Challenger Acquisitions Limited

Interim Report for the six months ended 30 June 2015

Registered number: 59383

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1. Interim Management Report

The Directors present their Interim Management Report and the unaudited interim condensed financial statements (the 'interim financial statements') of Challenger Acquisitions Limited (the 'Company') for the six months ended 30 June 2015.

Business Commentary

The Company has been founded on 24 November 2014 and listed on 19 February 2015 to undertake one or more acquisitions of target companies or businesses in the entertainment and leisure sectors. Within the first six month of 2015 the Company has successfully acquired a 2.463% stake in the New York Wheel. As a result of this transaction, trading in the Company's shares was put on hold until a new prospectus is filed with the UKLA. Within the suspension period, after the reporting date of these interim financial statements, the Company successfully acquired the Dutch engineering Group Starneth. Both transactions were financed by a convertible note issued by the company. The convertible note had subscriptions of GBP 3,076,200 of which GBP 2,676,200 had been received until the date of these interim financial statements. The remaining GBP 400,000 have been received in July 2015.

For the second half of the year the Company will focus on the successful integration of the Starneth business.

No ordinary share dividends were declared or paid during the six months ended 30 June 2015.

Principal Risks and Uncertainties

The Company considers its strategic, operational and financial risks and identifies actions to mitigate these risks and uncertainties. With the strategic investment in the New York Wheel and the issuance of the convertible notes, the risk situation of the company has changed compared to its initial prospectus.

Given the limited nature of the Company's activities so far, the principal risk that the Company faces is the inability to access funds in order to settle its liabilities as they fall due. Another major risk is that the investment in the New York Wheel will have a negative performance.

2. Responsibility Statement

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

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

- important events that have occurred during the first six months of the year;
- the impact of those events on the financial statements;
- a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- details of any related party transactions that have materially affected the Company's financial position or performance in the six months ended 30 June 2015.

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

Mark Gustafson
Gert Rieder
Markus Kameisis

Company Secretary
Markus Kameisis

By Order of the Board
Markus Kameisis
Chief Financial Officer
28 August 2015

3. Condensed Statement of Comprehensive Income

The condensed statement of comprehensive income of the Company from the date of incorporation on 24 November 2014 to 30 June 2015 is set out below:

	Note	Period ended 30 June 2015 £
Revenue		-
Personnel expenses	8	(17,800)
Administrative expenses		(668,946)
Operating loss and loss on ordinary activities before taxation		(686,746)
Finance costs		(67,585)
Profit before income taxes		(754,331)
Income tax expense	9	-
Loss after taxation		(754,331)
Loss for the period		(754,331)
Other comprehensive income		-
Total comprehensive loss attributable to owners of the parent		(754,331)
Loss per share:		-
Basic and diluted	10	(0.09)

4. Condensed Statement of Financial Position

The condensed statement of financial position of the Company as at 30 June 2015 is set out below:

	Note	As at 30 June 2015 £
Assets		
Current assets		
Cash and cash equivalents		1,079,621
Prepaid expenses		4,500
Total current assets		**1,084,121**
Non-current assets		
Available-for-sale financial assets	5	1,976,400
Total non-current assets		**1,976,400**
Total assets		**3,060,521**
Equity and liabilities		
Capital and reserves		
Share capital	4	740,001
Share premium		280,000
Accumulated deficit		(754,331)
Total equity attributable to equity holders		**265,670**
Current liabilities		
Borrowings	6	2,531,617
Accounts payable and accrued liabilities	7	263,234
Total current liabilities		**2,794,851**
Total equity and liabilities		**3,060,521**

Condensed Statement of Changes in Equity

The condensed statement of changes in equity of the Company from the date of incorporation on 24 November 2014 to 30 June 2015 is set out below:

	Share capital £	Share Premium £	Accumulated deficit £	Total £
On incorporation on 24 November 2014	1	-	-	1
Comprehensive income				
Loss for the period	-	-	(754,331)	(754,331)
Total comprehensive income for the period	**-**	**-**	**(754,331)**	**(754,331)**
Transaction with owners				
Issue of shares	740,001	280,000	-	1,020,001
Total transaction with owners	**740,001**	**280,000**	**-**	**1,020,001**
As at 30 June 2015	**740,001**	**280,000**	**(754,331)**	**265,670**

Share capital comprises the Common Shares issued by the Company.

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

Condensed Statement of Cash Flows

The condensed cash flow statement of the Company from the date of incorporation on 24 November 2014 to 30 June 2015 is set out below:

	Period ended 30 June 2015 £
Cash flow from operating activities	
Loss for the period before taxation	(754,331)
Adjustments	-
Operating cash flows before movements in working capital	**(754,331)**
Increase in receivables	(4,500)
Increase in accounts payable and accrued liabilities	263,235
Net cash generated from operating activities	**(495,596)**
Investments	(1,976,400)
Net cash outflow from investing activities	**(1,976,400)**
Issue of Common Shares	1,020,001
Issue of Convertible Notes	2,531,617
Net cash inflow from financing activities	**3,551,618**
Net increase in cash and cash equivalents	**1,079,621**
Cash and cash equivalent at beginning of period	-
Cash and cash equivalent at end of period	**1,079,621**

5. Notes to the financial information

1. GENERAL INFORMATION

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

The Company seeks to make one or more acquisitions of companies or businesses with a focus on opportunities in the entertainment and leisure sectors.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed unaudited financial statements for the period ended 30 June 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting. The results for the period ended 30 June 2015 are unaudited.

The condensed unaudited consolidated financial statements for the period ended 30 June 2015 has been prepared on a basis consistent with, and on the basis of, the accounting policies set out in the financial information on the Company set out in Part 3 (A) of the Company's Prospectus for admission to the Standard Listing segment of the Official List for the period from incorporation to 5 December 2014. The condensed unaudited interim financial statements of the Company have been prepared on the basis of the accounting policies, presentation, methods of computation and estimation techniques expected to be adopted in the financial information by the Company in preparing its annual report for the period ending 31 December 2015.

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

Comparative figures

No comparative figures have been presented as the financial information covers the period from incorporation on 24 November 2014 to 30 June 2015.

Standards and interpretations issued but not yet applied

At the date of authorisation of this financial information, the directors have reviewed the Standards in issue by the International Accounting Standards Board ("IASB") and IFRIC, which are effective for annual accounting periods ending on or after the stated effective date. In their view, none of these standards would have a material impact on the financial reporting of the company.

Financial assets

The Directors determine the classification of the Company's financial assets at initial recognition. The financial assets held comprise cash and cash equivalents and these are classified as loans and receivables.

Financial liabilities

The Directors determine the classification of the Company's financial liabilities at initial recognition. The financial liabilities held comprise accounts payable and accrued liabilities and these are classified as loans and receivables at fair value through profit or loss.

Revenue recognition

The Company generated no revenue during the period since incorporation.

Cash and cash equivalents

The Company considers any cash on short-term deposits and other short term investments to be cash equivalents.

Share capital

Founder Shares are recorded at nominal value and proceeds received in excess of nominal value of Founder Shares issued, if any, are accounted for as share premium. Both share capital and share premium are classified as equity. Costs incurred directly to the issue of Founder Shares are accounted for as a deduction from share premium, otherwise they are charged to the income statement.

Going concern

The financial information has 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 review of ongoing performance and cash flows, the Directors have a reasonable expectation that the Company has adequate resources to continue operational existence for the foreseeable future.

3. 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 a single activity, being the identification and acquisition of target companies or businesses in the entertainment and leisure sectors.

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:

	Period ended 30 June 2015 £
Revenue	-
Operating loss	(754,331)
Carrying amount of assets	3,060,521
Carrying amount of liabilities	(2,794,851)

4. SHARE CAPITAL

	At 30 June 2015 £
4,000,100 Ordinary shares of £0.01	40,001
7,000,000 Ordinary shares of £0.10	700,000
Total share capital	740,001

On 24 November 2014, the Company was incorporated and had an issued share capital of one Founder Share of £1.00.

On 5 December 2014, a further 40,000 Founder Shares of £1 each were issued to the Founder for a consideration of £320,000.

On 10 December 2014, the existing 40,001 Founder Shares were sub-divided into 4,000,100 Ordinary Shares of £0.01 each.

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 30 June 2015, the number of Ordinary Shares authorised for issue was unlimited. All Ordinary Shares have equal voting rights and rank equally on a winding up.

5. Assets

On 20 May 2015, the Company invested a total of £1,976,400 (US$3,000,000) for a 2.463% 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 70,000 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.

6. Borrowings

Between 6 May 2015 and 30 July 2015, the Company issued £3,067,200 of convertible loan notes. On 30 June 2015 2,667,200 of these loan notes were issued. The loan 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 loan 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 loan notes that may be converted in any 30-day period by a noteholder is 10% of the total amount of any loan notes subscribed by that noteholder. The Company can redeem the loan notes at a 10% premium anytime the market price is lower than £0.50.

The convertible loan 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.

7. TRADE AND OTHER PAYABLES

As at 30 June 2015, the Company had £263,234 of trade payables measured at fair value through profit or loss. A maturity analysis of the Company's trade payables due in less than one year is as follows:

	As at 30 June 2015 £
0 to 3 months	263,234
3 to 6 months	-
6 months +	-
Total	263,234

8. DIRECTOR'S EMOLUMENTS

The three Directors were paid emoluments totaling £17,800 during the period under review. The Directors were the key management personnel.

9. TAXATION

The Company is a Guernsey Corporation subject to a corporate tax rate of nil, as at 30 June 2015.

10. LOSS PER SHARE

The calculation for loss per share (basic and diluted) for the relevant period is based on the loss after income tax attributable to equity holder for the period from incorporation on 24 November 2014 to 30 June 2015 and is as follows:

Loss attributable to equity holders (£)	(754,331)
Weighted average number of shares	8,004,687
Loss per share (£)	(0.09)

Loss per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential Ordinary Shares.

Due to the issuance of a convertible note, the existing shares might be diluted if investors decide to convert.

11. RELATED PARTY TRANSACTIONS

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

12. COMMITMENTS

The Company had not entered into any material capital commitments as at 30 June 2015.

13. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Company is exposed through its operations to credit risk and liquidity risk. In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

Financial instruments

The financial instruments used by the Company, from which financial instrument risk arises, are cash and cash equivalents of £1,079,621 and accounts payable of £263,234.

The risk associated with the cash and cash equivalents is that the Company's bank will enter financial distress and be unable to repay the Company its cash on deposit. To mitigate this risk, cash and cash equivalents are only lodged with reputable financial institutions with sound balance sheets.

The risk associated with the accounts payable is that the Company will not have sufficient funds to settle the liability when it falls due. The Directors seek to maintain a cash balance sufficient to meet expected requirements for a period of at least 45 days.

General objectives, policies and processes

The Directors have overall responsibility for the determination of the Company's risk management objectives and policies. Further details regarding these policies are set out below:

Credit risk

The Company's credit risk arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only reputable institutions with sound balance sheets are accepted.

Liquidity risk

Liquidity risk arises from the Directors' management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Directors' policy is to ensure that the Company will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Directors seek to maintain a cash balance sufficient to meet expected requirements for a period of at least 45 days.

The Directors have prepared cash flow projections on a monthly basis through to 31 December 2016. At the end of the period under review, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

14. CAPITAL RISK MANAGEMENT

The Directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. At the date of this financial information, the Company had been financed from equity and borrowings. In the future, the capital structure of the Company is expected to consist of borrowings and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

15. SUBSEQUENT EVENTS

On 3 July 2015, the Company issued 109,789 Ordinary Shares at a price of £0.37 per Ordinary Share, to the holders of the convertible loan notes in payment of £40,951 of interest due in the period ending 30 June 2015.

On 3 July 2015, the Company issued 240,000 Ordinary Shares at a price of £0.40 per Ordinary Share, as a fee to the introducer of the New York Wheel investment.

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 total consideration under the Share Purchase Agreement amounted to €7,200,000, plus a variable component equal to 30% of the consolidated EBITDA of the acquired companies in excess of €1,267,000 for the next three financial years. Of the consideration, €1,250,000 was paid in cash at closing, and two further cash payments of €1,250,000 will be made on the first and second anniversary of closing. The rest of the consideration will be settled in Ordinary Shares. A total of 1,100,000 Ordinary Shares were issued to the Sellers at closing (the "Starneth Shares"). Two additional instalments of 1,100,000 Ordinary Shares will be made on the first and second anniversary of closing, and the variable component will also be paid in Ordinary Shares after the end of each financial year. All Ordinary Shares issued and to be issued to the Sellers under the Share Purchase Agreement are valued at £0.75 per Ordinary Share.

On 28 July 2015, the Company issued 630,000 Ordinary Shares at a price of £0.40 per Ordinary Share, as a fee to the introducer of the Starneth acquisition.

On 29 July 2015, options to acquire 615,000 Ordinary Shares ("Options") were granted to employees and consultants of the Company. These Options have an 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 grant

16 ULTIMATE CONTROLLING PARTY

As at 30 June 2015, no one entity owns greater than 50% of the issued share capital. Therefore the Company does not have an ultimate controlling party.

17. NATURE OF FINANCIAL INFORMATION

The financial information presented above does not constitute statutory financial statements for the period under review.