

Company Registration No. 03926192

Clear Leisure plc

**Annual Report and
Financial Statements for
the year ended
31 December 2013**

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Company information

Directors	Alfredo Villa, Chairman and Chief Executive Officer Nilesh Jagatia, Group Chief Financial Officer Francesco Emiliani, Non-Executive Director
Company Secretary	Nilesh Jagatia
Company number	03926192
Registered office	45 Pont Street London SW1X 0BD
Auditor	Welbeck Associates Statutory Auditor Chartered Accountants 30 Percy Street London W1T 2DB
Solicitors	CFMP Studio Legale Associato Via Fatebenefratelli, 22 20121 Milan Italy
Nominated Adviser and Broker	Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX
Registrar	Share Registrars Ltd Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL

CHAIRMAN'S STATEMENT

The past 12 months have been very challenging for the Company, mostly due to the unforeseen closing and subsequent write-down of our tour operator and hotel management company, ORH SpA, at the start of 2014. This loss was particularly hard felt following ORH's positive contribution to the Group in the first six months of 2013.

The Board's initial investigations into the operations of the ORH Group revealed that there were serious financial irregularities in its operations and this left the Board with no option but to indefinitely suspend operations and write down the entire investment to zero in 2013. This resulted in an exceptional charge of Euro 7.4 million. The Company will continue to pursue legal action against the former directors and owners of ORH S.p.A through both civil and criminal courts in Italy, with the view that compensation will be recovered in due course.

The collapse of the Ora Hotel chain, together with the Board's decision to adopt a more prudent approach to the valuations placed on the Group's other assets, this had contributed to the delay in publishing the accounts for 2013. The Italian economy continues to deteriorate, a situation that has been in evidence since 2009, with acceleration in the last three years. This has particularly impacted the leisure and hotel sectors, where the Company's assets operate, leading to impairment losses and provisions of Euro 5.3 million, which taken together with the write down of our investment in ORH, represents much of the Company's loss for the year.

However and despite these events, the Company has continued its strategy to restructure its holdings, reduce its debt position and overheads, establish a more accurate valuation for each of its assets, and to create more desirable conditions to improve the salability of certain assets, such as the Mediapolis Investment.

The Board is pleased with the initial results of this strategy and expects to be able to present to its shareholders a clearer and more positive financial position and asset valuation.

Despite the adverse and difficult economic conditions in Italy in the past few years the Board honored its undertaking to shareholders that was made in February 2013, to not issue further Clear Leisure stock to support its business activities.

The current Net Asset Value per share in the financial statements is 7 pence per share, and is considerably higher than the last closing price of our stock and above the 2013.

Financial Review

The loss from discontinued ORH S.p.A operations amounted to EUR 7.4m and Other losses including impairment charges for the year was EUR 5.3 million (2012: EUR 4.7 million) which were mainly due to writing down certain assets within the Group.

As a result of the above, the consolidated net asset value (equity attributable to the Company) at 31 December 2013 was EUR 17 million (2012: EUR 29.5m) providing a fully diluted net asset value per share of 7.2 pence. Total equity, including non-controlling Interests is EUR 24.2m (2012: EUR 39.6m).

The Group reported an Operating loss of EUR 1.5 million (2012: Profit of EUR 2.9m which included an exceptional gain of EUR 1.1m in relation to the buy-back of 7% bond, as announced on 6 February 2013).

During the financial year the Group issued a EUR 9.9 million Zero Coupon Bond on 25 March 2013 of which EUR 3 million was placed with different European institutions, in line with the needs of the Group.

Outlook

The Company is hoping to report the completed restructuring in Q1 2015, which will see a cleaner reporting structure, with better organisation and clearer financials. It is expected that once this process has been completed, Mr Villa will step down as CEO and his replacement will take responsibility for finding suitable buyers for the Company's major real estate assets.

Alfredo Villa
Chairman

15 December 2014

DIRECTOR PROFILES

Alfredo Villa

Chief Executive Officer

Was appointed on 1 October 2009. His career started at Banca della Svizzera Italiana as currency option dealer, and then joined Soginvest Banca (CIAL Group). In 1991 he co-founded in Lugano, Switzerland, Givigest Fiduciaria SA, a firm actively involved in investment banking. In 1994 he co-founded SCF SA, a financial consulting firm offering asset management services. These two companies were sold in 2001. His current activities are based mainly in Italy where he is a board member and partner of Gabbrielli & Associati in Milan, a financial consulting company who just sold a private fund with 100M euro under management, and he is also an independent consultant and private investor in several venture capital companies.

Nilesh Jagatia

Chief Finance Officer

Was appointed on 18 October 2012. He currently holds Finance Director positions with AIM quoted Inspirit Energy Holdings plc (INSP) and CA Sperati plc (SPR). Nilesh has been involved with several IPO's and was previously Group Finance Director of an AIM quoted online media and publishing company for a period of 5 years until July 2012. He has over 20 years' experience, including senior financial roles in divisions of both Universal Music Group and Sanctuary Group plc. He served as a Finance Director for an independent record label that expanded into the US. Nilesh is a qualified accountant and has a degree in finance.

Francesco Emiliani

Non-Executive Director

Was appointed 29 May 2012. Has held a number of senior positions at some of Italy's top companies, including ENEL S.p.A., where he was CEO of ENEL IT and then CTO of the Group; he was Chairman of Schlumberger Italy between 2001 and 2003, CEO of SEMA Group between 1996 and 2001, and started his career at Olivetti in 1968 where he rose to become CEO of its IT division. He has served on the Board of Mediapolis S.p.A. since February 2006 and acted as Chairman between 2007 and 2009.

STRATEGIC REPORT

The Directors present their Strategic Report on Clear Leisure plc and its subsidiary undertakings (“the Group”) for the year ended 31 December 2013.

The Strategic Report is a new statutory requirement under section 414A of the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013 and is intended to provide fair, balanced and understandable information that enables the Directors to be satisfied that they have complied with section 172 of the Companies Act 2006, which sets out the Directors’ duty to promote the success of the Group and Company.

REVIEW OF THE BUSINESS AND DEVELOPMENTS DURING THE YEAR

During the year, the Group completed a placing of a zero coupon convertible bond at a conversion price of 15p per share and issued at 78% of face value. The Group sold €3,000,000 to different European institutions, with the remaining €6,900,000 held in the Group’s treasury account. The net proceeds of the issue were used to buy back, at a discount, existing debt positions.

In October 2013 the Company announced that ORH S.p.A. had temporarily suspended operations pending an investigation into suspected financial irregularities within the ORH group. The investigation confirmed the Board’s suspicions that there had been serious financial irregularities within the ORH group, and on 3 December 2013, the Group announced that legal action had resulted in the settlement of its investment in the subsidiary. The settlement resulted in a disposal of part of the Group’s holding in ORH S.p.A. In addition a liquidator was appointed by a tribunal in Milan on 2 February 2014. These two events have resulted in the Group no longer holding a controlling interest in ORH S.p.A.

The Group made progress in settling creditors throughout the year. On 6 February 2013, the Group entered into a conditional agreement with certain creditors to buy back £2,704,594 of Clear Leisure debt for a cash amount of £1,576,165. The Group repaid debt of EUR 230,000 to an outstanding creditor by issuing 3.2 million Clear Leisure Ordinary shares at a price of 6p per share. The Group repaid clients of Eufingest S.A. the amount of £600,000 in settlement of a short-term loan through the issue of 15 million Clear Leisure Ordinary shares at a price of 4p per share.

Mr Alfredo Villa, CEO and Interim Chairman of the Group has offered to forgo his salary of £120,000 for a period of one year. Mr Villa has also proposed that the outstanding salary of £85,000 owed to him in this current financial year, ending 31 December 2013, may be written-off or converted into Clear Leisure Plc ordinary shares should the Company undertake a new equity placing at any time in the next 12 months. Mr Villa made a loan to the Company of EUR 50,000 in conjunction with the external audit of ORH SpA and to expedite the operational recovery of the hotel chain. Mr Villa has agreed to accept repayment of the loan within the next 12 months, or that he may convert this amount into Clear Leisure Plc ordinary shares.

The Group received an unsolicited, but binding and fully-financed offer from Generali Investimenti Holding , a Milan based building contractor to acquire the Company’s entire holding (directly and indirectly held by the Company) in Mediapolis S.p.A. The offer was between €20-€30m in cash or stocks based on certain conditions and further details of this offer is available in the regulatory news issued on that day.

STRATEGIC REPORT (continued)

Board changes

On 11 February 2013, the Group announced that Mr Enrico Petocchi and Mr Dominic White both resigned as non-executive directors of the Company.

On 29 August 2013, the Group announced that Cesare Suglia, Executive Director, stepped down from the Board and left the Company.

On 18 October 2013, the Group announced the resignation of Luke Johnson as non-Executive Chairman and appointed Alfredo Villa as Interim Chairman.

Future developments

On 6 January 2014, the Group announced that it increased its interest in the Italian sushi restaurant chain, Sosushi Company Srl from 51 per cent. to 100 per cent. Consideration will take the form of a credit compensation agreement between the vendor and the Group with no additional cash payment required.

On 7 January 2014, the Group announced that it received an additional unsolicited, but binding offer to acquire the Group's entire holding (directly and indirectly held by the Group) in Mediapolis S.p.A. by Fornest Ltd, a UK investment company, which manages the interests of certain Italian investors.

On 13 January 2014, the Group announced that further to the announcements on Mediapolis S.p.A. dated 22 November 2013 and 7 January 2014, the Group submitted on 10 January 2014 to the Ivrea Tribunal, a formal proposal for the restructuring of the Mediapolis debt, the "Concordato in Continuità".

On 27 May 2014, the Group acquired a 100% interest in a specific vehicle which controls the entire share capital of Hospitality & Leisure Fund (H&L Fund), an Italian real estate fund regulated by the Italian financial authorities.

Risks and uncertainties

The Group's investments as at 31 December 2013 were all in unlisted investments, as a result there is no readily available market for sale in order to arrive at a fair value. The valuation of each investment is appraised on a regular basis and requires a significant amount of judgement together with reviewing the cash flows and budgets of the investee company in order to arrive at a fair value.

The Group has raised funds during the period as discussed in the 'Developments during the year' above. The Directors feel that the amounts raised will not be sufficient to meet their operating forecasts over the next 12 months, and further funds will be required to meet the day to day operations of the Group.

Key performance indicators ("KPI's")

The key performance indicators are set out below:

	31 December 2013	31 December 2012	Change %
Net asset value (less minority interests)	€16,956,000	€29,455,000	-42.4%
Net asset value – fully diluted per share (€)	0.085	0.1625	-47.7%
Closing share price	2.125p	4.500p	-52.8%
Market capitalisation	£4,237,449	£8,154,422	-48.0%

STRATEGIC REPORT (continued)

Assessment of business risk

The Board regularly reviews operating and strategic risks. The Group's operating procedures include a system for reporting financial and non-financial information to the Board including:

- reports from management with a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- reports on the performance of investments;
- reports on selection criteria of new investments;
- discussion with senior personnel; and
- consideration of reports prepared by third parties.

Financial risk management

Details of the Group's financial instruments and its policies with regard to financial risk management are contained in note 25 to the financial statements.

Results for the year and dividends

The loss for the year from continuing operations was €7.4 million (2012: loss of €2.5 million). Since the Group does not have any distributable reserves, the Directors are unable to recommend the payment of a dividend.

Going concern

The Group's activities generated a loss from continuing operations of €7,359,000 (2012: €2,491,000) and had net current liabilities of €16,330,000 as at 31 December 2013. In addition the Company's shares are currently suspended on the AIM Market. The Group's operational existence is still dependant on the ability to raise further funding either through an equity placing on AIM, or through other external sources, to support the on-going working capital requirements.

After making due enquiries, the Directors have formed a judgement that there is a reasonable expectation that the Group can secure further adequate resources to continue in operational existence for the foreseeable future and that adequate arrangements will be in place to enable the settlement of their financial commitments, as and when they fall due.

For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. Whilst there are inherent uncertainties in relation to future events, and therefore no certainty over the outcome of the matters described, the Directors consider that, based upon financial projections and dependant on the success of their efforts to complete these activities, the Group will be a going concern for the next twelve months. If it is not possible for the Directors to realise their plans, over which there is significant uncertainty, the carrying value of the assets of the Group is likely to be impaired.

By order of the Board.

Alfredo Villa

Director

15 December 2014

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2013.

Principal Activity

The principal activity of the Group is that of an investment company pursuing a strategy to create a portfolio of companies within the leisure, entertainment, interactive media and financial services sectors.

Directors

The present members of the Board of Directors together with brief biographies are shown on page 2.

The board comprised the following directors who served throughout the year and up to the date of this report save where disclosed otherwise beside their name:

Alfredo Villa

Luke Johnson (Resigned 18 October 2013)

Cesare Suglia (Resigned 29 August 2013)

Nilesh Jagatia

Francesco Emiliani

Enrico Petocchi (Resigned 11 February 2013)

Dominic White (Resigned 11 February 2013)

Directors' interests

No Director had a material interest in any contract of significance to the Company or any of its subsidiaries during the period. No Directors of the Company have any beneficial interests in the shares of its subsidiary companies other than Mr. Villa who holds shares in Mediapolis Investments SA.

The interests of the directors who served at the end of the year in the share capital of the Company at 31 December 2013 and 31 December 2012 were as follows:

	31 December 2013	Holding	31 December 2012
Executive Directors	(2.5p ordinary shares)	%	(2.5p ordinary shares)
Alfredo Villa	28,279,039	15.61	28,279,039

The closing market price of the ordinary shares at 31 December 2013 was 2.125p and the highest and lowest closing prices during the year were 5.165p and 1.310p respectively.

There have been no changes in the Directors' interests between the year end and 30 November 2014.

DIRECTORS' REPORT (continued)**Remuneration**

Remuneration receivable by each Director during the year was as follows:

	2013	2013	2013	2012
	Board fees	Salary	Total	Total
	€'000	€'000	€'000	€'000
Executive Directors				
Alfredo Villa	-	140	140	147
Cesare Suglia	-	-	-	82
Nilesh Jagatia	-	99	99	40
Non-executive Directors				
Gabriele Gresta	-	-	-	12
Edward Burman	-	-	-	24
Hareh Kanabar	-	-	-	24
Alessandro Malacart	-	-	-	24
Justin Drummond	-	-	-	32
Enrico Petocchi	-	-	-	24
Dominic White	-	-	-	103
Total	-	239	239	512

None of the Directors had any pension entitlement.

Directors' interests in share options and warrants

At 31 December 2013 no Director had any interest in share options in the Company.

All former share option plans had lapsed and no options were exercised in any of the last three financial years.

Significant shareholders

As at 15 December 2014 so far as the directors are aware, the parties who are directly or indirectly interested in 3 per cent or more of the nominal value of the Company's share capital are as follows:

	Number of ordinary shares	%
Eufingest	56,500,000	28.3
Afredo Villa - Chairman	28,279,039	14.2
Luke Johnson	25,000,000	12.5
Conficont Compagn	15,000,000	7.5
TMS-EKAB	11,000,000	5.5
HSBC Global Custody Nominee (UK	9,305,980	4.7
Regilco S.R.L	7,190,000	3.6

DIRECTORS' REPORT (continued)

Corporate Governance

As an AIM-listed Company, the Company is not required to follow the provisions of the Corporate Governance Code as set out in the Financial Conduct Authority's Listing Rules. However, the Directors recognise the importance and support the principles of good governance.

Directors' liability insurance and indemnity

The Company is in the process of arranging insurance cover in respect of potential legal action against its Directors. To the extent permitted by UK law, the Company also intends to indemnify the Directors.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the AIM rules of the London Stock Exchange.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Group is compliant with AIM Rule 26 regarding the Group's website.

Disclosure of information to auditor

In the case of each person who was a Director at the time this report was approved:

- so far as that director is aware there is no relevant audit information of which the Group's auditor is unaware: and
- that director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Events after the reporting period

Details of events after the reporting period have been disclosed in Note 33.

Independent auditor

Welbeck Associates, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

By order of the Board.

Alfredo Villa

Director

15 December 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLEAR LEISURE PLC

We have audited the financial statements of Clear Leisure plc for the year ended 31 December 2013 which comprise the group statement of comprehensive income, the group and parent company statements of changes in equity, the group and parent company statements of financial position, the group and parent company statements of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's statement, strategic report and Directors' report to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

A description of the scope of an audit of financial statements is also provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Basis for qualified opinion on financial statements

The audit evidence available to us was limited due to restrictions placed on the scope of our work as a result of two separate issues.

Firstly, an issue arose as a result of a pending investigation into the financial irregularities of the subsidiary ORH S.p.A. ("ORH"), the Board decided to dispose of the Group's investment on 3 December 2013. ORH has since the year end been put into voluntarily liquidation which was authorised by the Milan Tribunal on 2 February 2014, with a liquidator appointed on the same day. Unfortunately given the irregularities, the situation has resulted in our audit not being able to obtain sufficient appropriate audit evidence in the Group financial statements concern:

- the existence of the assets held by ORH, which through the Group's 73.43% investment had a carrying value of €nil as at 31 December (2012: €19.915m), within the Group's financial statements.
- the completeness of the liabilities arising from the trading activities of ORH, which through the Group's 73.43% investment has a carrying value of €nil as at 31 December 2013 (2012: €15.839m), within the Group's financial statements.

As such we are unable to confirm the total loss relating to the discontinued operations in ORH of €7.358m, as disclosed in Note 13 and the total loss on disposal of the investment in the Company accounts of €5.345m, as disclosed in Note 29.

Secondly, as a result of the Directors not being able to provide confirmation of the asset position of the various funds managed by Cambria Limited in which the Group have both direct and indirect interests including their holding in Cambria Equity Partners LP, we have been unable to obtain sufficient appropriate audit evidence in the Group financial statements concerning:

- the existence of the assets held by the Group in relation to these investments, which had a carrying value of €nil as at 31 December 2013 (2012: €nil) within the Group financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLEAR LEISURE PLC (continued)

Basis for qualified opinion on financial statements *(continued)*

- the impairment of the investment valuation which during the year to 31 December 2013 was €nil (2012: €305,500).

As such we are unable to confirm whether the value attributable to these investments included within the Group financial statements at €nil is true and fair, and accordingly whether the accounting treatment adopted by the Company as outlined above is in accordance with IFRS.

Qualified opinion on the financial statements

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- the group and parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion

Emphasis of matter – Going concern

We draw your attention to the disclosure made in note 3 to the financial statements concerning the Group's ability to continue as a going concern.

These conditions, along with other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the ability of the Group to continue as a going concern. The Directors have plans to manage the cash flows of the Group to enable it to continue as a going concern. These plans include the necessary additional fundraising required to provide the operational working capital requirement for the next 12 months. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Matters on which we are required to report by exception

In respect solely of the limitation on our work to the assessment of the accuracy of the accounting records used in the preparation of the financial statements, described above, we have not obtained all the information and explanations that we considered necessary for the purpose of the audit.

We have nothing else to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jonathan Bradley Hoare (Senior statutory auditor)

for and on behalf of Welbeck Associates

Chartered Accountants and Registered Auditors

London, United Kingdom

15 December 2014

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013	2012
		€'000	*Restated €'000
Continuing operations			
Revenue		1,291	1,499
Cost of sales		(515)	(253)
		<u>776</u>	<u>1,246</u>
Other operating income	7	-	3,244
Administration expenses		(2,285)	(1,562)
		<u>(1,509)</u>	<u>2,928</u>
Operating (loss) / profit			
Other gains and losses	8	(5,342)	(4,693)
Finance income		-	8
Finance charges	9	(468)	(687)
		<u>(7,319)</u>	<u>(2,444)</u>
Loss before tax	10	(7,319)	(2,444)
Tax	12	(40)	(47)
		<u>(7,359)</u>	<u>(2,491)</u>
Loss for the year from continuing operations			
(Loss)/profit from discontinued operations	13	(7,358)	105
Loss for the year		(14,717)	(2,386)
Other comprehensive income			
Revaluation of land and buildings		-	3,000
Exchange translation differences		(2)	(4)
		<u>(2)</u>	<u>2,996</u>
Total other comprehensive income			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(14,719)	610
Loss attributable to:			
Owners of the parent		(13,607)	(2,300)
Non-controlling interests		(1,110)	(86)
Total comprehensive income attributable to:			
Owners of the parent		(13,609)	(221)
Non-controlling interests		(1,110)	831
Earnings per share:			
	14		
Basic and fully diluted loss from continuing operations		(€0.04)	(€0.02)
Basic and fully diluted loss from discontinued operations		(€0.04)	-
		<u>(€0.08)</u>	<u>(€0.02)</u>

*The comparative results of the Group for 2012 have been restated to reflect the disposal of subsidiary undertakings.

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013

	Notes	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Non-current assets					
Goodwill	15	9	6,652	-	-
Other intangible assets	16	235	4,510	-	-
Property, plant and equipment	17	39,044	41,565	-	-
Available for sale investments	19	7,556	7,894	-	-
Other receivables	20	-	1,670	23,119	33,495
Total non-current assets		46,844	62,291	23,119	33,495
Current assets					
Inventories		135	266	-	-
Available for sale investments	19	-	320	-	-
Trade and other receivables	20	2,106	16,264	-	663
Cash and cash equivalents	21	1,477	1,843	-	15
Total current assets		3,718	18,693	-	678
Current liabilities					
Trade and other payables	22	(6,605)	(23,357)	(1,014)	(3,512)
Borrowings	23	(13,443)	(15,340)	(2,331)	(340)
Total current liabilities		(20,048)	(38,697)	(3,345)	(3,852)
Net current (liabilities)/assets		(16,330)	(20,004)	(3,345)	(3,174)
Total assets less current liabilities		30,514	42,287	19,774	30,321
Non-current liabilities					
Borrowings	23	(4,959)	(2,222)	(2,368)	(1,681)
Deferred liabilities and provisions		(1,380)	(499)	-	-
Total non-current liabilities		(6,339)	(2,721)	(2,368)	(1,681)
Net assets		24,175	39,566	17,406	28,640
Equity					
Share capital	26	6,074	5,536	6,074	5,536
Share premium account	26	42,856	42,457	42,856	42,457
Other reserves	27	10,869	10,698	466	293
Retained losses		(42,843)	(29,236)	(31,990)	(19,646)
Equity attributable to owners of the Company		16,956	29,455	17,406	28,640
Non-controlling interests	29	7,219	10,111	-	-
Total equity		24,175	39,566	17,406	28,640

The financial statements were approved by the board of directors and authorised for issue on 15 December 2014. They were signed on its behalf by:

Alfredo Villa
Director

Nilesh Jagatia
Director

The accounting policies and notes form part of these financial statements.
Company Number 03926192

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

Group	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained losses €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
At 1 January 2013	5,536	42,457	10,698	(29,236)	29,455	10,111	39,566
Loss for the year	-	-	-	(13,607)	(13,607)	(1,111)	(14,718)
Other comprehensive income	-	-	(2)	-	(2)	-	(2)
Total comprehensive income for the year	-	-	(2)	(13,607)	(13,609)	(1,111)	(14,720)
Acquisition of non-controlling interests in subsidiary	-	-	-	-	-	(109)	(109)
Disposal of subsidiary	-	-	-	-	-	(1,672)	(1,672)
Issue of convertible bond	-	-	173	-	173	-	173
Issue of shares in the year	538	399	-	-	937	-	937
At 31 December 2013	6,074	42,856	10,869	(42,843)	16,956	7,219	24,175

Company

At 1 January 2013	5,536	42,457	293	(19,646)	28,640	-	28,640
Loss and total comprehensive income for the year	-	-	-	(12,344)	(12,344)	-	(12,344)
Issue of convertible bond	-	-	173	-	173	-	173
Issue of shares in the year	538	399	-	-	937	-	937
At 31 December 2013	6,074	42,856	466	(31,990)	17,406	-	17,406

The accounting policies and notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

Group	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained losses €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
At 1 January 2012	1,370	31,749	9,511	(26,382)	16,248	-	16,248
Exchange translation adjustments	31	701	181	(554)	359	-	359
At 1 January 2012 (restated)	1,401	32,450	9,692	(26,936)	16,607	-	16,607
Loss for the year	-	-	-	(2,300)	(2,300)	(86)	(2,386)
Other comprehensive income	-	-	2,079	-	2,079	917	2,996
Total comprehensive income for the year	-	-	2,079	(2,300)	(221)	831	610
Non-controlling interests in subsidiary undertakings acquired	-	-	-	-	-	9,280	9,280
Conversion of loan note	-	-	(1,073)	-	(1,073)	-	(1,073)
Issue of shares in the year	4,135	10,007	-	-	14,142	-	14,142
At 31 December 2012	5,536	42,457	10,698	(29,236)	29,455	10,111	39,566
Company							
At 1 January 2012	1,370	31,749	1,365	(19,428)	15,056	-	15,056
Exchange translation adjustments	31	701	1	(429)	304	-	304
At 1 January 2012 (restated)	1,401	32,450	1,366	(19,857)	15,360	-	15,360
Total comprehensive income for the year	-	-	-	211	211	-	211
Conversion of loan note	-	-	(1,073)	-	(1,073)	-	(1,073)
Issue of shares in the year	4,135	10,007	-	-	14,142	-	14,142
At 31 December 2012	5,536	42,457	293	(19,646)	28,640	-	28,640

The accounting policies and notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 €'000	Group 2012 Restated €'000	Company 2013 €'000	Company 2012 Restated €'000
Net cash (outflow) / inflow from operating activities	26	(2,703)	(762)	(2,161)	54
Cash flows from investing activities					
(Increase)/decrease in loan to subsidiary undertakings		-	-	(394)	(4,426)
Acquisition of subsidiary undertakings		-	(1,348)	-	-
Cash balances of subsidiaries acquired		-	1,828	-	-
Purchase of available for sale investments		-	(1,786)	-	-
Purchase of intangible fixed assets		(191)	-	-	-
Purchase of property, plant and equipment		(10)	-	-	-
Interest received		-	40	-	-
Net cash (outflow) from investing activities		(201)	(1,266)	(394)	(4,426)
Cash flows from financing activities					
Proceeds from issues of new ordinary shares (net of expenses)		-	4,810	-	4,810
Proceeds of issue of convertible bond		2,340	-	2,340	-
Proceeds of short term loans		200	-	200	-
Interest paid		-	(389)	-	-
Net cash inflow from financing activities		2,540	4,421	2,540	4,810
Net (decrease) /increase in cash for the year		(364)	2,393	(15)	438
Cash and cash equivalents at beginning of year		1,843	8	15	8
Exchange differences		(2)	(558)	-	(431)
Cash and cash equivalents at end of year	23	1,477	1,843	-	15

The accounting policies and notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Clear Leisure plc is a company incorporated in the United Kingdom under the Companies Act 2006. The Company's ordinary shares are traded on AIM of the London Stock Exchange. The address of the registered office is given on the Company information page. The nature of the Group's operations and its principal activities are set out in the Directors' report on page 6.

Standards and amendments which became effective during the year have not had a material impact on the financial statements.

Statement of compliance

The financial statements comply with IFRS as adopted by the European Union. At the date of authorisation of these financial statements the following Standards and Interpretations affecting the Group, which have not been applied in these financial statements, were in issue, but not yet effective. The Company does not plan to adopt these standards early:

		Effective for accounting periods beginning on or after:
IFRS 2,8,16,24,36	Amendments resulting from Annual Improvements 2010-2012 Cycle	1 July 2014
IFRS 3,13, IAS 40	Amendments resulting from Annual Improvements 2011-2013	1 July 2014
IFRS 7	Deferral of mandatory effective date of IFRS 7 and amendments to transition disclosures	1 January 2015
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 10	Consolidated Financial Statements – Amendments for investment entities	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of Interest in Other Entities – Amendments for investment entities	1 January 2014
IAS 19	Employee Benefits – Amended to clarify the requirements that relate to how contribution from employees or third parties that are linked to service should be attributed to periods of service	1 July 2014
IAS 27	Amendments for investment entities	1 January 2014
IAS 28	Investment in associates	1 January 2014
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Impairment of assets	1 January 2014
IAS 38	Amendments resulting from Annual Improvements 2010-2012 Cycle	1 July 2014
IAS 39	Financial Instruments: Recognition and Measurement – Amendments for novation of derivatives	1 January 2014
IFRIC 21	Levies	1 January 2014

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Company.

There were no Standards and Interpretations which were in issue but not effective at the date of authorisation of these financial statements, including the above, that the Directors anticipate will have a material impact on the financial statements of the Group or the Company.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these consolidated financial statements.

Basis of preparation

The consolidated Financial Statements of Clear Leisure plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and the parts of Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention except in respect of revalued properties (as permitted by IFRS 1), and for certain available for sale investments that are stated at their fair values and land and buildings that have been revalued to their fair value.

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 Consolidated Financial Statements are presented in Euros (€), the presentational and functional currency, rounded to the nearest €'000.

Going Concern

Any consideration of the foreseeable future involves making a judgment, at a particular point in time, about future events which are inherently uncertain. The ability of the Group to carry out its planned business objectives is dependent on its continuing ability to raise adequate financing from equity investors and/or the achievement of profitable operations.

Nevertheless, at the time of approving these financial statements and after making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis of preparing the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to 31 December each year. Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other noncontrolling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the noncontrolling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's sharebased payment awards are measured in accordance with IFRS 2 *Share-based Payment*, and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Noncurrent Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

NOTES TO THE FINANCIAL STATEMENTS

2 Accounting policies (Continued)

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquired intangible assets

Intangible assets acquired separately or as part of a business combination are capitalised at cost and fair value as at the date of acquisition, respectively. Intangible assets are subsequently amortised on a straight-line basis over the expected period that benefits will accrue to the Group:

Patents and trade marks over 10 years

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Development costs

Internally generated development expenditure is capitalised as an intangible asset only if all the following criteria are met:

- the asset can be identified;
- it is probable that the asset will generate future economic benefits;
- the fair value of the asset can be measured reliably.

Capitalised development expenditure is amortised on a straight-line basis over the period of expected future sales of the resulting products, which has been assessed as between 5 and 10 years.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

2 Accounting policies (Continued)

Property, plant and equipment (continued)

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to income. On the subsequent sale or scrapping of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Plant and equipment and fixtures and fittings are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible assets to write down the cost less estimated residual value of each asset over its expected useful economic life on a straight line basis at the following annual rates:

Land and buildings	Nil
Leasehold improvements	Straight line over the remaining period of the lease
Plant and machinery	15% straight line
Fixtures and fittings	20% straight line

Asset residual values and useful economic 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 disposal are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprise all direct expenditure and an appropriate proportion of fixed and variable overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Foreign currency

The functional currency is Euro. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other Exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income

NOTES TO THE FINANCIAL STATEMENTS

2 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

Current taxes are based on the results of the Group companies and are calculated according to local tax rules, using the tax rates that have been enacted or substantially enacted by the period-end date.

Deferred tax is provided in full using the financial position liability method for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured using currently enacted or substantially enacted tax rates. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised to the extent the temporary difference will reverse in the foreseeable future and that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax is recognised for all deductible temporary differences arising from investments in subsidiaries and associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Revenue

Revenue, which excludes Value Added Tax, represents the value of services rendered. Consultancy fees are recognised as earned on unconditional supply of services.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

The Group's financial assets are classified into the following specific categories: "available for sale investments", "trade and other receivables", and "cash and cash equivalents". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

2 Accounting policies (Continued)

Available for sale investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments classified as available for sale are measured at subsequent reporting dates at fair value. Fair value is defined as the price at which an orderly transaction would take place between market participants at the reporting date and is therefore an estimate and as such requires the use of judgement. Where possible fair value is based upon observable market prices, such as listed equity markets or reported merger and acquisition transactions. Alternative bases of valuation may include contracted proceeds or best estimate thereof, implied valuation from further investment and long-term cash flows discounted at a rate which is tested against market data. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the net profit or loss for the period. Impairment losses recognised in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement.

The Group determines the fair value of its Investments based on the following hierarchy:

LEVEL 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an ongoing basis.

LEVEL 2 – If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data including recent arm's length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used.

LEVEL 3 – Valuations in this level are those with inputs that are not based on observable market data.

Trade and other Receivables

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a 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.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio; or
- for assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost.

NOTES TO THE FINANCIAL STATEMENTS

2 Accounting policies (Continued)

Assets carried at amortised cost

The amount of impairment 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 asset's carrying amount is reduced, and the loss is recognised in the Statement of Comprehensive Income. 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 the Statement of Comprehensive Income.

Financial liabilities

The Group's financial liabilities comprise convertible bonds, borrowings and trade payables. Financial liabilities are obligations to pay cash or other financial liabilities and are recognised when the Group becomes a party to the contractual provisions of the instruments.

Convertible bonds

Convertible bonds are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowings costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Segmental reporting

In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements. The disclosure is based on the information that is presented to the chief operating decision maker, which is considered to be the board of Clear Leisure plc.

NOTES TO THE FINANCIAL STATEMENTS

2 Accounting policies (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of direct issue costs.

Share capital account represents the nominal value of the shares issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained losses include all current and prior period results as disclosed in the statement of comprehensive income.

Other reserves consists of the merger reserve, revaluation reserve, exchange translation reserve and loan equity reserve.

- the merger reserve represents the premium on the shares issued less the nominal value of the shares, being the difference between the fair value of the consideration and the nominal value of the shares.
- the revaluation reserve represents the difference between the purchase costs of the available for sale investments less any impairment charge and the market or fair value of those investments at the accounting date.
- the exchange translation reserve represents the movement of items on the Statement of Financial Position that were denominated in foreign before translation
- the loan equity reserve presents the value of the equity component of the nominal value of the loan notes issued.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the year-end date, taking into account the risks and uncertainties surrounding the obligation.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Impairment of goodwill

Goodwill has a carrying value of €9,000 (2012: €6,652,000). The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

Management has concluded that an impairment charge to the carrying value of goodwill of €1,303,000 was necessary during the year. See Note 15 to the Financial Statements.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

In order to arrive at the fair value of investments a significant amount of judgement and estimation has been adopted by the Directors as detailed in the investments accounting policy. Where these investments are un-listed and there is no readily available market for sale the carrying value is based upon future cash flows and current earnings multiples for which similar entities have been sold.

Control over BIBOP S.p.A. and BIBOP Srl

Note 19 describes that BIBOP S.p.A and BIBOP Srl are investments in associates of the Group even though the Group has a greater than 50% ownership interest.

The Directors of the Group assessed whether or not the Group has control over BIBOP S.p.A. and BIBOP Srl by determining if the Group controlled the decision making rights of the agents at the Company.

Going Concern

The Group's activities generated a loss from continuing operations of €7,359,000 (2012: €2,491,000) and had net current liabilities of €16,330,000 as at 31 December 2013. In addition the Company's shares are currently suspended on the AIM Market. The Group's operational existence is still dependant on the ability to raise further funding either through an equity placing on AIM, or through other external sources, to support the on-going working capital requirements.

After making due enquiries, the Directors have formed a judgement that there is a reasonable expectation that the Group can secure further adequate resources to continue in operational existence for the foreseeable future and that adequate arrangements will be in place to enable the settlement of their financial commitments, as and when they fall due.

For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. Whilst there are inherent uncertainties in relation to future events, and therefore no certainty over the outcome of the matters described, the Directors consider that, based upon financial projections and dependant on the success of their efforts to complete these activities, the Group will be a going concern for the next twelve months. If it is not possible for the Directors to realise their plans, over which there is significant uncertainty, the carrying value of the assets of the Group is likely to be impaired.

NOTES TO THE FINANCIAL STATEMENTS

4. Segment information

IFRS 8 requires reporting segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the geographical segments within the Group.

Information regarding the Group's reportable segments is presented below:

	2013			2012		
	UK €'000	Italy €'000	Total €'000	UK €'000	Italy €'000	Total €'000
Continuing operations						
Revenue	-	1,291	1,291	-	1,499	1,499
Cost of sales	-	(515)	(515)	-	(253)	(253)
Gross Profit		776	776	-	1,246	1,246
Gain on disposal of investment	-	-	-	1,367	1,877	3,244
Finance Income	-	-	-	-	8	8
Finance charges	(311)	(133)	(468)	(337)	(350)	(687)
Other operating expenses	(1,506)	(803)	(2,285)	(817)	(745)	(1,562)
Other gains and losses	-	(5,342)	(5,342)	-	(4,693)	(4,693)
Loss for the financial year	(1,817)	(5,502)	(7,319)	213	(2,657)	(2,444)

	2013				2012			
	Segment assets €'000	Segment liabilities €'000	Net additions to non- current Assets €'000	Net assets/ (liabilities) €'000	Segment assets €'000	Segment liabilities €'000	Net Additions to non- current assets €'000	Net assets/ (liabilities) €'000
UK	60	(7,458)	-	(7,398)	15	(7,896)	-	(7,881)
Italy	50,502	(18,929)	-	31,573	72,881	(33,537)	8,103	47,447
	50,562	(26,387)	-	24,175	72,896	(41,433)	8,103	39,566

NOTES TO THE FINANCIAL STATEMENTS

5. Employee information

	2013 Number	2012 Number
The average number of employees during the period was as follows:		
Management and administration	5	13

	2013 €'000	2012 €'000
Staff costs during the period including directors comprise:		
Wages and salaries	228	964
Social security costs	20	95
Other pension costs	-	75
	248	1,134

Other pension costs relate to contributions to defined contribution pension schemes and are charged as an expense as they fall due.

6. Directors' Emoluments

	2013 €'000	2012 €'000
Aggregate emoluments	239	512
	239	512

There are no retirement benefits accruing to the Directors. Details of directors' remuneration are included in the Directors' Report.

7. Other operating income

	2013 €'000	2012 €'000
Gain on acquisition representing the excess fair value of assets acquired over the consideration given	-	1,877
Discount on redemption of convertible bonds	-	1,367
	-	3,244

NOTES TO THE FINANCIAL STATEMENTS

8. Other gains and losses

	2013 €'000	2012 €'000
Impairment of investments	(687)	(2,227)
Impairment of land and buildings	(2,254)	-
Impairment of goodwill	(1,303)	(2,466)
Provision for costs relating to the loans within Mediapolis Spa	(398)	-
Provision for infrastructure costs relating to land held by Mediapolis Spa	(700)	-
	(5,342)	(4,693)

9. Finance charges

	2013 €'000	2012 €'000
Interest on convertible bonds	311	337
Interest on bank loans and overdrafts	157	236
Interest on other loans	-	114
	468	687

10. Auditor's remuneration

	2013 €'000	2012 €'000
Group Auditor's remuneration:		
Fees payable to the Group's auditor for the audit of the Company and consolidated financial statements:	55	55
Non audit services:		
Other services	6	7
Subsidiary Auditor's remuneration		
Other services pursuant to legislation	20	32

11. Company income statement

An income statement for Clear Leisure plc is not presented in accordance with the exemption allowed by Section 408 of the Companies Act 2006. The parent company's comprehensive income for the financial year amounted to a loss of €12,344,000 (2012: profit €211,000).

NOTES TO THE FINANCIAL STATEMENTS

12. Tax

	2013 €'000	2012 €'000
Current taxation	40	47
Deferred taxation	-	-
Tax charge for the year	40	47

The Group has a potential deferred tax asset arising from unutilised management expenses available for carry forward and relief against future taxable profits. The deferred tax asset has not been recognised in the financial statements in accordance with the Group's accounting policy for deferred tax.

The Group's unutilised management expenses and capital losses carried forward at 31 December 2013 amount to approximately €21 million (2012: €17 million) and €20 million (2012: €11 million) respectively.

The standard rate of tax for the current year, based on the UK effective rate of corporation tax is 23.25% (2012 – 24.5%). The actual tax for the current and previous year varies from the standard rate for the reasons set out in the following reconciliation:

	2013 €'000	2012 €'000
Loss for the year before tax	(7,319)	(2,444)
Tax on ordinary activities at standard rate	(1,702)	(599)
Effects of:		
Expenses not deductible for tax purposes	163	132
Foreign taxes	40	47
Tax losses available for carry forward against future profits	1,539	467
Total tax	40	47

NOTES TO THE FINANCIAL STATEMENTS

13. Discontinued operations

On 3 December 2013, as a result of a pending investigation into the financial irregularities of the subsidiary ORH S.p.A, the Group announced that legal action had resulted in the settlement of its investment in the subsidiary. The settlement resulted in a disposal of part of the Group's holding in ORH S.p.A. In addition a liquidator was appointed by a tribunal in Milan on 2 February 2014. These two events have resulted in the Group no longer holding a controlling interest in ORH S.p.A.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	2013 €'000	2012 €'000
Revenue	15,335	6,949
Expenses	(17,348)	(6,781)
(Loss)/profit before tax	(2,013)	168
Attributable tax expense	-	(63)
Loss on disposal of discontinued operations (see note 29)	(5,345)	-
Net (loss)/profit attributable to discontinued operations	(7,358)	105

A loss of €5,570,000 arose on the disposal of ORH Spa, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and attributable goodwill.

14. Earnings per share

The basic earnings per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is computed using the weighted average number of shares during the period adjusted for the dilutive effect of share options and convertible loans outstanding during the period.

The loss and weighted average number of shares used in the calculation are set out below:

	Loss €'000	2013 Weighted average no. of shares 000's	Per share Amount Euro	Loss €'000	2012 Weighted average no. of shares 000's	Per share Amount Euro
Basic and fully diluted earnings per share						
Continuing operations	(7,359)	197,564	(€0.04)	(2,491)	92,327	(€0.02)
Discontinued operations	(7,358)	197,564	(€0.04)	105	92,327	-
Total operations	(14,717)	197,564	(€0.08)	(2,386)	92,237	(€0.02)

IAS 33 requires presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease earnings per share. In respect of 2012 and 2013 the diluted loss per share is the same as the basic loss per share as the loss for each year has an anti-dilutive effect.

NOTES TO THE FINANCIAL STATEMENTS

15. Goodwill

	2013 €'000	2012 €'000
Cost		
At 1 January	9,118	-
Additions:		
Recognised on the acquisition of ORH Spa	-	7,697
Recognised on the acquisition of You Can Srl	-	1,421
Disposals:		
Derecognised on the disposal of ORH Spa	(7,697)	-
Adjustment on acquisition of non-controlling interest in You Can Srl	(109)	-
At 31 December	1,312	9,118
Accumulated impairment losses		
At 1 January	2,466	-
Derecognised on disposal of ORH Spa	(2,466)	-
Impairment losses for the year	1,303	2,466
At 31 December	1,303	2,466
Net book value	9	6,652

Goodwill is allocated to cash generating units. The recoverable amount of each unit is determined based on value-in-use calculations. The key assumptions for the value-in-use calculation are those regarding discount rates and growth rates as well as expected changes to costs and selling prices. Management have estimated the discount rate based on the weighted average cost of capital. Changes in selling prices and direct costs are based on past experience and expectations of future change in the markets. These calculations use cash flow projections based on financial budgets approved by management looking forward up to five years. Cash flows are extrapolated using estimated growth rates beyond the budget period. The key assumptions for the value-in-use calculations are:

- a real growth rate of 2% which has been used to extrapolate cash flows beyond the budget period; and
- a WACC rate of 15% applied to the cash flow projection.

The Group tests annually for impairment, or more frequently if there are indications that goodwill might be impaired.

NOTES TO THE FINANCIAL STATEMENTS

16. Other intangible fixed assets

	Development costs €'000	Patents & trademarks €'000	Total €'000
Cost			
At 1 January 2012	-	-	-
Acquisition of subsidiary undertakings	317	4,314	4,631
At 31 December 2012	317	4,314	4,631
Additions	64	-	64
*Disposal of subsidiary undertaking	(108)	(4,314)	(4,422)
At 31 December 2013	273	-	273
Amortisation			
At 1 January 2012	-	-	-
Acquisition of subsidiary undertakings	10	101	111
Amortisation charge for the year	4	6	10
At 31 December 2012	14	107	121
Amortisation charge for year	28	-	28
*Disposal of subsidiary undertaking	(4)	(107)	(111)
At 31 December 2013	38	-	38
Carrying value			
At 31 December 2012	303	4,207	4,510
At 31 December 2013	235	-	235

*These amounts relate predominantly to the disposal of ORH S.p.A., which happened during the year. See note 13 for further details.

NOTES TO THE FINANCIAL STATEMENTS

17. Property, plant and equipment

Group	Land & buildings €'000	Leasehold improvements €'000	Plant & machinery €'000	Fittings & equipment €'000	Total €'000
Cost					
At 1 January 2012	-	-	-	-	-
Acquisition of subsidiary undertakings	37,950	88	549	290	38,877
Revaluation	3,000	-	-	-	3,000
At 31 December 2012	40,950	88	549	290	41,877
Additions	-	-	137	-	137
Impairment	(2,254)	-	-	-	(2,254)
Disposal of subsidiary undertaking	-	(88)	(463)	(97)	(648)
At 31 December 2013	38,696	-	223	193	39,112
Depreciation					
At 1 January 2011 and 2012	-	-	-	-	-
Acquisition of subsidiary undertakings	-	8	257	11	276
Depreciation charge for the year	-	3	31	2	36
At 31 December 2012	-	11	288	13	312
Depreciation charge for the year	-	-	30	20	50
Disposal of subsidiary undertaking	-	(11)	(278)	(5)	(294)
At 31 December 2013	-	-	40	28	68
Carrying value					
At 31 December 2012	40,950	77	261	277	41,565
At 31 December 2013	38,696	-	183	165	39,044

Included in Land & Buildings above is the interest in a 497,884 sqm plot of land located near the town of Albiano D'Ivrea. An independent appraisal of freehold land owned by the Group was carried out by a chartered architect in October 2013. The carrying value of the land at the date of the appraisal was €35 million. The appraisal assessed the market value of the land, with the detailed planning consents related to it, to be €35.6 million.

NOTES TO THE FINANCIAL STATEMENTS

18. Investment in subsidiaries

Company	2013 €'000	2012 €'000
As at 1 January:		
Loans to subsidiary undertakings	33,495	24,316
Exchange translation adjustment	-	537
Advances during the year	624	8,642
Impairment of loan to subsidiary undertaking*	(11,000)	-
As at 31 December		
Loans to subsidiary undertakings	23,119	33,495

* The above amount relates to the impairment of the loan to Brainspark Associates Limited, which is used by the Group as an intermediate holding company. Following the decline in the valuation of the Italian investments and the loss on disposal of ORH S.p.A., the Directors have thus decided a permanent impairment of the loan balance outstanding has been incurred, and have thus written down the balance by this amount.

The Company has one directly held subsidiary, Brainspark Associates Limited, which is financed by an inter company loan. The other Group subsidiary undertakings are held through Brainspark Associates Limited.

The significant subsidiary undertakings held by the Group at 31 December 2013 were as follows:

Subsidiaries	Country of incorporation	% Owned	Nature of business
Brainspark Associates Limited	England	100.00	Investment holding company
You Can Group S.r.l.	Italy	99.30	Restaurant and Branding
*Mediapolis Investments SA	Luxembourg	71.72	Investment holding company
*Mediapolis S.p.A.	Italy	**69.45	Lesiure/Real Estate
*SoSushi Italia S.r.l.***	Italy	98.31	Brand Management
*Masabi S.r.l.***	Italy	89.37	Restaurant and Franchise Management
*Spank S.r.l.***	Italy	51.00	Restaurant
*Queen Bee S.r.l.	Italy	50.00	Restaurant
*Riminishushi S.r.l.	Italy	51.00	Restaurant
*Semiramide Food S.r.l.	Italy	67.00	Restaurant
*Sosushi Mllano S.r.l.	Italy	100.00	Restaurant

* Indirectly held.

** Brainspark Associates Limited owns 38.66% and Mediapolis Investments SA owns 42.94% of Mediapolis Spa

***Since the year end has been placed into voluntary liquidation.

19. Available for sale investments

Group	2013 €'000	2012 €'000
Fair value		
At 1 January	8,214	18,296
Exchange translation adjustment	-	484
Impairment recognised in the income statement	(687)	(2,227)
Transfer to Investments in Subsidiaries	-	(15,927)
Transfer from trade and other receivables	29	5,831
Additions	-	1,757
Carrying value at 31 December	7,556	8,214
Non-current assets	7,556	7,894
Current assets	-	320
	7,556	8,214

NOTES TO THE FINANCIAL STATEMENTS

19. Available for sale investments (continued)

Details of each of the Group's material associates at the end of the reporting period are as follows:

Name of associate	Place of incorporation and principal place of business	Proportion of ownership held by the Group (%)	Principal activity
Cambria Equity Partners LP	United Kingdom	49.00	Private-equity fund
*BIBOP S.p.A**	Italy	51.00	Investment holding company
*Birdland Srl**	Italy	52.00	Media holding company
*BIBOP Media Srl	Italy	36.94	Media operations (in liquidation)
Sipiem S.p.A**	Italy	50.17	Theme park management

* Indirectly held.

**Investments in associates where the proportion of ownership held by the Group was greater than 50%, but was determined that the Group did not ascertain control of the Company. Determined that the Group was not exposed to variable returns from its involvements with the Company and did not have the ability to affect those returns through power of the Company.

The available for sale investments are valued in accordance with IFRS 7 and Level 3 of the fair value hierarchy. Their fair value and the methodology adopted is determined on the basis of their net assets or, where a sale is imminent, the best estimate of the eventual proceeds. Given the methodology adopted, it is not envisaged that the adoption of alternative assumptions/methodologies, sensitivity analysis, would have a material impact upon the investments.

20. Trade and other receivables

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Trade and other receivables	690	11,869	-	-
Other receivables	1,416	2,588	-	663
Prepayments and accrued income	-	1,807	-	-
Amounts falling due after one year				
Amounts owed by subsidiaries	-	-	23,120	33,495
Participating loans in associated undertakings	-	1,670	-	-
	2,106	17,934	23,120	34,158
Non-current assets	-	1,670	23,120	33,495
Current assets	2,106	16,264	-	663

The directors consider that the carrying value of trade and other receivables approximates to their fair value.

The Group balances in 2012 predominantly include trade and other receivables relating to ORH S.p.A., which has been disposed of during the year. See note 13 for further details.

NOTES TO THE FINANCIAL STATEMENTS

21. Cash and cash equivalents

Group	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Cash at bank and in hand	1,477	1,843	-	15
	1,477	1,843	-	15

Included in the above is an amount for cash held on escrow relating to the Mediapolis S.p.A. Land & Buildings.

The Directors consider the carrying amounts of cash and cash equivalents approximates to their fair value.

22. Trade and other payables

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Trade Payables	1,307	12,221	419	364
Other taxes payable	548	1,391	4	-
Other payables	1,822	8,443	-	2,684
Amounts due to subsidiary undertakings	-	-	342	342
Accruals	2,928	1,302	249	122
Trade and other payables	6,605	23,357	1,014	3,512

The directors consider that the carrying value of trade and other payables approximates to their fair value.

Other payables of €1,533,000 (2012; €8,443,000) represents the directors' assessment of the amounts due to fulfil contractual obligations relating to the purchase of investments.

NOTES TO THE FINANCIAL STATEMENTS

23. Borrowings

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Bank loans and overdrafts	8,683	10,116	-	-
7% Convertible bond 2014	2,131	2,021	2,131	2,021
Zero rate convertible bond 2015	2,368	-	2,368	-
Shareholder loans	4,070	4,475	-	-
Other borrowings	1,150	950	200	-
	18,402	17,562	4,699	2,021
Disclosed as:				
Current borrowings	13,443	15,340	2,331	340
Non-current borrowings	4,959	2,222	2,368	1,681
	18,402	17,562	4,699	2,021

7% Convertible Bond 2014

On 31 March 2010 the company launched an issue of £10 million (€12 million), before issue costs, 7% convertible bonds due 2014. The Bonds are denominated in sterling and are convertible into new ordinary shares of 2.5 pence each in the company at a conversion rate of 400 New Ordinary Shares per Bond up until 15 March 2014. The nominal value of each Bond is £1,000 (€1,200). The redemption date of the bonds is 31 March 2014 the coupon of 7% is payable at the end of each year. The Company, between 1 and 7 April 2012, was able to repurchase and serve notice on any or all of the bondholders to sell their Bond in whole or in part at 110% of the nominal value. The bondholders, at any time prior to redemption, may serve a conversion notice to the company in respect of all or any integral multiple of £1,000 (€1,200) nominal value of bonds held by them.

During 2011, a bond holder converted £2.64 million (€3.17 million) into equity shares for which 8,035,856 ordinary shares of 2.5p each were issued in exchange for the bond and cumulative interest due thereon.

During 2012, bonds were converted for a total amount of €8.2 million. The conversion was settled as follows:

€4.9 million (£3.9 million) including cumulative interest was converted into equity shares (11,000,000 Ordinary 2.5p shares at 36p each.)

€3.3 million (£2.7 million) including cumulative interest was settled in cash for €1.9 million, with approximately 40% discount realising €1.3 million (£1.1 million) profit for the Group.

Zero rate Convertible Bond 2015

On 25 March 2013 the Company issued £3,000,000 nominal value of zero rate convertible bonds at a discount of 22%. The bonds are convertible at 15p per share and have a redemption date of 15 December 2015.

Shareholder Loans

Included in the shareholder loans is an amount owing to Olivetti Multiservices S.p.A. ("OMS") from Mediapolis S.p.A. for €4,070,071 including cumulative interest. This loan carries interest at Euribor +1% and is secured with a second charge over the Land within Mediapolis S.p.A.

NOTES TO THE FINANCIAL STATEMENTS

23. Borrowings (continued)

Under IAS 32 the bonds contain two components, liability and equity elements. The equity element is presented in equity under the heading of “equity component of convertible instrument”. The effective interest rate of the liability element on initial recognition is 12.5% per annum.

	2013	2012
	€'000	€'000
Liability component at 1 January	2,021	8,686
Net proceeds of issue	2,340	-
Equity component	(173)	-
	4,188	8,686
Interest charge for the year	311	337
Conversion during the year including interest	-	(8,180)
Transfer from bond equity reserve	-	1,072
Exchange translation difference	-	106
Liability component at 31 December	4,499	2,021
Disclosed as:		
Non-Current Liabilities	2,368	1,681
Current Liabilities	2,131	340

Interest on the bonds is payable annually on 31 March each year. No interest payment was made on 31 March 2013. Interest on the bonds that were converted in 2012 was included in the value of the shares issued on conversion. The liability component of the bonds at 31 December 2013 includes all interest accrued to that date. The unpaid interest relating to 31 March 2013 together with accrued interest to 31 December 2013 is included within current liabilities.

24. Deferred liabilities and Provisions

	2013	2012
	€'000	€'000
Provisions:		
Potential litigation costs in Mediapolis Spa	118	118
Provision for costs relating to loans within Mediapolis Spa	522	124
Provision for infrastructure costs relating to land held by Mediapolis Spa	700	-
	1,340	242
Deferred liabilities:		
Statutory severance liability	40	257
	1,380	499

NOTES TO THE FINANCIAL STATEMENTS

25. Financial instruments

The Group's financial instruments comprise cash, available for sale investments, trade receivables, trade payables that arise from its operations and borrowings. The main purpose of these financial instruments is to provide finance for the Group's future investments and day to day operational needs. The Group does not enter into any derivative transactions such as interest rate swaps or forward foreign exchange contracts, as the Group's exposure to movements in foreign exchange rates is not considered significant (see Foreign currency risk management) . The main risks faced by the Group are limited to interest rate risk on surplus cash deposits and liquidity risk associated with raising sufficient funding to meet the operational needs of the business. The Board reviews and agrees policies for managing these risks and they are summarised below.

FINANCIAL ASSETS BY CATEGORY

The IAS 39 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

	2013 €'000	2012 €'000
Financial assets:		
Available for sale investments	7,556	8,214
Loans and receivables	2,106	17,934
Cash and cash equivalents	1,477	1,843
	11,139	27,991

FINANCIAL LIABILITIES BY CATEGORY

The IAS 39 categories of financial liability included in the balance sheet and the headings in which they are included are as follows:

	2013 €'000	2012 €'000
Financial liabilities at amortised cost:		
Trade and other payables	3,677	23,357
Borrowings	18,402	17,562
	22,079	40,919

Financial instruments measured at fair value:

	Level 1 €'000	Level 2 €'000	Level 3 €'000
As at 31 December 2013			
Available for sale investments	-	-	7,556
As at 31 December 2012		-	-
Available for sale investments	-	-	8,214

The Company has adopted fair value measurements using the IFRS 7 fair value hierarchy.

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 - valued using quoted prices in active markets for identical assets
- Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1.
- Level 3 - valued by reference to valuation techniques using inputs that are not based on observable markets criteria

NOTES TO THE FINANCIAL STATEMENTS

25. Financial instruments (continued)

Level 3 investments include both investments in associates, per Note 19, as well as investments in Ascend Capital plc and Geosim Systems Ltd.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through optimisation of the debt and equity balance. The capital structure of the Group consists of debt attributable to convertible bond holders, borrowings, cash and cash equivalents, and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings, all as disclosed in the Statement of Financial Position.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument disclosed in note 2 to the financial statements.

Financial risk management objectives

The company is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated by the board of directors, and focuses on actively securing the Company's short and medium term cash flows by raising liquid capital to meet current liability obligations.

Market price risk

The Company's exposure to market price risk mainly arises from movements in the fair value of its land and buildings as well as investments. The values of the Land & Buildings are the key drivers in the Net asset value of the Group, and so the political stability and macro economic factors of Italy all have a large effect on the market price risk. Therefore other than ensuring acquisitions are carefully profiled and selected and the Directors ensuring are in close contact with local government and property industry analysts the exposure is open to both positive and negative swings. The Group manages its property price risk actively reviewing market trends in the determined geographic locations. The Group manages the investment price risk within its long-term investment strategy to manage a diversified exposure to the market. The Group's price risk is sensitive to fluctuations to property market. If the investments were to experience a rise or fall of 15% in their fair value, this would result in the Group's net asset value and statement of comprehensive income increasing or decreasing by €5,604,000 (2012: €5,415,000).

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the Group's short, medium and long-term funding and liquidity management requirements on an appropriate basis. The Group has very little cash balance at the balance sheet date (refer to note 2 – Basis of preparation of financial statements and going concern). The Group continues to secure future funding and cash resources from disposals as and when required in order to meet its cash requirements. This is an on-going process and the directors are confident with their cash flow models.

NOTES TO THE FINANCIAL STATEMENTS

25. Financial instruments (continued)

The following are the undiscounted contractual maturities of financial liabilities:

	Carrying Amount €'000	Less than 1 year €'000	Between 1 and 5 years €'000	Total €'000
As at 31 December 2013				
Trade and other payables	3,677	3,677	-	3,677
Borrowings	18,402	13,443	4,959	18,402
	22,079	17,120	4,959	22,079
As at 31 December 2012				
			-	
Trade and other payables	23,357	23,357	-	23,357
Borrowings	17,562	15,340	2,222	17,562
	40,919	38,697	2,222	40,919

Management believes that based on the information provided in Notes 2 and 3 – in the '*Basis of preparation*' and '*Going concern*', that future cash flows from operations will be adequate to support these financial liabilities.

Interest rate risk

The Group and Company manage the interest rate risk associated with the Group cash assets by ensuring that interest rates are as favourable as possible, whilst managing the access the Group requires to the funds for working capital purposes.

Interest rates are based on respective EURIBOR and other bank prime interest rates.

The Group's cash and cash equivalents are subject to interest rate exposure due to changes in interest rates. Short-term receivables and payables are not exposed to interest rate risk.

Foreign currency risk management

The Group undertakes certain transactions denominated in currencies other than Euro, hence exposures to exchange rate fluctuations arise. Amounts due to fulfil contractual obligations of £1,994,000 (€2,359,000) are denominated in sterling. An adverse movement in the exchange rate will impact the ultimate amount payable, a 10% increase or decrease in the rate would result in a profit or loss of €236,000. The Group's functional and presentational currency is the Euro as it is the currency of its main trading environment, and most of the Group's assets and liabilities are denominated in Euro. The parent company is located in the sterling area.

Credit risk management

The Group's financial instruments, which are subject to credit risk, are considered to be trade and other receivables. There is a risk that the amount to be received becomes impaired. The Group's maximum exposure to credit risk is €2,106,000 (2012: €17,934,000) comprising receivables during the period.

NOTES TO THE FINANCIAL STATEMENTS

26. Share capital and share premium

	Number of ordinary shares	Ordinary share capital €'000	Share premium €'000	Total €'000
ISSUED AND FULLY PAID:				
At 1 January 2012	45,847,710	1,370	31,749	33,119
Exchange translation adjustments	-	31	701	732
At 1 January 2012 (adjusted)	45,847,710	1,401	32,450	33,851
Issue of new ordinary shares of 2.5p each	135,361,667	4,135	10,007	14,142
At 31 December 2012	181,209,377	5,536	42,457	47,993
Issue of new ordinary shares of 2.5p each	18,200,000	538	399	937
At 31 December 2013	199,409,377	6,074	42,856	48,930

The following shares were issued during the year:

On 6 February 2013 the Company issued 3,200,000 ordinary shares at 6p each in settlement of a creditor amount of €230,000 (£192,000).

On the same day the Company also issued 15,000,000 ordinary shares at 4p each in settlement of a short term loan.

27. Other reserves

The Group considers its capital to comprise ordinary share capital, share premium, retained losses and its convertible bonds. In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues, the Group considers not only their short-term position but also their long-term operational and strategic objectives.

Group	Merger reserve €'000	Revaluation reserve €'000	Exchange translation reserve €'000	Loan equity reserve €'000	Total other Reserves €'000
At 1 January 2012	8,146	-	-	1,365	9,511
Exchange translation adjustments	179	-	-	2	181
At 1 January 2012 (adjusted)	8,325	-	-	1,367	9,692
Revaluation of land & buildings	-	2,083	-	-	2,083
Exchange translation difference	-	-	(4)	-	(4)
Conversion of loan notes	-	-	-	(1,073)	(1,073)
At 31 December 2012	8,325	2,083	(4)	294	10,698
Exchange translation difference	-	-	(2)	-	(2)
Issue of convertible loan notes	-	-	-	173	173
At 31 December 2013	8,325	2,083	(6)	467	10,869

NOTES TO THE FINANCIAL STATEMENTS

27. Other reserves (continued)

Company	Merger reserve €'000	Revaluation reserve €'000	Exchange translation reserve €'000	Loan equity reserve €'000	Total other Reserves €'000
At 1 January 2012	-	-	-	1,365	1,365
Exchange translation adjustments	-	-	-	2	2
At 1 January 2012 (adjusted)	-	-	-	1,367	1,367
Conversion of loan notes	-	-	-	(1,074)	(1,074)
At 31 December 2012	-	-	-	293	293
Issue of convertible loan notes	-	-	-	173	173
At 31 December 2013	-	-	-	466	466

28. Cash used in operations

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Loss before tax	(14,677)	(2,276)	(12,344)	213
Amounts written off investments	687	2,227	11,000	-
Impairment of goodwill	1,303	-	-	-
Impairment of property plant and equipment	2,254	-	-	-
Gain on redemption of convertible bonds	-	(1,367)	-	(1,367)
Loss on disposal of investment	7,358	-	-	-
Depreciation and amortisation	78	46	-	-
Finance income	-	(40)	-	-
Finance charges	468	726	311	337
Increase in provisions	1,098	-	-	-
Decrease/(Increase) in inventories	38	(46)	-	-
Decrease/(increase) in receivables	6,530	(274)	663	(663)
(Decrease)/increase in payables	(7,840)	242	(1,791)	1,534
Cash (used in)/generated by operations	(2,703)	(762)	(2,161)	54

NOTES TO THE FINANCIAL STATEMENTS

29. Disposal of subsidiary

As referred to in note 13, on 3 December 2013 the Group disposed of its majority interest in ORH Spa.

The net assets of ORH Spa at the date of disposal were as follows:

	3 December 2013 €'000
Other intangible assets	4,311
Tangible fixed assets	354
Inventories	93
Other receivables	8,455
Trade payables	(2,536)
Borrowings	(6,098)
Convertible loan notes	(2,351)
Deferred liabilities and provisions	(217)
Attributable goodwill	5,231
Net assets	7,242
Less: non-controlling interests	(1,672)
Net assets attributable to owners of the parent company	5,570
Loss on disposal	(5,345)
Total consideration	225

The loss on disposal is included in the loss for the year from discontinued operations (see note 13).

The consideration from the disposal of ORH S.p.A is included in trade and other receivables as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

30. Non-controlling interests

The following is a summary of the Group's non-controlling interests.

	Mediapolis Spa €'000	You Can Group Srl €'000	ORH S.p.A €'000	Total €'000
At 1 January 2012	-	-	-	-
Acquisition of subsidiaries	7,572	89	1,619	9,280
Total comprehensive income attributable to non-controlling interests	757	20	54	831
At 31 December 2012	8,329	109	1,673	10,111
Acquisition of non-controlling interests	-	(109)	-	(109)
Disposal of subsidiary	-	-	(1,673)	(1,673)
Total comprehensive income attributable to non-controlling interests	(1,110)	-	-	(1,110)
At 31 December 2013	7,219	-	-	7,219

Summarised financial information in respect of the Group's current subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Mediapolis Spa		You Can Group Srl	
	2013 €'000	2012 €'000	2013 €'000	2012 €'000
Current assets	2,742	2,783	1,093	1,284
Non-current assets	38,735	40,979	573	470
Total assets	41,477	43,762	1,666	1,754
Current liabilities	13,993	16,253	1,347	984
Non-current liabilities	3,855	245	116	559
Total assets less total liabilities	23,629	27,264	203	211
Equity attributable to owners of the parent	16,410	18,935	203	102
Non-controlling interests	7,219	8,329	-	109
Total equity	23,629	27,264	203	211
Total comprehensive income attributable to the owners of the parent	(2,525)	(363)	(7)	(17)
Total comprehensive income attributable to the non-controlling interests	(1,110)	(160)	-	(20)
Total comprehensive income for the year	(3,635)	(523)	(7)	(37)

During the year the Group acquired the remaining interests in You Can Group Srl, holding 100% of the share capital. During the year ORH S.p.A. went in to liquidation.

NOTES TO THE FINANCIAL STATEMENTS

31. Operating lease commitments

The only operating lease commitments present at the financial reporting period end related to those in the You Can Group. However, since the year end, the relevant subsidiary and associated group companies were put into Voluntary liquidation and so the operating lease commitments as at 31 December 2012 are €nil.

32. Ultimate controlling party

The Group considers that there is no ultimate controlling party.

33. Related party transactions

Transactions between the company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this note. Transactions between the company and its subsidiaries are disclosed in the company's separate financial statements.

We are unable to verify the amount invoiced by Classfinance s.r.l. in the period, due to the lack of proper books and records kept by ORH S.p.A. prior to the liquidation. There was no amount invoiced to any other Group Company in 2013. In 2012 the amount was €205,654, in respect of accounting and management consultancy to ORH Spa and Mediapolis S.p.A.. Mr Cesare Suglia is a Director of Classfinance and a former Director of Clear Leisure plc.

During the year, NKJ Associates Ltd, a company in which N Jagatia is a Director, charged consultancy fees of €55,000. The amount owed to NKJ Associates Ltd at year end is €20,000.

During the year, Ascend Capital plc, a company in which N Jagatia and A Villa are a Director, charged rental fees of €12,000. There are no balances owing to Ascend Capital plc at year end.

The shareholder loan as disclosed in Note 23 '*Borrowings*' is a loan provided by Olivetti Multiservices S.p.A., who also holds 5.1% of the ordinary shares of Mediapolis S.p.A.

Remuneration of key management personnel

The remuneration of the directors, who are the key personnel of the group, is included in the Directors Report. Under "IAS 24: Related party disclosures", all their remuneration is in relation to short-term employee benefits.

34. Events after the reporting date

The following events have taken place after the end of the reporting period:

On 6 January 2014, the Group announced that it increased its interest in the Italian sushi restaurant chain, Sosushi Company Srl from 51 per cent. to 100 per cent. Consideration will take the form of a credit compensation agreement between the vendor and the Group with no additional cash payment required.

On 7 January 2014, the Group announced that it received an additional unsolicited, but binding offer to acquire the Group's entire holding (directly and indirectly held by the Group) in Mediapolis S.p.A. by Fornest Ltd, a UK investment company, which manages the interests of certain Italian investors.

On 13 January 2014, the Group announced that further to the announcements on Mediapolis S.p.A. dated 22 November 2013 and 7 January 2014, the Group submitted on 10 January 2014 to the Ivrea Tribunal, a formal proposal for the restructuring of the Mediapolis debt, the "Concordato in Continuità".

On 27 May 2014, the Group acquired a 100% interest in a specific vehicle which controls the entire share capital of Hospitality & Leisure Fund (H&L Fund), an Italian real estate fund regulated by the Italian financial authorities.