

CLS HOLDINGS PLC
INTERIM FINANCIAL STATEMENTS
UNCONSOLIDATED & UNAUDITED
FOR THE 11 MONTHS ENDED
30 NOVEMBER 2008

Company No 2714781

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CLS HOLDINGS PLC

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FOR THE 11 MONTHS ENDED 30 NOVEMBER 2008**

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General Information

These interim financial statements are for the 11 months ended 30 November 2008. The information for the 11 months ended 30 November 2008 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985 but constitutes interim accounts which have been prepared in contemplation of a proposed tender offer buyback of shares by the Company. A copy of the statutory accounts for the year ended 31 December 2007, which were prepared in accordance with applicable United Kingdom law and United Kingdom generally accepted accounting practice, has been delivered to the Registrar of Companies. The auditors' report under Section 235 of the Companies Act 1985 in relation to those accounts was unqualified and did not make any statements under Section 237 of the Act.

Basis of preparation

These interim financial statements have been prepared pursuant to Section 270 and 272 of the Companies Act 1985 and have not been audited. These are the separate interim financial statements of CLS Holdings plc, the parent company of the CLS Holdings group. They are not consolidated group financial statements.

In preparing these financial statements disclosure is made of those items relevant to the distributable reserves of the Company. Comparative figures have not been provided as they are not relevant. The financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2007.

Accounting convention

These interim financial statements are prepared under the historical cost convention.

Accounting standards

These interim financial statements are prepared in accordance with the recognition and measurement criteria of the applicable UK accounting standards and the Companies Act 1985.

Changes in accounting policies

These interim financial statements have been prepared in accordance with accounting policies which are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2007.

CLS HOLDINGS PLC

UNCONSOLIDATED & UNAUDITED PROFIT AND LOSS ACCOUNT

FOR THE ELEVEN MONTHS ENDED 30 NOVEMBER 2008

**Period from 1 January
to 30 November 2008
£000**

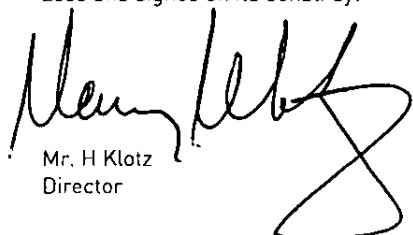
Turnover	33
Administrative expenses	(5,676)
	<hr/>
Operating loss before (loss)/gains on investments	(5,642)
Dividends received from subsidiaries	82,910
Provisions on Investments in subsidiaries	(1,031)
Interest receivable and financial income	1,320
Loss on sale of investments	(454)
	<hr/>
Profit before tax	77,102
Taxation	0
	<hr/>
Profit after taxation for the period	<u><u>77,102</u></u>

CLS HOLDINGS PLC

UNCONSOLIDATED & UNAUDITED BALANCE SHEET AS AT 30 NOVEMBER 2008

	NOTE	30 Nov 2008 €000
ASSETS		
Non-current assets		
Investments in subsidiary undertakings		<u>96,876</u>
Current Assets		
Trade and other receivables		92,604
Cash and cash equivalents		254
		<u>92,858</u>
TOTAL ASSETS		<u><u>189,734</u></u>
LIABILITIES		
Current Liabilities		
Trade and other payables		(14,881)
TOTAL LIABILITIES		<u>(14,881)</u>
NET ASSETS		<u><u>174,853</u></u>
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share Capital	2	16,684
Other reserves	3	92,112
Profit & loss account	3	66,057
TOTAL EQUITY		<u><u>174,853</u></u>

The financial statements on pages 2 to 6 were approved by the Board of Directors on 12th December 2008 and signed on its behalf by:


Mr. H Klotz
Director

CLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 NOVEMBER 2008

1 Accounting policies

1.1 - Investment in Group Companies

Investments have been valued at cost. If the equity value of the investment is lower than the cost price, this valuation will be adjusted accordingly, provided that the Management considers this to be a permanent diminution in value. Dividend income will be recognised when received.

1.2 - Turnover

Turnover comprises recharge of professional and other fees received by the Company but applicable to Group undertakings.

1.3 - Pension costs

The Company operates a defined contribution pension scheme for all eligible employees. The pension costs charged to the profit and loss account represent the contributions payable.

1.4 - Share-based compensation

The Company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, the employee remaining in the Company's employment). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of revising original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

1.5 - Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

1.6 - Tender offer buy-backs

In lieu of paying dividends, distributions are made by way of tender offer buy-back. Shares purchased pursuant to the tender offer are retained as treasury shares but only to a maximum of 10 per cent of the issued share capital.

Where the Company purchases its own shares out of free reserves and the shares are subsequently cancelled, a sum equal to the nominal value of the shares so purchased shall be transferred to the capital redemption reserve account.

The total cost of a tender offer buy-back is charged to retained earnings.

2 SHARE CAPITAL

	Number of shares (thousands)	Ordinary shares in circulation £000	Treasury Shares £000	Total ordinary shares £000
At 1 January 2008	74,850	16,935	1,777	18,712
Purchase of own shares	-	(82)	82	-
Cancelled pursuant to market purchase	(5,529)	(855)	(529)	(1,384)
Employee share option scheme:				
- Shares granted	-	81	(81)	-
Cancelled pursuant to Tender Offer	(2,576)	(644)	-	(644)
Balance at 30 November 2008	66,745	15,435	1,249	16,684

The total number of authorised ordinary shares at 30 November 2008 is 160,000,000 shares with a par value of 25 pence per share. All shares issued are fully paid.

Ordinary Shares

Ordinary shares held at 30 November 2008 were 61,745,471. During the period ended 30 November 2008, 3,414,412 shares were cancelled and a tender offer took place where 2,575,644 shares were cancelled immediately.

Treasury shares

Treasury shares held at 30 November 2008 were 5,000,000. During the eleven months ended 30 November 2008 the company acquired and added to shares held in treasury 329,930 of its own shares, all of which were purchased through the market. The company also re-issued 325,000 of its own shares out of treasury shares in respect of share option exercised in the period. In addition to this, 2,114,209 treasury shares were cancelled.

Share options

The number of shares subject to option, the period in which they were granted and the periods in which they may be exercised is given below.

Date of grant	Exercise price (pence)	Exercise period	Nov 2008	Dec 2007	Exercised/ Lapsed	Date
20 December 2001	212.5	2004 - 2008	-	311,000	Exercised	22/05/2008
27 December 2005	212.5	2004 - 2011	-	14,000	Exercised	22/05/2008
27 September 2005	458.25	2008 - 2012	-	73,500	Lapsed	02/05/2008
21 December 2005	492.75	2008 - 2012	-	6,500	Lapsed	02/05/2008
Total			-	405,000		

During the period no new options were granted.

3 PROFIT AND LOSS ACCOUNT AND OTHER RESERVES

	Other Reserves				Profit and loss account £000
	Share premium reserve £000	Capital redemption reserve £000	Other £000	Total £000	
At 1 January 2008	69,824	14,972	4,615	89,411	12,936
Employee share option scheme - shares granted	691	-	-	691	-
Cancelled pursuant to market purchase	-	1,383	-	1,383	-
Purchase of own shares	-	-	-	-	(23,896)
Purchase of own shares expense	-	-	-	-	(85)
Other	-	-	(16)	(16)	-
Retained profit for the period	-	-	-	-	77,102
Cancelled pursuant to Tender Offer	-	644	-	644	-
At 30 November 2008	70,515	16,999	4,599	92,112	66,057