

Company Registration No. 09829720 (England and Wales)

PAPILLON HOLDINGS PLC

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FROM THE DATE OF INCORPORATION ON 19 OCTOBER 2015
TO 31 DECEMBER 2016**

PAPILLON HOLDINGS PLC COMPANY INFORMATION

Director	James Longley Charles Tatnall
Company number	09829720
Company Secretary	Cargil Management Services Limited 27-28, Eastcastle Street, London W1W 8DH
Registered Office	27-28 Eastcastle Street, London W1W 8DH
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Registrar	Share Registrars Ltd Suite E, First Floor, 9 Lion & Lamb Yard Farnham Surrey GU9 7LL
Financial Adviser and broker	Alfred Henry Corporate Finance Limited Finsgate 5-7 Cranwood Street London EC1V 9EE
Legal Adviser to the Company	DMH Stallard LLP 6 New Street Square London EC4A 3BF

PAPILLON HOLDINGS PLC

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PAPILLON HOLDINGS PLC

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2016

Chairman's Report

Papillon Holdings PLC ("the Company") is an investment company incorporated on 19 October 2015, with the primary objective of undertaking a single acquisition of a target company, business or asset in the industrial or service sectors

In compliance with the strategy of the Directors, as described in its admission document, on 9 September 2016, the Directors announced that it had signed a non-binding Heads of Terms to acquire the entire issued share capital of myclubbetting.com Limited ("MCB"), 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 and continues to be 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. As the Acquisition will constitute a Reverse Takeover under the Listing Rules, the listing in the Company's ordinary shares were suspended, and continue to be suspended pending the publication of a prospectus and the application for the enlarged Company to have its Ordinary Shares readmitted to the Official List and to trading on the main market for listed securities of the London Stock Exchange.

On 20 December 2016, the Directors announced that further to the initial announcement of the reverse takeover of the Acquisition on 9 September 2016, it has executed a formal Sale and Purchase agreement ('SPA') with the Directors and principal shareholders of MCB. The SPA contains certain provisions regarding the completion and positive conclusion of due diligence by the Directors and its advisers on the Acquisition. Upon satisfaction of the foregoing, shareholders will be informed of the formal terms of the agreement, which will constitute a Reverse Takeover ('RTO') under the Listing rules since, inter alia, in substance it will result in a fundamental change in the business of the issuer.

After the SPA was signed, the Company advanced £50,000 to MCB by way of a loan. The loan was being applied to facilitate a bond being raised by MCB for £5 million. MCB has commitments for the total amount of the bond. It is not intended that Papillon will raise any new equity as part of this Acquisition, the working capital requirements being totally satisfied by the issue of the Bond by MCB. The transaction has been complicated by the complex share structure of MCB

The Directors of Papillon have issued a letter of comfort that any shortfall of fees payable in connection with this acquisition, as provided for in the heads of terms, will be made up by the directors of Papillon personally where there is any shortfall in cash to pay for the costs thereof. This amount is unquantifiable currently but the contribution will be likely to commute the costs of the acquisition materially. The length of time it has taken to complete the transaction has also meant that the ongoing costs of running the company has fallen to Papillon rather than the contemplated group. The directors have also provided a letter of comfort with regard to the working capital requirements of the Company pending completion of the acquisition.

James Longley
Director

24 August 2017

**PAPILLON HOLDINGS PLC
STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2016**

Principal activity and fair review of the business

For the period from incorporation on 19 October 2015 to 31 December 2016, the Company's costs of £403,000 included the running costs of the Company and listing fees on the London Stock Exchange together with the costs of the initial placing and related expenses as well as ongoing costs of the Acquisition of MCB.

During the period, the Company raised £874,000 (gross) in equity and on 24th June 2016 had successfully listed its entire issued share capital onto the London Stock Exchange Main Market-Standard Segment ("Main Market").

Key performance indicators

There are no key performance indicators for this period as the company did not complete its investment activity.

Principal risks and uncertainties

i. Business strategy

The Company is a newly formed entity with no operating history with the primary objective of undertaking a single acquisition of a target company, business or asset in the industrial or service sectors

ii. Liquidity Risk

The Directors have reviewed the working capital requirements and believe that there is sufficient working capital to fund the business and have agreed to make up any shortfall if required.

Going Concern

As stated in note 2.1 to the financial statements, the directors are willing to fund any shortfall in the working capital requirements and fees due in connection with the proposed acquisition of MCB and 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.

On behalf of the board

Director

James Longley
24 August 2017

**PAPILLON HOLDINGS PLC
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2016**

The directors present their report and the audited financial statements for the period ended 31 December 2016.

Results and dividends

The trading results for the period and the Company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

Strategic Report

In accordance with section 414C(11) of the Companies Act 2006 the company chooses to report the review of the business, the future outlook and the risks and uncertainties faced by the company in the Strategic Report.

Directors

The following directors have held office during the period:

James Longley (appointed 19 October 2015)

Charles Tatnall (appointed 19 October 2015)

Directors' interests

At the date of this report the directors held the following beneficial interest in the ordinary share capital and share options of the company:

Director	Shareholding	Percentage of the Company's Ordinary Share Capital
Charles Tatnall	35,000,000	26.44%
James Longley (held through Hargreaves Lansdown)	35,000,000	26.44%

Substantial Interests

The Company has been informed of the following shareholdings that represent 3% or more of the issued Ordinary Shares of the Company as at 6 August 2017:

Director	Shareholding	Percentage of the Company's Ordinary Share Capital
Charles Tatnall	35,000,000	26.44%
Hargreaves Lansdown (Nominees) Limited	40,514,997	30.60%
Jim Nominees Limited	15,523,922	11.73%
Peel Hunt LLP	7,322,499	5.53%
Tracey Edwards	5,000,000	3.78%
Redmayne (Nominees) Limited	5,000,000	3.78%
ISI Nominees Limited	4,500,000	3.40%
WB Nominees Limited	4,290,869	3.24%

**PAPILLON HOLDINGS PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016**

Dividends

No dividends will be distributed for the current period.

Supplier Payment Policy

It is the Company's payment policy to pay its suppliers in conformance with industry norms. Trade payables are paid in a timely manner within contractual terms, which is generally 30 to 45 days from the date an invoice is received.

Financial risk and management of capital

The major balances and financial risks to which the company is exposed to and the controls in place to minimise those risks are disclosed in Note 4.

The Board considers and reviews these risks on a strategic and day-to-day basis in order to minimise any potential exposure.

Financial instruments

The company has not entered into any financial instruments to hedge against interest rate or exchange rate risk.

Auditors

Jeffreys Henry LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PAPILLON HOLDINGS PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016**

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Corporate Governance

The policy of the board is to manage the affairs of the Company with reference to the UK Corporate Governance Code, which is publicly available from the Financial Reporting Council.

Application of principles of good governance by the board of directors

The board currently comprises the two directors: Charles Tatnall and James Longley

There are regular board meetings each year and other meetings are held as required to direct the overall company strategy and operations. Board meetings follow a formal agenda covering matters specifically reserved for decision by the board. These cover key areas of the company's affairs including overall strategy, acquisition policy, approval of budgets, major capital expenditure and significant transactions and financing issues.

The board undertakes a formal annual evaluation of its own performance and that of its committees and individual directors, through discussions and one-to-one reviews with the Chairman and the senior independent director.

Statement of disclosure to auditors

Each person who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.
- Each Director is aware of and concurs with the information included in the Strategic Report.

Post Balance Sheet Events

As detailed in the Chairman's statement the Company is in the process carrying out due diligence, documentation and compliance with all regulatory requirements, including the Listing and Prospectus Rules and, as required, the Takeover Code in relation to the proposed acquisition of MyClubbetting.Com Limited. The Company's ordinary shares continue to be suspended pending the publication of a prospectus and the application for the enlarged Company to have its Ordinary Shares readmitted to the Official List and to trading on the main market for listed securities of the London Stock Exchange

On behalf of the board

James Longley
Director

24 August 2017

**PAPILLON HOLDINGS PLC
DIRECTORS' REMUNERATION REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2016**

Introduction

The information included in this report is not subject to audit other than where specifically indicated.

Remuneration Committee

The remuneration committee consists of James Longley and Charles Tatnall. This committee's primary function is to review the performance of executive directors and senior employees and set their remuneration and other terms of employment.

The Company has only had two executive director and no senior employees.

The remuneration committee determines the company's policy for the remuneration of executive directors, having regard to the UK Corporate Governance Code and its provisions on directors' remuneration.

The remuneration policy

Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board, but the aggregate of all such fees so paid to the Directors shall not exceed £250,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Any Director who is appointed to any executive office shall be entitled to receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may decide, either in addition to or in lieu of his remuneration as a Director. In addition, any Director who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a Director, may be paid such extra remuneration as the Board or any committee authorised by the Board may determine.

Service agreements and terms of appointment

The directors have service contracts with the company.

Directors' interests

The directors' interests in the share capital of the company are set out in the Directors' report.

Directors' emoluments

Details of the remuneration packages are included in note 6 – notes to the financial statements.

No pension contributions were made by the company on behalf of its directors.

Approval by shareholders

At the next annual general meeting of the company a resolution approving this report is to be proposed as an ordinary resolution.

This report was approved by the board on xx 2017.

On Behalf of the Board
James Longley
Committee Chairman
24 August 2017

**PAPILLON HOLDINGS PLC
CORPORATE GOVERNANCE REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2016**

Policy

The policy of the board is to manage the affairs of the Company with reference to the UK Corporate Governance Code, which is publicly available from the Financial Reporting Council.

Application of principles of good governance by the board of directors

The board currently comprises the two directors: Charles Tatnall and James Longley

There are regular board meetings each year and other meetings are held as required to direct the overall company strategy and operations. Board meetings follow a formal agenda covering matters specifically reserved for decision by the board. These cover key areas of the company's affairs including overall strategy, acquisition policy, approval of budgets, major capital expenditure and significant transactions and financing issues.

The board has delegated certain responsibilities, within defined terms of reference, to the audit committee and the remuneration committee as described below. The appointment of new directors is made by the board as a whole.

The board undertakes a formal annual evaluation of its own performance and that of its committees and individual directors, through discussions and one-to-one reviews with the Chairman and the senior independent director.

Audit committee

The audit committee comprises the two directors: Charles Tatnall and James Longley. The committee's terms of reference are in accordance with the UK Corporate Governance Code. The committee reviews the company's financial and accounting policies, interim and final results and annual report prior to their submission to the board, together with management reports on accounting matters and internal control and risk management systems. It reviews the auditors' management letter and considers any financial or other matters raised by both the auditors and employees.

The committee considers the independence of the external auditors and ensures that, before any non-audit services are provided by the external auditors, they will not impair the auditors' objectivity and independence. During the year non-audit services totalled nil and covered normal taxation and other related compliance work, which did not impact on the auditors' objectivity or independence.

There is currently no internal audit function within the Company. The directors consider that this is appropriate of a Company of this size.

The committee has primary responsibility for making recommendations to the board in respect of the appointment, re-appointment and removal of the external auditors.

On Behalf of the Board
James Longley
Director
24 August 2017

**PAPILLON HOLDINGS PLC
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAPILLON HOLDINGS PLC**

We have audited the financial statements of Papillon Holdings Plc for the period ended 31 December 2016, which comprise the statement of comprehensive income, statement of changes of equity, statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out in the Directors' Report, the Directors are responsible for the preparation of the company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of the Company's loss for the period then ended.
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with provision of the Companies Act 2006;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PAPILLON HOLDINGS PLC**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Sanjay Parmar
Senior Statutory Auditor

For and on behalf of
Jeffreys Henry LLP
Statutory Auditors
Finsgate
5-7 Cranwood Street
London
EC1V 9EE
United Kingdom

Date: 24 August 2017

PAPILLON HOLDINGS PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Period from 19 October 2015 to 31 December 2016 £'000
Continuing operations		
Listing costs	5	(119)
Administrative expenses	5	(284)
Loss before taxation		<u>(403)</u>
Taxation	7	-
Loss and comprehensive loss for the period		<u>(403)</u>
Basic and diluted loss per share	8	(0.574p)

Since there is no other comprehensive loss, the loss for the period is the same as the total comprehensive loss for the period attributable to the owners of the Company.

The notes on pages 16 to 24 form part of these financial statements.

**PAPILLON HOLDINGS PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

The Statement of Financial Position of the Company is stated below:

	Notes	As at 31 December 2016 £'000
Assets		
Current assets		
Other receivables	10	268
Cash and cash equivalents	11	99
Total Assets		<u>367</u>
Equity and liabilities		
Current liabilities		
Trade and other payables	12	36
Total Liabilities		<u>36</u>
Equity attributable to equity holders of the company		
Share Capital - Ordinary shares	13	132
Share Premium account	13	602
Profit and Loss Account current period	14	(403)
Total Equity		<u>331</u>
Total Equity and liabilities		<u>367</u>

The notes on pages 16 to 24 form part of these financial statements.

Approved by the Board and authorised for issue on XX August 2017

James Longley
Director

Company Registration No. 09829720

**PAPILLON HOLDINGS PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

		Period from 19 October 2015 to 31 December 2016
	Notes	£'000
Cash flows from operating activities		
Operating loss	5	(403)
(Increase)/decrease in receivables		(68)
Increase/(decrease) in payables		36
		<hr/>
Cash flow from operating activities		(435)
		<hr/>
Cash flows from financing activities		
Issue of shares	13	534
Net cash from/(used in) financing activities		534
		<hr/>
Net increase in cash and cash equivalents		99
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at end of period		99
		<hr/>
Represented by: Bank balances and cash		99
		<hr/> <hr/>

The notes on pages 16 to 24 form part of these financial statements.

PAPILLON HOLDINGS PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Share capital £'000	Share premium £'000	Accumulated deficit £'000	Total equity £'000
On Incorporation			-	-	-
Shares issued during the period		1	72	-	84
Share issue costs			(14)	-	(14)
Loss for the Period			-	(43)	(43)
As at 31 December 2016		1	62	(43)	31

Share capital is the amount subscribed for shares at nominal value.

Share premium represents amounts subscribed for share capital in excess of nominal value.

Accumulated deficit represent the cumulative loss of the company attributable to equity shareholders.

The notes on pages 16 to 24 form part of these financial statements.

PAPILLON HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 General information

Papillon Holdings Plc ('the company') is an investment company incorporated in the United Kingdom. The address of the registered office is disclosed on the company information page at the front of the annual report. 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 Accounting policies

2.1. Basis of Accounting

This financial information has been prepared in accordance with International Financial Reporting Standards (IFRS), including IFRIC interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These policies have been consistently applied.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3. The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's experience and knowledge of current events and actions, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a) Going concern

These financial statements have been prepared on the assumption that the Company is a going concern. When assessing the foreseeable future, the Directors have looked at a period of at least twelve months from the date of approval of this report and have looked at the adequacy of funds required in connection with the proposed acquisition of Myclubbetting.com Limited as well as working capital requirements of the Company. The Directors have issued a letter of comfort to meet any shortfall of fees payable as well as working capital requirements of the Company, pending completion of the acquisition. The working capital requirements of the Company will be the responsibility of the combined group upon completion of the acquisition.

After making enquiries, the Directors firmly believe that together with their support the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

b) New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning that would be expected to have a material impact on the Company.

PAPILLON HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

c) Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 26 February 2016 and have not been early adopted. The Director anticipates that the adoption of these standard and the interpretations in future period will have no material impact on the financial statements of the company.

Reference	Title	Summary	Application date of standard	Application date of Company
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2018	1 January 2018
IFRS 10	Consolidated financial statement	Amended by Investment Entities: Applying the Consolidation Exception	Periods commencing on or after 1 January 2016	1 January 2017
IFRS 11	Joint Arrangements	Amended by Accounting for Acquisitions of Interests in Joint Operations	Periods commencing on or after 1 January 2016	1 January 2017
IFRS 12	Disclosure of Interests in Other Entities	Amended by Investment Entities: Applying the Consolidation Exception	Periods commencing on or after 1 January 2016	1 January 2017
IFRS 14	Regulatory deferral accounts	Aims to enhance the comparability of financial reporting by entities subject to rate-regulations	Periods commencing on or after 1 January 2016	1 January 2017
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more informative and relevant disclosures	Periods commencing on or after 1 January 2018	1 January 2018
IFRS 16	Leases	IFRS 16 <i>Leases</i> published	Periods commencing on or after 1 January 2019	1 January 2019
IFRS 17	Insurance Contracts	IFRS 17 <i>Insurance Contracts</i>	Periods commencing on or after 1 January 2021	1 April 2021
IAS 16	Property, Plant and Equipment	Amended standard for accounting treatment for property, plant and equipment	Periods commencing on or after 1 January 2016	1 January 2017
IAS 27	Separate financial statement	Amended by Equity Method in Separate Financial Statements (Amendments to IAS 27)	Periods commencing on or after 1 January 2016	1 January 2017
IAS 28	Investments in Associates and Joint Ventures	Amended by Investment Entities: Applying the Consolidation Exception	Periods commencing on or after 1 January 2016	1 January 2017

PAPILLON HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

2.2 Segmental 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. In the opinion of the director, the company has one class of business, being that of an investment company. The company's primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is the UK. All costs are derived from the single segment.

2.3 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to the initial recognition, other receivables are measured at amortised cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

Cash and cash equivalents

Cash and cash equivalents comprised of cash at bank and in hand.

Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the company at the statement of financial position date approximated their fair values, due to relatively short term nature of these financial instruments.

Other payables

Other payables are initially recognised at fair value and thereafter stated in amortised cost.

2.4 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

There is no tax currently payable based on the Company making a loss for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

PAPILLON HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

2.5 Taxation (continued)

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3 Critical accounting estimates and judgments

The company makes certain judgements and estimates which affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, which are described above, the Directors do not believe that they have had to make any assumptions or judgements that would have a material effect on the amounts recognised in the financial information.

PAPILLON HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

4 Financial risk management

The Company's activities may expose it to some financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The responsibility for liquidity risks management rest with the Board of Directors, which has established appropriate liquidity risk management framework for the management of the company's short term and long-term funding risks management requirements. During the period under review, the Company has not utilised any borrowing facilities. The Company manages liquidity risks by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

b) Capital risk

The Company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investment is closely monitored.

5 Operating loss, expenses by nature and personnel

	Period from 19 October 2015 to 31 December 2016 £'000
Operating loss is stated after charging:	
Directors Remuneration	20
Directors fees	111
Premises	11
Legal and professional fees	78
Listing costs	119
Audit fees	5
Other administrative expenses	59
Total administrative expenses	<u>403</u>

6 Personnel

The average monthly number of employees during the period was two directors.

There were no benefits, emoluments or remuneration payable during the period for key management personnel other than the £131,000 disclosed in Note 5 and £75,000 paid in fees which have been included in share premium and disclosed in note 19 as a related party transaction.

PAPILLON HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

7 Taxation

	Period from 19 October 2015 to 31 December 2016 £'000
Total current tax	<u>-</u>
Factors affecting the tax charge for the period	
Loss on ordinary activities before taxation	<u>(403)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%	(80)
Effects of:	
Non-deductible expenses	43
Tax losses carried forward	37
Current tax charge for the period	<u>-</u>

No liability to UK corporation tax arose on ordinary activities for the current period.

The company has estimated tax losses of £186,000 available for carry forward against future trading profits.

The tax losses have resulted in a deferred tax asset of approximately £37,000 which has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

8 Earnings per share

	Period from 19 October 2015 to 31 December 2016
Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:	
Loss after tax attributable to equity holders of the company	(402,742)
Weighted average number of ordinary shares	70,108,868
Basic and diluted loss per share	<u>(0.574p)</u>

There were no potential dilutive shares in issue during the period.

PAPILLON HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

9 Capital risk management

The Directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. At the date of this financial information, the Company had been financed by the introduction of capital. In the future, the capital structure of the Company is expected to consist of borrowings and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

10 Other receivables

	2016 £'000
Unpaid share capital	200
Other receivables	52
Prepayments	16
	<u>268</u>

Details of unpaid share capital are disclosed in note 13 to the financial statements.

11 Cash and cash equivalents

	2016 £'000
Cash at bank	99
	<u>99</u>

12 Trade and other payables

	2016 £'000
Trade payables	4
Accruals	32
	<u>36</u>

13 Share capital

	For the year end 31 December 2016 £'000
Allotted, called up and fully paid	
132,400,000 Ordinary shares of £0.001 each	132
	<u>132</u>

PAPILLON HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

13 Share capital (continued)

During the period the company had the following share transactions:

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 15 June 2016, the Company issued and allotted 82,400,000 Ordinary shares of £0.001 each at £0.01. Furthermore on 24 June 2016, the entire share capital was listed on the London Stock Exchange Main Market- Standard Segment ("Main Market").

Of the 82,400,000 Ordinary shares allotted 10,000,000 Ordinary shares of £0.001 each were allotted to each of the Directors, James Longley and Charles Tatnall, and of the £200,000 unpaid subscription monies at the year-end, £120,000 was paid into the Company's bank account equally by James Longley and Charles Tatnall on 21 August 2017 with the balance being offset against ongoing expenses of the company borne by Messrs Longley and Tatnall.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) right; they do not confer any rights of redemption.

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, they also hold placee warrants of 5 million 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.

14 Accumulated deficit

	2016 £'000
At start of period	-
Loss for the period	(403)
At 31 December 2016	<u>(403)</u>

PAPILLON HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

15 Contingent liabilities

The company has no contingent liabilities in respect of legal claims arising from the ordinary course of business.

16 Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred.

17. Ultimate controlling party

As at 31 December 2016 the ultimate controlling parties of the Company are the Directors, Charles Tatnall and James Longley, who have a combined shareholding of more than 50% of the ordinary share capital of the company.

18. Events after the reporting period

As detailed in the Chairman's statement the Company is in the process carrying out due diligence, documentation and compliance with all regulatory requirements, including the Listing and Prospectus Rules and, as required, the Takeover Code in relation to the proposed acquisition of MyClubbetting.Com Limited. The Company's ordinary shares continue to be suspended pending the publication of a prospectus and the application for the enlarged Company to have its Ordinary Shares readmitted to the Official List and to trading on the main market for listed securities of the London Stock Exchange.

19. Related party transactions

During the period ended 31 December 2016 the Directors received consultancy fees through the following companies:

Director	Company	Fees paid
		£
James Longley	James Longley Limited	53,000
Charles Tatnall	Tatbels Limited	<u>53,000</u>
		<u>£106,000</u>

During the period ended 31 December 2016 the Directors were paid fees for raising corporate finance which amounted to £75,000 as follows:

Director	Fees paid
	£
James Longley	37,500
Charles Tatnall	<u>37,500</u>
	<u>£75,000</u>

The above fees were payable to their jointly owned company, Spencer Chapman Limited and are included as part of share issue costs charged to the share premium account.

During the period ended 31 December 2016 the Company paid rent of £10,789 in respect of rental of offices. The head lease on these offices is owned by James Longley.

