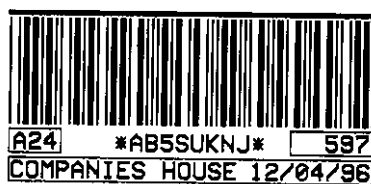


BLACKBERRY LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED
30 SEPTEMBER 1995**

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



Company No. 2329963

BLACKBERRY LIMITED
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FOR THE YEAR ENDED 30 SEPTEMBER 1995

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BLACKBERRY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1995

The directors are pleased to present their annual report together with the audited accounts for the year ended 30 September 1995.

1 PRINCIPAL ACTIVITIES

The principal activity of the company is to invest in commercial property.

2 REVIEW OF THE BUSINESS

The results for the year are shown on page 4 of the accounts.

3 DIVIDENDS

The directors do not recommend payment of any dividends for the year ended 30 September 1995 (1994: Nil).

4 FIXED ASSETS

Information relating to the changes in tangible fixed assets is given in note 8 to the accounts.

5 DIRECTORS

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


JE Bradley	
JAC Lorimer	(retired 13 July 1995)
Mr B F Mörtstedt	(appointed 22 December 1995)
Mr G V Hirsch	(appointed 22 December 1995)
Mr T J Thomson	(appointed 13 July 1995)
Mr H O T Lundqvist	(appointed 13 July 1995 and resigned 30 September 1995)

The directors had no interests in the shares of the company at any time during the year.

6 AUDITORS

During the year Binder Hamlyn resigned as auditors to the company and the directors appointed Coopers & Lybrand in their place, a resolution will be proposed at the forthcoming annual general meeting to ratify and re-appoint Coopers & Lybrand.

BY ORDER OF THE BOARD


T J THOMSON
Secretary

REGISTERED OFFICE:

6 Spring Gardens
Citadel Place
Tinworth Street
London
SE11 5EH

4 April 1996

BLACKBERRY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts 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 those accounts, 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 accounts.
- prepare the accounts 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 accounts 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.

BLACKBERRY LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF BLACKBERRY LIMITED

We have audited the accounts on pages 4 to 9.

Respective Responsibilities of Directors and Auditors

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

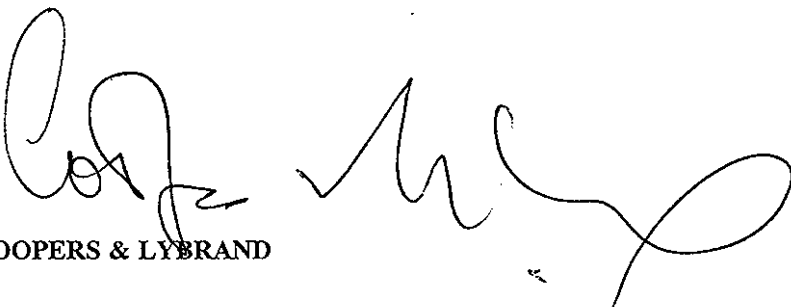
Basis of Opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 preparation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 30 September 1995 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND

*Chartered Accountants and
Registered Auditors*
LONDON

4 April 1996

BLACKBERRY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1995

	NOTES	1995 £	1994 £
Turnover	(2)	1,467,385	1,459,000
Administrative expenses		(25,734)	(28,535)
Operating profit		1,441,651	1,430,465
Exceptional item	(4)	(251,967)	(55,000)
Interest receivable and financial income		4,206	2,093
Interest payable and related charges	(5)	(1,774,264)	(1,845,806)
Exceptional write down of loan finance		15,083,778	-
Profit/(loss) on ordinary activities before taxation	(3)	14,503,404	(468,248)
Tax on profit on ordinary activities	(7)	-	-
Retained profit/(loss) for the year	(13)	14,503,404	(468,248)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1995 £	1994 £
Profit/(loss) for the year	14,503,404	(468,248)
Unrealised surplus on revaluation of property	1,200,000	0
Total gains and losses recognised since last annual report	15,703,404	(468,248)

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.

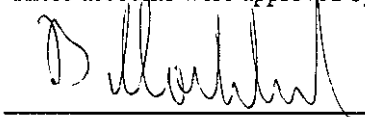
All items included in the above profit and loss account are part of continuing operations.

BLACKBERRY LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1995

	NOTES	1995 £	1994 £
FIXED ASSETS			
Tangible assets	(8)	12,000,000	10,800,000
CURRENT ASSETS			
Debtors	(9)	188,681	193,824
Cash at bank and in hand		-	365,185
CREDITORS: amounts falling due within one year	(10)	188,681 (2,679,934)	559,009 (25,755,595)
NET CURRENT LIABILITIES		(2,491,253)	(25,196,586)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,508,747	(14,396,586)
CREDITORS: amounts falling due after more than one year	(11)	8,201,929	-
CAPITAL AND RESERVES			
Called up share capital	(12)	100	100
Revaluation reserve	(13)	-	-
Profit and loss account	(13)	1,306,718	(14,396,686)
TOTAL SHAREHOLDERS' FUNDS		1,306,818	(14,396,586)
		9,508,747	(14,396,586)

These accounts were approved by the Board of Directors on 4 April 1996 and signed on its behalf by:


DIRECTOR
 Mr B F Mörtstedt

BLACKBERRY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1995

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 accounts.

1.1 *Basis of preparation*

The accounts 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.

1.2 *Tangible fixed assets*

Investment properties are revalued annually. Completed investment properties are stated at their open market value. Investment properties in the course of development are stated at open market value in their existing state. Surpluses or deficits arising on revaluation are reflected in the revaluation reserve. Revaluation deficits in excess of the amount of prior revaluation surpluses are charged to profit and loss account.

1.3 *Depreciation*

In accordance with Statement of Standard Practice No. 19 no depreciation is provided on completed freehold investment properties. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. Depreciation or amortisation is one of many factors influencing a property valuation and if depreciation or amortisation might have been charged, it is not possible to identify or quantify this separately.

1.4 *Turnover*

Turnover comprises the total value of rents receivable and sums due from lease surrender and lease variation during the year, excluding VAT. Rents received in advance are shown as deferred income in the balance sheet.

1.5 *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.

2 TURNOVER

	1995 £	1994 £
Rental income within the United Kingdom	1,467,385	1,459,000

3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £	1994 £
This is stated after charging:		
Auditors' remuneration	4,894	2,950

BLACKBERRY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1995(CONTINUED)

4	EXCEPTIONAL ITEM	1995 £	1994 £
	Bank charges and facility fee	251,967	55,000

5	INTEREST PAYABLE	1995 £	1994 £
	On bank loans, overdrafts and other loans :		
	Repayable within 1 years, by instalments	1,619,141	1,845,806
	Repayable wholly or partly after 5 years	153,544	-
	Overdraft	1,579	-
		1,774,264	1,845,806

6 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. The company had no employees during the year (1994: none).

7 CORPORATION TAX

UK corporation tax at 33 % (1993-33%).

No provision for Corporation Tax has been made for the year due to the availability of losses brought forward.

8	TANGIBLE FIXED ASSETS	1995 £	1994 £
	Freehold investment property		
	Valuation at 1 October	10,800,000	10,800,000
	Surplus on revaluation	1,200,000	-
	Valuation at 30 September	12,000,000	10,800,000

As at 30 September the property was revalued at an estimate of its open market value taking into account the condition and tenancies existing at that date. Property valuations were carried out by Allsop & Co. Chartered Surveyors. The historical cost of the investment property included at valuation is £10,800,000.

BLACKBERRY LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1995(CONTINUED)

9 DEBTORS	1995	1994
	£	£
Amounts due from group undertakings	188,050	-
Other debtors	-	193,824
Prepayments and accrued income	632	-
	<u>188,682</u>	<u>193,824</u>
10 CREDITORS: amounts falling due within one year	1,995	1,994
	£	£
Bank loans	618,759	23,308,183
Amount owed to connected company	-	38,989
Amount owed to group company	1,632,530	950,000
Other creditors	-	55,000
Accruals and deferred income	428,645	1,403,423
	<u>2,679,934</u>	<u>25,755,595</u>
11 CREDITORS: amounts falling due after more than one year	1995	1994
	£	£
Following bank loan	8,201,929	-
	<u>8,201,929</u>	<u>-</u>
Interest on the loan is charged at Libor rate plus 1.0% margin and is secured by a legal charge over the respective property to which it relates.		
The loan is repayable as follows :		
In one year or less	618,759	-
Between one and two years	683,661	-
Between two and five years	2,492,951	-
In five years or more	5,025,317	-
	<u>8,820,688</u>	<u>-</u>
12 CALLED UP SHARE CAPITAL	1995	1994
	£	£
Authorised		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, issued and fully paid		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

BLACKBERRY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1995(CONTINUED)

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £	Revaluation Reserve £	Profit & Loss Account £	1995 Total £	1994 Total £
Balance at 1 October	100	-	(14,396,686)	(14,396,586)	(13,928,338)
Profit for the year	-	-	14,503,404	14,503,404	(468,248)
Surplus on revaluation of property	-	1,200,000	-	1,200,000	-
Transfer to profit and loss account		(1,200,000)	1,200,000	-	-
Balance at 31 December	100	-	1,306,718	1,306,818	(14,396,586)

14 DEFERRED TAXATION

Deferred taxation is provided as follows:

	1995		1994	
	Provision £	Amount Unprovided £	Provision £	Amount Unprovided £
Capital allowances in excess of depreciation	-	165,000	-	-
Other short term timing differences	-	(23,393)	-	-
Losses brought forward	-	(141,607)	-	-
	-	-	-	-

15 CONTINGENT LIABILITIES

In the directors' opinion, no contingent liabilities exist.

16 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 Street, London, SE11 5EH.