

**NYK INVESTMENTS LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 1999**

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



**NYK INVESTMENTS LIMITED**  
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**FOR THE YEAR ENDED 31 DECEMBER 1999**

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## **NYK INVESTMENTS LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999**

The Directors are pleased to present their annual report together with the audited financial statements for the year ended 31 December 1999.

#### **1 PRINCIPAL ACTIVITY**

The principal activity of the company is to invest in commercial property and other forms of investment business.

#### **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 1999 (1998: Nil).

#### **4 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.

#### **5 YEAR 2000**

During the year ended 31 December 1999 the company made considerable efforts to ensure that neither the systems operating within its properties nor its domestic computer systems would be adversely affected by the millennium date change. The cost of this work was not significant and was met from existing capital. No issues have been noted to date. We continue to monitor our significant customers, vendors and service providers and to date we have no information that indicates that significant vendors may be unable to sell to the entity, or significant customers may be unable to purchase from the Company, or significant service providers may be unable to provide services to the Company, as a result in each case of year 2000 problems, such that the potential financial effect of which would cause significant uncertainty about the Company's going concern status.

**NYK INVESTMENTS LIMITED**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999 (CONTINUED)**

**6 STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENT**

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:

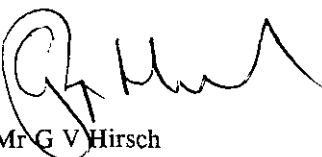
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare 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.

**7 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

**REGISTERED OFFICE:**

6 Spring Gardens  
Citadel Place  
Tinworth St  
London  
SE11 5EH

24 March 2000

## **NYK INVESTMENTS LIMITED**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF NYK INVESTMENTS LIMITED**

We have audited the financial statements on pages 4 to 8.

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

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 United Kingdom 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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

**PricewaterhouseCoopers**

*Chartered Accountants and  
Registered Auditors*  
**LONDON**

24 March 2000

**NYK INVESTMENTS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

	NOTES	1999 £	1998 £
Administrative expenses		(2,912)	(1,276)
<b>Operating Loss</b>		(2,912)	(1,276)
Interest receivable and financial income	(3)	3,589,479	3,424,927
Interest payable and related charges	(4)	(3,661,959)	(3,334,729)
<b>(Loss)/profit on ordinary activities before taxation</b>	(2)	(75,392)	88,922
Tax on (loss) on ordinary activities	(6)	(9,751)	-
<b>Retained (loss)/profit for the year</b>	(11)	(85,143)	88,922

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 retained loss for the year stated above, and their historical cost equivalents.

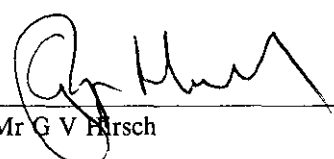
All items included in the above profit and loss account are part of continuing operations.

**NYK INVESTMENTS LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 1999**

	NOTES	1999 £	1998 £
<b>FIXED ASSETS</b>			
Investments	(7)	19,756	19,756
<b>CURRENT ASSETS</b>			
Debtors	(8)	65,056,863	51,693,609
Cash at bank and in hand		4,151	2,077
<b>CREDITORS: amounts falling due within one year</b>	(9)	(65,948,772)	(52,498,301)
<b>NET CURRENT LIABILITIES</b>		(887,758)	(802,615)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(868,002)	(782,859)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	(10)	2,000	2,000
Profit and loss account	(11)	(870,002)	(784,859)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		(868,002)	(782,859)

These financial statements were approved by the Board of Directors on 24 March 2000 and signed on its behalf by :

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

# **NYK INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999**

### **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 Fixed Asset Investments**

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

<b>2 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>1999</b>	<b>1998</b>
	£	£
This is stated after charging:		
Auditors' remuneration	1,545	806
	<hr/>	<hr/>
<b>3 INTEREST RECEIVABLE</b>	<b>1999</b>	<b>1998</b>
	£	£
On loans to group undertakings	3,587,785	3,424,927
Gilt Interest	494	-
Bank Interest	1,200	-
	<hr/>	<hr/>
	3,589,479	3,424,927
	<hr/>	<hr/>
<b>4 INTEREST PAYABLE AND RELATED CHARGES</b>	<b>1999</b>	<b>1998</b>
	£	£
On loans from group undertakings	3,661,959	3,334,729
	<hr/>	<hr/>

### **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 (1998:none).



**NYK INVESTMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (CONTINUED)**

<b>6 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>	<b>1999</b>	<b>1998</b>
	£	£
UK Corporation tax at 30.25 % (1998 - 31 %)..	<u>9,751</u>	<u>-</u>

No provision for corporation tax has been made for the year due to the availability of losses. Losses are available from one or more of the following sources; losses arising in the year, losses brought forward and group relief surrendered free of charge.

<b>7 FIXED ASSET INVESTMENTS</b>	<b>1999</b>	<b>1998</b>
	£	£
At 31 December 1999	<u>19,756</u>	<u>19,756</u>

The Gilts were purchased at a cost of £19,756. Market value at 31 December 1999 was £19,246 (1998: £20,087)

<b>8 DEBTORS: Amounts falling due within one year</b>	<b>1999</b>	<b>1998</b>
	£	£
Other debtors	635	240
Amounts due from group undertakings	65,056,228	51,692,899
Prepayments and accrued income	-	470
	<u>65,056,863</u>	<u>51,693,609</u>

<b>9 CREDITORS: amounts falling due within one year</b>	<b>1999</b>	<b>1998</b>
	£	£
Other creditors	229	229
Amounts due to group undertakings	65,945,082	52,496,460
Accruals and deferred income	3,462	1,612
	<u>65,948,772</u>	<u>52,498,301</u>

<b>10 CALLED UP SHARE CAPITAL</b>	<b>1999</b>	<b>1998</b>
	£	£
Authorised, allotted, called up and fully paid: Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

**NYK INVESTMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (CONTINUED)**

**11 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

	Share Capital £	Profit and Loss Account £	1999 Total £	1998 Total £
Balance at 1 January	2,000	(784,859)	(782,859)	(871,781)
(Loss)/ profit for the year	-	(85,143)	(85,143)	88,922
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Balance at 31 December	2,000	(870,002)	(868,002)	(782,859)
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**12 CONTINGENT LIABILITIES**

In the opinion of the Directors, no contingent liabilities exist.

**13 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.