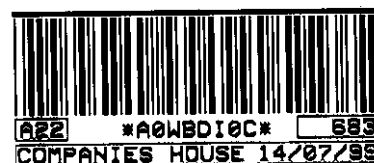


**AGELOOK LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 1998**

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



Company No 2237081

**AGELOOK LIMITED**

**INDEX TO THE ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 1998**

**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

## **AGELOOK LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1998**

The Directors are pleased to present their annual report together with the audited financial statements for the year ended 31 December 1998.

#### **1 PRINCIPAL ACTIVITY**

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 financial statements.

#### **3 DIVIDENDS**

The Directors do not recommend payment of any dividends for the year ended 31 December 1998 (1997: Nil).

#### **4 FIXED ASSETS**

Information relating to the changes in tangible fixed assets is given in note 6 to the financial statements.

#### **5 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.

#### **6 YEAR 2000**

The company's management is addressing the risk arising from the Millenium date change as a matter of priority. Having taken professional advice, the company's approach to its in house systems is to carry out four essential steps. These are:

- taking an inventory of computer environments, applications and systems;
- testing microprocessor reliant equipment and computer systems and prioritising actions;
- upgrading/replacing equipment and systems where necessary;
- verifying the result.

Additionally, the company is assessing the risk that might be encountered in respect of tenants and suppliers. The cost of this work will be met from existing capital and revenue budgets and is not expected to be significant.

**AGELOOK LIMITED**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)**

**7 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.

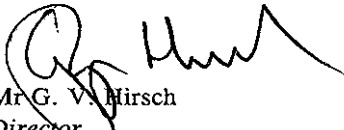
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets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

**8 AUDITORS**

Our auditors, Coopers & Lybrand merged with Price Waterhouse on 1st July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as 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 G. V. Hirsch  
Director

19 April 1999

**REGISTERED OFFICE:**

6 Spring Gardens  
Citadel Place  
Tinworth Street  
London  
SE11 5EH  
England

## **AGELOOK LIMITED**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF AGELOOK LIMITED**

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention, and the accounting policies set out in page 6.

#### **Respective Responsibilities of Directors and Auditors**

The directors are responsible for preparing the Annual Report including, as described on page 2, the financial statements. Our responsibilities as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **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 affairs of the company at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PricewaterhouseCoopers**

*Chartered Accountants and  
Registered Auditors*  
LONDON

19 April 1999

**AGELOOK LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1998**

	NOTES	1998 £	1997 £
Turnover	(2)	15,360	170,194
Administrative expenses		(340,820)	(83,725)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxatio	(3)	(325,460)	86,469
Tax on (loss)/ profit on ordinary activities	(5)	(10,550)	-
		<hr/>	<hr/>
Retained (loss)/profit for the year	(10)	(336,010)	86,469
		<hr/>	<hr/>

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 ye stated above, and their historical cost equivalents.

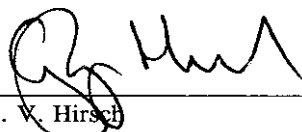
All items included in the above profit and loss account are part of continuing operations.

**AGELOOK LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 1998**

	NOTES	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	(6)	3,988,448	229,382
<b>CURRENT ASSETS</b>			
Debtors	(7)	221,000	3,180,888
<b>CREDITORS: amounts falling due within one year</b>	(8)	(1,293,267)	(158,079)
<b>NET CURRENT LIABILITIES/ASSETS</b>		(1,072,267)	3,022,809
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,916,181	3,252,191
<b>CAPITAL AND RESERVES</b>			
Called up share capital	(9)	3,500,000	3,500,000
Profit and loss account	(10)	(583,819)	(247,809)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		2,916,181	3,252,191

These financial statements were approved by the Board of Directors on 19 April 1999 and signed on its behalf by:


 \_\_\_\_\_ DIRECTOR  
 Mr G. V. Hirsch

## AGELOOK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

#### 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 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.

##### 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 the profit and loss account.

##### 1.3 *Depreciation*

In accordance with Statement of Standard Accounting Practice 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.

No depreciation is provided on leasehold investment properties with unexpired terms of more than 50 years. Leasehold properties having unexpired terms of less than 50 years are amortised so as to write off their cost or valuation over the unexpired period of the lease.

##### 1.4 *Turnover*

Turnover comprises the total value of rents receivable under operating leases 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

	1998	1997
	£	£
Rental income within the UK	15,360	170,194



# **AGELOOK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)**

<b>3</b>	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>1998</b>	<b>1997</b>
		<b>£</b>	<b>£</b>
	This is stated after charging:		
	Auditors' remuneration	403	686
		<hr/>	<hr/>

## **4 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 (1997: nil).

<b>5</b>	<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>1998</b>	<b>1997</b>
		<b>£</b>	<b>£</b>
	UK Corporation tax at 31 % (1997 - 31.5%)	-	-
	Tax paid re prior year	10,550	
		<hr/>	<hr/>

No provision for Corporation tax has been made for the year due to losses arising in the current year.

<b>6</b>	<b>TANGIBLE FIXED ASSETS</b>	<b>1998</b>	<b>1997</b>
		<b>£</b>	<b>£</b>
	Capital Improvements		
	As at 1 January	229,382	-
	Additions	3,759,066	229,382
		<hr/>	<hr/>
	As at 31 December	3,988,448	229,382
		<hr/>	<hr/>

At 31 December the capital improvements were taken into account in revaluing the interest in the property held by a fellow subsidiary Durnvale Limited

<b>7</b>	<b>DEBTORS</b>	<b>1998</b>	<b>1997</b>
		<b>£</b>	<b>£</b>
	Trade debtors	3,675	137,531
	Other taxation and social security	204,964	
	Amounts due from group undertakings	-	3,030,351
	Prepayments and accrued income	12,361	13,006
		<hr/>	<hr/>
		221,000	3,180,888
		<hr/>	<hr/>

# **AGELOOK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)**

### **8 CREDITORS: amounts falling due within one year**

	1998 £	1997 £
Trade creditors	118,049	64,677
Other taxation and social security	-	5,792
Accruals and deferred income	768,569	87,610
Amounts due to group undertakings	406,649	-
	<u>1,293,267</u>	<u>158,079</u>

### **9 CALLED UP SHARE CAPITAL**

	1998 £	1997 £
Authorised, allotted, called up and fully paid: Ordinary shares of £1 each	3,500,000	3,500,000

### **10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	Share Capital £	Profit and Loss Account £	1998 Total £	1997 Total £
Balance at 1 January	3,500,000	(247,809)	3,252,191	3,165,722
(Loss)/profit for the year	-	(336,010)	(336,010)	86,469
	<u>3,500,000</u>	<u>(583,819)</u>	<u>2,916,181</u>	<u>3,252,191</u>

### **11 CONTINGENT LIABILITIES**

In the opinion of the Directors, 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 Holding plc, 6 Spring Gardens, Citadel Place, Tinworth St, London SE11 5EH.