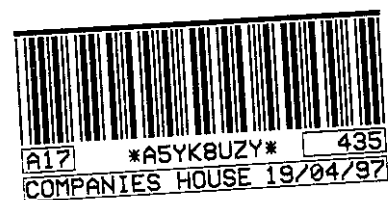


1997893 -

SEEKTASK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 1996

COOPERS & LYBRAND
Chartered Accountants and
Registered Auditors
1 Embankment Place
London
WC2N 6NN



Company No. 1997893

SEEKTASK LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 1996

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SEEKTASK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1996

The Directors are pleased to present their annual report together with the audited financial statements for the year ended 31 December 1996.

1 PRINCIPAL ACTIVITY

The principal activity of the company is property trading. After a period when property trading was difficult, the market improved in 1996.

2 REVIEW OF THE BUSINESS

The results of the year are shown on page 4 of the financial statements.

3 DIVIDENDS

The Directors do not recommend payment of any dividends for the year ended 31 December 1996 (1995: Nil).

4 DIRECTORS

The Directors of the company during the year were as follows:

Mr B F Mörtstedt
Mr G V Hirsch

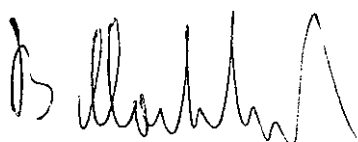
The Directors had no interests in the shares of the company at any time during the year. The interests of the Directors in CLS Holdings plc are disclosed in that company's financial statements.

5 AUDITORS

A resolution to reappoint Coopers & Lybrand as auditors to the company will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

REGISTERED OFFICE:



Mr B F Mörtstedt
Director

6 Spring Gardens
Citadel Place
Tinworth St
London
SE11 5EH

27 March 1997

SEEKTASK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SEEKTASK LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF SEEKTASK LIMITED

We have audited the financial statements on pages 4 to 8.

Respective Responsibilities of Directors and Auditors

As described on page 2, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at the 31 December 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


COOPERS & LYBRAND

*Chartered Accountants and
Registered Auditors*
LONDON

27 March 1997

SEEKTASK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

	NOTES	1995 £	1995 £
Opening Stock and Work in Progress		75,000	75,000
Purchases		290,363	-
Closing Stock		(365,363)	(75,000)
Cost of sales		-	-
Gross loss		-	-
Administrative expenses		(24,845)	(21,780)
Loss on ordinary activities before taxation	(2)	(24,845)	(21,780)
Tax on loss on ordinary activities	(4)	-	(1,104)
Retained loss for the year	(9)	(24,845)	(22,884)

The company has no other recognised gains or losses other than those reported in the above profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

All items included in the above profit and loss account are part of continuing operations.

SEEKTASK LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1996

	NOTES	1996 £	1995 £
CURRENT ASSETS			
Stocks: trading property	(5)	365,363	75,000
Debtors	(6)	6,725	-
Cash at bank and in hand		-	29
		<hr/>	<hr/>
		372,088	75,029
CREDITORS: amounts falling due within one year	(7)	(1,450,646)	(1,128,742)
		<hr/>	<hr/>
NET CURRENT LIABILITIES AND TOTAL ASSETS LESS CURRENT LIABILITIES		(1,078,558)	(1,053,713)
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called up share capital	(8)	100	100
Profit and loss account	(9)	(1,078,658)	(1,053,813)
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		(1,078,558)	(1,053,713)
		<hr/>	<hr/>
		(1,078,558)	(1,053,713)
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Board of Directors on 27 March 1997 and signed on its behalf by:



DIRECTOR

Mr B F Mörtstedt

SEEKTASK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

1 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 *Basis of preparation*

The financial statements have been prepared under the historical cost convention. They have also been prepared on a going concern basis on the understanding that the parent undertaking will continue to provide support. The company has taken advantage of the exemption in Financial Reporting Standard No. 1 as a cash flow statement has been prepared for the Group. The company is a wholly owned subsidiary of CLS Holdings plc and has taken advantage of the exemption in Financial Reporting Standard No. 8 not to detail transactions with fellow Group undertakings as the financial statements of CLS Holdings plc are publicly available.

1.2 *Stocks: property held for resale*

Stock is stated at the lower of cost and net realisable value at which the portfolio can be sold in the normal course of business after allowing for costs of realisation.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996	1995
	£	£
This is stated after charging:		
Auditors' remuneration	1,794	866

3 DIRECTORS' EMOLUMENTS & EMPLOYEE INFORMATION

The emoluments of the Directors of the company who are Directors of CLS Holdings plc, are disclosed in that company's financial statements in respect of their services to the group as a whole. The company had no employees during the year (1995:nil).

4 TAX ON LOSS ON ORDINARY ACTIVITIES

	1996	1995
	£	£
Payment for group relief for prior years	-	1,104

UK corporation tax at 33% (1995 - 33%)

There is no charge for corporation tax in the year due to the loss arising.

SEEKTASK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

5 STOCK	1996	1995
	£	£
Trading properties at net realisable value	75,000	75,000
Work in progress of trading properties	290,363	-
	<hr/>	<hr/>
	365,363	75,000
	<hr/>	<hr/>
6 DEBTORS	1996	1995
	£	£
Trade debtors	1,260	-
Other debtors	5,465	-
	<hr/>	<hr/>
	6,725	-
	<hr/>	<hr/>
7 CREDITORS: amounts falling due within one year	1996	1995
	£	£
Trade creditors	29,316	978
Amount due to group undertaking	1,394,775	1,126,134
Accruals and deferred income	26,555	1,630
	<hr/>	<hr/>
	1,450,646	1,128,742
	<hr/>	<hr/>
8 CALLED UP SHARE CAPITAL	1996	1995
	£	£
Authorised, allotted, called up and fully paid:		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

9 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital	Profit and Loss Account	1996 Total	1995 Total
	£	£	£	£
Balance at 1 January	100	(1,053,813)	(1,053,713)	(1,030,829)
Loss for the year		(24,845)	(24,845)	(22,884)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December	100	(1,078,658)	(1,078,558)	(1,053,713)
	<hr/>	<hr/>	<hr/>	<hr/>

SEEKTASK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

10 CONTINGENT LIABILITIES

In the opinion of the Directors, no contingent liabilities exist.

11 POST BALANCE SHEET EVENTS

The company sold one of its properties after the year end for £80,000, realising a profit on the disposal.

12 PARENT UNDERTAKING

The Directors consider that the immediate and ultimate parent undertaking is CLS Holdings plc which is registered in England and Wales. Copies of the parent's consolidated financial statements may be obtained from The Secretary, CLS Holdings plc, 6 Spring Gardens, Citadel Place, Tinworth St, London SE11 5EH.