

SEEKTASK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2001

PricewaterhouseCoopers
*Chartered Accountants and
Registered Auditors*
1 Embankment Place
London
WC2N 6NN



Company No 1997893

SEEKTASK LIMITED

INDEX TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2001

Page No

| | |
|-------|-----------------------------------|
| 1 - 2 | Directors' report |
| 3 | Auditors report to the Members |
| 4 | Profit and loss account |
| 5 | Balance sheet |
| 6 - 8 | Notes to the Financial Statements |

SEEKTASK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2001

The Directors are pleased to present their annual report together with the audited financial statements for the year ended 31 December 2001.

1 PRINCIPAL ACTIVITY

The principal activity of the company is property trading. During the reporting period the company sold a property which had been held in stock and which had been acquired in December 2000.

2 REVIEW OF THE BUSINESS

The results for the year are shown on page 4 of the financial statements. The Directors expect the principal activity of the company to remain unchanged for the foreseeable future.

3 DIVIDENDS

No dividend was proposed by the directors for the period ended 31 December 2001 (2000: Nil).

4 DIRECTORS

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

Mr B F Mörtstedt (resigned 5 October 2001)
Mr G V Hirsch (resigned 5 October 2001)
Mr T J Thomson (appointed 5 October 2001)
Mr D Baverstam (appointed 5 October 2001)

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.

SEEKTASK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

5 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 confirm that the financial statements comply with the above standards.

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 1985. 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.

6 AUDITORS

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

BY ORDER OF THE BOARD


Mr T J Thomson
Director

28 March 2002

REGISTERED OFFICE:

One Citadel Place
Tinworth Street
London
SE11 5EF

SEEKTASK LIMITED

INDEPENDENT AUDITORS' REPORT

to the members of Seektask Limited

We have audited the financial statements which comprise the profit and loss account, balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit 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 affairs of the Company at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
London

28 March 2002

SEEKTASK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2001

| | NOTES | 2001 £ | 2000 £ |
|---|-------|-----------|-------------|
| Turnover | (2) | 2,677,732 | 7,413 |
| Cost of sales: | | | |
| Opening Stock | | 2,184,800 | - |
| Purchases | | 2,056 | 2,184,800 |
| Closing Stock | | - | (2,184,800) |
| Cost of sales | | 2,186,856 | - |
| Gross profit | | 490,876 | 7,413 |
| Administrative expenses | | (13,265) | (22,828) |
| Operating profit/(loss) | | 477,611 | (15,415) |
| Interest receivable and similar income | | 1,151 | - |
| Interest payable and related charges | (3) | (146,123) | (36,876) |
| Profit/(Loss) on ordinary activities before taxation | (5) | 332,639 | (52,291) |
| Tax on profit/(loss) on ordinary activities | (6) | - | - |
| Profit/(Deficit) for the year | (10) | 332,639 | (52,291) |

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

There is no material 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 2001

| | NOTES | 2001 £ | 2000 £ |
|---|-------|-----------|-------------|
| CURRENT ASSETS | | | |
| Stock of property | | - | 2,184,800 |
| Debtors amounts falling due within one year | (7) | 433,396 | 548 |
| | | 433,396 | 2,185,348 |
| CREDITORS: amounts falling due within one year | (8) | (751,573) | (2,836,164) |
| NET CURRENT LIABILITIES | | (318,177) | (650,816) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | (318,177) | (650,816) |
| CAPITAL AND RESERVES | | | |
| Called up share capital | (9) | 100 | 100 |
| Profit and loss account | (10) | (318,277) | (650,916) |
| EQUITY SHAREHOLDERS' FUNDS | | (318,177) | (650,816) |
| | | (318,177) | (650,816) |

These financial statements were approved by the Board of Directors on 28 March 2002 and signed on its behalf by:


 _____ DIRECTOR
 Mr T J Thomson

SEEKTASK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 PRINCIPAL ACCOUNTING POLICIES

Financial Reporting Standard 18 - Accounting Policies, effective for accounting periods ending on or after 22 June 2001 has been adopted. The directors have reviewed the company's accounting policies and consider that the accounts are prepared in accordance with FRS 18.

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, modified to include the revaluation of land and buildings and in accordance with applicable accounting standards. 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. The company has received assurances from fellow group companies that sufficient funds will be available to meet the company's requirements for at least twelve months from the date of these accounts. Accordingly, these financial statements have been prepared on a going concern basis.

1.2 *Stock of property*

Stock is stated at the lower of cost and net realisable value at which the property can be sold in the normal course of business after allowing for cost of realisation. Cost includes purchase price, stamp duty, legal fees, introduction fees and other associated acquisition costs.

1.3 *Turnover*

Turnover comprises trading receipts including rent from property held pending sale and other ground rents.

1.4 *Deferred taxation*

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced. It is calculated at the rate at which it is estimated that tax will be payable.

1.5 *Issue costs of loans*

Issue costs relating to new loans are capitalised and amortised to follow the profile of the loan principal. Unamortised amounts at the balance sheet date are deferred against the loan liability.

SEEKTASK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

| | | | |
|----------|---|------------------|------------------|
| 2 | TURNOVER | 2001 £ | 2000 £ |
| | Income from stock of property | 2,677,732 | 7,413 |
| | | <u>2,677,732</u> | <u>7,413</u> |
| 3 | INTEREST PAYABLE AND RELATED CHARGES | 2001 £ | 2000 £ |
| | On bank loan | 124,515 | - |
| | Other interest | 911 | - |
| | On loans from group undertaking | - | 36,876 |
| | Financing and arrangement fees for short term borrowing | 20,697 | - |
| | | <u>146,123</u> | <u>36,876</u> |
| 4 | DIRECTORS' EMOLUMENTS & EMPLOYEE INFORMATION | | |
| | The emoluments of the Directors of the company are disclosed in the financial statements of CLS Holdings plc for their services to the group as a whole. None of the other Directors received emoluments for their services during the year (2000: nil). The company had no employees during the year (2000: none). | | |
| 5 | PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | 2001 £ | 2000 £ |
| | This is stated after charging: | | |
| | Auditors' remuneration | 1,692 | 1,000 |
| 6 | TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES | 2001 £ | 2000 £ |
| | UK corporation tax at 30% (2000 - 30%) | - | - |
| | No provision for Corporation Tax has been made for the year due to the availability of losses. Losses are available from one or more of the following sources; losses arising in the year, losses brought forward and group relief surrendered free of charge. | | |
| 7 | DEBTORS | 2001 | 2000 |
| | Amounts falling due within one year: | | |
| | Trade debtors | 467 | - |
| | Amounts due from group undertakings | 426,915 | - |
| | Other Debtors | 6,014 | - |
| | Prepayments and accrued income | - | 548 |
| | | <u>433,396</u> | <u>548</u> |

SEEKTASK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

| 8 | CREDITORS: amounts falling due within one year | 2001 £ | 2000 £ |
|---|--|-----------|-----------|
| | Trade creditors | - | 298 |
| | Amounts due to group undertakings | 751,175 | 2,684,166 |
| | Accruals and deferred income | 398 | 151,700 |
| | | <hr/> | <hr/> |
| | | 751,573 | 2,836,164 |
| | | <hr/> | <hr/> |

| 9 | CALLED UP SHARE CAPITAL | 2001 £ | 2000 £ |
|---|---|-----------|-----------|
| | Authorised, allotted, called up and fully paid: | | |
| | Ordinary shares of £1 each | 100 | 100 |
| | | <hr/> | <hr/> |

10 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

| | Share Capital £ | Profit & Loss Account £ | 2001 Total £ | 2000 Total £ |
|----------------------------|-----------------------|-------------------------------|--------------------|--------------------|
| Balance at 1 January | 100 | (650,916) | (650,816) | (598,525) |
| Profit/(loss) for the year | - | 332,639 | 332,639 | (52,291) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 December | 100 | (318,277) | (318,177) | (650,816) |
| | <hr/> | <hr/> | <hr/> | <hr/> |

11 CONTINGENT LIABILITIES

In the Directors opinion, no contingent liabilities exist.

12 PARENT UNDERTAKING

The Directors' consider that the immediate, ultimate parent undertaking and controlling party 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, One Citadel Place, Tinworth Street, London, SE11 5EF.