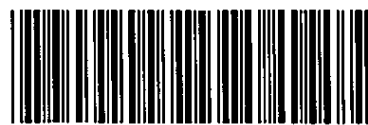


VISTA CENTRE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2008

Company No. 2329963

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VISTA CENTRE LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2008

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VISTA CENTRE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

The Directors are pleased to present their annual report together with the audited financial statements for the year ended 31 December 2008.

This Directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

1 PRINCIPAL ACTIVITY

The principal activity of the Company is to invest in commercial property. During the year to 31 December 2008, the Company disposed of its investment property but is continuing to explore opportunities for similar investments in the future.

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. The accounts have been prepared on a going concern basis as described in note 1.2.

3 FINANCIAL RISK MANAGEMENT

The Company's operations expose it to the risk of interest rate fluctuations. The Company addresses such risks by purchasing interest rate hedging instruments. Such instruments have a year end book value of £29,234 (2007: £45,203) and a year end market value of £10,243 (2007: £79,115).

4 DIVIDENDS

No dividend was paid in the year ended 31 December 2008 (2007: none).

5 DIRECTORS

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

Mr P H Sjöberg (resigned 2 May 2008)
Mr S F Board (resigned 8 May 2008)
Mr K E Chapman (resigned 6 August 2008)
Mr E H Klotz (appointed 2 May 2008)
Mr T J L Wills (appointed 1 September 2008)
Mr A G P Millet (appointed 1 September 2008)

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) are in force for the benefit of the Directors and former Directors who held office in 2008.

Each Director has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

6 STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with the applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- 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 that 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.

7 AUDITORS

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

BY ORDER OF THE BOARD

Mr T J L Willis
Director

29 October 2009

REGISTERED OFFICE:

86 Bondway
London
SW8 1SF
England

VISTA CENTRE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISTA CENTRE LIMITED

We have audited the financial statements of Vista Centre Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP
Chartered Accountants and Registered Auditors
London, UK
29 October 2009

VISTA CENTRE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTES	2008 £	2007 £
Turnover	(2)	158,049	1,477,956
Service charge expenditure		(152,937)	(880,267)
Net rental income		5,112	597,689
Administrative expenses		(101,338)	(503,776)
Operating (loss)/profit		(96,226)	93,913
Loss on sale of Investment Property	(7)	(288,649)	-
(Loss)/profit before interest and tax		(384,875)	93,913
Interest receivable and similar income		40,483	52,145
Interest payable and similar charges	(3)	(291,248)	(936,796)
Loss on ordinary activities before taxation	(5)	(635,640)	(790,738)
Tax credit/(charge) on loss on ordinary activities	(6)	2,269,473	(63,270)
Profit/(loss) for the financial year	(13)	1,633,833	(854,008)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2008 £	2007 £
Retained profit/(loss) for the financial year	1,633,833	(854,008)
Unrealised deficit on revaluation of property	-	(3,159,626)
Total recognised gains/(losses) for the year	1,633,833	(4,013,634)

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

NOTE OF HISTORICAL COSTS PROFITS AND LOSSES

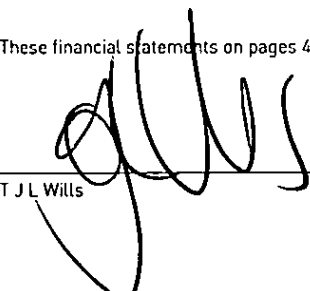
Loss on ordinary activities before taxation	(635,640)	(790,738)
Realisation of property revaluation deficit	(4,913,808)	-
Historical costs loss on ordinary activities before taxation	(5,549,448)	(790,738)
Historical cost losses retained after taxation and dividends	(3,279,975)	(854,008)

VISTA CENTRE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	NOTES	2008 £	2007 £
FIXED ASSETS			
Tangible assets	(7)	-	12,457,000
Investments	(8)	10,000	-
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	(9)	13,308	-
Debtors: amounts falling due within one year	(9)	318,804	403,780
Cash at bank and in hand		104,935	2,093,625
CREDITORS: amounts falling due within one year	(10)	437,047 (738,472)	2,497,405 (15,052,672)
NET CURRENT LIABILITIES		(301,425)	(12,555,267)
TOTAL ASSETS LESS CURRENT LIABILITIES		(291,425)	(98,267)
PROVISIONS FOR LIABILITIES	(11)	-	(1,826,991)
NET LIABILITIES		(291,425)	(1,925,258)
CAPITAL AND RESERVES			
Called up share capital	(12)	100	100
Revaluation reserve	(13)	-	(4,913,808)
Profit and loss account	(13)	(291,525)	2,988,450
SHAREHOLDERS' DEFICIT		(291,425)	(1,925,258)

These financial statements on pages 4 to 9 were approved by the Board of Directors on 29 October 2009 and signed on its behalf by:

 DIRECTOR
T J L Wills

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

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 UK 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 *Going Concern*

The Company's business activities and review of the business are set out in the directors' report.

The company has a significant equity deficit. However, the Directors are in receipt of an unequivocal letter of support from the parent company confirming that sufficient funds will be available to ensure all liabilities are met as they fall due, so long as the Company is a wholly owned direct or indirect subsidiary of its current ultimate parent company (note 14). The directors do not expect that the ownership of the Company will change in the foreseeable future and as such have appropriately adopted the going concern basis of preparation in presenting the accounts.

1.3 *Investment properties*

Investment properties are revalued bi-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 where these are considered to be permanent. Any such deficits which are subsequently considered to no longer be permanent are written back to the profit and loss account.

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.

1.4 *Investments*

Investments held as fixed assets are stated at cost. A provision is made for any permanent diminution in value.

1.5 *Turnover*

Turnover comprises the total value of rents and service charges receivable under operating leases, including reverse premiums paid by tenants on surrender of leases and property-related services provided during the year, excluding VAT. Where there is a material rent free period and the amount is considered to be recoverable, the income is spread evenly over the period to the date of the first break. Rents received in advance are shown as deferred income in the balance sheet.

VISTA CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

1.6 Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from the reversal of the underlying timing differences can be deducted.

Deferred tax is measured, on an undiscounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Provision is not made in respect of property revaluation gains and losses.

1.7 Loan Costs

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.

1.8 Interest Rate Caps

The premium paid for interest rate caps used to hedge borrowings is held within debtors on the balance sheet and amortised over the period of the cap.

2 TURNOVER

	2008 £	2007 £
Rental income	66,510	954,784
Other income	-	15,549
Service charge expenditure recovered	91,539	507,623
	<u>158,049</u>	<u>1,477,956</u>

Turnover arose wholly within the United Kingdom.

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
On bank loan	62,761	702,114
Amortisation of refinancing and arrangement fees	93,679	42,436
Other interest	25,300	-
On loans from group undertaking	109,508	192,246
	<u>291,248</u>	<u>936,796</u>

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 two employees during the year (2007: two).

Employment costs of all employees:

	2008 £	2007 £
Wages and salaries	13,144	48,695
Social security costs	1,682	7,148
	<u>14,826</u>	<u>55,842</u>

5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £	2007 £
This is stated after charging:		
Fees payable to the company's auditor for the audit of the company's annual accounts	4,000	1,000
	<u>4,000</u>	<u>1,000</u>

VISTA CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)
6 TAX (CREDIT)/CHARGE ON LOSS ON ORDINARY ACTIVITIES

	2008 £	2007 £
Payments (received)/made for losses (surrendered)/claimed as group relief in respect of previous periods	(442,482)	193,769
Total current tax (credit)/charge	(442,482)	193,769
Deferred tax credit: origination and reversal of timing differences	(1,826,991)	(130,499)
Total tax (credit)/charge on loss on ordinary activities	(2,269,473)	63,270

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows;

	2008 £	2007 £
Loss on ordinary activities before tax	(635,640)	(790,738)
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 28.5% (2007: 30%)	(181,157)	(237,221)
Effect of:		
Estimated differences between the accounting loss and taxable profit on capital disposals	82,265	-
Losses surrendered by group/consortium relief for nil payment and differences between capital allowances and depreciation	98,892	237,221
(Receipt)/payment for group relief (surrendered)/claimed in respect of previous periods	(442,482)	193,769
Current tax (credit)/charge in profit and loss account	(442,482)	193,769

7 TANGIBLE ASSETS

	2008 £
Freehold investment property	
At 1 January 2008	12,457,000
Disposals	(12,457,000)
Valuation at 31 December 2008	-

The investment property was sold on the 1st February 2008 for the sale price of £12,775,000. Including costs of sale a loss on disposal of £288,649 was realised in the profit and loss account for the year 31 December 2008 (2007: Nil)

8 INVESTMENTS

	2008 £
At 1 January 2008	-
Additions	10,000
Valuation at 31 December 2008	10,000

The Gilts were purchased at a cost of £10,000. Market value at 31 December was £10,060.

9 DEBTORS

	2008 £	2007 £
Amounts falling due within one year:		
Trade debtors	1,173	101,575
Amounts due from group undertakings	246,632	30,035
Other taxation and social security	3,266	-
Other debtors	67,751	52,840
Prepayments and accrued income	(18)	219,330
	318,804	403,780
Amounts falling due after more than one year:		
Other debtors	13,308	-

VISTA CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

10 CREDITORS: amounts falling due within one year	2008 £	2007 £
Bank loans	-	10,120,000
Unamortised arrangement and finance fees	-	(93,680)
Trade creditors	-	(396)
Amounts due to group undertakings	609,508	4,442,246
Other taxation and social security	-	44,195
Other creditors	-	54,702
Accruals and deferred income	128,964	485,605
	<u>738,472</u>	<u>15,052,672</u>

11 PROVISIONS FOR LIABILITIES

Deferred taxation is provided as follows:

	2008 Provision £	Amount unprovided £	2007 Provision £	Amount unprovided £
Capital allowances in excess of depreciation	-	-	1,826,991	-
Unrelieved losses	-	(192,577)	-	(485,590)
	<u>-</u>	<u>(192,577)</u>	<u>1,826,991</u>	<u>(485,590)</u>
At 1 January	1,826,991		1,957,490	
Amount credited to profit and loss	<u>(1,826,991)</u>		<u>(130,499)</u>	
At 31 December	<u>-</u>		<u>1,826,991</u>	

12 CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Authorised, allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	Share Capital £	Revaluation Reserve £	Profit & Loss Account £	2008 Total £	2007 Total £
Balance at 1 January	100	(4,913,808)	2,988,450	(1,925,258)	2,088,376
Profit for the financial year	-	-	1,633,833	1,633,833	(854,008)
Deficit on revaluation	-	-	-	-	(3,159,626)
Reserves transfer of revaluation reserve	-	4,913,808	(4,913,808)	-	-
	<u>100</u>	<u>-</u>	<u>(291,525)</u>	<u>(291,425)</u>	<u>(1,925,258)</u>

14 PARENT UNDERTAKING

The Directors consider that the immediate, ultimate parent undertaking and controlling party is CLS Holdings plc which is incorporated in Great Britain and registered in England and Wales. Copies of the parent's consolidated financial statements may be obtained from The Secretary, CLS Holding plc, 86 Bondway, London SW8 1SF.