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For Immediate Release

27 September 2018

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 2018.

Interim Management Report

As stated in our final results on 30 April 2018 and our company update on 18 July 2018, 2018 is a year of stabilisation for Challenger and seeking out a new project that can properly utilise the public company platform from a financial and regulatory perspective. The following is a list of significant changes for the first six months of this year and to the date of this report:

New York Wheel ("NYW") Project

Based on the limited communication from the NYW developers, management continues to believe that the NYW developers are motivated to complete this project. The finalization of funding arrangements and hiring of a new contractor remain outstanding. Additional disclosure will follow after any new material developments are announced by the developers of the NYW.

Dallas Wheel Project

In January 2018, the Company invested US$300,000 in this pre-development stage project. This potential wheel project has been branded "The Odyssey", the seven acres of land that The Odyssey will be built on has been secured by the developers and there was a successful vote by the Dallas City Plan Commissioners to re-zone the land for entertainment purposes. There is a significant city council vote scheduled this year and then, pending a successful vote, there will be another stage to secure the main contractors and the related funding for the project.

Star Sanctum Investment

After the announcement in April 2018 regarding the cancelation of the Star Sanctum Event, the Company entered into an agreement in July 2018 with the owner of Star Sanctum to commence recovery of the £100,000 loan in quarterly instalments commencing 30 September 2018. The first £35,000 has been received.

Debt reduction and note conversions

The Company understands that the past convertible note financings represent a burden to securing a new project and is actively working to reduce this burden. In March 2018 £610,444 in convertibles notes were converted, in August 2018 £544,556 in convertible notes were cancelled, and in September 2018 £95,000 in notes were converted. Year to date in 2018, total convertible note debt has been reduced by £1,250,000.

Other Matters

No new Starneth projects, including Jakarta, have been started. See RNS dated 30 January 2017 for more details.

The 2018 Annual General Meeting ("AGM") was held in Zurich, Switzerland on 3 August 2018. All resolutions were passed at the AGM.

Financial and Corporate Overview

During the six month period we raised £400,000 of funding through the issuance of new unsecured convertible notes. In lieu of receiving fees from any Starneth projects closing, this has enabled the Company to continue operating this year. Cost control measures have been thoroughly implemented throughout the Company.

The half year results report a loss of £298k (2017 six month loss was £560k), comprised of personnel costs of £15k, administrative expenses of £111k and non-cash finance costs of £172k. This result is driven primarily by regulatory costs for Challenger, for the cost of restructuring the convertible notes, the corresponding interest on these convertible notes and the public company costs in dealing with shareholders.

The restructuring of the convertible debt announced on 30 August 2018 will have a significant positive impact on the financial results of the second half year and bring down the balance of notes. Together with the conversion announced on 6 September 2018 the convertible debt will reduce by GBP 640k. The profit of the restructuring amounts to approx. GBP 659k.

The corporate activities to date include the restructuring of the convertible notes, further implementation of cost reduction measures, evaluation of potential projects and actively communicating with noteholders and shareholders.

Outlook

Looking forward we expect an update from the developers of the New York Wheel Project and we are continuing 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
27 September 2018

Condensed Consolidated Statement of Comprehensive Income

The condensed consolidated statement of comprehensive income of the Group for the six month period from 1 January 2018 to 30 June 2018 is set out below.

	Note	Period ended 30 June 2018 (unaudited) £'000	Period ended 30 June 2017 (unaudited) £'000
Revenue	4	-	-
Cost of sales		-	-
Gross profit		-	-
Personnel expenses		(15)	(53)
Administrative expenses		(111)	(175)
Operating loss on ordinary activities before taxation		(126)	(228)
Finance costs		(172)	(332)
Loss before income taxes		(298)	(560)
Income tax expense		-	-
Loss after taxation		(298)	(560)
Loss for the period		(298)	(560)
Fair value movement on available for sale financial asset		61	(172)
Total comprehensive loss attributable to owners of the parent		(237)	(732)
Loss per share:			
Basic & diluted	8	(0.001)	(0.01)

Condensed Consolidated Statement of Financial Position

The condensed consolidated statement of financial position as at 30 June 2018 is set out below:

	Note	As at 30 June 2018 unaudited £'000	As at 31 December 2017 audited £'000
Assets			
Current assets			
Cash and cash equivalents		35	79
Trade and other receivables		19	14
Total current assets		**54**	**93**
Assets of disposal group classified as held for sale	13	**-**	**-**
Non-current assets			
Property, plant and equipment		-	-
Intangible assets		-	-
Available-for-sale financial assets	6	2,500	2,219
Total non-current assets		**2,500**	**2,219**
Total assets		**2,554**	**2,312**
Equity and liabilities			
Capital and reserves			
Share capital	5	2,214	1,821
Share premium		6,015	5,758
Shares to be issued		-	-
Translation reserve		-	-
Equity component of convertible instruments		106	601
Available for Sale reserve		304	243
Accumulated deficit		(10,159)	(9,861)
Total equity attributable to equity holders		**(1,520)**	**(1,438)**
Current liabilities			
Borrowings	7	3,681	680
Trade and other payables		393	401
Total current liabilities		**4,074**	**1,081**
Liabilities of disposal group classified as held for sale	13	**-**	**-**
Non-current liabilities			
Borrowings	7	-	2,669
Total non-current liabilities		**-**	**2,669**
Total equity and liabilities		**2,554**	**2,312**

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 2017 to 30 June 2017 is set out below:

	Share capital £'000	Share Premium £'000	Shares to be issued £'000	Trans-lation reserve £'000	Equity component of convertible instruments £'000	Available for sale reserve £'000	Retained earnings £'000	Total £'000
On 1 January 2017	**219**	**4,364**	**775**	**(146)**	**1,064**	**462**	**(9,488)**	**(2,750)**
Loss for the period	-	-					(560)	(560)
Other comprehensive loss	-	-				(172)		(172)
Total comprehensive loss for the period	**-**	**-**				**(172)**	**(560)**	**(732)**
Transaction with owners								
Issue of shares	365	1,233	-	-	-	-	-	1,598
Cancellation of unissued shares	-	-	(775)	-	-	-	775	-
Disposal of disposal unit	-	-	-	146	-	-	(146)	-
Equity component convertible notes	-	-	-	-	-	-	-	-
Total	**365**	**1,233**	**(775)**	**146**	**-**	**-**	**629**	**1,598**
As at 30 June 2017	**584**	**5,597**	**-**	**-**	**1,064**	**290**	**(9,419)**	**(1,884)**

The unaudited condensed consolidated statement of changes in equity of the Group from 1 January 2018 to 30 June 2018 is set out below:

	Share capital £'000	Share Premium £'000	Shares to be issued £'000	Trans-lation reserve £'000	Equity component of convertible instruments £'000	Available for sale reserve £'000	Retained earnings £'000	Total £'000
On 1 January 2018	**1,821**	**5,758**	**-**	**-**	**601**	**243**	**(9,861)**	**(1,438)**
Loss for the period	-	-					(298)	(298)
Other comprehensive loss	-	-				61		61
Total comprehensive loss for the period	**-**	**-**				**61**	**(298)**	**(237)**
Transaction with owners								
Issue of shares	393	257	-	-	-	-	-	650
Cancellation of unissued shares	-	-	-	-	-	-	-	-
Disposal of disposal unit	-	-	-	-	-	-	-	-
Equity component convertible notes	-	-	-	-	(495)	-	-	(495)
Total	**393**	**257**	**-**	**-**	**(495)**	**-**	**-**	**155**
As at 30 June 2018	**2,214**	**6,015**	**-**	**-**	**106**	**304**	**(10,159)**	**(1,520)**

Share capital comprises the Common Shares issued by the Company.

Accumulated deficit represents the aggregate retained losses of the Company since incorporation.

Other reserves represent the shares to be issued, the share options reserve as well as gains and losses on translation of foreign subsidiaries.

Condensed Consolidated Statement of Cash Flows

The condensed consolidated cash flow statement of the Group from 1 January 2018 to 30 June 2018 is set out below:

	Period ended 30 June 2018 Unaudited £'000	**Period ended 30 June 2017 Unaudited £'000**
Net cash used in operating activities		
Loss for the period before taxation	(298)	(560)
Depreciation and amortisation	-	-
Share option charge	-	-
Finance Cost	172	379
Operating cash flows before movements in working capital	**(126)**	**(181)**
Increase in receivables	(5)	12
Increase in accounts payable and accrued liabilities	(1)	119
Net cash used in operating activities	**(132)**	**(50)**
Investment in property, plant and equipment	-	-
Investment in available for sale financial asset	(220)	-
Net cash outflow from investing activities	**(220)**	**-**
Issue of ordinary shares net of issue costs	-	-
Issue of convertible instruments	400	125
Finance Expenses	(92)	(110)
Net cash inflow from financing activities	**308**	**15**
Net (decrease)/increase in cash and cash equivalents	**(44)**	**(35)**
Cash and cash equivalent at beginning of period	79	71
Cash and cash equivalent at end of period	**35**	**36**

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 has 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 which includes an approximate 630 foot high observation wheel with 36 capsules, a 68,000 square foot terminal and retail building, and a 950 space parking garage.

The comparatives given relate to period ended 30 June 2017 for all Profit and Loss related items and to the annual report for the period ended 31 December 2017 for all Balance Sheet related items.

The Company's registered office is located at 1 Le Marchant Street, 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 2018 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 2017. The results for the period ended 30 June 2018 are unaudited.

The condensed unaudited consolidated financial statements for the period ended 30 June 2018 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 2017.

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 2018 the group had net current liabilities of £4,020k. The Interim Report has been prepared on the basis that the Group 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. The assessment has been made based on the Group's economic prospects which have been included in the financial budget for the forthcoming twelve months and for managing their working capital requirements. In assessing whether the going concern assumption is appropriate, management takes into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements. Should the company be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their reasonable amounts, to provide for further liabilities which might arise, and to classify fixed assets as current.

The Group finances its current working capital through the issue of convertible loan notes. In addition the company expects to receive cash from the owner of Star Sanctum paying back the loan granted to Star Sanctum. The directors are confident that they will be able to raise the required funds and/or manage the level of expenditure for the foreseeable future.

Based on the above, the directors have formed a judgement that the going concern basis should be adopted in preparing the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

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 £'000**	**Share premium £'000**	**Total £'000**
At 31 December 2017	182,103,088	1,821	5,757	7,578
Issue of shares	39,304,784	393	257	650

At 30 June 2018	221,407,872	2,214	6,015	8,229

During the six month period from 1 January 2018 to 30 June 2018 the company issued 31,159,458 shares to settle convertible loans worth £610,444 and 8,145,326 shares to settle interest accruing on the convertible loans of £40,086.

On 30 June 2018, 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. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Available for sale financial asset £'000
Cost	
At 31 December 2016	2,438
Foreign exchange difference	(127)
At 30 June 2017	2,311
Foreign exchange difference	(92)
At 31 December 2017	2,219
Additions	220
Foreign exchange difference	61
At 30 June 2017	2,500

On 20 May 2015, the Company invested a total of £1,976,400 (US$3,000,000) in New York Wheel Investor LLC. This company was setup to fund the equity component for the New York Wheel project, which includes an approximate 630 foot high observation wheel with 36 capsules, a 68,000 square foot terminal and retail building and a 950 space parking garage. In order to acquire its interest, the Company became a party to the Amended and Restated Operating Agreement of New York Wheel Investor LLC, dated May 20, 2015. Under that agreement, the Company can be called upon to make further capital contributions to the project should there be a cash shortfall, or face potential dilution of its interest should it choose not to invest further cash sums.

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 2 valuation. There have been no recent transaction in equity units and therefore in assessing the fair value of the asset the Directors have applied a discounted cash flow model based on the projections received from the New York Wheel. The calculated amount, including anticipated delays, supports the USD 3 million shown on the balance sheet. Based on this and the confidence of the Directors that the project will continue soon with a new contractor, the Directors do not believe that the fair value is materially different to the acquisition value.

The movement of the fair value of the asset are recognized in other comprehensive income and in the available for sale reserve.

The Directors consider this to be a level 3 valuation under IFRS 13, the key inputs used in the DCF model are as follows:

Discount rate – 16%
Cash flows generated over a 10 year period
Annual attendance – 2.5m – 3.8m
Ticket price – $32 – $33
Minority interest discount factor – 30%

If the discount rate was increased by one percentage point the fair value of the investment decreases by £0.1m.

If the annual attendance or ticket prices were reduced by 5% the fair value of the investment decreases by £0.17m.

If the minority interest discount factor was increased by five percentage points then the fair value of the investment would decrease by £0.16m

If the project was delayed by a further year the fair value of the investment decreases by £0.35m

One unit of the investment is held as security over the second part of the cash consideration of € 1.25 million.

A further unit is held as security over the 29 January 2016 convertible loan.

In addition to the investment into the New York Wheel, the Company communicated on 18 January 2018, that it has invested 300,000 USD into a new Giant Observation Wheel Project in Dallas, named "The Eye of Texas". As the investment was only recently made and no negative developments have been reported to the Company, the Company has not yet done a valuation, but will do so for the annual report of 2018.

7. Borrowings

	30 June 2018	31 December 2017
Current	**£'000**	**£'000**

Convertible notes	2,465	680
Deferred cash consideration	1,216	-
Borrowings	-	-
	3,681	680
Non-current		
Convertible notes	-	1,479
Deferred cash consideration	-	1,190
	-	2,669

	Note 1	Note 2	Note 3	Note 4	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2017 (liability)	675	-	974	509	2,158
Balance at 31 December 2017 (equity)	-	500	106	-	606
Finance charge	40	4	52	47	143
Issued for cash	-	-	-	400	400
Issued in lieu of interest	-	-	38	-	38
Converted into shares	(35)	(500)	-	(75)	(610)
Interest paid in shares	-	(29)	-	(3)	(32)
Interest paid in cash	-	-	-	-	-
(Increase)/decrease in accrued interest	(40)	25	(44)	(72)	(131)
Balance at 30 June 2018 (liability)	640	-	1,019	806	2,465
Balance at 30 June 2018 (equity)	-	-	106	-	106

Note 1

The notes are unlisted, unsecured, transferable and convertible with a twelve month maturity date which was extended during the year to 6 May 2018. Interest is accrued at 12% per annum and payable quarterly, or upon conversion, in cash or in Ordinary Shares at the Company's discretion. The notes can be converted into Ordinary Shares at a price per Ordinary Share equal to the lower of £0.50 and 7.5% discount to the prevailing market price, defined as the average of the lowest three volume weighted average prices as quoted by Bloomberg for the period of 10 trading days prior to the conversion date. The convertible note has been recognised as a liability in accordance with IAS 32 - Financial Instruments as the instrument provides an obligation to the company to either settle the liability via a cash payment or via the issue of a variable number of shares. The conversion feature represents an embedded derivative, however this has not been separately recognised as the conversion feature is considered to be closely related to the host contract.

Note 2

On 2 March 2016 the Company issued convertible notes worth £0.5 million. The notes are unlisted, secured, transferable and convertible. Maturity date is 2 March 2018. The Company can redeem the notes in cash or shares at $0.25 at Maturity at the Company's discretion. The Secured Convertible Notes are secured by one common unit of New York Wheel Investor LLC, representing a total value US$1 million. Interest is accrued at 5% per annum and payable quarterly or at Maturity at the Company's discretion. The interest can be paid in cash or shares, at the average of the 10 day closing price prior to the end of each calendar quarter, at the Company's discretion. The Company can redeem the notes at a 25% premium anytime in cash. The company can repay the accrued interest and the principal in shares at their decision, on this basis the full £0.5 million net of the £0.025 million transaction fees has been recognised in equity. This note has been fully converted within the period under review.

Note 3

On 29 January 2016, the Company issued further £1 million of secured convertible notes. The notes are unlisted, secured, transferable and convertible. Maturity date is 30 June 2019. The Secured Convertible Notes are secured by one common unit of New York Wheel Investor LLC, representing a total value US$1 million. Interest is accrued at 8% per annum and payable quarterly. One eighth of the interest can be settled in cash or shares at the Company's discretion. Seven eighths of the interest is settled in new convertible notes with the same terms. 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 the share option reserve, using a discount rate of 12%.

Note 4

The last tranche of £ 400,000 of the £1 million funding facility announced by the Company on 13 June 2017, has been drawn on 18 January 2018 and subsequently the Company has issued convertible note for £400,000. The notes are unlisted, unsecured, transferable and convertible. Maturity date is 8 June 2019. No conversions can happen in the first 120 days. The maximum amount that can be converted in any 30 day period is 20% of the principle amount. 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.

On 15 July 2015 the company acquired the Starneth Group. Part of the purchase price was two deferred cash payments. The payments are in equal amounts of EUR 1,250,000 and payable at the first and second anniversary of the transaction. Accordingly these were recorded under current and non-current liabilities respectively. Based on the convertible notes issued in 2015, an interest rate of 12% was used to discount the tranches for the initial recognition. The carrying value of the amounts at 31 December 2016 in the transaction were £1,064k for the first tranche and £1,043k for the second tranche. Interest expenses recorded on both tranches in 2016 was £163k (2015:£ 86k). As part of the disposal of the Starneth participation as announced on 30 January 2017, the terms of these payments were changed as follows: the second tranche was waived as part of the sale agreement and the first tranche is only payable on the payment of success fees by Starneth to Challenger, if success fees become payable then the first tranche of fees will be deducted from success fees due. The company has not recognised an asset in this regard due to the uncertainty over whether the success fees will become due. The current amount of the liability amounts to £ 1,216k.

8. 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 2018 to 30 June 2018 and is as follows:

Loss attributable to equity holders (£)	(237,000)
Weighted average number of shares	207,435,531
Loss per share basic (£)	(0.001)

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.

9. RELATED PARTY TRANSACTIONS

On 8 May 2018 the Company announced that its Executive Chairman has bought 2 million shares of the Company in two transactions. The first transaction of 750,000 shares was completed on 2 May 2018 for a price of 0.3p and the second transaction on 4 May 2018 for 1,250,000 shares, also for 0.3p.

10. SUBSEQUENT EVENTS

On 31 July 2018 the Company announced the execution of an agreement with the owner of Star Sanctum regarding the repayment of the £ 100,000 loan Challenger provided to Star Sanctum. The agreement foresees that the owner of Star Sanctum will repay the full outstanding amount of £ 100,000 in quarterly payments. The first payment of £ 35,000 shall happen on or before the 30 September 2018, the last payment is foreseen on or before 30 June 2019. The Company has agreed not to take any legal action against the owner of Star Sanctum on the condition that the above repayments are completed.

On 30 August 2018, the Company announced a reduction in notes of £ 544,000. In this transaction the remaining noteholder of the original 6 May 2015 convertible notes sells £ 95,000 worth of notes to another existing noteholder and transfers £ 544,556 worth of notes back to the Company at no cost. All accrued interest on this note is forgiven.

On 6 September 2018, the Company announced that it has allotted 47,500,000 new ordinary shares on the conversion of £95,000 of the remaining unsecured convertible note issued in 2015. In addition the Company allotted 93,700 new ordinary shares for accumulated interest om this convertible note.

11. ULTIMATE CONTROLLING PARTY

As at 30 June 2018, no one entity owns greater than 50% of the issued share capital. Therefore the Company does not have an ultimate controlling party.