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For Immediate Release

6 August 2020

Challenger Acquisitions Limited
("Challenger" or the "Company")

Interim Results

Challenger Acquisitions Limited (LSE: CHAL) is pleased to announce its interim results for the period ended 30 June 2020.

Interim Management Report

As stated in our final results on 13 May 2020 Challenger is seeking out a new project that can properly utilise the public company platform from a financial and regulatory perspective. The following is a summary of changes for the first six months of this year and to the date of this report:

New Funding:

In May, the Company issued an unsecured convertible note for £40,800 for working capital purposes. The note is convertible at a fixed price of 0.1p per ordinary share, accrues interest at 5% per annum and is due on 21 May 2021.

New Director:

In May, Mr. Jonathan Tidswell-Pretorius joined the board of directors as a non-executive director. His corporate experience will be useful in the active search for an appropriate project for Challenger.

Note holders:

The other two remaining convertible note holders are updated regularly on the search process for a potential new project and are actively cooperating in this process.

Dallas Wheel Investment:

To date, the Company has received US\$275,000 of the original US\$300,000 investment in the Odyssey of Texas project. The remaining balance of US\$25,000 is still outstanding and being pursued by the Company. Until the remaining balance has been received, the original convertible promissory note and securities purchase agreement stays in place.

New York Wheel investment:

The Company still retains two equity units in this project. Since the value of these units relates directly to the stalled project on Staten Island, there is no carrying value on the balance sheet for this investment.

On behalf of the Challenger Board we would like to take this opportunity to thank our shareholders, note holders and all stakeholders for their patience and support during this search process.

Financial and Corporate Overview

During the six month period we received £40,800 from the issuance of new unsecured convertible notes. The funds received plus the continued cost control measures have enabled the Company to continue operating this year.

The half year results report a loss of £133k (2019 six month profit was £1,086k), which includes regulatory and public company costs for Challenger of £45k and non-cash finance charges of £88k. The 2019 profit is due primarily to the one-time reversal of the 1,250k euro liability plus accrued interest related to the Starneth transaction in 2017.

The financial position at 30 June includes borrowings of £1,939k related to three convertible notes, including the most recent note issued in May of this year. Trade and other payables of £433k include regular trade payables of £68k, accrued interest payable of £358k on the convertible notes and a short term audit provision of £7k.

Corporate activities to date include the completion of the 2019 yearend audit, continued cost control measures, expanding the board of directors, completing another funding, evaluation of potential projects and communicating with noteholders and shareholders.

Outlook

Looking forward we expect positive results from the ongoing process to seek out, evaluate and review a potential project that can utilise the public company platform in a manner that makes sense from a financial and regulatory perspective.

I would like to take this opportunity to thank our patient stakeholders and the Board for their continued support.

Mark Gustafson

Chief Executive Officer

5 August 2020

Responsibility Statement

The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ('DTR') and with International Accounting Standard 34 on Interim Financial Reporting (IAS 34).

The Directors confirm that the interim financial statements have been prepared in accordance with IAS 34 and that as required by DTR 4.2.7 and DTR 4.2.8, the Interim Report includes a fair review of:

- important events that have occurred during the first six months of the year;
- the impact of those events on the financial statements;
- a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- details of any related party transactions that have materially affected the Company's financial position or performance in the six months ended 30 June 2020.

The Directors who served during the period and up to the date of signing the interim financial statements were:

Mark Gustafson

George Lucan

Rupert Baring

Jonathan Tidswell-Pretorius (appointed 22 May 2020)

Company Secretary:

Markus Kameisis



By Order of the Board

Markus Kameisis

Chief Financial Officer

5 August 2020

Condensed Consolidated Statement of Comprehensive Income

The condensed consolidated statement of comprehensive income of the Group for the six month period from 1 January 2020 to 30 June 2020 is set out below.

		Period ended 30 June 2020 (unaudited) £'000	Period ended 30 June 2019 (unaudited) £'000
	Note		
Administrative expenses		(45)	(90)
Profit from sale of financial asset		-	1,269
Recovery of written off loan receivable		-	15
Operating loss / profit on ordinary activities before taxation		(45)	1,194
Finance costs		(88)	(108)
Loss / Profit before income taxes		(133)	1,086
Income tax expense		-	-
Loss / Profit after taxation		(133)	1,086
Loss / Profit for the period		(133)	1,086
Fair value movement on available for sale financial asset		-	-
Total comprehensive loss / profit attributable to owners of the parent		(133)	1,086
Loss / Profit per share:			
Basic & diluted	8	(0.0004)	0.004

Condensed Consolidated Statement of Financial Position

The condensed consolidated statement of financial position as at 30 June 2020 is set out below:

		As at 30 June 2020 unaudited £'000	As at 31 December 2019 audited £'000
	Note		
Assets			
Current assets			
Cash and cash equivalents		14	16
Trade and other receivables		14	6
Short-Term investments		22	22
Total current assets		49	44
Total assets		49	44

Equity and liabilities			
Capital and reserves			
Share capital account	5	8,394	8,364
Equity component of convertible instruments		106	106
Accumulated deficit		(10,823)	(10,690)
Total equity attributable to equity holders		(2,323)	(2,220)
Current liabilities			
Borrowings	9	1,939	1,923
Trade and other payables		433	341
Total current liabilities		2,372	2,264
Total equity and liabilities		49	44

Condensed Consolidated Statement of Changes in Equity

The unaudited condensed consolidated statement of changes in equity of the Group for the period from 1 January 2019 to 30 June 2019 is set out below:

	Share Capital account £'000	Equity component of convertible instruments £'000	Available for sale reserve £'000	Retained earnings £'000	Total £'000
On 1 January 2019	8,324	106	-	(11,626)	(3,196)
Profit for the period	-	-	-	1,086	1,086
Total comprehensive profit for the period	-	-	-	1,086	1,086
As at 30 June 2019	8,324	106	-	(10,540)	(2,110)

The unaudited condensed consolidated statement of changes in equity of the Group from 1 January 2020 to 30 June 2020 is set out below:

	Share Capital account £'000	Equity component of convertible instruments £'000	Retained earnings £'000	Total £'000
On 1 January 2020	8,364	106	(10,690)	(2,220)
Profit for the period			(133)	(133)
Total comprehensive profit for the period			(133)	(133)
Issuance of shares	30			30

As at 30 June 2020	8,394	106	(10,823)	(2,323)
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Share capital comprises the Ordinary Shares issued by the Company.

Retained earnings represent the aggregate retained losses of the Company since incorporation.

Equity component of convertible instruments represents the equity element of instruments with a convertible element.

Condensed Consolidated Statement of Cash Flows

The condensed consolidated cash flow statement of the Group from 1 January 2020 to 30 June 2020 is set out below:

	Period ended 30 June 2020 Unaudited £'000	Period ended 30 June 2019 Unaudited £'000
Net cash used in operating activities		
Profit / Loss for the period before taxation	(133)	1,086
Non-Cash Profit from sale of financial asset	-	(1,269)
Interest	85	108
Operating cash flows before movements in working capital	(48)	(75)
Decrease (increase) in receivables	(8)	195
Increase (decrease) in accounts payable and accrued liabilities	(17)	(30)
Net cash used in operating activities	(73)	90
Investment in available for sale financial asset	-	-
Net cash outflow from investing activities	-	-
Issue of ordinary shares net of issue costs	30	-
Issue of convertible instruments	41	-
Finance Expenses	-	(82)
Net cash inflow from financing activities	71	(82)
Net increase (decrease) in cash and cash equivalents	(2)	8
Cash and cash equivalent at beginning of period	16	29
Cash and cash equivalent at end of period	14	37

Notes to the Condensed Consolidated Interim Report

1. GENERAL INFORMATION

The Company was incorporated under section II of the Companies (Guernsey) Law 2008 on 24 November 2014, it is limited by shares and has registration number 59383.

The Company had an investment of US\$3m in New York Wheel Investor LLC, a company that was set up to fund the equity component for the project to build a New York Wheel. This investment was fully impaired as a result of the termination of the project and litigation between New York Wheel Investor LLC and one of the primary contractors. One share with a nominal value of US\$1m was given to the former Starneth owners to pay the debt resulting from the second tranche of the purchase contract. The Company entered into an investment into the Dallas Wheel project. This investment was largely recovered during 2019 and the remaining amount should be paid back in the second half of 2020.

The Company's registered office is located at PO Box 186, Royal Chambers, St Julian's Avenue, St. Peter Port, Guernsey GY1 4HP, Channel Islands.

The company has not prepared individual financial statements in accordance with section 244 of the Companies (Guernsey) Law 2008.

2. BASIS OF PREPARATION

The interim condensed unaudited financial statements for the period ended 30 June 2020 have been prepared in accordance with IAS 34 interim financial reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the group's financial position and performance since the last annual consolidated financial statements as at the year ended 31 December 2019. The results for the period ended 30 June 2020 are unaudited.

The condensed unaudited consolidated financial statements for the period ended 30 June 2020 have adopted accounting policies consistent with those followed in the preparation of the group's annual consolidated financial statements for the year ended 31 December 2019.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included together with information about the basis of calculation for each affected line item in the financial statements.

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Going concern

At 30 June 2020 the group had net current liabilities of £2,323k. The financial statements have been prepared on the assumption that the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial information.

Based on the continued support from all three convertible note holders and maintaining stringent costs control measures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future although future funding may be required in the period. The primary note holder is supportive of the Company and there are no material external creditors. In order to support a new acquisition, the fund raising options may include a substantial equity offering or a new financing facility. The fund raising options are early stage and there is a material uncertainty as to whether additional funding will be received and therefore regarding the going concern basis of preparation. The financial statements do not include any adjustments that would be required if the going concern basis was not appropriate.

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. At the date of this financial information, the Company had been financed from equity and convertible notes. In the future, the capital structure of the Company is expected to consist of convertible notes and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

4. BUSINESS SEGMENTS

For the purpose of IFRS8, the Chief Operating Decision Maker "CODM" takes the form of the board of directors. The Directors are of the opinion that the Company comprised a single activity, being the identification and acquisition of target companies or businesses in the entertainment sector.

5. SHARE CAPITAL

Issued and fully paid	Number of shares	Share capital account
		£'000
At 31 December 2019	296,001,572	8,364
Issue of shares	19,535,676	30
At 30 June 2020	315,537,248	8,394

On 30 June 2020, the number of Ordinary Shares authorised for issue was unlimited. All Ordinary Shares have equal voting rights and rank equally on a winding up.

6. CASH AND CASH EQUIVALENTS

	Period ended 30 June 2020 (unaudited) £'000	Period ended 31 December 2019 (audited) £'000
Cash at bank and in hand	14	16
Total cash and cash equivalents	14	16

7. TRADE AND OTHER RECEIVABLES

	Period ended 30 June 2020 (unaudited) £'000	Period ended 31 December 2019 (audited) £'000
Prepayments	13	6
Total trade and other receivables	13	6

8. INVESTMENTS

	Short-term Investments £'000
Fair value	
At 31 December 2017	-
Investment in Dallas Wheel project	220
Foreign exchange movement in Dallas Wheel	14
At 31 December 2018	234
Repayments Dallas Wheel	(212)
At 31 December 2019	22

Repayments Dallas Wheel	-
At 30 June 2020	<u>22</u>

The company holds investments in the New York Wheel Investor LLC, which is fully written off and the Dallas Wheel Project, which is shown under short-term investments.

In 2018 the Company invested US\$300k into the Dallas Wheel project. This financing was in the form of a convertible loan. On 31 December 2018 the Company signed a contract to change the repayment terms for its investment in the Dallas wheel. The Company will receive US\$50,000 plus interest each month for the first six month in 2019 until the US\$300,000 investment is repaid. The contract has been changed. The Company expects the last payment during the second half of 2020. Based on the ongoing contact with the Dallas Wheel, the Directors do not see any indications that the nominal investment amount should be impaired. The fair value of the Dallas wheel project was £22k as at 30 June 2020.

The equity units in New York Wheel Investor LLC are not quoted, in the prior year the Directors had regard to recent transactions in equity units of the New York Wheel and therefore assessed the value as a level 3 valuation. As the project has been stopped and the probability of the project restarting is very low, the investment in the New York Wheel was written off in full.

One unit of the New York Wheel investment was held as security over the second part of the deferred cash consideration of EUR 1.25 million. It was agreed in March 2019, to transfer one previously pledged equity unit in the New York Wheel to the principal of Starneth in exchange for a complete release of all claims between the companies. This has taken place as communicated. As the equity unit of the New York Wheel was already impaired to a value of £0, the release of the second part of the deferred cash consideration including accrued interest resulted in a gain of £ 1,269k in 2019.

A further unit of the New York Wheel investment was held as security over the 29 January 2016 convertible loan.

9. BORROWINGS

	Period ended 30 June 2020 (unaudited) £'000	Period ended 31 December 2019 (audited) £'000
Current	£'000	£'000
Convertible notes	1,939	1,923
Deferred cash consideration	-	-
	<u>1,939</u>	<u>1,923</u>

	Note 1 £'000	Note 2 £'000	Note 3 £'000	Total £'000
Balance at 31 December	1,089	821	-	1,910

2018 (liability)				
Balance at 31 December	106	-	-	106
2018 (equity)				
Finance charge	102	79	-	181
(Increase)/decrease in accrued interest	(101)	(66)	-	(167)
Balance at 31 December	1,090	833	-	1,923
2019 (liability)				
Balance at 31 December	106	-	-	106
2019 (equity)				
Issued for cash	-	-	41	41
Conversion	-	(25)	-	(25)
Finance Charge	-	-	-	-
(Increase)/decrease in accrued interest	(53)	(32)	-	(85)
Balance at 30 June 2020	1,090	808	41	1,939
(liability)				
Balance at 30 June 2020	106	-	-	106
(equity)				

Note 1

On 29 January 2016, the Company issued £1 million of secured convertible notes. The notes are unlisted, secured, transferable and convertible. Maturity date was 30 June 2019. The Secured Convertible Notes are secured by one common unit of New York Wheel Investor LLC. Interest is accrued at 8% per annum and payable quarterly. The notes are convertible in cash or shares at the option of the holder and can be converted into Ordinary Shares at a fixed conversion price of £0.80 per Ordinary Share. The Company can redeem the notes at a 10% premium anytime. As per the nature of this convertible instrument, £106k has been recognised as an equity component in of convertible instruments in statement of changes of equity, using a discount rate of 12%. Despite reaching maturity, this note is still outstanding and continues to accrue interest in accordance with the interest terms stated.

Note 2

Of the £1 million funding facility announced by the Company on 13 June 2017, all of it has been drawn and the remaining balance (net of conversions) is now £800,000. The notes are unlisted, unsecured, transferable and convertible. Maturity date was 8 June 2019. The conversion price is the lowest volume weighted average price over 10 days prior to the conversion. Interest rate is 8% per annum and payable upon conversion at the Company's option in cash or ordinary shares at the conversion price. The Company can redeem in cash all or any part of the outstanding convertible note with a 25% premium to the principal amount. Despite reaching maturity this note is still outstanding and continues to accrue interest in accordance with the interest terms stated.

Note 3

On 27 May 2020, the Company issued £40.8k of unsecured convertible notes. The notes are unlisted, unsecured, transferable and convertible. Maturity date is 19 May 2021. Interest is accrued at 5% per annum and payable quarterly or upon conversion. The notes are convertible in cash or shares at the option of the Company and can be converted into Ordinary Shares at a fixed conversion price of 0.1p per Ordinary Share. The Company can redeem the notes at a 25% premium anytime.

10. LOSS PER SHARE

The calculation for loss per share (basic and diluted) for the relevant period is based on the loss after income tax attributable to equity holder for the period from 1 January 2020 to 30 June 2020 and is as follows:

	Period ended 30 June 2019 (unaudited)	Period ended 30 June 2019 (unaudited)
Profit/Loss attributable to equity holders (£)	(133,000)	1,086,000
Weighted average number of shares	315,537,248	269,001,572
Profit/Loss per share basic (£)	(0.0004)	0.004

Basic loss per share is calculated by dividing the loss after tax attributable to the equity holders of the group by the weighted average number of shares in issue during the year.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares namely the conversion of the convertible loan note in issue. The effect of these potential dilutive shares would be anti-dilutive and therefore are not included in the above calculation of diluted earnings per share.

11. SUBSEQUENT EVENTS

None.

12. RELATED PARTY TRANSACTIONS

There were no related party transactions in the period under review.

13. ULTIMATE CONTROLLING PARTY

As at 30 June 2020, no one entity owns greater than 50% of the issued share capital. Therefore the Company does not have an ultimate controlling party.