 941**
Total assets		**199**	**2 975**
LIABILITIES			
Current liabilities			
Trade accounts payable			
Due to third parties		137	10
Due to statutory auditors		75	10
Accrued expenses and deferred income		45	83
Short-term liabilities			
Due to related parties	2.2	-	170
Total current liabilities		**257**	**273**
Non-current liabilities			
Long-term liabilities			
Due to related parties, subordinated	2.2	553	-
Due to shareholders, subordinated	2.2	250	-
Due to Group companies	2.2	-	697
Accrued interest expenses, subordinated	2.2	28	-
Total non-current liabilities		**831**	**697**
Total liabilities		**1'088**	**970**
Shareholders' equity			
Share capital	2.3	1'810	7'241
Legal reserves from capital contributions		219	219
Profit/(Loss) brought forward		−24	−1'103
Profit/(Loss) for the year		−2'894	−4'352
Total shareholders' equity		**−889**	**2'005**
Total liabilities and shareholders' equity		**199**	**2'975**

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPLES

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

1.2 GOING CONCERN
On April 9, 2020, in view of the need to act promptly because of the rapid deterioration of the situation in the aviation sector due to the Covid-19 coronavirus pandemic, the Board of directors of Perfect Holding SA signed a Share Purchase Agreement for the sale of its subsidiary Oxygen Aviation Ltd to Messrs. Roderick Glassford and Steven A Jack, directors of this UK entity.

On April 20, 2020, an agreement was signed with a creditor (related party) allowing the Company to receive the last instalments (i.e. CHF 200'000) of the bridge loan granted in February 2019 and providing for the creditor's waiver of its rights and claims concerning the repayment of the total principal amount of CHF 600'000 plus interest.

On May 24, 2020, Perfect Holding SA signed a bridge facility agreement with a third party (new investor) in order for Perfect Holding SA to maintain its operations in the context of the negotiations relating to a possible acquisition project to be implemented within the next months. The payments under the bridge loan are conditional upon the continuation of discussions regarding the foreseen transaction. For more details regarding the conditions of the bridge facility, please refer also to Note 3.9.

In spite of its recent success in restructuring the Company's liabilities and of the new financing received in the context of the negotiations of the potential transaction, the Board of Directors is aware of the significant execution risk for this contemplated transaction, which may cast significant doubts on the Company's ability to continue as a going concern. Based on the ongoing discussions with this new investor as well as the signature of the bridge facility agreement, the Board of Directors believe that the Company will be able to meet all its obligations as they fall due for at least the next twelve months, and the financial statements have therefore been prepared on a going concern basis.

1.3 INVESTMENTS
Investments are valued at cost less necessary depreciation.

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

1.5 LONG-TERM LIABILITIES
Long-term liabilities are recognized in the balance sheet at nominal value.

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

		Balance Sheet Dec. 31, 2019	Balance Sheet Dec. 31, 2018
US dollar	USD	0,97778	0,99433
Euro	EUR	1,09596	1,13726
British pound	GBP	1,28353	1,26162

The exchange rates used for balance sheet items are the rates prevailing on December 31; the exchange rates used for transactions conducted during the course of the year and for items in the income statement are determined monthly based on closing rates published by the Federal Tax Administration and used for the next month's transactions.

1.7 FOREGOING A CASH FLOW STATEMENT AND ADDITIONAL DISCLOSURES IN THE NOTES
As Perfect Holding SA has prepared its consolidated financial statements in accordance with a recognized accounting standard, it has decided to forego presenting additional information on audit fees in the notes as well as a cash flow statement in accordance with the law.

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

NOTES TO THE FINANCIAL STATEMENTS

2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

2.1 INVESTMENTS

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

(in CHF '000)	Share capital	Dec. 31, 2019	Dec. 31, 2018
Perfect Aviation SA, Lausanne, Switzerland (100% share capital and voting rights):	CHF 650'000		
Gross book value		7'774	7'774
Accumulated provision		–7'774	7'124
Net book value		-	650
Oxygen Aviation Ltd, Horsham, UK (100% share capital and voting rights):	GBP 360		
Gross book value		6'391	6'391
Accumulated provision		–6'291	–4'100
Net book value		100	2'291
		100	2'941

Following allocations to the provisions on investments were recorded: CHF 650'000 for the subsidiary Perfect Aviation SA, Lausanne, Switzerland - bringing the net value to zero, and CHF 2'191'125 for the subsidiary Oxygen Aviation Ltd, Horsham, UK - bringing the net value to CHF 100'000, corresponding to the selling price of the entity Oxygen Aviation Ltd. In 2018, an allocation to the provision on investments was made for the subsidiary Oxygen Aviation Ltd, Horsham, UK for an amount of CHF 4'100'000.

2.2 BORROWINGS

(in CHF '000)	Dec. 31, 2019	Dec. 31, 2018
Short-term liabilities - due to related parties	-	170
Long-term liabilities - due to related parties subordinated	553	-
Long-term liabilities - due to shareholders subordinated	250	-
Accrued interest expenses subordinated	28	-
Long-term liabilities - due to Group companies	-	697
	831	867

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 received at the end of 2019. This borrowing bears interest at 8%. Its maturity date is December 31, 2020. This borrowing and related interests have been subordinated according to a subordination agreement signed on December 31, 2019 and is therefore considered as long-term (at December 31, 2018, the amount lent of CHF 170'000 was reported as short-term).

On February 21, 2019, Perfect Holding SA signed a bridge facility agreement with a related party for a total amount of CHF 600'000, of which CHF 353'435 were received in 2019. This borrowing bears interest at 8%. Its maturity date is December 31, 2022. This borrowing and related interests have been subordinated according to a subordination agreement signed on December 31, 2019.

On October 10, 2019, Perfect Holding SA signed a bridge facility agreement with a shareholder for a total amount of CHF 250'000, totally received in 2019. This borrowing bears interest at 1.5%. Its maturity date is June 30, 2021. This borrowing and related interests have been subordinated according to a subordination agreement signed on November 15, 2019.

An amount of CHF 609'320 at December 31, 2019, long-term liability due to the subsidiary Perfect Aviation SA, Lausanne was waived by Perfect Aviation SA in favour of Perfect Holding SA, generating an "extraordinary income" in the income statement. It did not bear any interest.

2.3 SHARE CAPITAL

As at December 31, 2019, the share capital amounts to CHF 1'810'182.81, consisting of 181'018'281 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's proposal 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.

2.4 TREASURY SHARES

Number of registered shares	2019 Acquisition cost (in CHF '000)	2019 Number of shares (in thousands)	2018 Acquisition cost (in CHF '000)	2018 Number of shares (in thousands)
Owned by Perfect Holding SA as at January 1	-	-	-	1'300
Sales (3 transactions)	-	-	-	–1'300
Owned by Perfect Holding SA as at December 31	-	-	-	-

As at balance sheet date, Perfect Holding SA does not own any of its own shares (2018: Nil). During 2018, the sale of 1'300'000 shares generated a profit of CHF 39'000.

2.5 DIVIDEND INCOME

The amount of CHF 90'530 recorded in 2019 represents a dividend distributed by the subsidiary Oxygen Aviation Ltd, Horsham (UK) for the 2018 business year (2018: CHF 195'900).

2.6 GENERAL AND ADMINISTRATIVE EXPENSES

The increase in general and administrative expenses is due to the costs related to the envisaged acquisition project on which the Company worked in 2019, which finally did not take place due to unexpected development.

3. OTHER INFORMATION

3.1 FULL-TIME EQUIVALENTS

In 2019 and 2018, Perfect Holding SA employed no more than ten full-time equivalents on an annual average basis.

3.2 AUTHORISED SHARE CAPITAL

At the shareholders' general meeting held on May 25, 2018, the shareholders had accepted the Board's proposal to create, in order to dispose of a maximum flexibility for the development of the group's business and possible external growth transactions, an authorised capital of a maximum amount of CHF 3'620'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.04 nominal value each), for (i) the acquisition of businesses or participations in businesses and/or (ii) the financing of the development of the business and/or the acquisitions of the company and its subsidiaries, for a 2-year period until May 25, 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 of each share from CHF 0.04 to CHF 0.01 per share (Note 2.3), the authorised capital was adjusted to a reduced maximum amount of CHF 905'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.01 nominal value each).

3.3 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 of each share from CHF 0.04 to CHF 0.01 per share (Note 2.3), the conditional capital was adjusted to a reduced maximum amount of CHF 905'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.01 nominal value each).

3.4 SIGNIFICANT SHAREHOLDERS

The following shareholders are considered as significant:

(in % of share capital)	Dec. 31, 2019	Dec. 31, 2018
Haute Vision SA, Mauritius	37,90%	37,90%
Grover Ventures Inc, British Virgin Islands	6,85%	6,85%
Nicholas Grey	5,39%	5,39%
Roderick Glassford	4,76%	4,76%
Steven A Jack	4,76%	4,76%
Stephen Grey	4,39%	4,39%

Mr. Stephen Grey, Mr. Nicholas Grey, Haute Vision SA and Grover Ventures Inc, who are deemed to form a group based on their family and business relationships and voting agreement (as disclosed in the Swiss Official Gazette of Commerce of August 6, 2008), hold in aggregate 98'704'873 shares (2018: 98'704'873), i.e. 54.53% (2018: 54.53%) of the current share capital of CHF 1'810'182.81.

NOTES TO THE FINANCIAL STATEMENTS

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

At December 31, 2019 and at December 31, 2018, the shares held by members of the Board of Directors and the Executive Management (including persons closely related to these members) were as follows:

	Dec. 31, 2019		Dec. 31, 2018	
(in thousands)	Shares	Option rights	Shares	Option rights
Mr. Stephen Grey, member of BoD	7 940	-	7 940	-
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation	8 625	-	8 625	-
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation	8 625	-	8 625	-
	25'190	-	**25'190**	-

3.6 COMPENSATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The following compensations have been paid to the Executive management:

(in CHF '000)	Dec. 31, 2019	Dec. 31, 2018
Mr. Jean-Claude Roch, Chairman of BoD, CFO and CEO of Perfect Holding SA **	135	134
Mr. Roderick Glassford, Director of the aircraft charter business of Oxygen Aviation *	166	253
Mr. Steven A Jack, Director of the aircraft charter business of Oxygen Aviation *	166	253
	467	**639**

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

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

At December 31, 2019, there were no loans and/or credits granted by any company of the Perfect Group to any current or former members of the Board of Directors or Executive management (at December 31, 2018: none).

3.8 CONTINGENT LIABILITIES DUE TO VAT GROUP

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

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

3.9 EVENTS AFTER THE REPORTING DATE

On April 9, 2020, in view of the need to act promptly because of the rapid deterioration of the situation in the aviation sector due to the Covid-19 coronavirus pandemic, the Board of directors of Perfect Holding SA signed a Share Purchase Agreement for the sale of its subsidiary Oxygen Aviation Ltd to Messrs. Roderick Glassford and Steven A Jack, directors of this UK entity. The sale was completed on April 24, 2020, and the buyers also handed over to Perfect Holding SA in this context all the shares that they held in the Company, resulting in a treasury share position representing approximately 9.5% of the share capital of Perfect Holding.

As of December 31, 2019, Perfect Holding SA discloses an excess of liabilities over assets within the meaning of article 725 para. 2 CO. Accordingly, the Board of Directors has initiated discussions with its main creditors and partners to find agreements to remedy this situation. These negotiations have resulted in particular in (i) an agreement of April 20, 2020 with a creditor (related party) allowing the Company to receive the last instalments (i.e. CHF 200'000) of the bridge loan granted in February 2019 and providing for the creditor's waiver of its rights to the repayment of the total principal amount of CHF 600'000 plus interest, (ii) further agreements of April 23, 2020 under which the lenders (a related party and a shareholder, respectively) of bridge loans granted in September 2018 and October 2019, respectively, agreed to waive their rights to the repayment of the relevant loans in total principal amounts of CHF 200'000 and CHF 250'000, respectively, plus interest and (iii) other invoice reductions, the cumulative effect of which is to bring the Company out of the temporary over-indebtedness situation that prevailed at December 31, 2019.

In addition, on May 24, 2020, in the context of the negotiations relating to a potential acquisition project (by way of share exchange) with a third party investor, Perfect Holding SA signed a bridge facility agreement with the potential investor for an aggregate principal amount of CHF 520'000 in order to fund the group's continued operations until the possible implementation of the contemplated transaction within the next months. The monthly instalments of CHF 40'000 to be advanced under such bridge facility agreement are conditional upon the continuation of the negotiations regarding the contemplated transaction and shall be automatically subordinated to the settlement of the claims of all other creditors, while a possible interruption of the negotiations shall lead to a termination of the drawdown possibilities and to a waiver of all instalments already paid.

There were no other relevant events after the reporting date.

4. EVOLUTION OF ACCUMULATED LOSSES

(in CHF '000)	Dec. 31, 2019	Dec. 31, 2018
Profit/(Loss) brought forward from prior years	–5'455	–1'103
Capital reduction	5'431	-
Profit/(Loss) for the year	–2'894	–4'352
Profit/(Loss) brought forward at the end of the year	**–2'918**	**–5'455**

IMPORTANT DATES IN 2020

26.06.2020	Ordinary Shareholders General Meeting
29.09.2020	Interim Half-Year 2020 Report

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