

21 December 2018

PAPILLON HOLDINGS PLC
Half yearly report for the period ended 30 June 2018

Chairman's Report

Papillon Holdings PLC ("the Company") is an investment with the original primary objective of undertaking a single acquisition of a target company, business or asset in the industrial or service sector.

In the annual report and accounts, I reported that the transaction to acquire Phestor Limited ('Phestor') had been subject to delays beyond the directors' control and that they were monitoring the transaction closely. The principal of Phestor had attempted a number of times to change the terms of the reverse takeover of Phestor, and associated companies, considerably in his favour, to the extent that the terms became unacceptable to the directors as they were no longer in the shareholders interest. We sent a rebuttal of the last attempt to alter the terms, but the lines of communication went silent. Ultimately, it was clear that Phestor was no longer engaged with the transaction and therefore we had no alternative but to terminate the proposed reverse takeover. However, we had been in discussions during this process with the principals of CarCloud Community ('CarCloud'), a fintech company focussed on the used car market, and the directors decided that the proposed investment in this company would be a more than adequate replacement for Phestor. Accordingly, on 18 May 2018, the directors announced they had terminated their discussions with Phestor and that we had reached agreement via a non-binding head of terms to make an investment in 50% of the issued share capital of CarCloud.

CarCloud has developed innovative technology that bridges the gap between private and retail vehicle sales and delivers consistently high values for the user. It has an aggressive growth strategy, utilising its unique technology to expand its offering to an, as yet, underexploited area of the private car sale market; currently +200,000 private cars are sold and brought every month in the UK.

The transaction is progressing, and we announced today that we have executed a Share Purchase Agreement to acquire a 50% interest in Pace Cloud Limited, the holding company of CarCloud. Additionally, Papillon is raising up to £500k via the issue of convertible loan notes ('Loan Notes'), which will be drawn down as required by the Company; to date, £200k has been received. The Loan Notes carry an interest coupon of 10 per cent pa over their minimum term of 12 months, with a conversion price of 1.25 pence per new Papillon ordinary share. The proceeds from the issue of the Loan Notes will be used, in conjunction with existing resources, to finance the costs initially incurred in connection with Pace Cloud Limited. The directors believe that the investment in CarCloud has enormous potential in a very large market and that the proposed investment should add significant shareholder value. The investment proposes to break new ground in the market in which it operates, and the business model is a complete "game changer" in the way that individuals own their cars, it is a

complete ownership solution from purchase to ultimate sale of a vehicle. The Company will be submitting a full information memorandum to the UK Listing Authority ('UKLA'), which will be published in due course.

The Investment is subject, inter alia, to the completion of due diligence, documentation and compliance with all regulatory requirements. The Investment constitutes a fundamental change in the business of the issuer and therefore a full information memorandum will be published in due course contemporaneously to the anticipated return to trading of the shares.

I would personally like to thank our shareholders again for their patience during the failed acquisition of Phestor and we look forward to a successful future post the completion of our investment in CarCloud.

Results for the period

For the period from 1 January 2018 to 30 June 2018, the Company's results included the ongoing running costs of the Company including abort fees for Phestor and other advisory costs.

Risks and uncertainties

The Company has only a brief operating history, and therefore, investors have no basis on which to evaluate the Company's ability to achieve its objective of identifying, acquiring and operating one or more companies or businesses.

Whilst the Company has recently announced that it is seeking to make an investment in Car Cloud Limited, the directors are unable to offer assurance that this acquisition will complete.

Going Concern

As stated in Note 2 to the condensed financial statements, the directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Responsibility Statement

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year; and

- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Cautionary statement

This Interim Management Report (IMR) has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

James Longley
Chairman

21 December 2018

PAPILLON HOLDINGS PLC INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30 June 2018 GBP ('000) (unaudited)	Period ended 30 June 2017 GBP ('000) (unaudited)	Year ended 31 December 2017 GBP ('000) (audited)
Continuing operations			
Revenue	-	-	300
Gross profit	-	-	300
Administrative expenses	(151)	(148)	(414)
Listing costs	(10)	(39)	(47)
Loss before taxation	(161)	(187)	(161)
Taxation	-	-	-
Loss for the period	(161)	(187)	(161)
Loss per share – basic and diluted (pence)	(0.122p)	(0.141p)	(0.122p)

PAPILLON HOLDINGS PLC
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share premium	Retained earnings	Total
	GBP ('000)	GBP ('000)	GBP ('000)	GBP ('000)
Equity at 30 June 2017	132	602	(590)	144
Gain for the Period	-	-	26	26
Equity at 31 December 2017	132	602	(564)	170
Loss for the Period	-	-	(161)	(161)
Equity at 30 June 2018	132	602	(725)	9

PAPILLON HOLDINGS PLC
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2018 GBP ('000) (unaudited)	As at 30 June 2017 GBP ('000) (unaudited)	As at 31 December 2017 GBP ('000) (audited)
Assets			
Current assets			
Prepayments & other receivables	109	214	124
Cash and cash equivalents	8	9	69
Total Assets	117	223	193
Equity and Liabilities			
Share capital	132	132	132
Share premium	602	602	602
Retained earnings	(725)	(590)	(564)
Total Equity	9	144	170
Current Liabilities			
Trade and other payables	108	79	23
Accruals	-	-	-
Total Liabilities	108	78	23
Total Equity and Liabilities	117	223	193

PAPILLON HOLDINGS PLC
INTERIM CONDENSED CASH FLOW STATEMENT

	Period ended 30 June 2018 GBP ('000) (unaudited)	Period ended 30 June 2017 GBP ('000) (unaudited)	Year ended 31 December 2017 GBP ('000) (audited)
Cash flows from operating activities			
Operating loss	(161)	(187)	(161)
(Increase)/decrease in trade and other receivables	15	54	141
Increase/decrease in trade and other payables	85	43	(10)
	<hr/>	<hr/>	<hr/>
Net cash flows from operating activities	(61)	(90)	(30)
Cash flows from financing activities			
Net proceeds from issue of share capital	-	-	-
	<hr/>	<hr/>	<hr/>
Net cash flows from financing activities	-	-	-
	<hr/>	<hr/>	<hr/>
Net increase in cash and cash equivalents	(61)	(90)	(30)
Cash and cash equivalents at the beginning of the period	69	99	99
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	8	9	69
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NOTES TO THE UNAUDITED INTERIM CONDENSED REPORT

1. General Information

Papillon Holdings Plc ('the company') is an investment company incorporated in the United Kingdom. The address of the registered office is 27-28 Eastcastle Street London W1E 8DN. The Company was incorporated and registered in England and Wales on 19 October 2015 as a private limited company and re-registered on 24 June 2016 as a public limited company.

2. Basis of preparation

This announcement was approved and authorised to issue by the Board of directors on XX September 2018.

The financial information in this interim report has been prepared in accordance with the International Financial Reporting Standards. IFRS comprises standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

There are no IFRS, or IFRIC interpretations that are effective for the first time in this period that would be expected to have a material impact on the company.

The financial information has been prepared under the historical cost convention, as modified by the accounting standard for financial instruments at fair value.

The Directors are of the opinion that the financial information should be prepared on a going concern basis, in the light of the Company's financial resources.

These condensed interim financial statements for the six months ended 30 June 2018 and 30 June 2017 are unaudited and do not constitute full accounts. The comparative figures for the period ended 31 December 2017 are extracted from the 2017 audited financial statements. The independent auditor's report on the 2017 financial statements was not qualified.

No taxation charge has arisen for the period and the Directors have not declared an interim dividend.

Copies of the interim report can be found on the Company's website at www.papillonholdingsplc.com.

Going concern

The directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

3. Loss per share

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The calculation of basic and diluted earnings per share is based on the following figures:-

	Period ended 30 June 2018 GBP (unaudited)	Period ended 30 June 2017 GBP (unaudited)	Year ended 31 December 2017 GBP (audited)
Loss for the period	(161,917)	(186,808)	(160,993)
Weighted average number of shares – basic and diluted	132,400,000	132,400,000	132,400,000
Basic earnings per share	<u>(0.122p)</u>	<u>(0.14p)</u>	<u>(0.122p)</u>
Diluted earnings per share	<u>(0.122p)</u>	<u>(0.14p)</u>	<u>(0.122p)</u>

The basic and diluted earnings per share are the same, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation.

4. Share Capital

As at 30 June 2018 GBP ('000) (unaudited)	As at 30 June 2017 GBP ('000) (unaudited)	As at 31 December 2017 GBP ('000)
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			(audited)
132,400,000 Ordinary shares of £0.001 each	(132)	(132)	(132)
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5. Reports

A copy of this announcement will be mailed to shareholders and copies will be available for members of the public at the Company's Registered Office 27-28 Eastcastle Street London W1E 8DN