

Company Registration No. 03926192

Clear Leisure plc

**Annual Report and
Financial Statements for
the year ended
31 December 2012**

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Company information

Directors	Luke Johnson, Non Executive Chairman Alfredo Villa, Chief Executive Officer Nilesh Jagatia, Group Chief Financial Officer Cesare Suglia, Chief Operating Officer Francesco Emiliani, Non-Executive Director
Company Secretary	Nilesh Jagatia
Company number	03926192
Registered office	1 Grosvenor Crescent London SW1X 7EP
Auditor	Welbeck Associates Statutory Auditor Chartered Accountants 31 Harley Street London W1G 9QS
Solicitors	CFMP Studio Legale Associato Via Fatebenefratelli, 22 20121 Milan Italy
Nominated Adviser and Broker	Westhouse Securities Limited Heron Tower 110 Bishopsgate London EC2N 4AYJ
Registrar	Capita Registrars Limited Bourne House 34 Beckenham Road Beckenham, Kent BR3 4TU

CHAIRMAN'S STATEMENT

During 2012, the major goals of the Company were to reduce its debt exposure, simplify the holding structure of its assets, while acquiring majority stakes in its three key subsidiaries and achieve synergies between its assets. The Group can report that the first three of these goals have now been achieved.

We have reorganised the structure of our holdings into two broad categories: Operational Assets and Investments for Sale, which include Mediapolis, Bibop and Geosim. Operational assets now focus around three key sectors, Hotels & Leisure, Theme Parks and Restaurants, with a number of other assets which are crucial to the growing infrastructure of the Group.

We have now completed this investment phase and all outstanding payments to acquire the majority stakes of those core operational assets which the Board believes are key to the future growth of the business have been settled. The three strategic acquisitions in 2012 have been ORH S.p.A, a hotels and leisure group, Sipiem S.p.A, with interests in theme parks and You Can Group in the restaurant sector.

We are continuing to build our majority interests in these businesses and increased our holding in ORH S.p.A to 73.43% in June 2013. We expect to carry out similar transactions if and when opportunities to acquire shares in these subsidiaries become available and should we consider it strategically beneficial to the future performance of the Group.

As at the date of this announcement, no further progress has been made with regards to the sale of Mediapolis or our media company, Bibop. The Company will update shareholders with news on progress when it is forthcoming.

Financial Review

The consolidated net asset value (equity attributable to the Company) at 31 December 2012 was EUR 29.5 million, almost twice that of 2011 (EUR 16.2m) and corresponding to a fully diluted net asset value per share of 13.3 pence. Total equity, including non-controlling Interests increased to EUR 39.6 million.

The Group reported maiden Revenues of EUR 8.7 million and an Operating Profit of EUR 3.1 million (2011: Loss of EUR 2.6m), due in part to the buy-back of £2.7 million (EUR 3.3 million) of its outstanding bonds at a discounted rate of £1.6 million (EUR 1.9 million), as announced on 6 February 2013.

The impairment charge for the year was EUR 4.7 million, compared to EUR 3.5 million in the previous year to December 2011. This was due mainly to writing down certain assets within ORH S.p.A, and Bibop S.p.A, partly compensated by a revaluation gain of EUR 3 million, arising on the Mediapolis land following an appraisal carried out in October 2012.

The Group carried out two successful Placings during the year under review, with £2 million raised on 23 February 2012 and £2.8 million raised on 18 October 2012. Proceeds from these capital increases were used to fund the acquisitions mentioned above, with the remainder used as working capital.

The Group issued a EUR10 million Zero Coupon Bond on 25 March 2013 of which EUR 3 million has so far been sold to different European institutions, in line with the needs of the Group. The remaining EUR 6.9 million is held in treasury until required. The existing Convertible Bond was repaid using these proceeds at a substantial discount, realising the Group £1.1 million (EUR 1.4 million) in profit.

CHAIRMAN'S STATEMENT (continued)**Investment Portfolio as at 20 June 2013****Operational Assets**

Name	Stake	Division
ORH	73.43%	Hotels & Leisure
Sipiem	50.16%	Theme Parks
You Can Group	50.1%	Restaurants
Ascend Capital	10.0%	Finance

Investments for Sale

Name	Stake	Division
Mediapolis S.p.A.	69.45%	Leisure / Real Estate
Bibop	67.12%	Interactive Media
Geosim	8.9%	Interactive Media

Post year-end events events

The following events have taken place since the year end:

On 6 February 2013 the company announced that at the end of December 2012, the Company 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. This amount was settled on 28 March 2013; the Company agreed to repay a 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; and the Company agreed to repay 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.

On 25 February 2013 the company announced that Eufingest S.A., the Lugano based portfolio management company, held 55,000,000 ordinary shares in the capital of the Company representing 27.6 per cent of the issued ordinary share capital, directly owned and on behalf of its clients.

On 25 March 2013 the Company announced that it had completed the placing of its December 2015, Zero Coupon Convertible Bond at a conversion price of 15 pence and issued at 78% of face value. Bonds totalling EUR 3 million were sold to different European institutions, with the net proceeds being used mainly to buy back, at a discount, existing debt positions. The remaining EUR 6.9 million bonds are held in the Company's treasury account, available to be sold in the secondary market if and when the Group requires further cash for investment and growth.

On 7 May 2013 the company announced that it had signed an agreement with the Milan based corporate adviser and broker, Integrae SIM SpA, for the dual listing of the Company's shares on AIM Italia - Alternative Capital Market.

On 6 June 2013 the company announced that its holding in ORH SpA, the Italian tour operation and hotel management group, had increased to 73.43 per cent, from 60.82 per cent.

This increase resulted from the sale of a hotel development in Mozambique to Mr Presti, a director and shareholder of ORH SpA in return for shares representing approximately 16 per cent of the total voting rights in ORH SpA. ORH SpA has subsequently cancelled the consideration shares received. Following the transaction Mr Presti no longer has a shareholding in ORH SpA and has resigned from the board of ORH SpA.

CHAIRMAN'S STATEMENT (continued)

Director profiles

Luke Johnson

Chairman

Luke Johnson was appointed on 19 October 2012. He is Chairman of Risk Capital Partners, a private equity firm he founded in 2001. For six years until 2010 he served as Chairman of Channel 4 Television. He is Chairman/part owner of the restaurant business Giraffe, Chairman/owner of Patisserie Valerie and Chairman/part owner of Gail's. He was Chairman of PizzaExpress PLC in the 1990s, and built up the Strada restaurant chain. He co-founded the largest UK chain of dental surgeries, Integrated Dental Holdings. He serves as a non-executive director at Metro Bank plc.

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 was Group Finance Director of Media Corporation plc for a period 5 years until July 2012. During his time at Media Corporation he was responsible for the Group's accounting and worked on a number of corporate transactions. Nilesh 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.

Cesare Suglia

Chief Operating Officer

Was appointed 27 April 2012. He is also the CFO of ORH S.p.A., a manager of tour operators, hotels and resorts in Italy and East Africa, operating under the Ora Hotels & Ora Resorts brands. He is also a director of Class Finance, an M&A and financial advisory firm based in Milan. He has 20 years' experience in M&A, financial advisory and management. In the past 10 years he has launched several start-up businesses operating in IT services, E Commerce, consulting and distribution, all of which were subsequently sold to investment funds or larger companies, some of which were quoted. In addition, he has collaborated with and advised various real estate funds, including Pirelli RE and Amundi, in the launch of hotel funds. He has also worked with the management department of University Ca' Foscari Venezia to help develop its Financial Management degree programme.

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.

CHAIRMAN'S STATEMENT (continued)

Board Appointments

On 29 May 2012 Francesco Emiliani was appointed as Non-Executive Director.

Nilesh Jagatia was appointed Head of Finance on 3 September 2012, becoming Clear Leisure's first UK based employee. Nilesh is responsible for working with the external auditor and finance departments of the investee companies to ensure prompt delivery of financial statements. Nilesh was appointed Group Finance Director on 18 October 2012.

Luke Johnson was appointed Non Executive Chairman on 19 October 2012.

Outlook

The Group is now more financially sound, with a number of strategic options available to increase shareholder value. It continues to review new acquisitions within the leisure sector and believes Italy offers substantial opportunities to acquire assets on attractive terms. The Board has identified a number of targets which would be incorporated within the Ora Hotel Group and hopes to update shareholders on further developments later in the year.

The Board continues to look for buyers for its non-strategic assets, namely Mediapolis, GeoSim and Bibop. Once the sale of these assets is realised, the cash proceeds will be used to increase its leisure portfolio, specifically to increase the number of hotels it manages in Italy and to increase its direct ownership of the Sosushi restaurants. Further, Ora Hotels and its associated travel agencies will shortly launch a travel booking website, as within Italy, the Internet has not been a traditional method for booking holidays.

Luke Johnson
Chairman
24 June 2013

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2012.

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.

Review of business

A full review of the business and assessment of future prospects is provided in the Chairman's Statement. Details of the risks and uncertainties facing the business and key performance indicators used in managing the business are set out below.

Risks and uncertainties

The vast majority of the Group's investments as at 31 December 2012 were in unlisted investments which in turn results in 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.

Key performance indicators ("KPI's")

Given the scale of the Group's diverse leisure operations, the Group uses the following KPI's to track performance in each division. The Hotel group uses Average Room and Occupancy Rates, the Restaurant group uses customer per restaurant and the amusement park uses Visitor and Revenue numbers. The monthly management accounts of investee companies are reviewed on a monthly basis against budgeted values. Any significant variances are investigated and addressed and where appropriate adjustments are made to the fair value of the investments.

Financial risk management

Details of the Group's financial instruments and its policies with regard to financial risk management are contained in note 22 to the financial statements.

Results for the year and dividends

The loss for the year was €2.39 million (2011: loss of €7.70 million). Since the Company does not have any distributable reserves, the Directors are unable to recommend the payment of a dividend.

Directors

The present members of the Board of Directors together with brief biographies are shown on page 3.

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	(Appointed 19 October 2012)	
Cesare Suglia	(Appointed 27 April 2012)	
Nilesh Jagatia	(Appointed 18 October 2012)	
Francesco Emiliani	(Appointed 29 May 2012)	
Enrico Petocchi	(Appointed 27 April 2012)	(Resigned 11 February 2013)
Dominic White	(Appointed 27 April 2012)	(Resigned 11 February 2013)
Gabriele Gresta	(Resigned 7 March 2012)	
Edward Burman	(Resigned 18 October 2012)	
Justin Drummond	(Appointed 29 February 2012)	(Resigned 16 April 2012)
Alessandro Malacart	(Resigned 16 April 2012)	
Haresh Kanabar	(Resigned 16 April 2012)	

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.

DIRECTORS' REPORT (continued)

Directors' interests

The interests of the directors who served at the end of the year in the share capital of the Company at 31 December 2012 and 31 December 2011 were as follows:

	31 December 2012 (2.5p ordinary shares)	Holding %	31 December 2011 (2.5p ordinary shares)
Executive Directors			
Alfredo Villa	28,279,039	15.61	5,404,039
Luke Johnson	25,000,000	13.80	-
Cesare Suglia	350,000	0.19	350,000

The closing market price of the ordinary shares at 31 December 2012 was 5p and the highest and lowest closing prices during the year were 25.0p and 3.5p respectively.

There have been no changes in the Directors' interests between the year end and 31 May 2013.

Remuneration

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

	2012 Board fees €'000	2012 Salary €'000	2012 Total €'000	2011 Total €'000
Executive Directors				
Alfredo Villa	-	147	147	189
Cesare Suglia	-	82	82	-
Nilesh Jagatia	-	40	40	-
Non-executive Directors				
Gabriele Gresta	12	-	12	14
Edward Burman	24	-	24	14
Haresh Kanabar	24	-	24	59
Alessandro Malacart	24	-	24	7
Justin Drummond	32	-	32	-
Enrico Petocchi	24	-	24	-
Dominic White	11	92	103	-
Total	151	361	512	283

None of the Directors had any pension entitlement.

Directors' interests in share options and warrants

At 31 December 2012 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.

DIRECTORS' REPORT (continued)

Significant shareholders

As at 31 May 2013 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 - Ceo	28,279,039	14.2
Luke Johnson– Chairman	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

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.

Going Concern

The directors are satisfied that the group has sufficient future resources, even though at the year-end date the Group had extremely little liquidity, to meet its on-going operating costs and investment funding obligations. The directors are of the opinion that operational liabilities and contractual commitments can be settled from the timely disposal of investments, should the need arise, and from on-going future anticipated rounds of debt or equity funding. 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 dependent on the success of their efforts to complete these activities, the Company and the Group will be going concerns for twelve months from the date of approval of these financial statements. As a consequence, these financial statements are prepared on a going concern basis.

Supplier payment policy

The Group has no formal code or standard, which deals specifically with the payment of suppliers. However, the Group's policy on the payment of all creditors is to ensure that the terms of payment, as specified and agreed with the supplier, are not exceeded. The Group's average creditor payment period at 31 December 2012 was 183 days (2011: 294 days).

Directors' liability insurance and indemnity

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

Charitable and political contributions

During the period, the Group made no charitable or political contributions.

DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations and in accordance with International Financial Reporting Standards.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare group accounts under International Financial Reporting Standards (IFRSs) and have elected to prepare the entity financial statements in accordance with IFRSs as adopted by the European Union. 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 Company and the Group 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 rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent;
- state that the Company and the Group have complied with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

In so far as each of the directors is aware:

- there is no relevant audit information of which the auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements which may vary from legislation in other jurisdictions. The Directors are responsible for the maintenance and integrity of the company's website in compliance with AIM Rule 26 and their responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditor

Welbeck Associates was appointed as auditor following the resignation of MHA MacIntyre Hudson. Welbeck Associates has indicated its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board.

Alfredo Villa

Director

24 June 2013

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 2012 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

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

Opinion on financial statements

In our opinion:

- 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 2012 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.

Matters on which we are required to report by exception

We have nothing 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

24 June 2013

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011 Restated
		€'000	€'000
Continuing operations			
Revenue		8,662	-
Cost of sales		(5,960)	-
		<hr/>	
		2,702	-
Other operating income	7	3,244	276
Administration expenses		(2,843)	(2,832)
		<hr/>	
Operating profit/(loss)		3,103	(2,556)
Other gains and losses	8	(4,693)	(3,481)
Finance income		40	-
Finance charges	9	(726)	(1,667)
Loss before tax	10	(2,276)	(7,704)
Tax	12	(110)	-
Loss for the year		(2,386)	(7,704)
		<hr/>	
Other comprehensive income			
Revaluation of land and buildings		3,000	-
Net fair value loss on available for sale investments		-	(7,545)
Exchange translation differences		(4)	(296)
Total other comprehensive income		2,996	(7,841)
		<hr/>	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		610	(15,545)
		<hr/> <hr/>	
Loss attributable to:			
Owners of the parent		(2,300)	(7,704)
Non-controlling interests		(86)	-
		<hr/>	
Total comprehensive income attributable to:			
Owners of the parent		(221)	(15,545)
Non-controlling interests		831	-
		<hr/> <hr/>	
Earnings per share:	13		
Basic and diluted loss per share		(€0.02)	(€0.28)
		<hr/> <hr/>	

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

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012

	Notes	Group 2012 €'000	Group 2011 Restated €'000	Group 2010 Restated €'000	Company 2012 €'000	Company 2011 Restated €'000	Company 2010 Restated €'000
Non-current assets							
Goodwill	14	6,652	-	-	-	-	-
Other intangible assets	15	4,510	-	-	-	-	-
Property, plant and equipment	16	41,565	-	-	-	-	-
Available for sale investments	18	7,894	2,678	26,454	-	-	-
Other receivables	19	1,670	13,128	-	33,495	24,316	28,034
Total non-current assets		62,291	15,806	26,454	33,495	24,316	28,034
Current assets							
Inventories		266	-	-	-	-	-
Available for sale investments	18	320	15,618	1,009	-	-	-
Trade and other receivables	19	16,264	-	154	663	-	-
Cash and cash equivalents	22	1,843	8	-	15	8	-
Total current assets		18,693	15,626	1,163	678	8	-
Current liabilities							
Trade and other payables	20	(23,357)	(6,498)	(1,497)	(3,512)	(582)	-
Borrowings	21	(15,340)	(1,078)	-	(340)	(1,078)	-
Total current liabilities		(38,697)	(7,576)	(1,497)	(3,852)	(1,660)	-
Net current (liabilities)/assets		(20,004)	8,050	(334)	(3,174)	(1,652)	-
Total assets less current liabilities		42,287	23,856	26,120	30,321	22,664	28,034
Non-current liabilities							
Borrowings	21	(2,222)	(7,608)	(9,440)	(1,681)	(7,608)	(9,440)
Deferred liabilities and provisions		(499)	-	-	-	-	-
Total non-current liabilities		(2,721)	(7,608)	(9,440)	(1,681)	(7,608)	(9,440)
Net assets		39,566	16,248	16,680	28,640	15,056	18,594
Equity							
Share capital	23	5,536	1,370	411	5,536	1,370	411
Share premium account	24	42,457	31,749	16,718	42,457	31,749	16,718
Other reserves	24	10,698	9,511	17,933	293	1,365	2,242
Retained losses	24	(29,236)	(26,382)	(18,382)	(19,646)	(19,428)	(777)
Equity attributable to owners of the Company		29,455	16,248	16,680	28,640	15,056	18,594
Non-controlling interests		10,111	-	-	-	-	-
Total equity		39,566	16,248	16,680	28,640	15,056	18,594

The financial statements were approved by the board of directors and authorised for issue on 24 June 2013. 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 2011

Group	Share capital	Share premium account	Other reserves	Retained losses	Total	Non-controlling interests	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2011	411	16,718	17,933	(18,382)	16,680	-	16,680
Loss for the year	-	-	-	(8,000)	(8,000)	-	(8,000)
Other comprehensive income	-	-	(7,545)	-	-	-	(7,545)
Total comprehensive income for the year	-	-	(7,545)	(8,000)	(15,545)	-	(15,545)
Conversion of loan note	-	-	(877)	-	(877)	-	(877)
Issue of shares in the year	959	15,031	-	-	15,990	-	15,990
At 31 December 2011	1,370	31,749	9,511	(26,382)	16,248	-	16,248

Company

At 1 January 2011	411	16,718	2,242	(777)	18,594	-	18,594
Loss for the year	-	-	-	(18,651)	(18,651)	-	(18,651)
Issue of shares in the year	959	15,031	-	-	15,990	-	15,990
Conversion of loan note	-	-	(877)	-	(877)	-	(877)
At 31 December 2011	1,370	31,749	1,365	(19,428)	15,056	-	15,056

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 (adjusted)	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 (adjusted)	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 2012

	Note	Group 2012 €'000	Group 2011 Restated €'000	Company 2012 €'000	Company 2011 Restated €'000
Net cash outflow from operating activities	25	(762)	(102)	54	(102)
Cash flows from investing activities					
(Increase)/decrease in loan to subsidiary undertakings		-	-	(4,426)	109
Proceeds from sale of investments		-	1,364	-	-
Acquisition of subsidiary undertakings		(1,348)	-	-	-
Cash balances of subsidiaries acquired		1,828	-	-	-
Purchase of available for sale investments		(1,786)	(1,255)	-	-
Interest received		40	-	-	-
Net cash inflow/(outflow) from investing activities		(1,266)	109	(4,426)	109
Cash flows from financing activities					
Proceeds from issues of new ordinary shares (net of expenses)		4,810	-	4,810	-
Interest paid		(389)	-	-	-
Net cash inflow from financing activities		4,421	-	4,810	-
Net increase /(decrease) in cash for the year		2,393	7	438	7
Cash and cash equivalents at beginning of year		8	-	8	-
Exchange differences		(558)	1	(431)	1
Cash and cash equivalents at end of year	22	1,843	8	15	8

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 and domiciled in England and Wales. 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 Chairman's statement on pages 1 and 2.

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

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		Effective for accounting periods beginning on or after:
IFRS 10	Consolidated Financial Statements – Identification of the concept of control of an entity and the requirement to include in consolidated accounts	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1 (amended)	Presentation of Items of Other Comprehensive Income	1 July 2012
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 19 (revised)	Employee Benefits	1 January 2013

The Directors have considered these new standards and interpretations and do not expect them to have a material impact on the Group.

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.

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 financial statements have been prepared in accordance with IFRS as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention except 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.

Change in accounting policy

These financial statements are presented in Euro because that is the currency of the primary economic environment in which the group now operates. In 2011 the financial statements were presented in pounds sterling, so the comparative figures for that year and 2010 have been restated in Euro. Transactions in currencies other than Euro are included in accordance with the policies set out in note 2.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Going Concern

After making reasonable enquiries and events after the balance sheet date, the Board consider that the group has adequate future resources and facilities to continue in operational existence for the foreseeable future and therefore the financial statements are prepared on a going concern basis.

The directors are satisfied that the group has sufficient future resources, even though at the balance sheet date the Group had extremely little liquidity, to meet its on-going operating costs and investment funding obligations. The directors are of the opinion that operational liabilities and contractual commitments can be settled from the timely disposal of investments, should the need arise, and from on-going future anticipated rounds of debt or equity funding. 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 dependent on the success of their efforts to complete these activities, the Company and the Group will be going concerns for twelve months from the date of approval of these financial statements. As a consequence, these financial statements are prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company 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 Company.

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

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.

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.

2 Accounting policies (Continued)

Property, plant and equipment (continued)

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 Associates

Associates are those enterprises in which the Group has significant influence but not control. Associates are accounted for in the consolidated financial statements using the equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The income statement reflects the investor's share of the results of operations of the investee. If the investor's share of losses exceeds the carrying amount of the investment, the carrying amount of the investment is reduced to nil and recognition of further losses are discontinued, unless the investor has incurred obligations to the investee or to satisfy obligations of the investee that the investor has guaranteed or otherwise committed, whether funded or not. To the extent that the investor has incurred such obligations, the investor continues to recognise its share of losses of the investee.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited to the income statement in the period of acquisition.

Transactions between the Group and its associates are eliminated to the extent of the investor's interest in the entity. Unrealised losses are not eliminated to the extent that the transaction provides evidence of an impairment of the asset transferred.

Investments in subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS

2 Accounting policies (Continued)

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.

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.

Financial liabilities

The Group's financial liabilities comprise convertible bonds, other financial liabilities and trade payables.

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.

NOTES TO THE FINANCIAL STATEMENTS

2 Accounting policies (Continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the period-end date and the reported amounts of revenues and expenses during the reporting period.

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.

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.

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:

	2012			2011		
	UK €'000	Italy €'000	Total €'000	UK €'000	Italy €'000	Total €'000
Revenue	-	8,662	8,662	-	-	-
Cost of sales	-	(5,960)	(5,960)	-	-	-
Gross Profit		2,702	2,702	-	-	-
Gain/(loss) on disposal of investment	1,367	1,877	3,244	-	276	276
Finance Income	-	40	40	-	-	-
Finance charges	(337)	(389)	(726)	(1,667)	-	(1,667)
Other operating expenses	(817)	(2,026)	(2,843)	(2,832)	-	(2,832)
Impairment of investments	-	(4,693)	(4,693)	-	(3,481)	(3,481)
Loss for the financial year	213	(2,489)	(2,276)	(4,499)	(3,205)	(7,704)

	2012				2011			
	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	15	(7,896)	-	(7,881)	8	(2,860)	-	(2,852)
Italy	72,881	(33,537)	8,103	47,447	27,770	(12,325)	3,655	19,100
	72,896	(41,433)	8,103	39,566	27,778	(15,185)	3,655	16,248

NOTES TO THE FINANCIAL STATEMENTS

5. Employee information

	2012 Number	2011 Number
The average number of employees during the period was as follows:		
Management and administration	13	3
	2012 €'000	2011 €'000

Staff costs during the period including directors comprise:

Wages and salaries	964	283
Social security costs	95	-
Other pension costs	75	-
	1,134	283

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

6. Directors' remuneration

	2012 €'000	2011 €'000
Aggregate emoluments	512	283
	512	283

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

7. Other operating income

	2012 €'000	2011 €'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	-
Gain on disposal of investments	-	276
	3,244	276

NOTES TO THE FINANCIAL STATEMENTS

8. Other gains and losses

	2012 €'000	2011 €'000
Amounts written off investments	(2,227)	(3,481)
Impairment of goodwill	(2,466)	-
	(4,693)	(3,481)

9. Finance charges

	2012 €'000	2011 €'000
Interest on 2014 Convertible Bond	337	1,667
Interest on bank loans and overdrafts	236	-
Interest on other loans	153	-
	726	1,667

10. Auditor's remuneration

	2012 €'000	2011 €'000
Group Auditor's remuneration:		
Fees payable to the Group's auditor for the audit of the Company and consolidated financial statements:	55	41
Non audit services:		
Other services	7	-
Subsidiary Auditor's remuneration		
Other services pursuant to legislation	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 €211,000 (2011: Loss €18,651,000).

NOTES TO THE FINANCIAL STATEMENTS

12. Tax

	2012 €'000	2011 €'000
Current taxation	110	-
Deferred taxation	-	-
Tax charge for the year	110	-

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 2012 amount to approximately €17 million (2011: €14 million) and €11 million (2011: €11 million) respectively.

The standard rate of tax for the current year, based on the UK standard rate of corporation tax is 24.5% (2011 – 26.5%). The actual tax for the current and previous year varies from the standard rate for the reasons set out in the following reconciliation:

	2012 €'000	2011 €'000
Loss for the year before tax	(2,276)	(7,704)
Tax on ordinary activities at standard rate	(558)	(2,041)
Effects of:		
Expenses not deductible for tax purposes	132	1,866
Tax losses available for carry forward against future profits	536	175
Total tax	110	-

13. 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	2012 Weighted average no. of shares 000's	Per share Amount Euro	Loss €'000	2011 Weighted average no. of shares 000's	Per share Amount Euro
Earnings per share						
Basic and Diluted	(2,300)	92,327	(€0.02)	(7,704)	27,968	(€0.28)

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 2011 and 2012 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

14. Goodwill

	2012 €'000	2011 €'000
Cost		
At 1 January	-	-
Additions:		
Recognised on the acquisition of ORH Spa	7,697	-
Recognised on the acquisition of You Can Srl	1,421	-
At 31 December	9,118	-
Accumulated impairment losses		
At 1 January	-	-
Impairment losses for the year	2,466	-
At 31 December	2,466	-
Net book value	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.

15. 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
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
Carrying value			
At 31 December 2011	-	-	-
At 31 December 2012	303	4,207	4,510

NOTES TO THE FINANCIAL STATEMENTS

16. Property, plant and equipment

Group	Land & buildings €'000	Leasehold improvements €'000	Plant & machinery €'000	Fittings & equipment €'000	Total €'000
Cost					
At 1 January 2011 and 2012	-	-	-	-	-
Acquisition of subsidiary undertakings	37,950	88	549	290	38,877
Revaluation (see note below)	3,000	-	-	-	3,000
At 31 December 2012	40,950	88	549	290	41,877
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
Carrying value					
At 31 December 2011	-	-	-	-	-
At 31 December 2012	40,950	77	261	277	41,565

An independent appraisal of freehold land owned by the Group was carried out by a chartered architect in October 2012. The carrying value of the land at the date of the appraisal was €32 million. The appraisal assessed the market value of the land, with the detailed planning consents related to it, to be €41.9 million. The Directors have increased the carrying value of the land by €3 million to €35 million, after applying a discount to the valuation.

17. Investment in subsidiaries

Company	2012 €'000	2011 €'000
As at 1 January:		
Loans to subsidiary undertakings	24,316	28,034
Exchange translation adjustment	537	-
Advances during the year	8,642	12,380
Impairment of loans	-	(16,098)
As at 31 December		
Loans to subsidiary undertakings	33,495	24,316

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.

NOTES TO THE FINANCIAL STATEMENTS

17. Investment in subsidiaries (continued)

The significant subsidiary undertakings held by the Group at 31 December 2012 were as follows:

Subsidiaries	Country of incorporation	% Owned	Nature of business
Brainspark Associates Limited	England	100	Internet incubator
**Mediapolis S.p.A.	Italy	69.45	Lesiure/Real Estate
**ORH S.p.A.	Italy	60.82	Hotels and Leisure
**You Can Group S.r.l.	Italy	50.10	Restaurants

** Indirectly held.

18. Available for sale investments

Group	2012 €'000	2011 €'000
Fair value		
At 1 January	18,296	27,461
Exchange translation adjustment	484	-
Impairment recognised in the income statement	(2,227)	(3,614)
Transfer to Investments in Subsidiaries	(15,927)	-
Transfer from trade and other receivables	5,831	154
Transfer to trade and other receivables	-	(13,126)
Additions	1,757	17,487
Fair value (loss)/gain recognised in equity	-	(7,545)
Disposals	-	(2,521)
Carrying value at 31 December	8,214	18,296
Non-current assets	7,894	2,678
Current assets	320	15,618
	8,214	18,296

The available for sale investments are valued in accordance with IFRS 7 and Level 3 of the fair value hierarchy. The Level 3 unquoted equity instruments comprise an aggregate 67.12% investment in Bibop. S.p.A, a 50.16% investment in Sipiem S.p.a, a 49% investment in Cambria Co-Investment Fund, a 13.4% investment Geosim Systems and a 10% investment in Ascend Capital Limited. 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.

The Group acquired its shareholdings in GeoSim Systems Limited and Bibop S.p.A. with a view to their disposal in the short term; so these entities have not been consolidated in the financial statements. Although the Group has a 50.16% shareholding in Sipiem the legal procedures required by the sale and purchase agreement have not been fully complied with so the Group is not yet able to exercise control over the company and therefore it has not been consolidated.

NOTES TO THE FINANCIAL STATEMENTS

19. Trade and other receivables

	Group 2012 €'000	Group 2011 €'000	Group 2010 €'000	Company 2012 €'000	Company 2011 €'000	Company 2010 €'000
Trade and other receivables	11,869	-	-	-	-	-
Other receivables	2,588	-	-	663	-	-
Prepayments and accrued income	1,807	-	-	-	-	-
Amounts falling due after one year						
Amounts owed by subsidiaries	-	-	-	33,495	24,316	-
Participating loans in associated undertakings	1,670	13,128	-	-	-	-
	17,934	13,128		34,158	24,316	
Non-current assets	1,670	13,128	-	33,495	24,316	-
Current assets	16,264	-	-	663	-	-

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

20. Trade and other payables

	Group 2012 €'000	Group 2011 €'000	Group 2010 €'000	Company 2012 €'000	Company 2011 €'000	Company 2010 €'000
Trade Payables	12,221	259	-	364	259	-
Other taxes payable	1,391	-	-	-	-	-
Other payables	8,443	4,888	301	3,026	-	-
Accruals	1,302	1,351	1,196	122	323	-
Trade and other payables	23,357	6,498	1,497	3,512	582	-

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

Other payables of €9,525,000 (2011; €4,888,000) represents the directors' assessment of the amounts due to fulfil contractual obligations relating to the purchase of investments.

21. Borrowings

	Group 2012 €'000	Group 2011 €'000	Group 2010 €'000	Company 2012 €'000	Company 2011 €'000	Company 2010 €'000
Bank loans and overdrafts	10,116	-	-	-	-	-
7% Convertible bond 2014	2,021	8,686	9,440	2,021	8,686	9,440
Other borrowings	5,425	-	-	-	-	-
Trade and other payables	17,562	8,686	9,440	2,021	8,686	9,440
Disclosed as:						
Current borrowings	15,340	1,078	-	340	1,078	-
Non-current borrowings	2,222	7,608	9,440	1,681	7,608	9,440
	17,562	8,686	9,440	2,021	8,686	9,440

NOTES TO THE FINANCIAL STATEMENTS

21. Borrowings (continued)

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, can 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.

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.

	2012 €'000	2011 €'000
Liability component at 1 January	8,686	9,440
Net proceeds of issue	-	-
Equity component	-	-
Liability component at date of issue	8,686	9,440
Interest charge for the year	337	1,731
Conversion during the year including interest	(8,180)	(2,485)
Transfer from bond equity reserve	1,072	-
Exchange translation difference	106	-
Liability component at 31 December	2,021	8,686
Disclosed as:		
Non-Current Liabilities	1,681	7,608
Current Liabilities	340	1,078

Interest on the bonds is payable annually on 31 March each year. No interest payment was made on 31 March 2012. 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 2012 includes all interest accrued to that date. The unpaid interest relating to 31 March 2012 together with accrued interest to 31 December 2012 is included within current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

22. Financial instruments

The Group's financial instruments comprise cash, available for sale investments, trade receivables and trade payables that arise from its operations and convertible bonds. 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:

	2012 €'000	2011 €'000
Financial assets:		
Available for sale investments	8,214	18,296
Loans and receivables	17,934	13,128
Cash and cash equivalents	1,843	8
	27,991	31,432

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:

	2012 €'000	2011 €'000
Financial liabilities at amortised cost:		
Trade and other payables	23,357	6,498
Borrowings	17,562	8,686
	40,919	15,184

Financial instruments measured at fair value:

	Level 1 €'000	Level 2 €'000	Level 3 €'000
As at 31 December 2012			
Available for sale investments	-	-	8,214
As at 31 December 2011			
Available for sale investments	-	-	18,296

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

22. Financial instruments (continued)

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 investments. The Group manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Group's equity investments were to experience a rise or fall of 5% in their fair value, this would result in the Group's net asset value and statement of comprehensive income increasing or decreasing by €415,000 (2011: €915,000).

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.

The following are the undiscounted contractual maturities of financial liabilities:

	Carrying Amount €'000	Between 6 months and 1 year €'000	Between 1 and 5 years €'000	Total €'000
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
As at 31 December 2011				
Trade and other payables	6,498	6,498	-	6,498
Borrowings	8,686	1,078	7,608	8,686
	15,184	7,576	7,608	15,184

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

NOTES TO THE FINANCIAL STATEMENTS

22. Financial instruments (continued)

Interest rate risk

The composition of the Group's financial assets which are interest earning is set out below:

Group	2012 €'000	2011 €'000
Cash at bank and in hand	1,843	8
	1,843	8

Any surplus cash funds are deposited with highly credit rated third party banks and the interest rates earned and security of these balances are monitored on a regular basis against competing financial institutions' products. The Group's exposure to interest rate risk is minimal as cash balances earn nominal interest and the convertible bond is a fixed rate instrument and is not subject to fluctuations in interest 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 £1,654,000 (€2,121,000) 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 €212,000. The Group's functional and presentational currency has changed to Euro for the current accounting period as that 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 and in previous accounting periods the presentational currency was sterling.

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 €17,934,000 (2011: €13,128,000) comprising receivables during the period.

23. Called up share capital

	2012 Number	2011 Number	2012 €'000	2011 €'000
Allotted, called up and fully paid				
Ordinary shares of 2.5p each	181,209,377	45,847,710	5,536	1,370
	181,209,377	45,847,710	5,536	1,370

The following shares were issued during the year:

On 4 January 2012 the Company issued 11,000,000 ordinary shares of 2.5p each at 36p in respect of a bond holder converting their bond into equity shares.

On 23 February 2012 the Company issued 13,125,000 ordinary shares of 2.5p at a price of between 15 to 16p per share raising a total of approximately £2 million.

On 23 March 2012 the Company issued 150,000 ordinary shares of 2.5p at a price of 30p to a consultant to the Company in settlement of fees. In addition the company has agreed with Argentaria S.r.l. to reverse the acquisition of an office building in Milan and will not therefore issue the 5,000,000 new ordinary shares.

On 2 April 2012 the Company issued 6,880,000 ordinary shares of 2.5p at a average price of 9p to further investment in Sosushi and take the Company's holding from 20 per cent. to 50.1 per cent.

NOTES TO THE FINANCIAL STATEMENTS

23. Called up share capital (continued)

On 3 April 2012 the Company issued 5,750,000 ordinary shares of 2.5p at a price of 10p raising a total of £575,000 before costs.

On 13 April 2012 the Company issued 6,306,667 ordinary shares of 2.5p at a price of 4.2p to the vendors of Sipiem S.p.A..

On 4 May 2012 the company issued 3,000,000 ordinary shares of 2.5p at a price of 15p for the acquisition of 10 per cent. of Sixlove Group S.p.A.

On 5 June 2012 the Company issued 15,000,000 ordinary shares of 2.5p each at 5p each in respect of Mediapolis Investment bond repayment.

On 26 June 2012 the Company issued 300,000 ordinary shares of 2.5p each at 4.67p each in respect of a cash placing.

On 28 August 2012 the Company issued 4,000,000 ordinary shares of 2.5p each at 5p in relation to an investment in Ascend Capital plc.

On 26 June 2012 the Company issued 70,000,000 ordinary shares of 2.5p each at 4p each in respect of a cash placing.

24. 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 2012 €'000	Group 2011 €'000
Share capital	5,536	1,370
Share premium account	42,457	31,749
Merger reserve	8,325	8,146
Revaluation reserve	2,084	-
Exchange translation reserve	(4)	-
Equity component of convertible instrument	293	1,365
Retained losses	(29,236)	(26,382)
Equity attributable to owners of the Company	29,455	16,248
Non-controlling interests	10,111	-
Total equity	39,566	16,248

NOTES TO THE FINANCIAL STATEMENTS

25. Cash used in operations

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
Loss before tax	(2,276)	(7,704)	213	(17,962)
Amounts written off investments	2,227	3,481	-	15,502
Gain on redemption of convertible bonds	(1,367)	-	(1,367)	-
Gain on disposal of investment	-	(276)	-	-
Depreciation and amortisation	46	-	-	-
Finance income	(40)	-	-	-
Finance charges	726	1,667	337	1,667
Shares issued in settlement of director's fees	-	130	-	130
Increase in provisions	-	1,340	-	-
Increase in inventories	(46)	-	-	-
Decrease in receivables	(274)	-	(663)	-
Increase in payables	242	1,260	1,534	561
Cash used in operations	(762)	(102)	54	(102)

NOTES TO THE FINANCIAL STATEMENTS

26. Acquisition of subsidiary undertakings

On 1 January 2012 the Group recognised control of Mediapolis Spa in which the Group has a 69.45% equity interest. Mediapolis is a real estate and leisure company based in northern Italy.

On 11 April 2012 the Group acquired 50.1% control of You Can Group Srl, a company that operates restaurants in Italy.

On 5 November 2012 the Group acquired 60.82% control of ORH Spa, a Hotels and leisure group operating in Italy, Kenya and Madagascar.

The amounts recognised in respect of the acquisition of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	Mediapolis Spa €'000	ORH Spa €'000	You Can Group Srl €'000	Total €'000
Financial assets	29	1,135	54	1,218
Property, plant and equipment	37,950	487	128	38,565
Identifiable intangible assets	-	4,311	199	4,510
Inventory	-	93	127	220
Trade and other receivables	1,390	13,371	1,094	15,855
Cash and cash equivalents	1,391	412	25	1,828
Trade and other payables	(2,601)	(13,826)	(889)	(17,316)
Borrowings	(13,129)	(1,776)	(636)	(15,541)
Provisions and deferred liabilities	(244)	(237)	(18)	(499)
Total identifiable assets	24,786	3,970	84	28,840
Attributable to owners of the Company	17,214	2,352	(4)	19,562
Goodwill	-	5,231	1,421	6,652
Excess of fairvalue of assets acquired over the fair value of consideration given	(1,877)	-	-	(1,877)
Total consideration	15,337	7,583	1,417	24,337
Satisfied by:				
Issue of ordinary shares	11,750	4,766	967	17,483
Cash	3,387	2,670	-	6,057
Deferred consideration	200	147	450	797
	15,337	7,583	1,417	24,337

NOTES TO THE FINANCIAL STATEMENTS

27. 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.

Classfinance invoiced €205,654 (2011 €100,000) in respect of accounting and management consultancy to ORH and Mediapolis. Mr Cesare Suglia is a Director of Classfinance.

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.

28. Post year-end events

The following events have taken place:

On 6 February 2013 the company announced that at the end of December the Company 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. This amount was settled on 28 March 2013; The Company agreed to repay a 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; and the Company agreed to repay 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.

On 25 February 2013 the company announced that Eufingest S.A., the Lugano based portfolio management company, held 55,000,000 ordinary shares in the capital of the Company representing 27.6 per cent of the issued ordinary share capital, directly owned and on behalf of its clients.

On 25 March 2013 the Company announced that it had completed the placing of its December 2015, Zero Coupon Convertible Bond at a conversion price of 15 pence and issued at 78% of face value. Bonds totalling EUR 3 million were sold to different European institutions, with the net proceeds being used mainly to buy back, at a discount, existing debt positions. The remaining EUR 6.9 million bonds are held in the Company's treasury account, available to be sold in the secondary market if and when the Group requires further cash for investment and growth.

On 7 May 2013 the company announced that it had signed an agreement with the Milan based corporate adviser and broker, Integrae SIM SpA, for the dual listing of the Company's shares on AIM Italia - Alternative Capital Market.

On 6 June 2013 the company announced that its holding in ORH SpA, the Italian tour operation and hotel management group, had increased to 73.43 per cent, from 60.82 per cent.

This increase resulted from the sale of a hotel development in Mozambique to Mr Presti, a director and shareholder of ORH SpA in return for shares representing approximately 16 per cent of the total voting rights in ORH SpA. ORH SpA has subsequently cancelled the consideration shares received. Following the transaction Mr Presti no longer has a shareholding in ORH SpA and has resigned from the board of ORH SpA.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

When considering what action you should take, you are recommended to consult an independent financial advisor authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares in Clear Leisure Plc (the "Company"), please forward this document and the accompanying documents to the purchaser or transferee of those shares or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee of those shares.

CLEAR LEISURE PLC

(Registered in England and Wales with Company Number: 03926192)

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Clear Leisure Plc will be convened at 31 Harley Street, London, W1G 9QS on 7th August 2013 at 2pm to transact the following business and consider and, if thought fit, pass the following resolutions, each such resolution to be considered as an ordinary resolution or special resolution as indicated.

A member entitled to attend and vote at a general meeting of the Company is entitled to appoint one or more proxies to attend, and on a poll, to vote instead of him. A proxy need not also be a member of the Company. Please refer to the detailed notes contained in the form of proxy attached to this notice. Completion and return of a proxy form will not preclude members from attending and voting at the general meeting in person.

Resolutions 1 to 5 will be considered as ordinary business. The remaining resolutions will be considered as special business of which resolution 6 is an ordinary resolution and resolutions 7 is a special resolution.

Ordinary resolutions

- 1 To receive and adopt the report and accounts of the Company for the year ended 31 December 2012.
- 2 To re-appoint Messrs Wellbeck Associates as auditor and authorise the Directors to determine their remuneration.
- 3 To re-elect A. Villa as a Director.
- 4 To elect L. Johnson as a Director.
- 5 To elect F. Emiliani as a Director.
- 6 To authorise the Directors generally and unconditionally and in accordance with section 551 of the Companies Act 2006 (the "**Act**") (in substitution for all existing authorities), to exercise all the powers of the Company to allot ordinary shares of 2.5p pence each in the Company (unless previously renewed, varied or revoked by the Company in general meeting before such expiry) and to grant rights to subscribe for or convert any security into ordinary shares up to the aggregate nominal amount of £5,000,000. Such authority will expire on the earlier of 30 November 2014 and the conclusion of the next Annual General Meeting of the of the Company and in each case during this period the Company may make an offer or agreement which would or might require relevant securities to be allotted after the authority has expired and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding that this authority has expired.

Special resolutions

- 7 THAT, subject to the passing of resolution 6 above, the directors be and are generally empowered pursuant to sections 570 and 571 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 6 above as if section 561(1) of the Act did not apply to the allotment. This power is limited to:

- a) the allotment of equity securities for up to an aggregate nominal amount of £5,000,000 ; and
- b) will expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.

By order of the Board

Nilesh Jagatia
Company secretary

1 Grosvenor Crescent, London SW1X 7EF
Company Secretary
26 June 2013

Notes

1. Resolution 6 - Authority to Allot Shares

This resolution relates to the authority of the directors to allot shares. Under section 551 of the Act, the directors of a company may allot shares if authorised to do so by shareholder resolution. Resolution 5, if passed, will continue the directors' flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. Resolution 5 will, if passed, permit the directors to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into shares in the Company up to an aggregate nominal amount of £5,000,000. The authority will expire at the conclusion of the next Annual General Meeting of the Company unless renewed, varied or revoked at a General Meeting of the Company in the intervening period.

2. Resolution 7 - Disapplication of Pre-Emption Rights

This resolution relates to the disapplication of pre-emption rights and is a special resolution. If equity securities are to be allotted for cash pursuant to the authority proposed to be given by resolution 5, section 561(1) of the Act requires that those securities are offered first to existing shareholders in proportion to the number they each hold at that time and otherwise in accordance with the technical requirements of the Act. There may be circumstances, however, when it is in the interests of the Company to be able to allot new equity securities or sell shares held in treasury for cash without first offering them to existing shareholders or otherwise than strictly in compliance with those requirements, for example to finance business opportunities. The authority proposed to be given by resolution 6 will allow the directors to allot equity securities for cash without first offering them to existing shareholders in accordance with the Act, but limits such allotments:

- (i) to those made in connection with a rights issue or other pre-emptive offer to shareholders (subject to the directors' ability to make arrangements to deal with certain legal or practical problems arising in connection with such an offer); and otherwise
- (ii) to a maximum aggregate nominal value of £5,000,000

3. Proxies

Any member of the Company entitled to attend and vote at the above meeting may appoint one or more proxies to exercise all or any of his rights to attend and speak and to vote at a meeting of the company. A proxy need not be a member.

4. Contracts of service

All Directors' contracts of service having more than one year's unexpired term are available for inspection by members at the Company's registered office during business hours and will be available for inspection at the location of the meeting for the period commencing 15 minutes prior to the commencement of the meeting and ending at the conclusion of the meeting.

**FORM OF PROXY RELATING TO
ANNUAL GENERAL MEETING
OF
CLEAR LEISURE PLC
(Company number: 03926192)**

I/We
(FULL NAME IN BLOCK CAPITALS)

of
(ADDRESS IN BLOCK CAPITALS)

being a member/members of the Company entitled to receive notice, attend, speak and vote at general meetings of the Company, hereby appoint the Chairman of the AGM, or

--

as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of the Company to be held on **7th August 2013** at 2.00 pm at **31 Harley Street, London, W1G 9QS**, and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

RESOLUTIONS	For	Against	Vote withheld
ORDINARY BUSINESS			
1. TO receive the Company's annual accounts for the financial year ended 31 December 2012 together with the last directors' report and the auditors' report on those accounts.			
2. TO re-appoint Messers Welbeck Associates as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company at a remuneration to be determined by the directors.			
3. TO re-appoint the following director who retires by rotation:- A. Villa			
4. TO re-appoint the following director who retires by rotation:- L. Johnson			
5. TO re-appoint the following director who retires by rotation:- F. Emiliani			
6. TO authorise the directors to allot shares pursuant to section 551 Companies Act 2006			
SPECIAL BUSINESS			
7. TO disapply pre-emption rights pursuant to section 570 of the Companies Act 2006			
Signature	Date		

NOTES

- 1 If you wish to appoint a proxy, this form must be returned to 31 Harley Street, London, W1G 9QS New, not less than 48 hours before the time fixed for the meeting.
- 2 If you are a corporation, this form must be executed as a deed.
- 3 If your shares are held jointly with some other person(s), the names and addresses of all joint holders should be given.
- 4 A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
- 5 The "**Vote Withheld**" option is to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the votes "**For**" and "**Against**" a resolution.