

BINGRAM LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2004



PricewaterhouseCoopers LLP
Chartered Accountants and
Registered Auditors
1 Embankment Place
London
WC2N 6RH

Company No.1762922

BINGRAM LIMITED
INDEX TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

Page No

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

BINGRAM LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2004

The Directors are pleased to present their annual report together with the audited financial statements for the year ended 31 December 2004.

1 PRINCIPAL ACTIVITY

The principal activity of the Company is to carry on investment business and to earn income therefrom.

2 REVIEW OF THE BUSINESS

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

The Directors expect the principal activity of the Company to remain unchanged for the foreseeable future.

3 DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31st December 2004 (2003: Nil).

4 DIRECTORS

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

Mr T J Thomson
Mr D M Bäverstam

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

BINGRAM LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2004 (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 requirements.

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.

6 AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the forthcoming annual general meeting

BY ORDER OF THE BOARD

Mr T J Thomson
Director

31 March 2005

REGISTERED OFFICE:

One Citadel Place
Tinworth Street
London
SE11 5EF

BINGRAM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BINGRAM LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet 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. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by prior consent or writing.

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 the state of the Company's affairs of the company at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

LONDON

31 March 2005

BINGRAM LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	NOTES	2004 £	2003 £
Turnover	(2)	(78)	1,240
Administrative expenses		(1,191)	(2,128)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	(3)	(1,269)	(888)
Tax on loss on ordinary activities	(4)	-	-
		<hr/>	<hr/>
Deficit for the year	(9)	(1,269)	(888)
		<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 loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

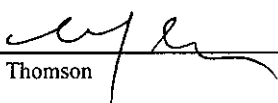
All items included in the above profit and loss account are part of continuing operations.

BINGRAM LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	NOTES	2004 £	2003 £
CURRENT ASSETS			
Debtors	(6)	1,206,440	1,206,536
Cash at bank and in hand		-	27,015
		1,206,440	1,233,551
CREDITORS: amounts falling due within one year	(7)	(9,998)	(35,840)
NET CURRENT ASSETS		1,196,442	1,197,711
NET ASSETS		1,196,442	1,197,711
CAPITAL AND RESERVES			
Called up share capital	(8)	2,000,000	2,000,000
Profit and loss account	(9)	(803,558)	(802,289)
EQUITY SHAREHOLDERS' FUNDS		1,196,442	1,197,711

The financial statements on pages 4 to 8 were approved by the Board of Directors on 31 March 2005 and signed on its behalf by:


DIRECTOR
 Mr T J Thomson

BINGRAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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 exemptions 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 Fixed Asset Investments

Fixed asset investments are held at cost. A provision is made for any material permanent diminution in value.

1.3 Turnover

Turnover comprises income receivable from investments, excluding VAT

1.4 Deferred taxation

Deferred taxation is recognised in respect of timing differences arising from differences in the treatment for accounts and tax purposes of transactions or events recognised in the financial statements except that:

- Provision is not made in respect of property revaluation gains and losses, and
- Deferred tax assets are recognised only to the extent that suitable taxable profits are considered sufficiently certain to arise which could be set against these assets when they reverse.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse.

2 TURNOVER

Interest receivable on investments

2004 £	2003 £
(78)	1,240

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:
Auditors' remuneration

2004 £	2003 £
1,176	1,176

4 TAX ON LOSS ON ORDINARY ACTIVITIES

UK corporation tax at 30% (2003, - 30%)

2004 £	2003 £
-	-

The current tax charge for the period is lower in 2004 and 2003 than the standard rate of UK corporation tax (30%) as explained below:

	2004 £	2003 £
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30% (2003: 30%)	(381)	(266)
<u>Effect of:</u>		
Losses used or surrendered by group/consortium relief and differences between capital allowances and depreciation	381	266
Current tax charge in profit and loss account	-	-

The company expects to be able to shelter any future taxable profits with available losses.

BINGRAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

5 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 (2003: nil).

6 DEBTORS

	2004 £	2003 £
Amounts due from group undertakings	1,206,440	1,206,440
Other debtors	-	96
	<u>1,206,440</u>	<u>1,206,536</u>

7 CREDITORS: amounts falling due within one year

	2004 £	2003 £
Amounts due to group undertakings	8,821	34,664
Accruals and deferred income	1,177	1,176
	<u>9,998</u>	<u>35,840</u>

8 CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised, allotted, called up and fully paid: Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

9 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £	Profit & Loss Account £	2004 Total £	2003 Total £
Balance at 1 January	2,000,000	(802,289)	1,197,711	1,198,599
Deficit for the year	-	(1,269)	(1,269)	(888)
Balance at 31 December	<u>2,000,000</u>	<u>(803,558)</u>	<u>1,196,442</u>	<u>1,197,711</u>

BINGRAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

10 CONTINGENT LIABILITIES

In the Directors opinion, no contingent liabilities exist.

11 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.