

PAPILLON HOLDINGS PLC

Interim management report

Half yearly report for the period ended 30 June 2016

To the members of Papillon Holdings plc

Results for the period

For the period from incorporation on 19 October 2015 to 30 June 2016, the Company's results included the running costs of the Company and listing fees on the London Stock Exchange which, through careful control, we have kept to a minimum

During the period, the Company raised £874,000 gross in equity capital and on 24th June 2016 the Company successfully listed its entire share capital on the London Stock Exchange.

Long-term strategy and business objectives

The Company will be seeking to acquire a company or asset within the industrial or services sector, with a view to implementing a strategy that will generate significant value for its shareholders.

Risks and uncertainties

The Company is a newly formed entity, lacking an 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

Although the Company will seek to evaluate the risks inherent in a particular target business (including the industries and geographic regions in which it operates), it cannot offer any reassurance that it will make a proper discovery or assessment of all of the significant risks. Furthermore, no assurance may be made that an investment in Ordinary Shares will ultimately prove to be more favourable to investors than a direct investment, if such opportunity were available, in a target company or business.

Going Concern

As stated in note 1 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.

Post Balance Sheet Event

On 9 September 2016 the Company informed shareholders that it has signed a non-binding Heads of Terms to acquire the entire issued share capital of myclubbetting.com Limited, a specialised betting and gaming related business, for new shares in the Company (the "Acquisition"). The Acquisition, if completed, would result in Papillon shareholders having a minority interest in the enlarged group (the "Group"). The Acquisition is subject, *inter alia*, to the completion of due diligence, documentation and compliance with all regulatory requirements, including the Listing and Prospectus Rules and, as required, the Takeover Code. The Acquisition, if it proceeds, will constitute a Reverse Takeover under the Listing Rules since, *inter alia*, in substance it will result in a fundamental change in the business of the issuer.

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.

Charles Tatnall
Chief Executive Officer

28 September 2016

PAPILLON HOLDINGS PLC
STATEMENT OF COMPREHENSIVE INCOME – FOR THE PERIOD ENDED 30 JUNE 2016

	Period ended 30 June 2016 GBP ('000) (unaudited)
Revenue	-
Cost of Sales	-
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Gross Profit	-
Administrative expenses	(46)
Admission costs	(172)
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Loss before taxation	(218)
Taxation	-
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Loss for the period	(218)
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Loss per share – basic and diluted (pence)	(1.37p)
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PAPILLON HOLDINGS PLC
STATEMENT OF CHANGES IN EQUITY - FOR THE PERIOD ENDED 30 JUNE 2016

	Share Capital	Share premium	Retained earnings	Total
	GBP ('000)	GBP ('000)	GBP ('000)	GBP ('000)
Equity at the start of the period	-	-	-	-
Total recognised income and expense for the period	-	-	(218)	(218)
Issue of share capital	132	742	-	874
Equity at the end of the period	<u>132</u>	<u>742</u>	<u>(218)</u>	<u>656</u>

PAPILLON HOLDINGS PLC
STATEMENT OF FINANCIAL POSITION – AS AT 30 JUNE 2016

	As at 30 June 2016 GBP ('000) (unaudited)
Assets	
Current assets	
Prepayments	39
Cash and cash equivalents	703
Total Assets	<u>742</u>
Equity and Liabilities	
Share capital	132
Share premium	742
Retained earnings	(218)
Total Equity	<u>656</u>
Current Liabilities	
Trade payables	1
Accruals	85
Total Liabilities	<u>86</u>
Total Equity and Liabilities	<u>742</u>

PAPILLON HOLDINGS PLC
CASH FLOW STATEMENT - FOR THE PERIOD TO 30 JUNE 2016

	Period ended 30 June 2016 GBP ('000) (unaudited)
Cash flows from operating activities	(218)
(Increase) in trade and other receivables	(39)
Increase in trade and other payables	86
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Net cash flows from operating activities	(171)
Cash flows from investing activities	
Net cash flows from investing activities	-
Cash flows from financing activities	
Net proceeds from issue of share capital	874
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Net cash flows from financing activities	874
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Net increase in cash and cash equivalents	703
Cash and cash equivalents at the beginning of the period	-
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Cash and cash equivalents at the end of the period	703
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NOTES TO THE UNAUDITED INTERIM REPORT

1. Accounting policies

Basis of preparation

This announcement was approved by the Board of directors on 28th September 2016

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 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 nine months ended 30 June 2016 are unaudited.

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.

2. 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 2016 GBP (unaudited)
Loss for the period	(218,005)
Weighted average number of shares – basic and diluted	15,921,034
Basic earnings per share	(1.37p)
Diluted earnings per share	<u>(1.37p)</u>

2. Loss per share (Continued)

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.

3. Share Capital

	As at 30 June 2016 GBP ('000) (unaudited)
132,400,000 Ordinary shares of £0.001 each	(132)

On 19 October 2015, the Company was incorporated with an issued share capital of two Ordinary shares of £1 each.

On 18 March 2016, the Company subdivided each ordinary share of £1 into 1,000 Ordinary shares of £0.001 each.

On 18 March 2016, the Company issued and allotted 49,998,000 Ordinary shares of £0.001 each at par.

On 24 June 2016, the Company issued and allotted 82,400,000 Ordinary shares of £0.001 each at £0.01. Furthermore on this date, the entire share capital was listed on the London Stock Exchange.

4. Share Warrants

The Company has issued Placing warrants to the Placees to subscribe at 1.5 pence per Ordinary share for up to 41,200,000 Ordinary shares each on the basis of one Placing warrant for every two Placing shares subscribed for by each Placee. The Placing warrants are unlisted and are exercisable up to the second anniversary of Admission in whole or in a minimum aggregate amount of 50,000 Placing warrants.

The Company has issued Founder warrants to James Longley and Charles Tatnall, to subscribe at 1.25 pence per Ordinary share for up to 10 million Ordinary shares each. The Founder warrants are unlisted and are exercisable up to the third anniversary of Admission in whole or in a minimum aggregate amount of 50,000 Founder warrants.

The Company has issued Broker warrants to JIM Nominees Limited to subscribe at the Placing Price for up to 10,300,000 Ordinary Shares. The Broker warrants are unlisted and are exercisable up to the fifth anniversary of Admission in whole or in a minimum aggregate amount of 50,000 Broker warrants.

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 W1W 8DH