PAPILLON HOLDINGS PLC
Interim management report

Half yearly report for the period ended 30 June 2017

To the members of Papillon Holdings plc

Chairman's Report

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

With regard to our original objective, 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. However, almost a year later, on 6 September 2017, we had no alternative but to announce that we had been unable to get to a point where we could see visibility on completing the acquisition following extensive due diligence. Therefore, the formal Sale and Purchase agreement ('SPA') with the directors and principal shareholders of Myclubbetting Ltd ('Myclubbetting') was terminated. As part of the termination, Myclubbetting has 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, of which over £100,000 has been received from MCB to date.

Notwithstanding the foregoing, on 13 September 2017, we were delighted to announce that we have 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, if completed, would result in Papillon shareholders having a 50% interest in the enlarged group (the 'Group'). It is important to note that for many months I have been assisting and advising James Thorpe, the principal of Greenway and Phestor, regarding the future funding and operations of these companies and I am delighted to have come to a mutually satisfactory agreement as to the way forward with regard to this acquisition. I have received no fees and have not benefitted in any way from advising Greenway and Phestor.

Phestor is developing a new breed of large-scale, energy storage and delivery systems. Its ultra-supercapacitors, with a capacitance of over 100,000 Farad in a single unit, are targeted to be far larger in size and far superior in performance to any other supercapacitors on the market today. Physical energy storage is the electrostatic storage of direct electrical energy and is made possible without the need for a chemical reaction or mechanical action and are capable of 1,000,000 of charge and discharge cycles.

Phestor plans to focus on markets such as back up to the National Grid in the UK and other electricity supply networks worldwide together with target markets such as manufacturing, military, aerospace, science, power-tool and elevator industries, which require large scale ultra-high-power solutions. These are potentially extremely lucrative markets, with vast growth potential.

Greenway plans to build and operate bio-refineries to extract Hemicellulose, Cellulose, Proteins, Pectin, Lignin, Lipids, Silica and Ash from sugar beet pulp, straw and brewery "Mask" biomass. It has already identified large volumes of these low-cost precursor feedstocks. High grade active carbon is extracted from this process, along with other saleable by-products, which is patented and for which the company has secured an exclusive European licence, while the high-grade carbon produced will be sold to third parties, the active carbon is a principal component of Phestor's ultra-supercapacitors. The market dynamic for Greenway's product is extremely positive due to the current and forecasted increased requirement for high grade active carbon.

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.

The directors are very pleased with this proposed acquisition of enormous potential which will, if completed, give the company access to the fast-growing energy storage market with its multiple applications and markets. Work has started regarding due diligence and the directors aim to complete this acquisition as quickly as possible.

I would personally like to thank our shareholders for their patience during the failed acquisition of MCB and we look forward to a successful future post the completion of the acquisition of Phestor and Greenway

Results for the period

For the period from 1 January 2017 to 30 June 2017, the Company's results included the ongoing running costs of the Company including listing fees on the London Stock Exchange and other advisory costs. The fees for the aborted acquisition of MCB have not been included in this period, the expenses of which will be mitigated by the receipt of funds from MCB of which we have received £110,000 since the period end.

Long-term strategy and business objectives

The Company recently announced that we have 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 seek to operate in the very high growth sector of energy storage primarily. These companies focus on ultra-supercapacitor development for energy storage and the development and sale of high quality active carbon production from biomass.

Risks and uncertainties

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

Whilst the company has recently announced that it is seeking to acquire the businesses of Phestor Limited and Greenway Activated Carbon Limited, the directors are unable to offer assurance that this acquisition will complete.

Going Concern

As stated in Note 1 to the condensed financial statements, the directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Post Balance Sheet Events

On 13 September 2017, the Company announced that it 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 plans to operate in the very high growth sector of energy storage primarily. 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, if completed, would result in Papillon shareholders having a 50% interest in the enlarged group (the 'Group').

Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year; and

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

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

James Longley
Chairman

25 September 2017

PAPILLON HOLDINGS PLC
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30 June 2017 GBP ('000) (unaudited)	Period ended 30 June 2016 GBP ('000) (unaudited)	Period ended 31 December 2016 GBP ('000) (unaudited)
Administrative expenses	(148)	(46)	(284)
Listing costs	(39)	-	(119)
Admission costs	-	(172)	-
Loss before taxation	(187)	(218)	(403)
Taxation	-	-	-
Loss for the period	(187)	(218)	(403)
Loss per share – basic and diluted (pence)	(0..14p)	(1.37p)	(0.574p)

PAPILLON HOLDINGS PLC
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital GBP ('000)	Share premium GBP ('000)	Preferred Share GBP ('000)	Retained earnings GBP ('000)	Total GBP ('000)
Equity at the start of the period	-	-	-	-	-
Total recognised income and expense for the period	-	-	-	(218)	(218)
Issue of share capital	132	742	-	-	874
Equity at 30 June 2016	132	742	-	(218)	656
Loss for the Period	-	-	-	(185)	(185)
Issue of share capital	-	(140)	-	-	(140)
Equity at 31 December 2016	132	602	-	(403)	331
Loss for the Period	-	-	-	(187)	(187)
Issue of share capital	-	128	(127)	-	1
Equity at 30 June 2017	132	730	(127)	(590)	145

PAPILLON HOLDINGS PLC
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2017 GBP ('000) (unaudited)	As at 30 June 2016 GBP ('000) (unaudited)	As at 31 December 2016 GBP ('000) (unaudited)
Assets			
Current assets			
Prepayments & other receivables	214	39	268
Cash and cash equivalents	9	703	99
Total Assets	223	742	367
Equity and Liabilities			
Share capital	132	132	132
Share premium	602	742	602
Retained earnings	(590)	(218)	(403)
Total Equity	144	656	331
Current Liabilities			
Trade payables	-	1	4
Accruals	79	85	32
Total Liabilities	78	86	36
Total Equity and Liabilities	223	742	367

PAPILLON HOLDINGS PLC
INTERIM CONDENSED CASH FLOW STATEMENT

	Period ended 30 June 2017 GBP ('000) (unaudited)	Period ended 30 June 2016 GBP ('000) (unaudited)	Period ended 31 December 2016 GBP ('000) (unaudited)
Cash flows from operating activities			
Operating loss	**(187)**	**(218)**	**(403)**
(Increase) in trade and other receivables	54	(39)	(68)
Increase in trade and other payables	43	86	36
Net cash flows from operating activities	**(90)**	**(171)**	**(435)**
Cash flows from financing activities			
Net proceeds from issue of share capital	**-**	874	534
Net cash flows from financing activities	-	**874**	**534**
Net increase in cash and cash equivalents	(90)	**703**	**99**
Cash and cash equivalents at the beginning of the period	**99**	**-**	**-**
Cash and cash equivalents at the end of the period	**9**	**703**	**99**

NOTES TO THE UNAUDITED INTERIM CONDENSED REPORT

1. General Information

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

2. Basis of preparation

This announcement was approved and authorised to issue by the Board of directors on 26 September 2017.

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

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

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

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

These condensed interim financial statements for the six months ended 30 June 2017 and 30 June 2016 are unaudited and do not constitute full accounts. The comparative figures for the period ended 31 December 2016 are extracted from the 2016 audited financial statements. The independent auditor's report on the 2016 financial statements was not qualified.

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

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

Going concern

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

2. Loss per share

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

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

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

	Period ended 30 June 2017 GBP (unaudited)	Period ended 30 June 2016 GBP (unaudited)	Period ended 31 December 2016 GBP (unaudited)

Loss for the period	(186,808)	(218,005)	(402,742)
Weighted average number of shares – basic and diluted	132,400,000	15,921,034	70,108,868
Basic earnings per share	(0.14p)	(1.37p)	(0.574p)
Diluted earnings per share	(0.14p)	(1.37p)	(0.574p)

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

3. Share Capital

	As at 30 June 2017 GBP ('000) (unaudited)	**As at 30 June 2016 GBP ('000) (unaudited)**	**As at 31 December 2016 GBP ('000) (unaudited)**
132,400,000 Ordinary shares of £0.001 each	(132)	(132)	(132)

4. Reports

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