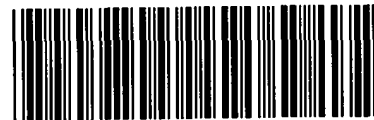


Company Registration No. 09829720 (England and Wales)

PAPILLON HOLDINGS PLC

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR TO 31 DECEMBER 2017**

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PAPILLON HOLDINGS PLC COMPANY INFORMATION

Directors	James Longley - Chairman 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
Legal Adviser to the Company	DMH Stallard LLP 6 New Street Square London EC4A 3BF

PAPILLON HOLDINGS PLC

CONTENTS

Strategic review report	3
Directors' report	5
Directors' Remuneration Report	8
Corporate Governance Report	9
Independent auditors' report	10
Statement of comprehensive income	15
Statement of financial position	16
Statement of cash flows	17
Statement of changes in equity	18
Notes to the financial statements	19

**PAPILLON HOLDINGS PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Chairman's Report

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

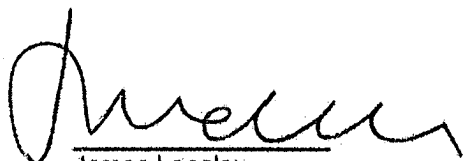
On 6 September 2017, almost a year after we had announced the potential acquisition of Myclubbetting.com Limited ("MCB"), the formal Sale and Purchase agreement ('SPA') with the directors and principal shareholders of MCB was terminated. As part of this termination, MCB agreed to refund all costs incurred by Papillon during the transaction process, including annual running costs of the public company beyond which would be reasonably expected, amounting to £350,000 of all costs in total, including repayment of a £50,000 loan made to MCB, of which £73,763 remains outstanding in total from MCB as of today's date. This sum, when received, will defray all essential costs of Papillon for the next 12 months.

Notwithstanding the foregoing, on 13 September 2017, we announced that we had signed a non-binding Heads of Terms to acquire the entire issued share capital of two companies in a cash and shares deal ('the Acquisition') of Phestor Limited ('Phestor'), and Greenway Activated Carbon Limited together with the Danish operating company, Phestor Denmark ('Greenway') which are developing operations in the very high growth sector of energy storage. These companies focus on ultra-supercapacitor development for energy storage and the development and sale of high quality active carbon production from biomass.

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 was suspended, and continues 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.

The transaction to acquire Phestor has also been subject to delays beyond the directors' control and the directors are monitoring the transaction closely. With regard to the delays in these transactions the directors would like to take this opportunity to apologise to the shareholders for the lengthy time it has taken to complete a transaction in accordance with the primary objective of the company, and for the length of time the shares have been suspended and consequently the lack of liquidity in the company's shares. The director's interests are aligned with all shareholders and the completion of a successful transaction as soon as possible is of the highest priority for directors and shareholders alike. The directors would like to thank the shareholders for their ongoing patience and support.

The Directors of Papillon have issued a letter of comfort that any shortfall of working capital until completion of an acquisition will, if required, be made up by themselves personally.



James Longley
Director

30 April 2018

**PAPILLON HOLDINGS PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Principal activity

The company is listed on the London Stock Exchange and is seeking to make an acquisition of a target business by way of a reverse takeover.

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 listed on the London Stock with the primary objective of undertaking a single acquisition of a target company, business or asset in the industrial or service.

ii. Liquidity Risk

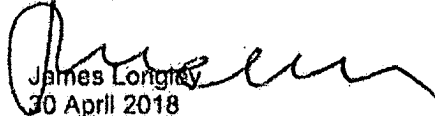
The Directors have reviewed the working capital requirements and believe that there is sufficient working capital to fund the business and have agreed to make up any shortfall if required.

Going Concern

Having given due considerations to the nature of the Company's business, the Directors consider that the Company is a going concern and the financial statements are prepared on that basis. This treatment reflects the reasonable expectation that the Company has adequate resources to continue in business for the foreseeable future.

On behalf of the board

Director


James Longley
30 April 2018

**PAPILLON HOLDINGS PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report and the audited financial statements for the year ended 31 December 2017.

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 throughout the period:

James Longley
Charles Tatnall

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 18 April 2018:

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	20,622,270	15.58%
Peel Hunt LLP	7,322,499	5.53%
Redmayne (Nominees) Limited	75,1000,000	5.36%
ISI Nominees Limited	4,500,000	3.40%
WB Nominees Limited	4,290,869	3.24%

**PAPILLON HOLDINGS PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Dividends

No dividends will be distributed for the current year (2016 - nil).

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 has expressed its willingness to continue in office and a resolution to reappoint them will be proposed at the Annual 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 YEAR ENDED 31 DECEMBER 2017**

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 Tainall 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

Further information on events after the reporting date is set out in note 18. The Directors' have chosen to produce a Strategic Report that discloses a fair review of the business, the key performances metrics that the Directors review along with a review of the key risks

On behalf of the board


James Longley
Director

30 April 2018

**PAPILLON HOLDINGS PLC
DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 directors 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

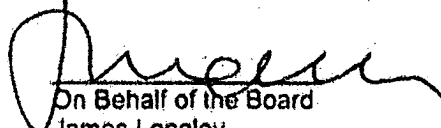
Details of the remuneration packages are included in note 6 – notes to the financial statements.

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 30 April 2018.


On Behalf of the Board
James Longley
Committee Chairman
30 April 2018

**PAPILLON HOLDINGS PLC
CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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.

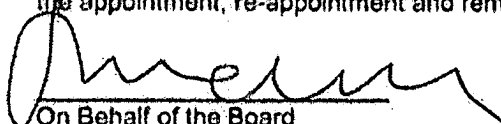
Audit committee

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

30 April 2018

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

For the year ended 31 December 2017

Independent auditor's report to the members of Papillon Holdings Plc

Opinion

We have audited the financial statements of Papillon Holding Plc for the year ended 31 December 2017, which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2017 and of the company's result for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

- Relates party transactions
- Going concern

These are explained in more detail below

Materiality:

Company financial statements:

- £12,000 (31 December 2016: £38,000)
- Based on the average of the following:
 - a. 3% of Revenue
 - b. 3% of Gross Assets
 - c. 10% of Net Profit

Audit scope

- We conducted audits of the complete financial information of Papillon Holdings Plc.
- We performed specified procedures over certain account balances and transaction classes.

Key audit matters

Key audit matter	How our audit addressed the key audit matter
<p>Going concern</p> <p>The Company is dependent upon its ability to generate sufficient cash flows to meet continued operational costs and hence continue trading.</p> <p>The going concern assumption is dependent on future growth of the current business.</p>	<p>Management's going concern forecasts include a number of assumptions related to future cash flows and associated risks. Our audit work has focused on evaluating and challenging the reasonableness of these assumptions and their impact on the forecast period.</p> <p>A letter of comfort has been obtained from the directors for further assurance regarding going concern.</p>

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Company financial statements
Overall materiality	£12,000 (31 December 2016: £38,000).
How we determined it	Based on the average of 3% of revenue, 10% of loss before tax and 3% of gross assets.
Rationale for benchmark applied	We believe that profit before tax is a primary measure used by shareholders in assessing the performance of the Company and is a generally accepted auditing benchmarks.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £12,000 (31 December 2016: £38,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, 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 evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope:

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the Company, the accounting processes and controls, and the industry in which they operate.

We performed audits of the complete financial information of Papillon Holdings Plc.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements [and the part of the directors' remuneration report to be audited] 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have 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 ISAs (UK) 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 ISAs (UK), 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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.

Use of this report

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.

Other matters which we are required to address

We were appointed as auditors by the Company at the Annual General Meeting on 9 September 2016. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2016 to 31 December 2017.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.



Sanjay Parmar
Senior Statutory Auditor

For and on behalf of Jeffrey's Henry LLP Chartered Accountants, Statutory Auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE

Date: 30 April 2018

PAPILLON HOLDINGS PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31 December 2017 £'000	Period to 31 December 2016 £'000
	Notes		
Continuing operations			
Revenues		300	-
Gross profit		<u>300</u>	<u>-</u>
Listing costs	5	(47)	(119)
Administrative expenses	5	(414)	(284)
Loss before taxation		<u>(161)</u>	<u>(403)</u>
Taxation	7	-	-
Loss and comprehensive loss for the period		<u>(161)</u>	<u>(403)</u>
Basic and diluted loss per share	8	(0.122p)	(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 19 to 27 form part of these financial statements.

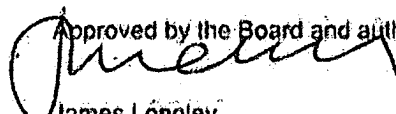
**PAPILLON HOLDINGS PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

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

	Notes	As at 31 December	
		2017 £'000	2016 £'000
Assets			
Current assets			
Other receivables	10	124	268
Cash and cash equivalents	11	69	99
Total Assets		193	367
Equity and liabilities			
Current liabilities			
Trade and other payables	12	23	36
Total Liabilities		23	36
Equity attributable to equity holders of the company			
Share Capital - Ordinary shares	13	132	132
Share Premium account	13	602	602
Profit and Loss Account	14	(564)	(403)
Total Equity		170	331
Total Equity and liabilities		193	367

The notes on pages 19 to 27 form part of these financial statements.

Approved by the Board and authorised for issue on 30 April 2018


James Longley
Director

Company Registration No. 09829720.

**PAPILLON HOLDINGS PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	31 December 2017 £'000	31 December 2016 £'000
Cash flows from operating activities			
Operating loss	5	(161)	(403)
(Increase)/decrease in receivables		141	(68)
Increase/(decrease) in payables		(10)	36
		<hr/>	<hr/>
Cash flow from operating activities		(30)	(435)
Cash flows from financing activities			
Issue of shares	13	-	534
Net cash from/(used in) financing activities		<hr/>	<hr/>
		-	534
Net increase/decrease in cash and cash equivalents		(30)	99
Cash and cash equivalents at the beginning of the period		99	-
Cash and cash equivalents at end of period		<hr/>	<hr/>
		69	99
Represented by: Bank balances and cash		<hr/>	<hr/>
		69	99

The notes on pages 19 to 27 form part of these financial statements.

**PAPILLON HOLDINGS PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Share capital £'000	Share premium £'000	Accumulated deficit £'000	Total equity £'000
As at 31 December 2016		132	602	(403)	331
Loss for the year		-	-	(161)	(161)
As at 31 December 2017		132	602	(564)	170

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

The notes on pages 19 to 27 form part of these financial statements.

PAPILLON HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 when listed on London Stock Exchange.

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 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 the working capital requirements of the Company.

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 YEAR ENDED 31 DECEMBER 2017

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 1 January 2017 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 Leases published	Periods commencing on or after 1 January 2019	1 January 2019
IFRS 17	Insurance Contracts	IFRS 17 Insurance Contracts	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 YEAR ENDED 31 DECEMBER 2017**

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 YEAR ENDED 31 DECEMBER 2017

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 the 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 YEAR ENDED 31 DECEMBER 2017

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

	Year to 31 December 2017 £'000	Period from 19 October 2015 to 31 December 2016 £'000
Operating loss is stated after charging:		
Directors Remuneration	24	20
Consulting and advisory fees	247	111
Premises	35	11
Legal and professional fees	7	78
Listing costs	47	119
Audit fees	9	5
Other administrative expenses	92	59
Total administrative expenses	461	403

6 Personnel

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

There were no benefits, emoluments or remuneration payable during the period for key management personnel other than the £24,000 disclosed in Note 5 and £120,000 paid in fees and disclosed in note 19 as a related party transaction.

PAPILLON HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

7 Taxation

	Year ended 31 December 2017	Period from 19 October 2015 to 31 December 2016
	£'000	£'000
Total current tax	-	-
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(161)	(403)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2016: 20%)	(30)	(80)
Effects of:		
Non-deductible expenses	11	43
Tax losses carried forward	19	37
Current tax charge for the period	-	-

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

The company has estimated tax losses of £322,128 available for carry forward against future trading profits.

The tax losses have resulted in a deferred tax asset of approximately £64,000 (2016: £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

	Year to 31 December 2017	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	(£160,993)	(£402,742)
Weighted average number of ordinary shares	132,400,000	70,108,868
Basic and diluted loss per share	(0.122p)	(0.574p)

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

PAPILLON HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

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

	2017 £'000	2016 £'000
Unpaid share capital	-	200
Other receivables	122	52
Prepayments	2	16
	<u>124</u>	<u>268</u>

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

11 Cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank	<u>69</u>	<u>99</u>
	<u>69</u>	<u>99</u>

12 Trade and other payables

	2017 £'000	2016 £'000
Trade payables	12	4
Accruals	11	32
	<u>23</u>	<u>36</u>

13 Share capital

	2017 £'000	2016 £'000
Allotted, called up and fully paid		
132,400,000 Ordinary shares of £0.001 each	<u>132</u>	<u>132</u>
	<u>132</u>	<u>132</u>

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

13 Share capital (continued)

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; 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

	2017	2016
	£'000	£'000
At start of period	(403)	-
Loss for the period	(161)	(403)
As at 31 December	<u>(564)</u>	<u>(403)</u>

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 2017 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.

**PAPILLON HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. Events after the reporting period

There are no events after the reporting period.

19. Related party transactions

During the year ended 31 December 2017 the Directors received consultancy fees through the following companies:

Director	Company	2017 Fees paid £	2016 Fees paid £
James Longley	James Longley Limited	89,468	53,000
Charles Tatnall	Tatbels Limited	89,000	53,000
		<u>178,468</u>	<u>106,000</u>

During the year ended 31 December 2017 the Directors were paid fees which amounted to £120,000 as follows:

Director	2017 Fees paid £	2016 Fees paid £
James Longley	60,000	60,000
Charles Tatnall	60,000	60,000
	<u>120,000</u>	<u>120,000</u>

During the year ended 31 December 2017 the Company paid rent of £35,400 in respect of rental of offices. The head lease on these offices is owned by James Longley.

During the year ended 31 December 2017 the Company made a loan of £33,000 to Phestor Limited. James Longley resigned as director from Phestor Limited on 28 July 2017 after any loans were made. The foregoing loans to Phestor Limited were advanced to James Thorpe, director of Phestor Limited.