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For immediate release 28 April 2017

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

Final Results

Challenger Acquisitions Limited (LSE: CHAL), is pleased to announce its final results for the period ended 31 December 2016.

CEO's Statement

2016 was a difficult year for Challenger due to delays in funding the Jakarta project, the first project in the pipeline of Giant Observation Wheels ("GOW"). This resulted in a structural shift in our Company. In early 2017 we concluded a transaction which the Board determined would be most prudent for the short and long-term growth prospects of Challenger – to divest our ownership interest in Starneth. This extinguishes all of our cash obligations to Starneth whilst still maintaining our relationship with Starneth and therefore the pipeline to ensure that we might benefit from the development of future projects.

Despite a difficult year, there were a number of positive elements during 2016 including the appointment, in January, of two senior non-executive directors with broad experience in the public market space. In addition, there were several construction updates on the New York Wheel during the year, with approximately half of the US$590 million project spent to 31 December 2016 and all of the below ground work completed. The project, which is 50% larger than the iconic London Eye, is actively progressing and the opening is scheduled in 2018 with an estimated 3.5 million visitors expected annually.

Continued delays in the commencement of work on the Jakarta wheel, specifically due to the prolonged bank financing process, and slow progress with other projects in the pipeline placed significant strain on the Company's finances. The inability of Starneth to close any GOW projects in 2016 had multiple impacts. An extension agreement with the Starneth vendors had to be negotiated and concluded in the third quarter, funding options were severely limited in the third and fourth quarters, and on-going conversions of convertible notes were executed at decreasing share prices. Consequently, in order to protect shareholder value, negotiations commenced in the fourth quarter to sell the Starneth business back to the original majority vendor.

During the year the Directors made a critical decision to dispose of Starneth and eliminate the monthly cash obligations and associated vendor payments. This transaction was completed on 30 January 2017, resulting in the extinguishment of all cash obligations on Challenger, potential consideration to Challenger of up to US$6 million contingent on closing future GOW projects and the signing of an on-going cooperation agreement between Challenger and Starneth. In line with this readjustment of the Company, three directors retired from the Board and one new director was added. Additionally, cost control measures were implemented in order to preserve cash resources and one of the convertible notes was extended to March 2018 with management continuing to make progress with the remaining note holders.

We still believe in the strategy of generating long term returns from equity stakes in attractions globally, especially with our equity interest in the New York Wheel. Challenger is the only publicly listed company with an equity stake (US$3million) in this project. However, we are now considering other opportunities in the attractions and related sectors to create shareholder value. With this in mind we are working to identify additional acquisition opportunities and we look forward to updating the market on these matters in due course.

In the meantime, 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 what has been a challenging year and we look forward to providing more news during this transitional year for your company.

Mark Gustafson
Chief Executive Officer
28 April 2017

For more information visit www.challengeracquisitions.com or enquire to:

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Notes to Editors:

Challenger (LSE: CHAL) has a US$3 million equity interest in the US$590 million New York Wheel Project and is currently focusing on appraising additional opportunities in the attractions sector.

Strategic and Operational Review

Challenger was formed in November 2014 to undertake one or more acquisitions in the entertainment and leisure sectors with a particular focus on the attractions sector.

The Company was admitted to the Official List by way of a Standard Listing and commenced trading on the London Stock Exchange's main market for listed securities on 19 February 2015. The US$3 million investment in the New York Wheel was announced on 26 May 2015 along with an agreement to purchase a select group of Starneth companies, which resulted in the suspension of trading in the Company's shares. The acquisition of the Starneth companies was closed on 15 July 2015. The Company's shares were readmitted for trading on 8 December 2015. There were no Giant Observation Wheel contracts closed by Starneth in 2016. The sale of the Starneth group of companies was announced on 30 January 2017.

The Company has been financed by equity raised from the IPO and the issue of multiple convertible notes in 2015 (£3 million) and in 2016 (£2.8 million). The convertible notes have provided timely access to funding and we expect them to remain a feature of the Company's funding structure going forward.

New York Wheel Project Investment

On 26 May 2015 Challenger announced its participation as an equity investor in the US$590 million New York Wheel Project which is currently under construction and is targeted to open in 2018. Challenger has invested US$3 million in New York Wheel Investor LLC, the company set up to fund the equity component for the New York Wheel Project.

The New York Wheel Project ("NYW Project") is a large entertainment complex currently being built on the New York Harbour, which will feature a 630-foot Giant Observation Wheel, a 68,000 square foot terminal and retail building, a 950 space parking garage and a 5,000-person capacity green roof for events.

Approximately US$300 million has been spent on the NYW Project to 31 December 2016, with major developments so far including:

- The foundation for the GOW pad is now complete (8,000 cubic yards of concrete and 1,800 tons of structural steel). The four leg pedestals (totalling 90 tonnes apiece) have been fabricated.
- The majority of the parking garage is now operational (825 of the 950 spaces). It is operating under a Temporary Certificate of Occupancy whilst the Mechanical Electrical Plumbing work is being completed.
- A 465ft crane has arrived at the Brooklyn prep site to start the erection process for some of the main components for the GOW.

- The terminal building is structurally complete with most MEP including escalators installed. The curtain wall is scheduled to begin installation in May.
- The legs for the wheel have arrived in the South Brooklyn Marine Terminal. Each of the four legs weighs 550 tonnes, measuring 18 feet wide and 275 feet tall.
- Manufacturing continues on the other major components such as the rim, cables, spindle, drive towers, capsules, electrical and control cabinets, etc. All elements are 75% or more completed.

Construction commenced in May 2015 with the grand opening scheduled in 2018 with an estimated 3.5 million annual visitors expected. The GOW, which will be 50% larger than the London Eye, will provide passengers with a panoramic view of major landmark sites, including the New York Harbour, the Statue of Liberty, the Verrazano Bridge, Staten Island and the Lower Manhattan skyline.

For more information see www.newyorkwheel.com, which includes a live webcam of the construction site.

Disposal of Starneth

The sale of Starneth, announced on 30 January 2017, provides for three key elements: contingent consideration for Challenger, an on-going cooperation agreement for Challenger to provide potential funding options for the developers of select Giant Observation Wheel projects, and the extinguishing of all cash obligations owing by Challenger relating to Starneth. The new owner is a company controlled by the former CEO of Starneth.

Upon closing of at least two major development projects by Starneth over the next two years, including the Giant Observation Wheel project in Jakarta, Challenger will receive up to US$6 million in fees less a payment of €1.25 million related to the cash payment that Challenger was due to pay to the former Starneth vendors from the original acquisition. One common equity unit of New York Wheel LLC will continue to be pledged to the former Starneth vendors until this payment of €1.25 million has been completed. Following the sale of Starneth, Challenger will retain its equity stake in the New York Wheel LLC, with a minimum of two equity units and up to three equity units depending on the closure of at least one project by Starneth in the next two years.

The cash fees of up to US$6 million that Challenger would receive are based on two fee agreements signed with the new owners of Starneth and are calculated based on the incoming cash receipts from the developers for these projects. The cash payment of €1.25 million from Challenger is completely contingent on these projects commencing and paid only once Challenger starts receiving these cash fees.

Challenger and the new Starneth owners have signed a five-year cooperation agreement whereby Starneth can provide the design and engineering for select Giant Observation Wheel projects and Challenger can provide potential funding options for the developers of these select projects. There may be an opportunity for Challenger to receive or invest in equity stakes in certain of these projects.

Corporate and Post Year End

With the disposal of Starneth in January 2017, the Company now has a limited corporate presence and has divested of the Starneth offices in The Netherlands, Dubai and Florida.

Two new directors were appointed to the Board at the start of 2016 – Mr. John Le Poidevin as non-executive Chairman and Mr. Richard Marin as a non-executive. In early 2017, Mr. Le Poidevin retired from the Board and Mr. Markus Kameisis also stepped down, but remains as Chief Financial Officer. Subsequently Mr. Gert Rieder also retired in order to focus on his roles elsewhere and was replaced by Mr. Gene Stice.

The Company currently has three directors, one of whom is an executive officer. The Chief Financial Officer is not a member of the Board.

2017 is a transition year for Challenger. Our vendors and note holders have been, and remain, very patient and supportive as we move forward. The potential receipt of fees from one or two Starneth projects and the closing of a potential new acquisition or corporate transaction should strengthen our Company this year.

Mark Gustafson
Chief Executive Officer
28 April 2017

Financial Review

Overview
At the balance sheet date the Group is again in a transition phase. In 2015 the acquisitions of the Starneth Group and the investment in the New York Wheel were transformational for the Company. Now the disposal of the Starneth entities post year end was necessary to end the ongoing cash burn related with the Starneth Group. Even though a signed contract for the wheel in Jakarta existed when the Company acquired Starneth, the developer has not been able to close the funding required to start the project. As a result no revenue could be earned on this contract.

Details on the disposal of the Starneth entities can be found on pages 6 and 7 of this annual report. The disposal of the Starneth entities has led to a change in the financial statements. The sale decision in 2016 and the actual disposal in January 2017 have led to the classification of the Starneth Group as assets held for sale. Accordingly, the results of the Starneth group are presented as discontinued operations and shown as a single line item the income statement for 2016 and the comparative year. The assets and liabilities of the disposal group are also shown separately on the statement of financial position for the 2016 year end.

Loss for the year

In the period under review the disposal group (the Starneth Group) recorded total revenue of £ 3,579k (2015: £ 926k). Cost of sales amounted to £ 3,013k (2015:£ 458k), giving a gross profit of £ 566k (2015: £ 468k). Total costs of the Starneth Group amounted to £ 2,410k (2015: £ 893k), leading to a loss of £ 1,844k (2015: £ 425k). In addition to this loss of the disposal group, Challenger has impaired the goodwill of its participation in the Starneth Group. This led to an additional loss of £ 3,128 (2015: nil) in the disposal group.

Challenger Acquisitions Limited had no revenue in the period under review and total cost of £846k (2015: £ 2,176k). Together with £462k (2015: nil) as other comprehensive income out of the fair value movement of available for sale financial assets and £143k of other comprehensive expense (2015: nil), which is the change of the translation reserve in the balance sheet, the total comprehensive loss attributable to shareholders amounts to £ 6,581k (2015: £ 2,601k).

Balance Sheet

The total amount of assets on the balance sheet as per the balance sheet date is £4,797k (2015: £ 7,460k). The assets consist mainly of the investment in the New York Wheel of £2,438k (2015: £ 1,976k) and the remaining goodwill (included in the assets of the disposal group below) of the disposal group of £ 1,635k (2015: £ 4,817). The investments in the New York Wheel is strategic to the company and is intended to be held long term. In addition there are the assets of the disposal group of £ 2,271k, £71k (2015: £ 325k) in cash and cash equivalents and £ 17k (2015: £ 202k) of trade and other receivables.

These assets have been financed by a mix of equity and convertible notes. The equity at the balance sheet date amounted to £ (2,750k) (2015: £ 1,268k) and the liabilities to £7,547k (2015: £6,192k). The liabilities consists of £ 3,615k short term borrowing, £ 2,171k long term borrowing, trade and other payables of £ 533k and the liabilities of the disposal group of £ 1,228k.

Cash flow

During the year there were a number of funding transactions which generated cash inflows of £2.85m, there were also a significant number of non-cash transactions namely:

- On 7 January 2016 230,034 Ordinary Shares were allotted (at 40p) to the holders of Convertible Notes in payment of interest to 31 December 2015.

- On 29 January 2016 the Company issued £1.0 million in secured convertible notes, convertible at 80p, maturing on 30 June 2019 and bearing interest of 8%.

- On 3 March 2016 the Company issued £0.5 million in secured convertible notes, convertible at 25p, maturing on 2 March 2017 and bearing interest of 5%.

- On 21 March 2016 711,646 Ordinary Shares were allotted (676,274 at 25p and 35,372 at 20.8p) pursuant to the conversion of £172,200 in convertible notes.

- On 13 April 2016 277,615 Ordinary Shares were allotted (268,862 at 32.2p, 5,939 at 33.4p and 2,260 at 80p) to the holders of Convertible Notes in payment of interest to 31 March 2016 and 332,792 Ordinary Shares were allotted at 25p pursuant to the conversion of £83,198 in convertible notes.

- On 26 April 2016 the Company issued £0.5 million in unsecured convertible notes, convertible at a variable pricing formula, maturing on 22 April 2018 and bearing interest of 8%.

- On 14 June 2016 the Company issued £0.5 million in unsecured convertible notes, convertible at a variable pricing formula, maturing on 10 June 2018 and bearing interest of 8%.

- On 13 July 2016 463,597 Ordinary Shares were allotted (370,088 at 22.2p, 26,369 at 23.6p, 44,313 at 22.0p and 13,827 at 23.6p) to the holders of Convertible Notes in payment of interest to 30 June 2016 and 460,824 Ordinary Shares were allotted (at 19.8p) pursuant to the conversion of £91,243 in convertible notes.

- On 13 July 2016, the Company issued 1,100,000 Ordinary Shares (at 75p) comprising the second tranche of the consideration shares for the Starneth acquisition.

- On 12 September 2016 4,276,262 Ordinary Shares were allotted (at 17.8p) pursuant to the conversion of £750,128 in convertible notes.

- On 12 October 2016 529,952 Ordinary Shares were allotted (361,314 at 18p, 35,654 at 17.6p, 118,290 at 17.0p and 14,694 at 17.6p) to the holders of Convertible Notes in payment of interest to 30 September 2016.

- On 18 October 2016 the Company issued £0.35 million in unsecured convertible notes, convertible at a variable pricing formula, maturing on 13 April 2018 and bearing interest built into the note of 15%.

- On 16 December 2016 124,673 Ordinary Shares were allotted (at 12.7p) pursuant to the conversion of £15,918 in convertible notes and 66,000 Ordinary Shares were issued (at 75p) as partial payment of the third tranche of consideration shares for the Starneth acquisition.

Cash of £2,618k was generated from financing activities.

Cash used in operations totalled £2,670k.

Closing cash

As at 31 December 2016, the Group (including the disposal group) held £ 273k (2015: £ 325k) in the bank account.

Markus Kameisis
Chief Financial Officer
28 April 2017

Consolidated Statement of Comprehensive Income

The statement of comprehensive income of the group from 1 January 2016 to 31 December 2016 is set out below.

	Note	Year ended 31 December 2016 £'000	Period ended 31 December 2015 £'000
Personnel expenses	15	(80)	(99)
Administrative expenses		(846)	(1,218)
Operating loss		(926)	(1,317)
Finance costs	13	(1,002)	(859)
Loss before income taxes		(1,928)	(2,176)
Income tax expense	18	-	-
Loss after taxation		(1,928)	(2,176)
Loss for the year/period from continuing operations		(1,928)	(2,176)
Loss for the year/period from discontinued operations	28	(4,972)	(425)
Loss for year		(6,900)	(2,601)

Other comprehensive expense			
Translation of foreign subsidiaries		(143)	-
Fair value movement on available for sale financial asset		462	-
Total other comprehensive income		319	-
Total comprehensive loss attributable to owners of the parent		(6,581)	(2,601)
Loss per share:			
Basic from continued operations	19	(0.11)	(0.21)
Diluted from continued operations	19	(0.11)	(0.21)
Basic from discontinued operations	19	(0.30)	(0.04)
Diluted from discontinued operations	19	(0.30)	(0.04)

Consolidated Statement of Financial Position

The consolidated statement of financial position of the group as at 31 December 2016 is set out below:

	Note	**As at 31 December 2016 £'000**	**As at 31 December 2015 £'000**
Assets			
Current assets			
Cash and cash equivalents	7	71	325
Trade and other receivables	8	17	202
Total current assets		**88**	**527**
Assets of disposal group classified as held for sale	28	**2,271**	**-**
Non-current assets			
Property, plant and equipment	9	-	140
Intangible assets	10	-	4,817
Available-for-sale financial assets	11	2,438	1,976
Total non-current assets		**2,438**	**6,933**
Total assets		**4,797**	**7,460**
Equity and liabilities			
Capital and reserves			
Share capital	6	219	133
Share premium	6	4,364	2,080
Shares to be issued	6	775	1,650
Translation reserve		(146)	(3)
Equity component of convertible instruments		1,064	-
Available for sale reserve		462	-
Retained earnings		(9,488)	(2,592)

Total equity attributable to equity holders		**(2,750)**	**1,268**
Current liabilities			
Borrowings	12	3,615	4,374
Trade and other payables	14	533	1,046
Total current liabilities		**4,148**	**5,420**
Liabilities of disposal group classified as held for sale	28	**1,228**	**-**
Non-current liabilities			
Borrowings	12	2,171	772
Total non-current liabilities		**2,171**	**772**
Total equity and liabilities		**4,797**	**7,460**

Consolidated Statement of Changes in Equity

	Share capital £'000	Share Premium £'000	Shares to be issued £'000	Translation reserve £'000	Equity component of convertible instruments £'000	Retained earnings £'000	Total £'000
On incorporation on 24 November 2014	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(2,601)	(2,601)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(2,601)**	**(2,601)**
Unissued share capital	-	-	1,650	-	-	-	1,650
Issue of options	-	-	-	-	-	9	9
Translation Reserve	-	-	-	(3)	-	-	(3)
Transaction with owners							
Issue of shares	133	2,080	-	-	-	-	2,213
Total	**133**	**2,080**	**1,650**	**(3)**	**-**	**9**	**3,869**
As at 31 December 2015	**133**	**2,080**	**1,650**	**(3)**	**-**	**(2,592)**	**1,268**

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Translation reserve £'000	Equity component of convertible instruments £'000	Available for sale reserve £'000	Retained earnings £'000	Total £'000
As at 31 December 2015	133	2,080	1,650	(3)	-	-	(2,592)	1,268
Loss for the year	-	-	-	-	-	-	(6,900)	(6,900)
Other comprehensive loss	-	-	-	(143)	-	462	-	319
Total comprehensive loss for the year	**-**	**-**	**-**	**(143)**	**-**	**462**	**(6,900)**	**(6,581)**
Transaction with owners								
Issue of shares	86	2,284	(875)	-	-	-	-	1,495
Issue of options	-	-	-	-	-	-	4	4
Equity component convertible notes	-	-	-	-	1,044	-	-	1,044
Release of transaction fees	-	-	-	-	20	-	-	20
Total	**86**	**2,284**	**(875)**	**-**	**1,064**	**-**	**4**	**2,563**
As at 31 December 2016	**219**	**4,364**	**775**	**(146)**	**1,064**	**462**	**(9,488)**	**(2,750)**

Consolidated Statement of Cash Flows

	Year ended 31 December 2016 £'000	Period ended 31 December 2015 £,000
Cash flow from operating activities		
Loss for the period before taxation	(6,900)	(2,601)
Depreciation, amortisation and impairment charge	3,153	37
Share option charge	5	9
Interest	760	847
Operating cash flows before movements in working capital	**(2,982)**	**(1,708)**
Increase in receivables	(81)	(55)
Increase in accounts payable and accrued liabilities	393	1,009
Net cash used in operating activities	**(2,670)**	**(754)**
Acquisition of tangible fixed assets	-	(8)
Investment in subsidiaries net of cash acquired	-	(613)
Investment in available for sale financial asset	-	(1,976)
Net cash outflow from investing activities	**-**	**(2,597)**
Interest expense	(56)	(570)
Issue of ordinary shares net of issue costs	-	1,339
Issue of convertible instruments	2,850	2,907
Loans repaid	(176)	-
Net cash inflow from financing activities	**2,618**	**3,676**
Net (decrease)/increase in cash and cash equivalents	**(52)**	**325**
Cash and cash equivalent at beginning of period	325	-
Cash and cash equivalent at end of period	**273**	**325**

Of the cash and cash equivalents at 31 December 2016 £202k is held in the disposal group.

There were significant non-cash transactions being the issue of share capital to settle convertible debt and interest. These are detailed on page 9.

Notes to the consolidated financial statements

1. **GENERAL INFORMATION**

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

Following completion of the acquisition of Starneth (the "Acquisition") Challenger became the holding company of the Starneth Group through which it owns and operates a business specialising in the design and engineering of giant observation wheels and structures. In addition, 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 prior reporting period was the first reporting period for the Group since its incorporation. The acquired Starneth Group was consolidated from 1 July 2015. Following the decision to dispose of the Starneth group, that completed after the year end, management recognised the assets and liabilities of the Starneth group as a disposal group at 31 December 2016.

The Company's registered office is located at 55 Mount Row, St Peter Port, Guernsey, GY1 1NU, Channel Islands.

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

2. **SIGNIFICANT ACCOUNTING POLICIES**

Basis of preparation

The consolidated financial statements of Challenger Acquisitions Limited for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS's as adopted by the EU), issued by the International Accounting Standards Board (IASB), including interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to the companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and available-for-sale financial assets.

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 group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The financial information has been presented in United Kingdom Pounds (£), being the functional currency of the Company.

Going concern

At 31 December 2016 the group had net current liabilities of £4,060k. 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.

Following the discussions held with the ordinary creditors and the convertible note holders, the cost control measures implemented and the financing options available, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Noteholders are supportive of the company and discussions are ongoing regarding changing the terms so that interest can be settled in shares at the redemption date. The ordinary creditors accept that repayment will occur either when a substantial fund raising has occurred or success fees are received from Starneth. The fund raising options are early stage and therefore 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.

Standards and interpretations issued but not yet applied

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The directors do not expect that the adoption of these standards will have a material impact on the financial statements of the company in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments, more specifically that any gain or loss on the available for sale investment will not be reclassified through the profit and loss and impairment charges in the profit and loss will no longer occur. IFRS 16 will have an impact on the recognition of operating leases. At this point it is not practicable for the directors to provide a reasonable estimate of the effect of these standards as their detailed review of these standards is still ongoing.

Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Segment Reporting

For the purpose of IFRS 8, the Chief Operating Decision Maker "CODM" takes the form of the board of directors. The Directors are of the opinion that the business of the Company comprises three activities:

Corporate Center

Administers and manages the group. Identifies target companies or businesses in the entertainment and leisure sectors for possible further acquisitions.

Engineering

Engineers and project manages global observation wheel around the globe.

Investments

Holds and administers all participations the group has in global observation wheels.

Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in British Pounds (GBP), which is Challenger Acquisitions functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange gains and losses are presented in the statement of profit or loss, within finance income or finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and

- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Investments and other financial assets

<u>Classification</u>

The group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for ‘financial assets at fair value through profit or loss’ – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the group’s right to receive payments is established.

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). Interest on available-for-sale securities, held-to-maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue from continuing operations.

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortized cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Income recognition

Service income

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the group are:

- Vehicles 3-5 years
- Furniture, fittings and equipment 3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Intangible assets

<u>Goodwill</u>

Goodwill is measured as described under "Business Combinations" in this document. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Employee benefits

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Share based payments

Employee options

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (eg the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (eg the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself and the charges are treated as cash-settled transactions.

The options are administered by Challenger Acquisitions Limited. When the options are exercised, Challenger Acquisitions Limited transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

Contributed equity

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3. CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS

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. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Going concern
  See accounting policies (note 2) for details of the assessment made.
- Classification and valuation of disposal group
  Management considered the requirements of IFRS 5 and made the judgement that the identified disposal group was ready for immediate sale in its present condition and that the sale was highly probable and that they were committed to a plan to sell at 31 December 2016. On this basis management recognised the assets and liabilities as a disposal group on the face of the statement of financial position and the loss for the period as being generated from discontinued operations on the face of the statement of comprehensive income.
- Fair value of the consideration to be issued in shares on the acquisition of Starneth
  As part of the consideration for the acquisition of Starneth, a portion was issued or was to be issued in shares. IFRS 3 requires equity consideration to be measured at its fair value. At the time the company was suspended from the Standard list and therefore there was not an active market for the Company's share capital. On this basis the shares were valued through negotiation between the transacting parties, having regard for the current position of the company and the synergies that could be obtained. This process required an element of judgement and £0.75 was agreed as the fair value of the shares. Immediately prior to suspension the share price of the company was lower and if this price was used the Goodwill and share premium would be reduced by approximately £1.2m at the acquisition date. Additionally, the impairment recognised during the year to 31 December 2016 would have been reduced by £1.2m to £1.9m. There is no impact on the net assets at 31 December 2016.
- Fair value of the available for sale financial asset
  The equity units in New York Wheel Investor LLC are not quoted, in assessing the fair value of the asset the Directors had regard for recent transactions in the equity of New York Wheel Investor LLC. All equity components have been acquired at the same price as Challenger during 2015 and 2016. On the basis that the project is materially on schedule the Directors do not believe that the fair value is materially different to the acquisition value in the underlying currency (US dollars).

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. FINANCIAL RISK MANAGEMENT

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial cash flows not denominated in GBP	Cash flow forecasting Sensitivity analysis	No hedging
	Recognised financial assets and liabilities not denominated in GBP		No hedging
Credit risk	Cash and cash equivalents, trade receivables,	Aging analysis Credit ratings	Diversification of bank deposits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

Foreign exchange risk

The group is especially focused on the currency pairs EUR/GBP and USD/GBP. The group's main personnel costs are in EUR, its revenue from projects is in USD and its only investment is also denominated in USD.

The group's exposure to foreign currency risk at the end of the reporting period, expressed in £'000 was as follows:

Currency	Assets in CCY	Assets in GBP	10% change	Liabilities in CCY	Liabilities in GBP	10% change
USD	3,000	1,976	(198)	24	17	2
EUR	1	1	-	2,468	2,113	211
CHF	1	1	-	-	-	-

The displayed FX exposures are without the disposal group (assets held for sale) which is denominated in EUR.
During the year, £ 175k foreign-exchange related expenses were recognised in profit or loss.

As described above the group is primarily exposed to changes in USD/GBP and EUR/GBP exchange rates. The sensitivity of profit or loss to changes in the exchange rates as summarized in the above table arises mainly from the group's EUR denominated liabilities.

Interest rate risk

The group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. To limit the risk the group's main cash resources are held with banks with a minimum external rating of A.

5. **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 business of the Company comprises three activities, being the corporate center, which administers and manages the Group and identifies target companies or businesses for possible acquisitions in the Giant Observation Wheel industry, the Engineering business which is compromised by the acquired Starneth design and engineering business and the Investment segment which compromises all investments the group holds in Giant Observation Wheels globally.

All revenues are generated from customers that are external to the group.

The analysis of revenue, operating loss, assets and liabilities by the component used by the CODM to make decisions about operating matters is as follows:

Year ended 31 December 2015	**Engineering**	**Investments**	**Corporate Center**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	926	-	-	926
Operating loss	(350)	-	(1,360)	(1,710)
Finance cost	(1)	(155)	(698)	(854)
Depreciation	(37)	-	-	(37)
Taxation	-	-	-	-
Carrying amount of assets	702	1,976	4,782	7,460
Carrying amount of liabilities	1,021	1,976	3,195	6,192

Year ended 31 December 2016	Investments £'000	Corporate Centre £'000	Total £'000
Revenue	-	-	-
Operating loss	-	(926)	(926)
Finance cost	(213)	(789)	(1,002)
Depreciation	-	-	-
Taxation	-	-	-
Carrying amount of assets	2,438	88	2,526
Carrying amount of liabilities	1,976	4,343	6,319

The engineering operating segment forms part of the disposal group, details of the above items can be seen in note 27.

The engineering segment is located in the Netherlands and all revenue generated was from the USA. The corporate center and investments are located in the parent on the company which is registered in Guernsey.

6. SHARE CAPITAL

Issued and fully paid	Number of shares	Share capital £'000	Share premium £'000	Total £'000
Issued on Incorporation	1	-	-	-
Issue of shares	9,365,581	133	2,080	2,213
Sub division of shares	3,960,099	-	-	-
At 31 December 2015	13,325,681	133	2,080	2,213
Issue of shares	8,573,395	86	2,284	2,370
At 31 December 2016	21,899,076	219	4,364	4,583

On 19 February 2015, on Admission to the Main Market of the London Stock Exchange, a further 7,000,000 Ordinary Shares were issued for a consideration of £700,000.

On 3 July 2015, 109,789 shares were issued at £ 0.37 as consideration for interests from the Convertible Note 2016 and 240,000 shares at £ 0.40 were issued to the introducer of the New York Wheel investment.

On 15 July 2015, as part of the consideration paid for acquiring the Starneth business 1,100,000 shares were issued at a price of £ 0.75/each.

On 28 July 2015, 630,000 shares were issued at £ 0.40 to the introducer of the Starneth acquisition.

On 6 October 2015, 235,792 shares were issued as consideration for interests from the Convertible Note 2016.

On 16 October 2015, 10,000 shares were issued upon the exercise of employee options at £ 0.40 per share.

On 7 January 2016 230,034 shares were issued for the payment of interest for the period to 31 December 2015.

On 21 March 2016, 711,646 shares have been issued for the conversion of convertible notes into shares. 694,610 shares have been issued for the conversion of £ 172,200 and 17,036 shares have been issued for the accrued interest until the conversion date.

On 13 April 2016, 277,061 shares were issued as consideration for interest to 31 March 2016 on the Convertible Notes outstanding. On the same day 332,792 shares were issued for the conversion of £ 83,198 loan notes into shares. For the accrued interest of £ 138.08 on the conversion amount 554 shares were issued.

On 18 July 2016, 2,024,421 shares were issued. Of these, 463,597 shares were issued in relation to interest on Convertible Notes up to 30 June 2016, 460,824 shares were issued in respect of the conversion of £ 81,243 of the 12% Convertible Notes due 2017 and 1,100,000 shares were issued in relation to the second tranche of Consideration shares.

On 15 September 2016, 4,276,262 shares were issued as conversion of £ 750,128 of the 12% Convertible Notes due 2017 and £ 11,046.52 to settle the interest accrued interest up until the date of conversion.

On 17 October 2016, 529,952 shares were issued as consideration for interests on the Convertible Notes outstanding up to 30 September 2016.

On 22 December 2016, 190,673 shares were issued. Of these 124,673 shares were issued in relation to a conversion of £ 15,918 of the 0% Convertible Notes due April 2018, 66,000 shares were issued in relation to the third tranche of Consideration Shares. It was anticipated that the sale of Starneth was to be completed prior to 31 December 2016 and the 66,000 shares were issued in full and final settlement of the third tranche of share consideration payable to one of the vendors. The remaining balance was forgiven as part of the sale of Starneth after the year end.

On 31 December 2016, the number of Ordinary Shares authorised for issue was unlimited. All Ordinary Shares have equal voting rights and rank equally on a winding up.

At the balance sheet date 1,034,000 shares were not issued under the SPA with a price of £ 0.75 per share. £775,000 has been recognised on the balance sheet as unissued shares.

7. CASH AND CASH EQUIVALENTS

	2016 £'000	2015 £'000
Cash at bank and in hand	71	325
Total cash and cash equivalents	71	325

8. TRADE AND OTHER RECEIVABLES

	2016 £'000	2015 £'000
Prepayments	17	90
Other receivables	-	112
Total trade and other receivables	17	202

All receivables, with the exception of prepayments which are not a financial instrument are classified as loans and receivables.

9. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings	Total
	£'000	£'000
Cost		
On incorporation	-	-
Additions on acquisitions	157	157
Additions	8	8
Foreign exchange differences	2	2
At 31 December 2015	*167*	*167*
Additions	19	19
Foreign exchange differences	(4)	(4)
Transfer to disposal group	(182)	(182)
As at 31 December 2016	-	-
Accumulated Depreciation		
On incorporation	-	-
Charge for the period	(27)	(27)
At 31 December 2015	*(27)*	*(27)*
Charge for the period	(41)	(41)
Transfer to disposal group	68	68
At 31 December 2016	-	-
Net book value		
At 31 December 2015	140	140
Net book value		
At 31 December 2016	-	-

10. INTANGIBLE ASSETS

	Goodwill £'000	Software £'000	Total £'000
Cost			
On incorporation	-	-	-
Additions on acquisition	4,766	59	4,825
Foreign exchange difference	-	2	2
At 31 December 2015	*4,766*	*61*	*4,827*
Addition	-	14	14
Foreign exchange difference	(3)	11	8
Transfer to disposal group	(4,763)	(86)	(4,849)
At 31 December 2016	-	-	-
Accumulated amortisation			
On incorporation	-	-	-
Charge for the period	-	(10)	(10)
At 31 December 2015	-	*(10)*	*(10)*
Charge for the period	(3,128)	(23)	(3,151)
Transfer to disposal group	3,128	33	3,161
At 31 December 2016	-	-	-
Carrying amount			
At 31 December 2015	**4,766**	**51**	**4,817**
At 31 December 2016	**-**	**-**	**-**

Goodwill

On 15 July 2015, the Company entered into a Share Purchase Agreement with Smits International B.V., Yamapro Trading - F.Z.E. and Systems Engineering International, Inc. (the "Sellers"), for the acquisition of all shares in Starneth Holding B.V. and in Starneth Europe B.V. with immediate effect. Starneth Holding B.V. and Starneth Europe B.V. own all the shares in Banka B.V., SME Engineering Services JLT, Starneth Ltd, Starneth Pte Ltd, and Starneth America LLC.

The acquisition has led to goodwill of £ 4,766k in the group's balance sheet.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. At 31 December 2016 management was aware that the Starneth participation was not performing according to expectations. As a result of the constant cash burn within this participation and having regard to the subsequent disposal of the Starneth participation after the year end, management agreed that the goodwill should be allocated to the disposal group and written down to is fair value less costs to sell. Management consider the fair value less costs to sell of the disposal group to be £1,043k being liabilities (the 2nd tranche of the deferred cash consideration, see borrowings note) due to the purchaser of the disposal group which the purchaser is waiving as part of the transfer. At the year end the fair value of the potential contingent consideration that the company may also receive in respect of the transfer was not considered material due to the high level of uncertainty associated with the performance conditions. Therefore, an impairment of £3,128k has been recognised against goodwill to write down the carrying value of the disposal group down to fair value less costs to sell.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Available for sale financial asset
	£'000
Cost	
On incorporation	-
Additions on acquisition	-
Additions	1,976
Foreign exchange difference	-
At 31 December 2015	1,976
Additions	-
Foreign exchange difference	462
At 31 December 2016	2,438

On 20 May 2015, the Company invested a total of £1,976,400 (US$3,000,000) for an approximate 2% interest 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 assessing the fair value of the asset the Directors have regard for recent transactions in the equity of New York Wheel Investor LLC. All equity components have been acquired at the same price as Challenger. On the basis that the project is materially on schedule and therefore the Directors don't believe the fair value is materially different to the acquisition value.

The Directors consider this to be a level 2 valuation under IFRS 13.

One unit of the investment is held as security over the second part of the cash consideration of € 1.25 million (detailed in note 12).

A further unit is held as security over the 29 January 2016 convertible loan (detailed in note 12).

12. Borrowings

Current	2016 £'000	2015 £'000
Convertible notes	1,508	3,012
Deferred cash consideration	2,107	865
Borrowings	-	497
	3,615	4,374
Non-current		
Deferred cash consideration	-	772
Convertible notes	2,171	-
	2,171	772

Between 6 May 2015 and 30 July 2015, the Company issued £3,067,200 of convertible notes. The notes are unlisted, unsecured, transferable and convertible with a twelve month maturity date. 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. Provided that if the volume weighted average price is at any time less than £0.25 for three consecutive trading days, then the noteholder is unable to convert for a period of 30 calendar days, without the consent of the Company. The requirement of consent applies only on the first such occasion. The maximum amount of notes that may be converted in any 30-day period by a noteholder is 10% of the total amount of any notes subscribed by that noteholder. The Company can redeem the notes at a 10% premium anytime the market price is lower than £0.50.

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.

On 15 July 2015 the company acquired the Starneth Group. Part of the purchase price included 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 after the year end, the terms of these payments were changed as follows, the second tranche was waived by the 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.

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%.

On 2 March 2016 the Company issued another convertible note for £0.5 million. The notes are unlisted, secured, transferable and convertible. Maturity date is 2 March 2017. 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. 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. Since the Company can repay the accrued interest and the principal at maturity in shares, the full £0.5 million net of the £0.025 million transaction fees has been recognised in equity.

On 24 April 2016 the Company issued another convertible note for £0.5 million. The notes are unlisted, unsecured, transferable and convertible. Maturity date is 22 April 2018. Interest is accrued at 8% per annum and payable quarterly. 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 notes can only be converted into Ordinary Shares at the lower of £0.25 or the lowest volume weighted average price over the 10 days prior to the conversion. The Company can redeem the notes at a 25% premium anytime. As per the nature of this convertible instrument, £463k has been recognised as an equity component in the share option reserve, using a discount rate of 12%.

On 10 June 2016 the Company issued another convertible note for £0.5 million. The notes are unlisted, unsecured, transferable and convertible. Maturity date is 10 June 2018. Interest is accrued at 8% per annum and payable quarterly. 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 notes can be converted into Ordinary Shares at the lower of £0.25 or the lowest volume weighted average price over the 10 days prior to the conversion. The Company can redeem the notes at a 25% premium anytime in cash.

On 18 October 2016 the Company issued another convertible note for £ 0.35 million. The notes are unlisted, unsecured, transferable and convertible. Maturity date is 13 April 2018. Interest is built into the face value of the note at £1.15 per £ 1 of note. The notes can be converted into ordinary shares of the Company for the lower of £ 0.25 or the lowest weighted average price over the 5 days prior to the conversion. For the first 6 months, the Company can redeem in cash all or any part of the outstanding convertible note at face value, thereafter with a 15% premium to face value. The convertible note must be redeemed by the Company on 13 April 2018 in cash, unless it has been fully converted by then into ordinary shares.

The convertible notes, where no equity component has been described above, have 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.

13. FINANCE INCOME AND COSTS

	2016 £'000	2015 £'000
Interest expense banks	-	-
Bank charges	10	5
Financing Fees	-	348
Interest on notes and convertibles	759	412
Listing costs	58	48
Net foreign exchange costs	175	46
Finance costs	1,002	859

14. TRADE AND OTHER PAYABLES

	2016 £'000	2015 £'000
Trade payables	331	406
Social security and other taxes	-	32
Other liabilities	-	327
Accrued expenses	202	281
Total trade and other payables	533	1,046

As at 31 December 2016, trade and other payables were classified at amortised cost. A maturity analysis of the Company's trade payables due in less than one year is as follows:

	As at 31 December 2016 £	As at 31 December 2015 £
0 to 3 months	87	378
3 to 6 months	132	28
6 months +	112	-
Total	331	292

The deferred cash consideration of £2,107,000 represents the two remaining cash tranches due to the vendors of the Starneth group. Details regarding the amended payment terms of these liabilities is included in note 12.

Details of the repayment terms of the company's convertible financial instruments can be found in note 12.

15. EMPLOYEE BENEFIT EXPENSE

	2016 £'000	2015 £'000
Wages and salaries	75	90
Share options granted to directors, employees and key advisers	5	9
	80	99

16. DIRECTORS' EMOLUMENTS

The Directors were paid emoluments of £75k as director's fees during the period under review (£90k in 2015). Of this amount £10k were the director's fees for Mark Gustafson out of which £7.5k were paid, £2.5k were unpaid and due. Mr. Gustafson was paid an additional £23k (2015: £74k) as management fee, booked under administrative expenses. At 31 December 2016 an amount of £67k was unpaid and due. The total compensation for Mr. Gustafson in the year under review was £100k.

Icelia AG, a company of which Mr. Markus Kameisis is a director, has billed the Group for £159k for the period under review (2015: £118k) for various services. Of this amount £70k were paid and £ 89k were due and unpaid at the end of the reporting period.

These details and the details for the other directors can be found within the Director's remuneration report on page 25.

The Directors were the key management personnel of the Group.

17. IMPAIRMENT OF GOODWILL

During the year goodwill was written down to its recoverable amount, the expense recognised in the disposal group, the Starneth participation was £3,128. On 30 January 2017 the Company disposed of all of its Starneth entities for potential consideration of up to $ 6 million in cash, depending on the closing of two development projects by the Starneth Group in the next two years. The Company further has the obligation to pay the second part of the cash consideration of € 1.25 million. The payment of this amount is also depending on projects closing and secured by one common equity unit of the New York Wheel LLC. If no project is closing within the two years from the sale, Challenger might lose its third common equity unit in the New York Wheel LLC and remain with two equity units.
As a consequence of this transaction in early 2017 the directors recognised an impairment of £3,128k against goodwill to write down the carrying value of the disposal group down to fair value less costs to sell.

18. TAXATION

Challenger Acquisitions Limited is a Guernsey Corporation subject to a corporate tax rate of nil, as at 31 December 2016. The businesses of the Starneth Group classified as a disposal group are taxable at the respective corporate tax rates in the United States of America (8%), the Netherlands (20%), Singapore (0%) and Dubai (0%). The average tax rate is 3.7%.

Income tax

	2016 £'000	2015 £'000
Current tax expense:		
- Current tax on profits for the year	-	-
- Adjustments in respect to prior years	-	-
- Foreign current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax:		
- Origination and reversal of temporary differences	-	-
- Adjustments in respect to prior years	-	-
Total deferred tax	-	-
Income tax expense	-	-

A reconciliation of income tax expense, from continuing operations, applicable to the loss before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group is as follows:

	31 Dec 2016 £'000	31 Dec 2015 £'000
Loss before taxation from continuing operations	(1,928)	(2,176)
Tax calculated at domestic tax rates applicable to losses in respective countries:	-	(91)
Tax effects of:		
Tax losses carried forward	-	91
	-	-

The corporation tax rate in Guernsey is 0%, there are no unrecognised tax losses.

19. 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 ending 31 December 2016 and is as follows:

Loss from continued operations attributable to equity holders (£)	(1,928,000)
Weighted average number of shares	16,824,053
Loss per share basic (£)	(0.11)
Weighted average number of shares for dilutive calculation	16,824,053
Loss per share diluted (£)	(0.11)

Loss from discontinued operations attributable to equity holders (£)	(4,972,000)
Weighted average number of shares	16,824,053
Loss per share basic (£)	(0.30)
Weighted average number of shares for dilutive calculation	16,824,053
Loss per share diluted (£)	(0.30)

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.

20. RELATED PARTY TRANSACTIONS

All related party transactions were within the disposal group.

During the period the Group invoiced Starneth LLC, a company controlled by Chiel Smits, £3,586k (2015: £926k) for sub-contracting services provided.

On 31 December 2015, the Group entered into a loan agreement with Starneth LLC over an amount of $740k (£497k). On 31 December 2016 an amount of $357k (£321k) was still outstanding. The interest rate for this loan is 5%. The duration was one year and has been prolonged at the end of the year. Interest expense of £13k was recorded in 2016 (2015: nil).

21. COMMITMENTS

The Company had not entered into any material capital commitments as at 31 December 2016.

22. SHARE BASED PAYMENTS

On 29 July 2015, options to acquire 615,000 Ordinary Shares ("Options 2015") were granted to employees and consultants of the Group. On 8 September 2015, options to acquire 730,000 Ordinary Shares ("Options 2015") were granted to the directors of the company. These Options 2015 have a fixed exercise price of 40 pence, and are exercisable in the following tranches; 25% as from the date of grant and 25% every twelve months thereafter (and are therefore fully vested after three years). They cannot be exercised after the 5th anniversary of the grant. The group has no legal or constructive obligation to repurchase or settle the options in cash.
On 7 January 2016, options to acquire 181,000 Ordinary Shares ("Options 2016") were granted to consultants of the Group. These options have a fixed exercise price of 45 pence, and are exercisable in the following tranches:
Movements in the number of share options outstanding and their related weighted average exercise prices are as follows: 25% as from the date of grant and 25% every twelve months thereafter (and are therefore fully vested after three years). They cannot be exercised after the 5th anniversary of the grant. The group has no legal or constructive obligation to repurchase or settle the options in cash.

	2016		2015	
	Average exercise price in £ per share option	Options (thousands)	Average exercise price in £ per share option	Options (thousands)
Beginning of period	0.40	1,335	0.00	-
Granted	0.45	181	0.40	1,345
Forfeited	0.00	-	0.00	-
Exercised	0.00	-	0.40	10
Expired	0.00	-	0.00	-
End of period	0.41	1,516	0.40	1,335

Out of the outstanding 1,516,000 share options 712,750 were exercisable. Options exercised in 2015 resulted in 10,000 shares being issued at a price of 40 pence each. No options were exercised in 2016.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant-vest	**Expiry date**	**Exercise price in £**	**Share options (thousands)**
			2015
2015-01	2020-07	0.40	605
2015-02	2020-09	0.40	730
2016-01	2021-01	0.45	181
			1,516

The weighted average fair value of the Options 2015 determined using the Black-Scholes valuation model was 1.4 pence per option. The significant inputs to the model were share price of 38 pence at the grant date, exercise price of £0.40, volatility of 14%, dividend yield of 0% an expected option life (to expiry) of 5 years with 25% vesting each year and an annual risk free interest rate of 0.5%. The volatility measured at the standard deviation of continuously compounded share returns is based on the statistical analysis of daily share prices from listing of the company until the grant date.

The weighted average fair value of the Options 2016 determined using the Black-Scholes valuation model was 2.49 pence per option. The significant inputs to the model were share price of 37.5 pence at the grant date, exercise price of £0.45, volatility of 14%, dividend yield of 0% an expected option life (to expiry) of 5 years with 25% vesting each year and an annual risk free interest rate of 0.5%. The volatility measured at the standard deviation of continuously compounded share returns is based on the statistical analysis of daily share prices from listing of the company until the grant date.

See note 15 for the total expense recognised in the income statement for share options granted to directors, employees and key advisers.

23. SUBSEQUENT EVENTS

On 6 January 2017 John Le Poidevin, the Chairman until that date, decided to retire. He was replaced by Mark Gustafson taking the role as Chairman in addition to his role as CEO.

On 6 January 2017, the Company issued 792,156 Ordinary Shares to the holders of its convertible loan notes in payment of £ 89k of interest due for the period ending 31 December 2016.

On 6 January 2017, the Company issued 188,501 Ordinary Shares on the conversion of £20k of the unsecured convertible notes due 13 April 2018.

On 30 January 2017 the Company announced that it had sold its entire participation in the Starneth Group (Starneth Europe B.V. and Starneth Holding B.V.). The Company received a potential consideration for the sale of up to $ 6 million in cash, depending on the closing of two development projects by the Starneth Group in the next two years. The Company further has the obligation to pay the second part of the cash consideration of € 1.25 million. The payment of this amount is also depending on projects closing and secured by one common equity unit of the New York Wheel LLC. If no project is closed within the two years from the sale, Challenger might lose its third common equity unit in the New York Wheel LLC and remain with two equity units.

On 6 February 2017, the Company announced that the CEO and Chairman of the Company, Mr. Mark Gustafson has agreed to a compensation agreement of £1k per month until further notice. On the same date Mr. Markus Kameisis retired from the board of the Company but remains in the Company as CFO.

On 9 February 2017, the Company issued 8,323,476 shares on the conversion of £630k of the 12% unsecured convertible notes 2017 and £50k of the unsecured convertible notes due 13 April 2018. An additional 15,536 shares were allotted to settle interest of £1k due up until the conversion.

On 28 March 2017, the Company announced that Mr. Gert Rieder retired from the Board of Directors and was replaced with Mr. Gene Stice.

On 30 March 2017, the Company issued 8,697,927 shares. Of these 6,622,963 were issued in relation to conversions totaling £213k of the 12% unsecured convertible notes 2017 and 1,206,329 shares relating to a conversion of the unsecured convertible notes due 13 April 2018. Also included in this total are 868,635 shares issued for the interest due up to the date of conversion.

24. GROUP STRUCTURE

The group had the following active subsidiaries as of 31 December 2016:

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held directly by parent (%)	Portion of ordinary shares held by the group (%)
Starneth Europe BV	Netherlands	Engineering company	100	100
Starneth Holdings BV	Netherlands	Intermediate holding company	100	100
Starneth America LLC	US	Engineering company	-	100
Starneth Pte Ltd	Singapore	Engineering company	-	100
SME Engineering Services JLT	Dubai	Engineering company	-	100
Banka BV	Netherlands	Treasury entity	-	100

The group had the following dormant subsidiaries as of 31 December 2016:

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held directly by parent (%)	Portion of ordinary shares held by the group (%)
Starneth Ltd	Hong Kong	Dormant	-	100
Global Eye Holdings Limited	Guernsey	Dormant	100	100

The group had the following dormant associates as of 31 December 2016:

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held directly by parent (%)	Portion of ordinary shares held by the group (%)
Starneth Engineering LLC	US	Dormant	-	30

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. There are no preference shares existing in the group. Further there are no significant restrictions in any of the subsidiaries' domiciles.

25. FINANCIAL INSTRUMENTS

The only financial instrument the Group held, in addition to those disclosed elsewhere in these notes, as at 31 December 2016 was Cash and cash equivalents.

26. ULTIMATE CONTROLLING PARTY

As at 31 December 2016, no one entity owns greater than 50% of the issued share capital. Therefore the Company does not have an ultimate controlling party.

27. CONTINGENCIES

Due to the Group's activities, matters arise that could give rise to a contingent liability. No further details are given as it could be seriously prejudicial to the position of the Group.

28. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

The assets and liabilities related to the Starneth Holdings BV and Starneth Europe BV have been presented as held for sale following the approval of the group's management to proceed with the disposal of these companies. Subsequent to the year end the sale completed.

Cash flows

	31 Dec 2016 £'000	31 Dec 2015 £'000
Operating cash flows	(1,512)	(466)
Investing cash flows	-	(60)
Financing cash flows	1,405	495
Total cash flows	**(107)**	**(31)**

Assets of disposal group classified as held for sale

	31 Dec 2016 £'000
Property plant and equipment	118
Intangibles	50
Goodwill allocated to disposal group	1,635
Trade and other receivables	266
Cash and cash equivalents	202
Total	**2,271**

Liabilities of disposal group classified as held for sale

	31 Dec 2016 £'000
Trade and other payables	1,228
Total	**1,228**

Cumulative income/(expense) recognised other comprehensive income relating to disposal group classified as held for sale

	31 Dec 2016 £'000	31 Dec 2015 £'000
Foreign exchange translation adjustments	(143)	-
Total	**(151)**	**-**

Analysis of the result of discontinued operations and the result recognised on the re-measurement of assets or disposal group is as follows:

	31 Dec 2016 £'000	31 Dec 2015 £'000
Revenue	3,579	926
Expenses	(5,423)	(1,351)
Impairment of Goodwill associated with disposal group (note 10)	(3,128)	
Profit before tax of discontinued operations	(4,972)	(425)
Tax	-	-
Profit after tax of discontinued operations	**(4,972)**	**(425)**

The pre-tax loss recognised on the re-measurement of the disposal group to fair value less costs to sell was £3,128k. The fair value less costs to sell reflect the expected proceeds on disposal, which have been determined by the directors to be the waiving of an existing liability to the purchaser for deferred cash consideration for £1,043k. Therefore the carrying value of the disposal group equals the expected proceeds at 31 December 2016.