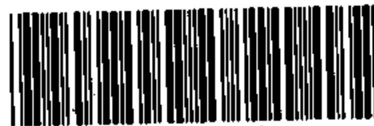
Company Registration No. 03926192

Clear Leisure plc

Annual Report and Financial Statements for the year ended 31 December 2017



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Contents

Company information	
Chairman's statement	1
Director profiles	7
Strategic report	8
Directors' report	13
Report of the independent auditor	16
Group statement of comprehensive income	19
Group and Company statements of financial position	20
Group and Company statements of changes in equity	21
Group and Company statements of cash flows	23
Notes to the financial statements	24

Company information

Directors	Reginald Eccles Francesco Gardin
Company Secretary	James Gordon
Company number	03926192 (England and Wales)
Registered office	22 Great James Street London WC1N 3ES
Auditor	Welbeck Associates Statutory Auditor Chartered Accountants 30 Percy Street London W1T 2DB
Solicitors	Ferrari Pedeferri Boni Studio Legale Associato Via Fatebenefratelli, 22 20121 Milan Italy
Nominated Adviser & Broker	SP Angel Corporate Finance 35 Maddox Street London W1S 2PP
Financial Manager	Haines Watts Group Limited 69-73 Theobalds Road London WC1X 8TA
Registrar	Share Registrars Ltd The Courtyard 17 West Street Farnham GU9 7DR

CHAIRMAN'S STATEMENT

I am pleased to present below the Company's Final Results for the year ended 31 December 2017.

Overview

The Board appointed in July 2015 was faced with a complex situation, where ownership of assets was in dispute and debt on some of them was overwhelming. Most of the management focus went into unravelling the above matters, while looking at investment opportunities, not only in the leisure sector, but also in the technology sector.

The Company continued to execute its well-founded strategy during 2017 and, along with the first six months of 2018, reached favourable agreements with creditors of its Italian subsidiaries, progressed ownership rights of its assets and met its funding requirements on favourable terms.

As at 31 December 2017, Clear Leisure had bought back consolidated Group debt to the value of €8 million at an average discount of 76% to face value.

These discounted debt purchases allowed Clear Leisure to improve its consolidated balance sheet, reduce the Group's interest burden and free the management from the substantial time consumed in dealing with the relevant creditors. The Board intends to remain alert to further opportunities to improve the Company's financial position should they arise.

In particular, on 10 May 2017, Clear Leisure purchased €3.14 million of loans owed by Mediapolis Srl ("Mediapolis") to a syndicate of three Italian banks, at an approximate discount of 76%. That debt, now owing by Mediapolis to Clear Leisure, is secured by a first charge mortgage on land owned by Mediapolis; a charge that is recognised by the Italian Courts.

Funding for the May 2017 debt buy back, together with a provision for general corporate expenses, was facilitated by a €1.2 million loan from Eufingest SA ("Eufingest"), the Lugano based investment manager and our largest shareholder. This loan, together with all other loans due by Clear Leisure to Eufingest, and in total then amounting to €2.475 million, has been consolidated into a single loan repayable by 28 April 2020 and carrying an annual interest rate of just 1%. Eufingest has the right to convert all or part of the loan at 0.89p per share as it did in July 2017, when it converted €74,830 into 7,546,155 new ordinary shares of 0.25p each ("Ordinary Shares").

Through these transactions, Eufingest has demonstrated its ongoing support for the Board of Clear Leisure and we are confident that Eufingest will continue to give careful consideration to any financial restructuring or business opportunity presented to it by Clear Leisure.

In addition to the financial support provided by Eufingest, the Company completed an equity fundraising, on 17 July 2017, raising £150,000 through the issue of 13,043,478 shares at 1.15p each, primarily to assist with the legal costs associated with contesting asset ownership.

Although Clear Leisure had demonstrated a commitment to an aggressive debt reduction strategy in relation to its Mediapolis investment, it was informed on 15 June 2017 that the Ivrea Court prosecutor unilaterally decided to file a winding up request against Mediapolis, notwithstanding that no creditor had applied in the previous 12 months for the winding up of the company. Under Italian law this is a legal right of a prosecutor.

Clear Leisure fiercely opposed the winding up request and, whilst this was being discussed in Court, the Company further reduced the Mediapolis debt position by an additional €3.8 million during the following three months, as announced by the Company on 21 September.

Finally, on 19 October 2018 and despite all the debt reductions negotiated by the Company, amounting to an aggregate face value of €9.4m in the previous 24 months, Mediapolis was notified by the Ivrea Court that the company was declared bankrupt. A receiver was appointed the same day.

For the purpose of the 2017 accounts of Clear Leisure, Mediapolis is consolidated until 30 September 2017.

Financial Review

The Group reported a loss before tax of €1,884,000 for the year ended 31 December 2017 (December 2016: loss before tax €397,000); operating losses for the period were €324,000 (December 2016: €894,000).

The loss is primarily due to the enforced bankruptcy of Mediapolis ruled by the Ivrea Court.

The undiluted Net Asset Value (NAV) of the Group as of 31 December 2017 was €1.200 million, compared to €1.601 million at 31 December 2016.
The enforced bankruptcy of Mediapolis has a limited impact on the NAV of the Group because the value of Mediapolis had been largely impaired in previous years.

The Group has approximately €57 million of tax losses to carry forward (being a mixture of capital and revenue losses). The Directors believe that a part or all of these losses can be offset against future profits of the business.

Operational Review

As announced on 24 January 2017, Clear Leisure allotted 3,658,536 Ordinary Shares in the Company to Francesco Gardin to the value of £30,000 (€33,785), being 50% of his salary due for the period from January 2016 to December 2016. The allotment of shares was in accordance with his contract and the effective issue price of the shares was 0.82p per Ordinary Share.

On 3 February 2017, Clear Leisure entered into a €60,000 convertible loan agreement with Eufingest, bearing 2.5% annual interest, with a conversion price of 0.85p per share and repayable anytime before 31 March 2017.

On 15 March 2017, the Company entered into a €100,000 loan agreement with Eufingest, bearing 2.5% annual interest, with a conversion price of 0.8p per share and repayable any time before the 31 March 2017

On 31 March 2017, the Company, in agreement with Eufingest, rescheduled the maturity date of the two previous loan facilities to 31 December 2017.

On 10 May 2017, Clear Leisure drew down a €1.2 million loan note received from Eufingest. Part of the proceeds were loaned to a newly incorporated wholly-owned subsidiary, Clear Leisure 2017 Ltd ("Clear Leisure 2017"), to purchase, for €750,000 a €3.14 million loan made to Mediapolis with a first charge on the 497,884 sqm land owned by Mediapolis attached.

On this occasion, the Board of the Company agreed with Eufingest to bring together all the debt outstanding to Eufingest into one Convertible Loan of €2.475 million, bearing 1% annual interest, repayable by 28 April 2020 and convertible at 0.89p per Ordinary Share.

Clear Leisure 2017 shares were pledged to Eufingest as security for the €2.475 million Consolidated Convertible Loan.

On 25 July 2017, Eufingest converted €74,830 of its €2.475 million secured Loan into 7,546,155 shares, at a conversion price of 0.89p per Ordinary Share.

As announced on 15 June 2017, Clear Leisure was informed that the Court prosecutor of Ivrea had filed a winding-up request on the Company's subsidiary, Mediapolis. This winding-up request arose from an initiative of the Ivrea Court prosecutor following a claim that had previously been settled by the Company. Nonetheless under Italian Law, once the request from the Court has been passed to the prosecutor, the winding up petition may proceed in consideration of other outstanding debts, notwithstanding that the original debt had been settled. At the hearing, Mediapolis presented evidence of the ongoing and completed negotiations with its creditors.

To improve the Mediapolis position, as announced on 21 September 2017, the Company purchased for €500,000 a €4.3 million credit towards Mediapolis from Olivetti Multiservice S.p.A, a long-term creditor and minority shareholder of Mediapolis. The purchase funds were loaned to Clear Leisure by a UK private company.

On 13 October 2017, and despite every effort to have the ruling of the Ivrea Court set aside, the Court ruled in favour of the winding up petition and appointed a receiver.

The Company and Mediapolis jointly appealed to the Turin Court against the judgement of the Ivrea Court. However, it was subsequently announced on 22 February 2018 that the appeal had not been successful.

Subsequently, the Company registered as a creditor of Mediapolis, and its first charge credit (held through Clear Leisure 2017) was recognised as such for an amount of €2.678 million.

On 17 July 2017, the Company raised £150,000 through the placing of 13,043,478 shares at 1.15p per new Ordinary share.

In October 2017, the Company's Nominated Advisor, ZAI Corporate Finance Ltd, lost its Nominated Advisor status. As a consequence, Clear Leisure shares were suspended from trading on AIM from 19 October until 17 November 2017, when SP Angel Corporate Finance LLP was appointed as the Company's Nomad and Joint Broker.

On 7 December 2017, Clear Leisure entered into a new loan agreement with Eufingest, for an amount of €50,000, bearing a 2.5% annual interest rate. The maturity date was first set for 31 December 2017 and then extended to 31 March 2018.

On 27 December 2017, the Company announced its intention to diversify its investment portfolio by entering into a joint venture with a technology partner, 64 Bit Ltd, to run a blockchain-based cryptocurrency mining datacentre. The investment was completed in the first half of 2018, when the first mining unit was assembled in Italy and subsequently shipped to Serbia, where it will benefit from the low cost of energy in the Country.

On the same day, the Company entered into a €200,000 loan agreement with Eufingest, bearing 2.5% annual interest rate and repayable within 24 months.

As announced on 2 January 2018, on 28 December 2017, at a meeting of shareholders of Sosushi Company Srl, ("Sosushi") the 99.93% subsidiary of Clear Leisure, the current sole director of Sosushi was authorised to file a claim against the former directors of Sosushi for damages arising from gross mismanagement.

On the same day it was announced that the Company had entered into a further loan facility with Eufingest for €250,000, bearing a 2.5% annual interest rate and repayable any time before 31 March 2018.

During the year, the Company continued negotiations with the management of T.L.T. Sas, the owner of the Ondaland waterpark in north-west Italy, to find an agreed solution which would recognise the substantial investment made by Sipiem SpA in T.L.T. Sipiem is a minority shareholder in T.L.T. and is 50.17% controlled by Clear Leisure.

The Company remains hopeful that a mutually beneficial solution will be agreed upon during 2018, which will result in Clear Leisure securing a substantial stake in T.L.T..

Portfolio Companies

An update on the Group's portfolio companies as at 31 December 2017 is as follows (percentage of equity held is shown in parenthesis):

SIPIEM SpA (50.17%): is a minority shareholder in T.L.T. Sas which owns a number of real estate assets including the operating Ondaland Waterpark located in north-west Italy.

The waterpark is a popular summer destination for Italians living in north-west Italy and there are plans to create an all year family-oriented theme park facility, using the existing empty building erected in 2012 and in area of 7,500 sqm of space.

GeoSim Systems Ltd (www.geosim.co.il) (4.53%): is an Israeli company which develops 3D modelling software. The value of this investment was written-off in the 2014 accounts. Clear Leisure was advised that the most recent round of fundraising by GeoSim took place at a pre-money valuation in excess of US$11 million, corresponding to a valuation for Clear Leisure's stake of $667,487 (or approximately €557,149), which has been incorporated in the balance sheet.

Currently, GeoSim has management and R&D teams based in Tel Aviv, Israel, where it has fifteen employees. In Vancouver, Canada it has a team of three people with a further fifteen people in production centers in India and Poland.
Geosim's new 3D model of the city of Vancouver can be found at http://new.geosimmovies.com.

Mediapolis Srl (84.04%): on 13 October 2017 the company was declared bankrupt by the Ivrea Court. At that time, Mediapolis owned a strategically located, development site, covering 497,884 sqm, in north-west Italy on the A4/A5 motorway between Milan and Turin and 10 holiday villas in the Porto Cervo area, the most exclusive holiday location in Sardinia. Following the Ivrea Court ruling in favour of the winding up petition, the Company intends requesting either the assignment of the land, on which Clear Leisure, through its wholly owned subsidiary Clear Leisure 2017, holds a first charge, or, alternatively, the payment of the value of the first charge (€2.678 million) from the proceeds of the auction of the land by the receiver.

There are other claims and issues that the company continues to deal with, that may yield some return to the Group.

Post-Balance Sheet Events

On 2 January 2018, the Company agreed with Eufingest to defer to 31 March 2018 the maturity of the €50,000 loan facility announced at the beginning of December.

On 26 January 2018, Clear Leisure raised £350,000 through the placing of 58,333,334 new Ordinary Shares at a price of 0.6p per new Ordinary share.

On 22 February 2018, the Company was informed that its joint appeal against the ruling in favor of the winding up petition against Mediapolis was unsuccessful. Five days later, the Company informed shareholders that it had received confirmation by the receiver that the first charge on the land of Mediapolis and held by Clear Leisure 2017 Ltd, had been approved for a value of €2.678 million and in addition, that Clear Leisure and Clear Leisure 2017 had been formally recognised as unsecured creditors for a cumulative amount of €8.212 million.

On 16 March 2018, Clear leisure raised £300,000 through the placing of 42,857,143 new Ordinary Shares at a price of 0.7p per new Ordinary share.

On 2 May 2018 as announced, the Company was served with a claim in the English Courts for approximately €1.7 million from the former shareholders of Sosushi, including the previous Chief Executive. The claim relates to an agreement entered into in December 2013, prior to the appointment of the current directors, whereby the Company acquired shares in Sosushi. The Company will vigorously defend itself in Court given as it believes that the legitimacy of the claim is weak.

On 27 April 2018, the Company issued a claim against Fortune Cookie Ltd and its founder Mr Justin Cooke arising from the alleged breach of a share purchase agreement entered into in 2012. Pending disclosure from the defendants, the Company estimates that the value of its claim is approximately between £700,000 and £5 million.

On 2 May 2018, Mr Alfredo Villa, who until July 2015 was responsible for the management of Clear Leisure as both Chairman and Chief Executive, informed the Company of his intention to lodge a claim for unpaid salary in the amount of £274,450. As announced, the Company is contesting settlement of this claim and will update shareholders with subsequent developments.

On 17 May 2018, the Company held a General Meeting, in which all the proposed resolutions were approved:

- to authorise the Directors to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount equal to £500,000; and,
- to dis-apply the statutory pre-emption provisions contained in Section 570 of the Companies Act for all newly authorised shares.

On 23 May 2018, Clear Leisure raised £600,000 through the placing of 63,157,890 new Ordinary Shares at a price of 0.95p per new Ordinary share.

On 30 May 2018, the Company reached a settlement agreement with Mr Peter McBride in respect of an amount due by the Company to Mr McBride. The settlement was in regard to an amount of £91,722 relating to interest accrued on a loan of £250,000 made by Square One Ltd to Clear Leisure in March 2015, at which time the Company was under the control of its previous board. Whilst the principal amount of the loan was repaid in 2016, the benefit of the accrued interest was assigned to Mr McBride by Square One Ltd in February 2018. Settlement of the £91,722 was satisfied through the issue and allotment of 8,263,250 new Clear Leisure Ordinary Shares at a price of 1.11p per share.

In the first months of 2018, the Company entered into a joint venture with 64 Bit Ltd to establish a Blockchain based cryptocurrency mining datacentre in Serbia, through a new subsidiary, Miner One Ltd. The share capital of Miner One Ltd will be equally divided between Clear Leisure and 64 Bit.

Clear Leisure funded its 50% share of the Joint Venture in cash and equity. Clear Leisure contributed €100,000 in cash and, on 30 May 2018, issued 7,868,130 new Clear Leisure Ordinary shares at a price of 1.11p per Ordinary Share to 64Bit in order to cover the Company's share of the capital and operating expenditure, amounting to €100,000, which had been advanced to Miner One Ltd by 64Bit Ltd.

64Bit is a Malta based company founded by Mr Marco Mirra. With nearly 20 years' experience in data centers expert design and management, he is a cryptocurrencies mining consultant and investor.

The investment in the mining datacentre is expected to generate revenue for the Group.

On 12 June 2018, the Company was informed that the list of Mediapolis creditors had been finalised and confirmed. The Company's creditor position in Mediapolis is the following:

- First charge mortgage (held by Clear Leisure 2017) for €2.678 million
- Unsecured creditor position of €8.212 million

On 19 June 2018, Clear Leisure held the second meeting of Bondholders of its Zero Rate Convertible Loan. All resolutions were approved. Under the new terms of the Bonds, the final maturity date was extended to 15 December 2022 and the Company is now able to convert the Bonds into new Ordinary Shares of 0.25p each.

Eufingest holds €3 million of the bonds and voted in favor of the resolutions at the bondholders meeting.

The Company also agreed with Eufingest to extend the maturity of certain loans outstanding as of 31 March 2018 and in the amount of €300,000 to 30 September 2018.

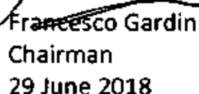
Outlook

The Board remains committed to improving the financial health of Clear Leisure through Court-led recoveries of misappropriated assets and asset disposals, but will not pursue such recoveries to the detriment of the financial wellbeing of Company or the management focus on new investment initiatives.

In addition, the Board remains focused on the negotiation for the assignment of the Mediapolis land, covered by Clear Leisure 2017's first charge. The investment in the mining datacentre is expected to generate revenue for the Group. Meanwhile, the Company intends to continue its commitment in the blockchain technology sector, not only expanding its current Serbia based mining datacentre with two additional units, but also looking at opportunities in blockchain innovative applications.

A lot has been achieved, and different successes have been reached since the appointment of the new Board in July 2015. Other challenges will still have to be overcome in the future before achieving our goal of realising meaningful value for the Company shareholders.

We are confident that by continuing with our process and strategies, this goal will be achieved.



Francesco Gardin
Chairman
29 June 2018

DIRECTOR PROFILES

Francesco Gardin
Chief Executive Officer & Chairman

Francesco Gardin, 63, born in Rovigo, Italy, graduated in Theoretical Physics at Padova University in 1979, before undertaking a UK Government research project at Exeter University (UK) from 1980 to 1982. In 1983, Francesco founded AISoftw@re SpA to develop and distribute Artificial Intelligence systems within Italy, which he took public on NASDAQ Europe in 1999 and the Milan Stock Exchange in 2000. He sold the company in 2005 but agreed to remain as non-executive Chairman until March 2008. When he left the company employed more than 1,400 people and had revenues in excess of £70m. In December 2008 he was appointed executive Director of London Asia Capital plc, a UK company investing in Asia, He resigned in July 2013. In October 2013 he was appointed to the board of Pan European Terminals PLC, listed on AIM of the London Stock Exchange. He resigned in July 2014 following the sale of the company. In December 2014, he co-founded First IPO Capital Ltd, a UK company aiming at financing IPO costs to companies listing on the London AIM market. During the last twenty years, he has been Director of almost fifty companies in Italy, UK, USA, Israel, Hong Kong, China, Singapore, Mauritius and Jersey. From 1984 to 2014, he was Research Associate Professor at Udine, Milano and Siena University lecturing Artificial Intelligence, Theory and Application of Computation, and Virtual Reality. His academic papers include more than 50 individual and joint publications and three books on the subject of Artificial Intelligence as editor.

Reginald Eccles
Non-executive Director

Reginald George Eccles, 72, has sat on the boards of a number of public and private companies over the past four decades, including, most recently, Toledo Mining Corporation plc where he acted as Chairman and Pan European Terminals plc as Senior Independent Director. He began his career as a business and financial analyst, working in both the UK and South Africa. In 1979, he co-founded a consultancy and publishing company, with offices in the UK and Australia, which was sold in 1988. Subsequently, he held senior positions at a number of investment banks including establishing a global network of mining analysts and sale staff to support the ABN AMRO and Rothschild Bank joint venture.

STRATEGIC REPORT

The Directors present their Strategic Report on Clear Leisure plc and its subsidiary undertakings ("the Group") for the year ended 31 December 2017.

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

Review of the business and developments during the year

During 2017 the Company entered into a number of debt facilities and equity issues in order to finance the debt recovery strategy; the ongoing legal actions and the costs of the team of experts being used to investigate each of the assets acquired by the Company under the previous management team. The debt facilities were as follows:

- Eufingest, 3 February, €60,000, bearing 2.5% annual interest, repayable anytime before 31 March 2017, convertible at 0.85p per new Ordinary Share. On 31 March the maturity was deferred to 31 December 2017.

- Eufingest, 15 March, €100,000, bearing 2.5% annual interest, repayable anytime before 31 March 2017, Convertible at 0.8p per new Ordinary Share. On 31 March the maturity was deferred to 31 December 2017.

- Eufingest, 10 May, €1.2 million. This loan was consolidated along with all the previous outstanding loans into one new € 2.475 million Convertible Consolidated Secured Loan, bearing 1% interest, repayable at our discretion anytime before 28 April 2020 and convertible at 0.89p per new Ordinary Share. The totality of Clear Leisure 2017, has been pledged to Eufingest as security for the Loan.

- On 21 September, €500,000 from a UK private company with an original repayment date of 31 October, bearing a 10% interest. A deferral of the maturity was agreed with the lender and £250,000 was converted into shares in March 2018.

- Eufingest, 7 December, €50,000, bearing a 2.5% interest, repayable on 31 December 2017, convertible at 1p per new Ordinary Share. On 29 December 2017, the maturity was deferred to 31 March 2018.

- Eufingest, 27 December, €200,000, bearing 2.5% annual interest repayable within 24 months. Of the €200,000 committed by Eufingest, the Company withdrew only €100,000.

- Eufingest, 29 December, €250,000, bearing 2.5% annual interest, repayable on 31 March 2018, convertible at 1p per new Ordinary Share.

During the 2017 financial year the Company issued equity as follows:

- 24 January, issue and allotment of 3,658,536 shares worth £30,000 (€33,785) to the Company's Director Francesco Gardin as settlement for 50% of his 2016 contractual salary.

- 17 July, the Company raised £150,000 through the placing of 13,043,478 shares at a 1.150 per new Ordinary share.

- 25 July, Eufingest converted €74,830 of its Convertible Consolidated Secured Loan into 7,546,155 new Ordinary shares.

STRATEGIC REPORT (continued)

The main operations of the Company involved the subsidiary, Mediapolis:

- At the beginning of May 2017 the Company purchased €3.14 million of debt of Mediapolis from a syndicate of Italian banks for a cash consideration of €750,000. A first charge on Mediapolis land was attached to the credit. The transaction was completed through a new wholly owned vehicle, Clear Leisure 2017 Ltd.
- Shortly after, the company was notified that the Court prosecutor of Ivrea had filed a winding-up request on Mediapolis. This petition arose from an initiative of the Ivrea Court following a claim that had previously been settled by the Company. Under Italian Law, once the request from the Court has been passed to the prosecutor, the winding up petition may proceed in consideration of the other outstanding debts, notwithstanding that the original debt has been settled.
- To improve Mediapolis position before the Court of Ivrea, in September, the Company purchased for a cash consideration of €500,000 a €4.3 million loan towards Mediapolis from Olivetti Multiservice SpA.
- In addition, the Company contributed to settle different small creditors and bondholders of Mediapolis worth an aggregate of €644,000.
- On 13 October 2017, and despite the efforts made by Clear Leisure Plc to resolve the indebtedness of Mediapolis, the Ivrea Court ruled in favour of the winding up petition.
- Clear Leisure and Mediapolis jointly appealed to the Turin Court against the Medipolis winding up judgement but in February 2018 the Company was notified that the appeal was unsuccessful.
- Following the winding up ruling, the Company focused on having its position recognised both as a first charge creditor, with regard to the credit purchased in May 2017 from the syndicate of banks, and as an unsecured creditor for all the other debts and outstanding towards Mediapolis. The first charge has been recognised and approved by the receiver in the amount of €2.678 million whilst other credits has been recognised and approved as unsecured in the amount of €8.212 million.

Other notable activities and operation of the Company during the year have been:

- In October, after ZAI Corporate Finance lost its Nomniated Advisor Status, the Company's shares were suspended from trading on AIM until the Company had appointed a new Nominated Adviser. On 19 of November 2017 the Company announced SP Angel as the new Nomad and Joint Broker. As a consequence, the Company's shares were readmitted to trading.
- In December 2017, Clear Leisure entered into a new business venture with an IT partner, 64 Bit Ltd. A new subsidiary, Miner One Ltd, to be equally owned by the two partners, was created to invest into a cryptocurrency mining datacentre. The investment was completed in the first half of 2018.
- As previously described, during the year, the Company also continued negotiations with the management of T.L.T. Sas to find an agreed solution which would recognise the substantial investment made by Sipiem SpA in T.L.T..

Sale of investments

The Company did not dispose of any asset during the 2017.

Board changes

On 28 July 2017 Mr Reginald Eccles was re-elected as Director of the Company.

STRATEGIC REPORT (continued)

Futures developments

During the first 6 months of 2018, the company issued share capital as follows:

- On 26 January, through the placing of 58,333,334 new Ordinary Shares at a price of 0.6p per new Ordinary Share, raising £350,000.
- On 9 March, through the issue of 22,321,429 new Ordinary Shares at a price of 1p per new Ordinary Share, to a UK lender as a € 250,000 settlement of the €500,000 borrowed in September 2017.
- On 16 March, through the placing of 42,857,143 new Ordinary Shares at a price of 0.7p per new Ordinary Share, raising £300,000.
- On 23 May, through the placing of 63,157,890 new Ordinary Shares at a price of 0.95p per new Ordinary Share, raising £600,000.
- On 30 May through the issue and allotment of 8,263,250 new Clear Leisure Ordinary Shares at a price of 1.11p per share to Mr Peter Mc Bride as settlement of an amount of £91,722.
- On 30 May, issue of 7,868,130 new Clear Leisure Ordinary Shares at a price of 1.11p per share to 64Bit Ltd in order to cover the Company's share of capital and operating expenditure, amounting to €100,000, which had been advanced to the Company's subsidiary 64Bit Ltd.

With regard to Eufingest Loan facilities:

- On 2 January 2018, Eufingest, agreed to defer the maturity of the €50,000 loan facility announced at the beginning of December to 31 March 2018.
- Subsequently, the Company agreed with Eufingest to extend the maturity of the loans outstanding as of 31 March 2018 to 30 September 2018.

With regard to Mediapolis in bankruptcy:

- On 22 February 2018, the Company was informed that its joint appeal against the ruling in favor of the winding up petition against Mediapolis was unsuccessful.
- On 27 February 2018, the Company informed its shareholders that the first charge owned by Clear Leisure 2017 had been approved for a value of €2.678 million. In addition, Clear Leisure and Clear Leisure 2017 had been formally recognized as unsecured creditors for a cumulative amount of €8.212 million.
- On 12 June 2018, the Company was informed that the list of Mediapolis creditors was finalized and confirmed. The Company's confirmed creditor position in Mediapolis therefore being:
  - First charge mortgage (held by CL2017) for €2,678 million.
  - Unsecured creditor position of €8,212 million.

With regard to the legal claims:

- As per the announcement made on 2 January 2018, at a meeting of shareholders of Sosushi the current sole director of Sosushi was authorised to file a claim against the former directors of Sosushi for damages arising from gross mismanagement.
- On 24 April 2018, the Company was served with a claim in the English Courts for approximately €1.7 million from the former shareholders of Sosushi, including the previous Chief Executive. The claim relates to an agreement entered into in December 2013 whereby the Company acquired shares in Sosushi. The Company believes the claim is of little legitimacy and will vigorously defend itself in Court.
- As announced, on 11 May 2018, the Company issued a claim against Fortune Cookie Ltd and its founder Mr Justin Cooke arising from the alleged breach of a share purchase agreement entered into in 2012. Pending full disclosure from the defendants, the Company currently estimates that the value of its claim at between £700,000 and £5 million.
- On 2 May 2018, Mr Alfredo Villa, who until July 2015 was responsible for the management of Clear Leisure as both Chairman and Chief Executive, informed the Company of his intention to lodge a claim for unpaid salary in the amount of £274,450. As announced, the Company is contesting settlement of this claim.

STRATEGIC REPORT (continued)

During the first half of 2018, Clear Leisure held one General Meeting and two Bondholder Meetings:

- On 17 May the Company held a General Meeting, in which all the proposed resolutions were approved:
  - to authorise the Directors to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount equal to £500,000; and,
  - to dis-apply the statutory pre-emption provisions contained in Section 570 of the Companies Act for all newly authorised shares.
- On 19 June, after an inquorate first meeting, Clear Leisure held the second meeting of Bondholders of its Zero Rate Convertible Loan. All resolutions were approved. Under the new terms of the Bonds, the final maturity date was extended to 15 December 2022 and the Company is now able to convert the Bonds into new Ordinary Shares of 0.25p each.

Also, during the first months of 2018, the Company, in cooperation with a join venture Partner, 64 Bit Ltd, established a Blockchain based cryptocurrency mining datacentre in Serbia, through a new subsidiary, Miner One Ltd. The share capital is equally divided between Clear Leisure Plc and 64 Bit Ltd. Clear Leisure fully funded its 50% contribution to the joint venture, amounting to €200,000, by payment of €100,000 cash and the balance in shares.

Risks and Uncertainties

The Group's investments as at 31 December 2017 were all in unlisted investments, as a result there is no readily available market for sale in order to arrive at a fair value. The valuation of each investment is appraised on a regular basis and requires a significant amount of judgment together with reviewing the cash flows and budgets of the investee company in order to arrive at a fair value.

The Group has raised funds during the period, but the Directors consider that the amounts raised will unlikely be sufficient to meet operating expenditure over the next 12 months. Further funds will likely be required to implement the Company strategy and meet the day to day operations of the Group.

Key performance indicators ("kpi's")

The key performance indicators are set out below:

	31 December 2017	31 December 2016	Change %
Net asset value	€1,200,00	€1,601,000	-25%
Closing share price	0.975p	0.8p	22%
Market capitalisation	€3,405,000	€2,346,000	45%

Assessment of business risk

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

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

STRATEGIC REPORT (continued)

Financial risk management

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

Results for the year and dividends

The loss for the year from was €1,884,000 (2016: loss of €397,000). Since the Group does not have any distributable reserves, the Directors are unable to recommend the payment of a dividend.

Going concern

The Group's activities generated a loss of €1,884,000 (2016: loss of €397,000) and had net current assets of €2,443,000 as at 31 December 2017. The Group's operational existence is still dependent on the ability to raise further funding either through an equity placing on AIM, or through other external sources, to support the on-going working capital requirements. After making due enquiries, the Directors have formed a judgment that there is a reasonable expectation that the Group can secure adequate funding to continue its operations for the foreseeable future and that adequate arrangements will be in place to settle financial commitments, as and when they fall due.

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

By order of the Board.

Francesco Gardin
Director
29 June 2018

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2017.

Principal Activity

The principal activity of the Group is that of an investment company with a portfolio of companies primarily encompassing the leisure and real estate sectors mainly in Italy. The focus of management is to pursue the monetisation of all of the Company's existing leisure assets, through selected realisations, court-led recoveries of misappropriated assets and substantial debt-recovery processes.

Directors

The present members of the Board of Directors together with brief biographies are shown on page 7.

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:

Francesco Gardin

Reginald Eccles

Directors' interests

No Director had a material interest in any contract of significance to the Company or any of its subsidiaries during the period. No Directors of the Company have any beneficial interests in the shares of its subsidiary companies.

The interests of the directors who served at the end of the year in the share capital of the Company at 31 December 2017 and 31 December 2016 were as follows:

Directors	31 December 2017 (0.25p ordinary shares)	Holding %	31 December 2016 (0.25p ordinary shares)
Francesco Gardin	5,360,155	1.73%	1,701,619

The closing market price of the ordinary shares at 31 December 2017 was 0.975p and the highest and lowest closing prices during the year were 1.690p and 0.625p respectively.

In January 2017, Francesco Gardin was allotted 3,658,536 ordinary shares as part of his remuneration. Other than this, there have been no changes in the Directors' interests between the year end and 30 June 2018.

DIRECTORS' REPORT (continued)

Remuneration

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

	2017 Board fees €'000	2017 Remuneration €'000	2017 Total €'000	2016 Total €'000
Executive Directors				
Reginald Eccles	3	34	37	57
Francesco Gardin	-	161*	161	115
Total	3	195	198	172

None of the Directors had any pension entitlement.
*Of which £30,000 was paid in shares.

Directors' interests in share options and warrants

At 31 December 2017 the Directors had the following interest in share options or warrants in the Company:

- On 31 July 2015 Francesco Gardin was awarded 10,000,000 stock options at a strike price of 1.25p to be exercised within five years.
- On 31 July 2015 Reginal Eccles was awarded 3,000,000 stock options at a strike price of 1.25p to be exercised within five years.

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

Significant shareholders

As at 31 May 2017, the parties who are directly or indirectly interested in 3 percent or more of the nominal value of the Company's share capital are as follows:

	Number of ordinary shares	%
Eufingest	86,279,102	27.81
Interactive Investor Services Nominees Limited	51,193,718	16.50
Hargreaves Lansdown Nominees Limited	32,370,186	10.43
Luke Johnson	25,000,000	8.06
Lynchwood Nominees Limited	11,648,048	3.75
TMS-EKAB	11,000,000	3.55
HSDL Nominees Limited	10,944,832	3.53
Barclays Direct Investing Nominees Limited	10,617,293	3.42

Corporate Governance

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

Directors' liability insurance and indemnity

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

DIRECTORS' REPORT (continued)

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

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

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

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

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

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

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

Events after the reporting period
Details of events after the reporting period have been disclosed in Note 35.

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

By order of the Board.

Francesco Gardin
Chairman
29 June 2018

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

Qualified opinion on financial statements

We have audited the group financial statements of Clear Leisure Plc for the year ended 31 December 2017 which comprise the Group Income Statement and Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- the 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.

Basis for qualified opinion on financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We were not provided the financial statements of Mediapolis Investment Sarl and Alnitak Sarl, where in both cases, the Company is a major shareholder. Had this information been available to us we might have formed a different opinion on the financial statements of the Group.

Material uncertainty relating to going concern

We draw attention to the disclosure made in note 3 to the financial statements, under the heading 'Going Concern', concerning the ability of the Group to continue as a going concern and to note 35 regarding events after the balance sheet date.

These conditions, along with other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the ability of the Group to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters that we identified for the year ended 31 December 2017 are:

- Management override of controls;
- Going concern;
- A major overseas subsidiary being placed into liquidation.

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

Our application of materiality

The materiality that we used for the consolidated financial statements was £290,000 (2016: £90,000). We determine materiality using 3% of the gross assets of the Group (2016: 1% of the benchmark of Gross Assets), which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance.

We report to the director's all corrected and uncorrected misstatements we identified through our audit with a value in excess of £14,500 (2016: £4,500), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the group financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- 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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the group's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our audit report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Bradley Hoare (Senior statutory auditor)
for and on behalf of Welbeck Associates
Chartered Accountants and Registered Auditors
London, United Kingdom

29 June 2018

GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 €'000	2016 (as restated) €'000
Continuing operations			
Revenue		**5**	63
Cost of sales		-	-
		5	63
Administration expenses		**(329)**	(957)
Operating loss		**(324)**	(894)
Other gains and losses	8	**(77)**	24
Finance income		**421**	-
Finance charges	9	**(83)**	(411)
Profit before tax		**(63)**	(1,281)
Tax	12	-	-
Profit/(loss) from continuing operations		**(63)**	(1,281)
Discontinued operations			
(Loss)/profit from discontinued operations, net of tax	31	**(1,821)**	884
Loss for the year		**(1,884)**	(397)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,884)**	(397)
Loss for the year attributable to:			
Owners of the parent		**(1,884)**	(450)
Non-controlling interests		-	53
Earnings per share:			
Basic and fully diluted loss from continuing operations	13	**(€0.00)**	(€0.00)
Basic and fully diluted loss from discontinued operations	13	**(€0.01)**	€0.03
Basic and fully diluted loss per share		**(€0.01)**	€0.03

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

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2017

	Notes	Group 2017 €'000	Group 2016 €'000	Company 2017 €'000	Company 2016 €'000
Non-current assets					
Goodwill	14	-	-	-	-
Other intangible assets	15	-	20	-	-
Property, plant and equipment	16	-	18,014	-	-
Available for sale investments	18	-	-	-	-
Investments in subsidiaries	17	-	-	**10,019**	9,548
Other receivables	20	-	62	-	-
Total non-current assets		-	18,096	**10,019**	9,548
Current assets					
Investments held for trading	19	**557**	634	-	-
Trade and other receivables	20	**9,631**	7,136	**454**	75
Cash and cash equivalents	21	-	1,370	-	2
Total current assets		**10,188**	9,140	**454**	77
Current liabilities					
Trade and other payables	22	**(716)**	(4,245)	**(711)**	(844)
Borrowings	23	**(7,029)**	(19,880)	**(7,029)**	(6,641)
Total current liabilities		**(7,745)**	(24,125)	**(7,740)**	(7,485)
Net current assets/ (liabilities)		**2,443**	(14,985)	**(7,286)**	(7,408)
Total assets less current liabilities		**2,443**	3,111	**2,733**	2,140
Non-current liabilities					
Borrowings	23	**(1,243)**	(1,103)	**(1,243)**	(1,103)
Provisions	24	-	(407)	-	-
Total non-current liabilities		**(1,243)**	(1,510)	**(1,243)**	(1,103)
Net assets		**1,200**	1,601	**1,490**	1,037
Equity					
Share capital	26	**6,412**	6,344	**6,412**	6,344
Share premium account	26	**43,563**	43,351	**43,563**	43,351
Other reserves	28	**10,112**	11,440	**1,788**	585
Retained losses		**(58,887)**	(59,842)	**(50,273)**	(49,243)
Equity attributable to owners of the Company		**1,200**	1,293	**1,490**	1,037
Non-controlling interests	30	-	308	-	-
Total equity		**1,200**	1,601	**1,490**	1,037

The financial statements were approved by the board of directors and authorised for issue on 29 June 2018, on its behalf by:

Francesco Gardin
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 2017

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 2017	6,344	43,351	11,440	(59,842)	1,293	308	**1,601**
Total comprehensive loss for the year	-	-	-	(1,884)	(1,884)	-	**(1,884)**
Issue of shares	68	212	-	-	280	-	**280**
Issue of convertible loan notes	-	-	1,203	-	1,203	-	**1,203**
Transfer of reserves	-	-	(2,531)	2,531	-	-	-
Transfer of non-controlling interest to retained losses on disposal of Mediapolis	-	-	-	308	308	(308)	-
At 31 December 2017	**6,412**	**43,563**	**10,112**	**(58,887)**	**1,200**	-	**1,200**
Company							
At 1 January 2017	6,344	43,351	585	(49,243)	1,037	-	**1,037**
Total comprehensive income for the year	-	-	-	(1,030)	(1,030)	-	**(1,030)**
Issue of shares	68	212	-	-	280	-	**280**
Issue of convertible loan notes	-	-	1,203	-	1,203	-	**1,203**
At 31 December 2017	**6,412**	**43,563**	**1,788**	**(50,273)**	**1,490**	-	**1,490**

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016	6,112	42,954	11,412	(59,393)	1,085	255	1,340
Total comprehensive loss for the year	-	-	-	(450)	(450)	53	**(397)**
Issue of shares	232	397	-	-	629	-	**629**
Share option charge	-	-	29	-	29	-	**29**
At 31 December 2016	**6,344**	**43,351**	**11,441**	**(59,843)**	**1,293**	**308**	**1,601**
Company							
At 1 January 2016	6,112	42,954	556	(48,313)	1,309	-	**1,309**
Total comprehensive loss for the year	-	-	-	(930)	(930)	-	**(930)**
Issue of shares	232	397	-	-	629	-	**629**
Share option charge	-	-	29	-	29	-	**29**
At 31 December 2016	**6,344**	**43,351**	**585**	**(49,243)**	**1,037**	-	**1,037**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 €'000	Group 2016 €'000	Company 2017 €'000	Company 2016 €'000
Net cash inflow/(outflow) from operating activities	29	**(2,816)**	(1,352)	**(977)**	(1,290)
Cash flows from investing activities					
(Increase)/decrease in loan to subsidiary undertakings		-	-	**(471)**	-
Sale of available for sale assets		-	63	-	-
Purchase of available for sale investments		-	-	-	-
Net cash inflow from investing activities		-	63	**(471)**	-
Cash flows from financing activities					
Proceeds of issue of shares		**280**	629	**280**	629
Repayment of long term debt		**(1,250)**	(195)	**(1,250)**	(195)
Proceeds from borrowing		**2,416**	383	**2,416**	383
Net cash (outflow)/inflow from financing activities		**1,446**	817	**1,446**	817
Net (decrease) /increase in cash for the year		**(1,370)**	(472)	**(2)**	(473)
Cash and cash equivalents at beginning of year		**1,370**	1,842	**2**	475
Exchange differences		-	-	-	-
Cash and cash equivalents at end of year	21	-	1,370	-	2

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General Information

Clear Leisure plc is a company incorporated in the United Kingdom under the Companies Act 2006. The Company's ordinary shares are traded on AIM of the London Stock Exchange. The address of the registered office is given on the Company information page. The nature of the Group's operations and its principal activities are set out in the Directors' report on page 13.

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

Statement of compliance

The financial statements comply with IFRS as adopted by the European Union. A number of new and revised Standards and Interpretations have been adopted in the current period by the Group for the first time and do not have a material impact on the group.

The following new standards and amendments to standards and interpretations have been issued but are not yet effective and not early adopted. None of these are expected to have a significant effect on the financial statements of the Group.

IFRS 2	Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 3, IFRS 11	Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)	1 January 2019
IFRS 9	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	1 January 2018
IFRS 9	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 15	Clarification of IFRS 15	1 January 2018
IFRS 16	Leases – new standard	1 January 2019
IAS 12	Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends)	1 January 2019
IAS 19	Amendments regarding plan amendments, curtailments or settlements	1 January 2019
IAS 23	Amendments resulting from Annual Improvements 2015–2017 Cycle (intended use or sale)	1 January 2019
IAS 28	Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements)	1 January 2018
IAS 28	Long-term interests in associates and joint venture	1 January 2019
IAS 40	Amendments to clarify transfers or property to, or from, investment property.	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018

2. Accounting policies

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

Basis of preparation

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

2. Accounting policies (continued)

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

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated Financial Statements are disclosed in Note 3.

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

Going Concern

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

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

Basis of consolidation

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

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

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

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

2. Accounting policies (continued)

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.

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 FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

2. Accounting policies (Continued)

Goodwill

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

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

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

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

Acquired intangible assets

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

Patents and trade marks over 10 years

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Intangible assets

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

2. Accounting policies (Continued)

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 scrap page of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

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

Freehold land is not depreciated.

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

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

Asset residual values and useful economic lives are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Inventories

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

Investments in subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

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 is measured at the fair value of the consideration received or receivable for the services rendered net of Value Added Tax, represents the value of. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

2 Accounting policies (Continued)

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.

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.

Investments held for trading

All investments determined upon initial recognition as held at fair value through profit or loss were designated as investments held for trading. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains on investments". Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

2. Accounting policies (Continued)

Cash and cash equivalents

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

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

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

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

Assets carried at amortised cost

The amount of impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the statement of comprehensive income. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

Financial liabilities

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

Convertible bonds

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

2 Accounting policies (Continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings, using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowings costs

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

Trade payables

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

Segmental reporting

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

Equity instruments

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

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

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

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

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

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

Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

Impairment of goodwill

Goodwill has a carrying value of €- (2016: €nil). The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

Fair value measurement

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

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

Going Concern

The Group's activities generated a loss of €1,884,000 (2016: €397,000) and had net current assets of €2,443,000 as at 31 December 2017. The Group's operational existence is still dependant on the ability to raise further funding either through an equity placing on AIM, or through other external sources, to support the on-going working capital requirements.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

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:

	2017			2016		
	UK €'000	**Italy €'000**	**Total €'000**	**UK €'000**	**Italy €'000**	**Total €'000**
Revenue	5	-	5	63	-	63
Cost of sales	-	-	-	-	-	-
Gross Profit	5	-	5	63	-	63
Finance Income	421	-	421	-	-	-
Finance charges	(83)	-	(83)	(411)	-	(411)
Other operating expenses	(329)	-	(329)	(957)	-	(957)
Other gains and losses	(77)	-	(77)	24	-	24
(Loss)/Profit from discontinuing operations, net of tax	-	(1,821)	(1,821)	-	884	884
Profit/(Loss) for the financial year	**(63)**	**(1,821)**	**(1,884)**	**(1,281)**	**884**	**(397)**

	2017				2016			
	***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	10,188	(8,988)	-	1,200	9,625	(8,588)	-	1,037
Italy	-	-	-	-	17,611	(17,047)	-	564
	10,188	**(8,988)**	**-**	**1,200**	**27,236**	**(25,635)**	**-**	**1,601**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

5. Employee numbers

	2017 Number	2016 Number
The average number of Company's employees during the period was as follows:		
Management and administration	**4**	2

6. Staff costs

	2017 €'000	2016 €'000
Staff costs during the period including directors comprise:		
Wages and salaries	**266**	142
	266	142

7. Directors' Emoluments

	2017 €'000	2016 €'000
Aggregate emoluments	**162**	139
Share based payment	**33**	33
	195	172

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

8. Other gains and losses

	2017 €'000	2016 €'000
Revaluation of investments	**(77)**	21
Profit on disposal of Ascend Capital	**-**	1
Profit on disposal of H&L fund	**-**	2
	(77)	24

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

9. Finance charges

	2017 €'000	2016 (as restated) €'000
Interest on convertible bonds	**82**	216
Interest on bank loans and overdrafts	**1**	195
	83	411

10. Auditor's remuneration

	2017 €'000	2016 €'000
Group Auditor's remuneration:		
Fees payable to the Group's auditor for the audit of the Company and consolidated financial statements:	**33**	33
Non audit services:		
Other services (tax)	**3**	3
Subsidiary Auditor's remuneration		
Other services pursuant to legislation	**6**	6

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 loss for the financial year amounted to €628,000 (2016: €1,976,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

12. Tax

	2017 €'000	2016 €'000
Current taxation	-	14
Deferred taxation	-	-
Tax charge for the year	-	14

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 2017 amount to approximately €20 million (2016: €20 million) and €9 million (2016: €8 million) respectively.

The standard rate of tax for the current year, based on the UK effective rate of corporation tax is 19.25% (2016: 20%). The actual tax for the current and previous year varies from the standard rate for the reasons set out in the following reconciliation:

Continuing operations	2017 €'000	2016 €'000
Loss for the year before tax	**(1,884)**	(383)
Tax on ordinary activities at standard rate	**(363)**	(76)
Effects of:		
Expenses not deductible for tax purposes	**15**	-
Foreign taxes	-	14
Tax losses available for carry forward against future profits	**348**	76
Total tax	-	14

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

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:

	2017			2016		
	Profit/ (Loss) €'000	Weighted average no. of shares 000's	Per share Amount Euro	Loss €'000	Weighted average no. of shares 000's	Per share Amount Euro
Basic and fully diluted earnings per share						
Continuing operations	(63)	295,429	(€0.00)	(1,281)	238,824	(€0.00)
Discontinued operations	(1,821)	295,429	(€0.01)	831	238,824	€0.003
Total operations	(1,884)	295,429	(€0.01)	(450)	238,824	€0.003

The share options in issue are anti-dilutive in respect of the loss per share calculation and have therefore not been included.

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 2016 and 2017 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 FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

14. Goodwill

	2017 €'000	2016 €'000
Cost		
At 1 January	**1,312**	1,312
Disposal of subsidiary	**(1,312)**	-
At 31 December	**-**	1,312
Accumulated impairment losses		
At 1 January	**1,312**	1,312
Impairment loss for the year	**-**	-
Disposal of subsidiary	**(1,312)**	-
At 31 December	**-**	1,312
Net book value	**-**	-

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

15. Other intangible fixed assets

Group	Development costs €'000	Total €'000
Cost		
At 1 January 2016	169	169
At 31 December 2016	169	169
Disposals	(169)	(169)
At 31 December 2017	-	-
Amortisation		
At 1 January 2016	119	119
Closure of operations	30	30
At 31 December 2016	149	149
Disposals	(149)	(149)
At 31 December 2017	-	-
Carrying value		
At 31 December 2016	20	20
At 31 December 2017	-	-

16. Property, plant and equipment

Group	Land & buildings €'000	Total €'000
Cost		
At 1 January 2016	18,114	18,114
Impairment of property	(100)	(100)
At 31 December 2016	**18,014**	**18,014**
Impairment of property	-	-
Disposals	(18,014)	(18,014)
At 31 December 2017	-	-
Carrying value		
At 31 December 2016	18,014	18,014
At 31 December 2017	-	-

The land above was owned by Medioapolis and following the company's bankruptcy is no longer owned by the group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

17. Investment in subsidiaries

Company	2017 €'000	2016 €'000
As at 1 January:		
Loans to subsidiary undertakings	**9,548**	8,537
Net advances/(repayments) during the year	**471**	1,011
Impairment in investment	**-**	-
As at 31 December	**10,019**	9,548

The significant subsidiary undertakings held by the Group at 31 December 2017 were as follows:

Subsidiaries	Country of incorporation	% Owned	Nature of business
Clear Leisure 2017 Limited	England	100.00	Investment holding company
Brainspark Associates Limited	England	100.00	Investment holding company
*Mediapolis Investments SA	Luxembourg	71.72	Investment holding company
*Mediapolis S.r.l.	Italy	**74.67	Lesiure/Real Estate
SoSushi Company S.r.l.	Italy	99.93	Brand Management
Clear Holiday S.r.l.	Italy	100.00	Dormant company

* Indirectly held.

** Brainspark Associates Limited owns 71.72% and Mediapolis Investments SA owns 13.07% of Mediapolis Srl, bringing the total indirect holding to 84.04%.

18. Available for sale investments

Group	2017 €'000	2016 €'000
Fair value		
At 1 January	**-**	**60**
Impairment recognised in the income statement	**-**	-
Transfer to trade and other receivables	**-**	-
Disposals	**-**	**(60)**
Carrying value at 31 December	**-**	-
Non-current assets	**-**	-
Current assets	**-**	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

18. Available for sale investments (continued)

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

Name of associate	Place of incorporation and principal place of busines	Proportion of ownership held by the Group (%)	Principal activity
Sipiem S.p.A**	Italy	50.17	Real Estate and Holding

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

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

19. Investments held for trading

Group	2017 €'000	2016 €'000
Fair value		
At 1 January	**634**	614
Movement in fair value of investments	**(77)**	20
Disposals	**-**	-
Carrying value at 31 December	**557**	634

The amount of €557,000 shown above is a level 3 investment and represents the fair value of 533,990 shares in Geosim Systems Ltd.

20. Trade and other receivables

	Group 2017 €'000	Group 2016 €'000	Company 2017 €'000	Company 2016 €'000
Other receivables	**9,631**	7,068	**454**	71
Trade receivables	**-**	6	**-**	4
Amount falling due after one year				
Amounts owed by subsidiaries	**-**	-	**10,019**	9,548
Other receivables	**-**	62	**-**	-
Current assets	**9,631**	7,136	**454**	75
Non-current assets	**-**	62	**10,019**	9,548

Other receivables include €6,500,000 due from Sipiem, the amount is unsecured, interest free and does not have fixed terms of repayment.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

21. Cash and cash equivalents

Group	Group 2017 €'000	Group 2016 €'000	Company 2017 €'000	Company 2016 €'000
Cash at bank and in hand	-	1,370	-	2
	-	1,370	-	2

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

22. Trade and other payables

	Group 2017 €'000	Group 2016 €'000	Company 2017 €'000	Company 2016 €'000
Trade payables	632	870	632	530
Other taxes payable	-	75	-	-
Other payables	39	29	39	29
Amounts due to subsidiary undertakings	-	-	-	-
Accruals	45	3,271	40	285
Trade and other payables	716	4,245	711	844

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

23. Borrowings

	Group 2017 €'000	Group 2016 €'000	**Company 2017 €'000**	Company 2016 €'000
Bank loans and overdrafts	**-**	8,127	**-**	-
7% Convertible bond 2014	**73**	88	**73**	88
Mediapolis bond	**-**	750	**-**	-
Zero rate convertible bond 2015	**6,292**	6,453	**6,292**	6,453
Shareholder loans	**-**	4,362	**-**	-
Convertible loan note	**1,243**	-	**1,246**	-
Other borrowings	**664**	1,203	**664**	1,203
	8,272	20,983	**8,272**	7,744
Disclosed as:				
Current borrowings	**7,029**	19,880	**7,029**	6,641
Non-current borrowings	**1,243**	1,103	**1,243**	1,103
	8,272	20,983	**8,272**	7,744

7% Convertible Bond 2014

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

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

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

€4.9 million (£3.9 million) including cumulative interest was converted into equity shares (11,000,000 Ordinary 2.5p shares at 36p each.) €3.3 million (£2.7 million) including cumulative interest was settled in cash for €1.9 million, with approximately 40% discount realising €1.3 million (£1.1 million) profit for the Group.

In March 2014 €1,885,400 zero rate convertible bonds 2015 were issued in settlement of £1,563,000 7% bonds including all un paid and accrued interest up to the date of settlement. This settlement has resulted in a credit to the income statement of €439,000 for the year ended 31 December 2014.

Zero Rate Convertible Bond 2015

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

During 2014 the Company issued €1,885,400 zero bonds in settlement of £1,563,000 7% bonds (see above). Also €600,000 zero bonds were issued in settlement of a debt of €518,000 and €450,000 bonds were issued for cash realising €412,000 before expenses.

On 15 December 2015 the bondholders meeting approved the amendments on the Zero Rate Convertible Bond 2015, originally due on 15 December 2015; Under new terms the final maturity date of the Bond is 15 December 2017 and the interest has been reduced from 9.5% to 7%.

On 15 December 2016 the bondholders meeting approved the amendments on the Zero Rate Convertible Bond 2015, originally due on 15 December 2017; Under new terms the final maturity date of the Bond is 15 December 2018 and the interest has been reduced from 7% to 1%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

23. Borrowings (continued)

On 19 June 2018, the holders of its €9.9m Bonds agreed to extend the final maturity date of the Bonds from 15 December 2018 to 15 December 2022. The Company is now able to convert the Bonds into new ordinary shares of 0.25p each.

	2017 **€'000**	2016 €'000
Liability component at 1 January	**6,453**	5,853
Adjustment from renegotiation of convertible bonds	**(363)**	522
Interest charge for the year	**202**	78
Liability component at 31 December	**6,292**	6,453
Disclosed as:		
Non-Current Liabilities	**-**	-
Current Liabilities	**6,292**	6,453

Interest on the bonds is payable annually on 31 March each year. No interest payment was made on 31 March 2014 or on 31 March 2015. The liability component of the bonds at 31 December 2017 includes all interest accrued to that date. The unpaid interest together with accrued interest to 31 December 2017 is included within current liabilities.

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.

24. Provisions

Group	**2017** **€'000**	2016 €'000
Provisions for costs within Mediapolis Srl	**407**	407
Disposal of subsidiary	**(407)**	
	-	407

Provision for costs within Mediapolis Srl are for litigation costs and loan repayments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

25. Financial Instruments

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

FINANCIAL ASSETS BY CATEGORY

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

	2017	2016
	€'000	€'000
Financial assets:		
Investments held for trading	**557**	634
Loans and receivables	**9,631**	7,136
Cash and cash equivalents	**-**	1,370
	10,188	9,140

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:

	2017	2016
	€'000	€'000
Financial liabilities at amortised cost:		
Trade and other payables	**716**	974
Borrowings	**8,272**	19,880
	8,988	20,854

Financial instruments measured at fair value:

	Level 1	**Level 2**	**Level 3**
	€'000	**€'000**	**€'000**
As at 31 December 2017			
Available for sale investments	-	-	-
Investments held for trading	-	-	557
	-	-	557
As at 31 December 2016			
Available for sale investments	-	-	-
Investments held for trading	-	-	634
	-	-	634

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

25. Financial instruments (continued)

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.

The Level 3 investment refers to an investment in GeoSim Systems Ltd.

Capital risk management

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

Significant accounting policies

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

Financial risk management objectives

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

Market price risk

The Company's exposure to market price risk mainly arises from movements in the fair value of its land and buildings as well as investments. The values of the Land & Buildings are the key drivers in the Net asset value of the Group, and so the political stability and macro economic factors of Italy all have a large effect on the market price risk. Therefore other than ensuring acquisitions are carefully profiled and selected and the Directors ensuring are in close contact with local government and property industry analysts the exposure is open to both positive and negative swings. The Group manages its property price risk actively reviewing market trends in the determined geographic locations. The Group manages the investment price risk within its long-term investment strategy to manage a diversified exposure to the market. The Group's price risk is sensitive to fluctuations to property market. If the investments were to experience a rise or fall of 15% in their fair value, this would result in the Group's net asset value and statement of comprehensive income increasing or decreasing by €180,000 (2016: €240,150).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

25. Financial instruments (continued)

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	Less than 1 year	Between 1 and 5 years	Total
	€'000	€'000	€'000	€'000
As at 31 December 2017				
Trade and other payables	**716**	**716**	**-**	**716**
Borrowings	**8,272**	**7,029**	**1,243**	**8,272**
	8,988	**7,745**	**1,243**	**8,988**
As at 31 December 2016				
Trade and other payables	974	974	-	974
Borrowings	19,880	-	19,880	19,880
	20,854	974	19,880	20,854

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

Interest rate risk

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

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

	Group		Company	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Fixed rate instruments				
Financial assets	**10,591**	9,140	**855**	77
Financial liabilities	**8,988**	20,854	**8,983**	7,200

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

25. Financial instruments (continued)

Change in interest rates will affect the Group's income statement as follows:

Group

	Gain / (loss)	
	2017	2016
	€'000	€'000
Euribor +0.5% / -0.5%	- / -	(62) / 62

The analysis was applied to financial liabilities based on the assumption that the amount of liability outstanding as at the reporting date was outstanding for the whole year.

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 £nil (2016: £62,000) 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 £nil (2016: £6,200). The Group's functional and presentational currency is the Euro as it is the currency of its main trading environment, and most of the Group's assets and liabilities are denominated in Euro. The parent company is located in the sterling area.

Credit risk management

The Group's financial instruments, which are subject to credit risk, are considered to be trade and other receivables. There is a risk that the amount to be received becomes impaired. The Group's maximum exposure to credit risk is €10,034,000 (2016: €7,136,000) comprising receivables during the period. About 65% of total receivables are due from a single company. The ageing profile of trade receivables was:

	2017		**2016**	
Group	**Total book value €'000**	**Allowance for impairment €'000**	**Total book value €'000**	**Allowance for impairment €'000**
Current	**9,631**	-	7,074	-
Overdue more than one year	-	-	62	-
	9,631	-	7,136	-

	2017		**2016**	
Company	**Total book value €'000**	**Allowance for impairment €'000**	**Total book value €'000**	**Allowance for impairment €'000**
Current	**454**	-	75	-
Overdue more than one year	-	-	-	-
	454	-	75	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

26. Share capital and share premium

ISSUED AND FULLY PAID:	Number of ordinary shares	Number of deferred shares	Ordinary share capital €'000	Deferred Share capital €'000	Share premium €'000	Total €'000
At 1 January 2016	210,409,377	199,409,377	645	5,467	42,954	49,066
Issue of shares	1,428,571	-	15	-	10	25
Issue of shares	30,000,000	-	88	-	88	176
Conversion of loan stock to shares	21,982,947	-	64	-	129	193
Issue of shares	22,222,222	-	65	-	170	235
At 31 December 2016	**286,043,117**	**199,409,377**	**877**	**5,467**	**43,351**	**49,695**
Issue of shares	3,658,536	-	11	-	24	35
Issue of shares	13,043,478	-	37	-	134	171
Conversion of loan stock to shares	7,546,155	-	21	-	54	75
At 31 December 2017	**310,291,286**	**199,409,377**	**946**	**5,467**	**43,563**	**49,976**

The deferred shares have restricted rights such that they have no economic value.

On 26 July 2016, the Company allotted 1,428,571 ordinary shares of 0.25 pence to Francesco Gardin in accordance with his contract at a price of 0.875 pence per share.

On 4 August 2016, the Company raised a total of £150,000 through a placing of 30,000,000 ordinary shares of 0.25 pence at a price of 0.5 pence per share. Convertible loans of £164,872.10 was also converted to 21,982,947 ordinary shares of 0.25 pence at a price of 0.75 pence per share.

On 14 September 2016, the Company raised a total of £200,000 gross of expenses through a placing of 22,222,222 ordinary shares of 0.25 pence at a price of 0.9 pence per share.

On 24 January 2017, the Company allotted 3,658,536 ordinary shares of 0.25 pence to Francesco Gardin in accordance with his contract at a price of 0.82 pence per share.

On 17 July 2017, the Company raised a total of £150,000 gross of expenses through a placing of 13,043,478 ordinary shares of 0.25 pence at a price of 1.15 pence per share.

On 25 July 2017, convertible loans of €74,830 were converted to 2,474,830 ordinary shares of 0.25 pence at a price of 0.89 pence per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

27. Share based payments

Equity settled share option scheme

The Company operates share-based payment arrangements to remunerate directors and key employees in the form of a share option scheme. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

On 31 July 2015, Francesco Gardin and Reginald Eccles were granted options to subscribe for 10,000,000 and 3,000,000 new ordinary shares in the Company at an exercise price of 1.25 pence per share. The options are exercisable for a period of five years from the date of grant.

The significant inputs to the model in respect of the options granted in 2015 were as follows:

	2015
Grant date share price	0.74 pence
Exercise share price	1.25 pence
No. of share options	13,000,000
Risk free rate	1.5%
Expected volatility	50%
Option life	5 years
Calculated fair value per share	0.2 pence

The total share-based payment expense recognised in the income statement for the year ended 31 December 2017 in respect of the share options granted was €nil (2016: €nil).

Number of options at 1 Jan 2017	Granted in the year	Exercised in the year	Cancelled in the year	Number of options at 31 Dec 2017	Exercise Price, pence	Vesting Date	Expiry date
10,000,000	–	–	–	10,000,000	1.25		31.07.2020
3,000,000	–	–	–	3,000,000	1.25		31.07.2020
13,000,000	–	–	–	13,000,000			

The remaining contractual life at 31 December 2017 is 2.5 years (31 December 2016 – 3.5 years).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

28. Other reserves

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

Group	Merger reserve €'000	Revaluation reserve €'000	Loan note equity reserve €'000	Share option reserve €'000	Total other Reserves €'000
At 1 January 2016	8,325	2,531	533	22	**11,411**
Share option charge	-	-	-	29	**29**
At 31 December 2016	8,325	2,531	533	51	**11,440**
Issue of convertible loan notes	-	-	1,203	-	**1,203**
Transfer of reserves	-	(2,531)	-	-	**(2,531)**
At 31 December 2017	**8,325**	**-**	**1,736**	**51**	**10,112**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

29. Cash used in operations

	Group 2017 €'000	Group 2016 €'000	**Company 2017 €'000**	Company 2016 €'000
Loss before tax	**(1,884)**	(383)	**(1,030)**	(936)
Renegotiation of zero coupon bond	**(421)**	(522)	**(421)**	-
Share based payment charge	-	29	-	29
Movement in fair value of investments held for trading	**77**	-	-	-
Foreign exchange effect	-	(22)	-	(22)
Impairment of property, plant and equipment	-	100	-	-
Impairment of intangibles	-	30	-	-
Loss on disposal of discontinued operations	**1,821**	(3)	**902**	-
Finance charges	**83**	773	**83**	(107)
(increase) in receivables	**(2,081)**	(351)	**(378)**	(40)
(Decrease) in payables	**(411)**	(723)	**(133)**	(214)
Interest paid	-	(266)	-	-
Profit tax paid	-	(14)	-	-
Cash generated/(used in) by operations	**(2,816)**	(1,352)	**(977)**	(1,290)

30. Non-controlling interests

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

	Mediapolis Srl €'000	**Total €'000**
At 1 January 2016	**255**	**255**
Total comprehensive loss attributable to non-controlling interests	53	53
At 31 December 2016	**308**	**308**
Total comprehensive income attributable to non-controlling interests	-	-
Disposal of Mediapolis Srl	**(308)**	**(308)**
At 31 December 2017	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

31. Discontinued operations

On 1 October 2017 a liquidator was appointed to Mediapolis Srl. This has been accounted for as a disposal of the Group's equity interest in Mediapolis.

	2017 €'000
Net assets of Mediapolis at the date of liquidation	1,798
Proceeds of disposal	-
Disposal proceeds less net assets	(1,798)
Secured debt assigned to Clear Leisure	2,678
Amounts paid for assignment of debt	(1,250)
Write down of unsecured debt	(402)
Loss on disposal of discontinued operations	(772)

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

	2017 €'000
Revenue	63
Expenses	(1,112)
Loss before tax	(1,049)
Loss on disposal of discontinued operations	(772)
Net loss attributable to discontinued operations	**(1,821)**

32. Operating lease commitments

There were no operating lease commitments at 31 December 2016 and 31 December 2017.

33. Ultimate controlling party

The Group considers that there is no ultimate controlling party.

34. 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.

During the year, Metals Analysis Limited, a company in which R Eccles is a Director, charged Clear Leisure Plc €48,000 for consultancy fees. The amount owed to Metals Analysis Limited at year end is €14,943.

The shareholder loan as disclosed in Note 23 'Borrowings' is a loan provided by Eufingest which has a 27.81.% shareholding also has an outstanding loan for €2,416,422

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

35. Events after the reporting date

In January 2018, the Company announced that it intended to pursue two legal claims for an approximate combined value of £2.5 million. Further, Clear Leisure will also file a claim against previous Sosushi directors and shareholders for approximately €1.7 million (£1.5 million) in regards to Sosushi's published accounts, which Clear Leisure used as a primary basis for the investment decision in 2012. Additionally, the Company has entered into a further unsecured convertible loan facility agreement with Eufingest SA. Under the Facility, Eufingest has provided €250,000 at an interest rate of 2.5 per cent per annum. The Facility is repayable on 31 March 2018 and the proceeds will be used for working capital purposes.

In January 2018, the Company raised £350,000 (gross of expenses) through the placing of 58,333,334 new ordinary shares at a price of 0.6p per share. The Placing, which was over-subscribed, is with certain existing and new investors.

In March 2018, further to a previous announcement, the Company has agreed with a lender to settle €250,000 of a loan by issuing 22,321,429 Clear Leisure Plc 0.25p new ordinary shares, at 1p per share, a 31.6% premium on the previous day's closing share price of 0.76p. The New Shares will be credited as fully paid and will rank pari passu in all respects with the existing ordinary shares of 0.25p each.

In March 2018, the Company raised £300,000 (before expenses) through the placing of 42,857,143 new ordinary shares at a price of 0.7p per share.

On 23 May 2018, Clear Leisure raised £600,000 through the placing of 63,157,890 new Ordinary Shares at a price of 0.95p per new Ordinary share.

In June 2018, the holders of its €9.9m Bonds agreed to extend the final maturity date of the Bonds from 15 December 2018 to 15 December 2022. The Company is now able to convert the Bonds into new ordinary shares of 0.25p each.