

Registered number: 03423077

**CRESCO INTERNATIONAL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 DECEMBER 2022**

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<b>CRESO INTERNATIONAL LIMITED</b>
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**COMPANY INFORMATION**

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**Directors**

E Nissenberg  
I H Braidman  
F A Stein  
A Cohen  
J Lew

**Registered number**

03423077

**Registered office**

35 Ballards Lane  
London  
N3 1XW

**Independent auditor**

Crowe U.K. LLP  
55 Ludgate Hill  
London  
EC4M 7JW, UK

**Bankers**

Bank of Scotland  
St James's Gate  
14-16 Cockspur Street  
London  
SW1Y 5BL

Barclays Bank plc  
Portman Square Area Branches 1  
London  
W1A 3AL

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**CRESCO INTERNATIONAL LIMITED**

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## CRESKO INTERNATIONAL LIMITED

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### GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 30 DECEMBER 2022

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#### Introduction

The accounts of the Cresco Group for 2022 reflect the Group's strategy of concentrating on, and continuing to build up, the core activity of the marine aquarium business under the Red Sea Brand.

#### Business review

In 2022, the Group's sales remained robust at \$40.6 million, despite a marginal decrease of 1.3% or \$0.53 million from 2021, largely attributed to the normalisation of demand post-COVID-19. Operating profits stood at \$5.2 million, down from \$7.3 million in 2021, reflecting a decline in operating margin from 17.7% to 12.8%. This decrease is primarily due to increased freight and shipping costs, rising raw material prices and global inflation.

Continued investment in research and development, a core strategy of the Group, has been critical in maintaining our leadership in the marine aquarium market and enabling the introduction of new, innovative smart devices. These products, controllable via an app, have played a key role in sustaining turnover.

Sales and marketing expenses rose in line with the resumption of normal trading activities post-pandemic. Pre-tax profits for the period were reported at \$4.5 million, with a net profit of \$4 million. In comparison, 2021's pre-tax profit was \$7.9 million with a net profit of \$6.9 million. Net cash flow from operating activities experienced a decrease of 9.2% from 2021, amounting to \$4.27 million.

The industry in which the group operates is largely composed of small businesses, most of which operate predominantly in their home markets. There are few barriers to entry and many of the products sold in these markets are essentially commodities or copies of other producers' original designs. As a result, price competition is often vicious.

The strategy adopted by the Group to deal with these issues is to stay a technological leader in its field and to exploit its worldwide marketing and distribution skills to keep it ahead of its competitors. Production facilities are kept up to date in order to expand capacity and improve efficiency, while new developments, particularly in areas such as digital marketing, are kept under constant review, with a view to introducing appropriate initiatives to enhance the Group's presence in its markets.

#### Principal risks and uncertainties

The principal risks and uncertainties facing the Group remain the level of demand for its consumer products in the aquarium sector, supply chain uncertainties as well as the impact of rising inflation and interest rates on consumer demand for consumer goods.

The ongoing trade tensions between China and the USA present a significant challenge for our Group, particularly given that our aquarium systems and hardware products are predominantly manufactured in China. This situation is compounded by the imposition of additional tariffs by the US government on goods produced in China, which affect our cost structure and competitive pricing in the market.

Covid 19 has significantly impacted the group's supply chain efficiency, material availability and associated costs. There was a universal lack of availability of raw materials and in particular electronic components and chemicals, which directly impacted Red Sea. The cost of raw materials also increased dramatically from 2021 to 2022. This is a worldwide phenomenon but has been felt especially strongly in China. Red Sea has managed to mitigate most of the raw materials constraints by holding significantly higher than normal inventory levels of key raw materials as well as finished products in its regional logistic centres.

The cost of shipping containers from China and Israel and the availability of containers from China has dramatically changed in both 2021 and 2022. Shipping costs have increased exponentially, with the price of a container being six times more expensive within a 12-month period and the availability of ships is limited. More recently, the shipping costs have started to return to pre pandemic levels.

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**CRESKO INTERNATIONAL LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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As an international group operating across various nations, we are exposed to diverse levels of political and economic stability. In light of the recent conflict in the Middle East, we have proactively assessed our operations in Israel. Fortunately, so far, our business activities have remained unaffected. However, we have implemented some measures to mitigate potential risks associated with any further escalation in the region.

**Key performance indicators**

The net profit per share for 2022 was 37.6 US cents. This is compared to the net profit per share for 2021 which was 64.4 US cents.

In February 2022, due to a strong trading performance, the directors declared an interim dividend in respect of the period 2022 of 14 US cents for a total of \$1.5 million. A further dividend of \$1.5m was declared in February 2023 which was 14 US cents per share.

As at the end of 2022, the net assets of the Cresco Group amounted to \$31.1 million, an increase of 8.5 per cent over the December 2021 year end. Net current assets of the Group increased during the period by \$0.19 million to \$26.25 million, and the Group as a whole is in a strong financial position going forward, with cash balances of over \$14.7 million and total bank indebtedness of less than \$0.3 million.

Finally, I have the pleasurable task yet again to thank all the executives and employees of the Cresco Group for their hard work and achievements during the year. Over the years we have built up an excellent team in all the countries where we operate, whose dedication and commitment is outstanding. We owe them all a debt of gratitude and I am delighted to be able to express my appreciation of their efforts.

This report was approved by the board on 10 February 2024 and signed on its behalf.



**E Nissenberg**  
Chairman

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**CRESCO INTERNATIONAL LIMITED**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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The directors present their report and the financial statements for the period ended 30 December 2022.

**Directors' responsibilities statement**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

**Results and dividends**

The profit for the period, after taxation, amounted to \$4,038,850 (2021 - \$6,920,551).

Particulars of dividends paid are detailed in note 14 to the accounts. During the period, a dividend of \$1.5 million was paid.

**Directors**

The directors who served during the period were:

E Nissenberg  
I H Braidman  
F A Stein  
A Cohen  
J Lew

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**CRESCO INTERNATIONAL LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**Post balance sheet events**

Please see note 32 in relation to post balance sheet events.

**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 February 2024 and signed on its behalf.

*Jake Lew*

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J Lew  
Director

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<b>CRESKO INTERNATIONAL LIMITED</b>
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRESKO INTERNATIONAL LIMITED**

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**Opinion**

We have audited the financial statements of Cresko International Limited (the "parent company") and its subsidiaries (the "group") for the period ended 30 December 2022 which comprise the Consolidated Profit and loss account, the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated Statement of cash flow, the Consolidated and Company Statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the parent company and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent company's and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



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**CRESO INTERNATIONAL LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRESO INTERNATIONAL LIMITED**

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**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant company law

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**CRESCO INTERNATIONAL LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRESCO INTERNATIONAL LIMITED**

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and taxation legislation in the UK and France, United States, People Republic of China and Israel in which the group operates.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, inappropriate revenue recognition, stock valuation and valuation of investments and debtors. Our audit procedures to respond to these risks included:

- enquiries of management about the identification and assessment of the risks of irregularities,
- sample testing on the posting of journals,
- reviewing accounting estimates for biases,
- corroborating balances recognised to supporting documentation on a sample basis,
- and ensuring policies are appropriate under United Kingdom Generally Accepted Accounting Practice and applicable law.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

 *PJ Gilligan*

Peter Gilligan (Senior statutory auditor)

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

55 Ludgate Hill  
London  
EC4M 7JW, UK

10 February 2024

**CRÉSCO INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

	Note	2022 \$	Restated 2021 \$
Turnover	4	40,557,418	41,085,273
Cost of sales		(19,827,630)	(17,731,686)
<b>Gross profit</b>		<b>20,729,788</b>	<b>23,353,587</b>
Distribution costs		(7,368,632)	(6,610,144)
Administrative expenses		(8,185,685)	(9,472,750)
<b>Operating profit</b>	6	<b>5,175,471</b>	<b>7,270,693</b>
Other income	5	149,896	124,161
Gain/(loss) on investments	10	(225,387)	132,680
Interest receivable and similar income	11	162,206	28,664
Other finance income/(costs)	12	(784,210)	382,123
<b>Profit before taxation</b>		<b>4,477,976</b>	<b>7,938,321</b>
Tax on profit	13	(439,126)	(1,017,770)
<b>Profit for the financial period</b>		<b>4,038,850</b>	<b>6,920,551</b>
<b>Profit for the period attributable to:</b>			
Owners of the parent Company		4,038,850	6,920,551
		<b>4,038,850</b>	<b>6,920,551</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:\$NIL).

The notes on pages 19 to 45 form part of these financial statements.

**CRESO INTERNATIONAL LIMITED**  
**REGISTERED NUMBER: 03423077**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 DECEMBER 2022**

	Note	2022 \$	2021 \$
<b>Fixed assets</b>			
Intangible assets	15	103,845	113,178
Tangible assets	16	3,729,534	2,782,619
Investments	17	2,139,448	1,013,139
		<u>5,972,827</u>	<u>3,908,936</u>
<b>Current assets</b>			
Stocks	18	11,726,957	12,556,344
Debtors: amounts falling due after more than one year	19	318,904	462,757
Debtors: amounts falling due within one year	19	4,506,473	4,120,153
Current asset investments	20	2,623,154	3,916,611
Cash at bank and in hand		14,748,097	14,766,711
		<u>33,923,585</u>	<u>35,822,576</u>
Creditors: amounts falling due within one year	21	(7,669,816)	(9,762,473)
<b>Net current assets</b>		<u>26,253,769</u>	<u>26,060,103</u>
<b>Total assets less current liabilities</b>		<u>32,226,596</u>	<u>29,969,039</u>
Creditors: amounts falling due after more than one year	22	(186,066)	(460,100)
<b>Provisions for liabilities</b>			
Other provisions	27	(914,687)	(814,197)
		<u>(914,687)</u>	<u>(814,197)</u>
<b>Net assets</b>		<u>31,125,843</u>	<u>28,694,742</u>
<b>Capital and reserves</b>			
Called up share capital	28	1,764,849	1,773,604
Share premium account		252,010	252,010
Capital redemption reserve		32,053	23,821
Profit and loss account		29,076,931	26,645,307
<b>Equity attributable to owners of the parent Company</b>		<u>31,125,843</u>	<u>28,694,742</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 February 2024.

CRESCO INTERNATIONAL LIMITED  
REGISTERED NUMBER: 03423077

CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS AT 30 DECEMBER 2022

*E Nissenberg*

**E Nissenberg**  
Director

*Jake Lew*

**J Lew**  
Director

The notes on pages 19 to 45 form part of these financial statements.

**CRESO INTERNATIONAL LIMITED**  
**REGISTERED NUMBER: 03423077**

**COMPANY BALANCE SHEET**  
**AS AT 30 DECEMBER 2022**

	Note	2022 \$	2021 \$
<b>Fixed assets</b>			
Investments	17	4,329,031	4,329,031
		<u>4,329,031</u>	<u>4,329,031</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	19	4,512,467	4,632,565
Cash at bank and in hand		1,090,466	2,240,538
		<u>5,602,933</u>	<u>6,873,103</u>
Creditors: amounts falling due within one year	21	(329,887)	(1,301,285)
<b>Net current assets</b>		<u>5,273,046</u>	<u>5,571,818</u>
<b>Total assets less current liabilities</b>		<u>9,602,077</u>	<u>9,900,849</u>
<b>Net assets</b>		<u><u>9,602,077</u></u>	<u><u>9,900,849</u></u>
<b>Capital and reserves</b>			
Called up share capital	28	1,764,849	1,773,604
Share premium account		252,010	252,010
Capital redemption reserve		32,053	23,821
Profit and loss account brought forward		7,851,414	8,641,474
Profit for the period		1,308,977	509,940
Other changes in the profit and loss account		(1,607,226)	(1,300,000)
Profit and loss account carried forward		<u>7,553,165</u>	<u>7,851,414</u>
		<u><u>9,602,077</u></u>	<u><u>9,900,849</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 February 2024.



*Jake Lew*

**E Nissenberg**  
Director

**J Lew**  
Director

The notes on pages 19 to 45 form part of these financial statements.

**CRESO INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 31 December 2021	1,773,604	252,010	23,821	26,645,307	28,694,742
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	4,038,850	4,038,850
Purchase of own shares	(8,755)	-	8,232	(107,226)	(107,749)
<b>Other comprehensive income for the period</b>	(8,755)	-	8,232	(107,226)	(107,749)
<b>Total comprehensive income for the period</b>	(8,755)	-	8,232	3,931,624	3,931,101
<b>Contributions by and distributions to owners</b>					
Dividends paid on equity capital	-	-	-	(1,500,000)	(1,500,000)
<b>Total transactions with owners</b>	-	-	-	(1,500,000)	(1,500,000)
<b>At 30 December 2022</b>	<b>1,764,849</b>	<b>252,010</b>	<b>32,053</b>	<b>29,076,931</b>	<b>31,125,843</b>

The notes on pages 19 to 45 form part of these financial statements.

**CRESO INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
At 1 January 2021	1,773,604	252,010	23,821	21,024,756	23,074,191
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	6,920,551	6,920,551
<b>Other comprehensive income for the year</b>	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	6,920,551	6,920,551
<b>Contributions by and distributions to owners</b>					
Dividends paid on equity capital	-	-	-	(1,300,000)	(1,300,000)
<b>Total transactions with owners</b>	-	-	-	(1,300,000)	(1,300,000)
<b>At 30 December 2021</b>	<b>1,773,604</b>	<b>252,010</b>	<b>23,821</b>	<b>26,645,307</b>	<b>28,694,742</b>

The notes on pages 19 to 45 form part of these financial statements.



**CRESCO INTERNATIONAL LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 31 December 2021	1,773,604	252,010	23,821	7,851,414	9,900,849
<b>Comprehensive income for the year</b>					
Profit for the period	-	-	-	1,308,977	1,308,977
Purchase of own shares	(8,755)	-	8,232	(107,226)	(107,749)
<b>Other comprehensive income for the period</b>	(8,755)	-	8,232	(107,226)	(107,749)
<b>Total comprehensive income for the period</b>	(8,755)	-	8,232	1,201,751	1,201,228
<b>Contributions by and distributions to owners</b>					
Dividends: Equity capital	-	-	-	(1,500,000)	(1,500,000)
<b>Total transactions with owners</b>	-	-	-	(1,500,000)	(1,500,000)
<b>At 30 December 2022</b>	<b>1,764,849</b>	<b>252,010</b>	<b>32,053</b>	<b>7,553,165</b>	<b>9,602,077</b>

The notes on pages 19 to 45 form part of these financial statements.

**CRESCO INTERNATIONAL LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 January 2021	1,773,604	252,010	23,821	8,641,474	10,690,909
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	509,940	509,940
<b>Other comprehensive income for the year</b>					
	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	509,940	509,940
<b>Contributions by and distributions to owners</b>					
Dividends: Equity capital	-	-	-	(1,300,000)	(1,300,000)
<b>Total transactions with owners</b>	-	-	-	(1,300,000)	(1,300,000)
<b>At 30 December 2021</b>	<b>1,773,604</b>	<b>252,010</b>	<b>23,821</b>	<b>7,851,414</b>	<b>9,900,849</b>

The notes on pages 19 to 45 form part of these financial statements.

**CRESO INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

	2022 \$	Restated 2021 \$
<b>Cash flows from operating activities</b>		
Profit for the financial period	4,038,850	6,920,551
<b>Adjustments for:</b>		
Amortisation of intangible assets	40,611	39,129
Depreciation of tangible assets	655,541	532,566
Gain on revaluation of long term investments	(126,309)	-
Loss on disposal of current investments	355,991	-
Interest received and investment income	(204,540)	(161,344)
Taxation charge	439,126	1,017,770
Decrease/(increase) in stocks	829,387	(4,657,158)
Decrease in debtors	340,844	871,552
(Decrease)/increase in creditors	(1,519,755)	1,743,631
Increase in provisions of severance pay	100,490	139,561
<b>Net cash generated from operating activities</b>	<b>4,268,548</b>	<b>4,703,154</b>
Purchase of intangible fixed assets	(31,278)	(51,357)
Purchase of tangible fixed assets	(1,649,152)	(1,286,706)
Sale of tangible fixed assets	46,696	56,897
Purchase of long term investments	(1,000,000)	(1,013,139)
Purchase of short-term investments	(229,062)	(1,038,059)
Sale of short term investments	1,166,528	-
Interest received	162,206	28,664
Investment income	38,039	132,680
Dividends received	4,295	-
<b>Net cash from investing activities</b>	<b>(1,491,728)</b>	<b>(3,171,020)</b>
<b>Cash flows from financing activities</b>		
Purchase of ordinary shares	(107,749)	-
Repayment of loans	(256,579)	(383,875)
Repayment finance leases	(33,365)	(76,009)
Tax paid	(897,741)	(1,112,270)
Dividends paid	(1,500,000)	(1,300,000)
<b>Net cash used in financing activities</b>	<b>(2,795,434)</b>	<b>(2,872,154)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(18,614)</b>	<b>(1,340,020)</b>
Cash and cash equivalents at beginning of period	14,766,711	16,106,731

**CRESCO INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Cash and cash equivalents at the end of period</b>	<b>14,748,097</b>	<b>14,766,711</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	<b>14,748,097</b>	<b>14,766,711</b>
	<b>14,748,097</b>	<b>14,766,711</b>

The notes on pages 19 to 45 form part of these financial statements.

**CRESCO INTERNATIONAL LIMITED**

**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

	At 31 December 2021 \$	Cash flows \$	At 30 December 2022 \$
Cash at bank and in hand	14,766,711	(18,614)	14,748,097
Debt due after 1 year	(432,203)	246,137	(186,066)
Debt due within 1 year	(116,726)	17,483	(99,243)
Finance leases	(27,897)	27,897	-
Liquid investments	3,916,611	(1,293,457)	2,623,154
	<u>18,106,496</u>	<u>(1,020,554)</u>	<u>17,085,942</u>

The notes on pages 19 to 45 form part of these financial statements.

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<b>CRESO INTERNATIONAL LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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**1. General information**

The company is incorporated in England and Wales with registered number 03423077 and is limited by shares. The address of the Company's registered office is 35 Ballards Lane, London N3 1XW.

The principal activity of the company is to manage its significant shareholdings in the companies which it acquired following its incorporation in 1997. The company is actively involved in advising the management of these companies with regard to the conduct of their businesses.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The financial statements are presented in US Dollars which is the functional currency of both the company and the group and have been rounded to the nearest \$.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

Pursuant to paragraph 33.1A of FRS102, transactions between wholly owned entities within the Group are not disclosed.

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**CRESCO INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.3 Going concern**

On the basis of their assessment of the company's financial position the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Whilst there are ongoing world events including the war between Russia and Ukraine and the war between Israel and Hamas, the Group have sensitised budgets and are confident that trade and profitability will be not adversely affect the Group.

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is USD.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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<b>CRESKO INTERNATIONAL LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.5 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.6 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.8 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.



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**CRESCO INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.9 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.10 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated statement of comprehensive income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is charged to sales and administrative expenses.

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**CRESCO INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.11 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land	- 0%
Long-term leasehold property	- 5% to 10% pa on building costs
Short-term leasehold property	- 10% pa
Plant and machinery	- 7% to 20% pa
Motor vehicles	- 15% to 20% pa
Fixtures and fittings	- 6% to 33% pa

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

The estimated useful lives are between 10 and 20 years for building improvements, between 5 and 14 years for plant and machinery, 5 years for motor vehicles and between 3 years and 16 years for office equipment, furniture, warehouse equipment and computer hardware and software.

**2.12 Valuation of investments**

Fixed asset investments are measured at cost less accumulated impairment.

Current asset investments are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.13 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.14 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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**CRESCO INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.15 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than six months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.16 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.17 Provisions for liabilities**

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

*Increases in provisions are generally charged as an expense to profit or loss.*

**2.18 Financial instruments**

The Group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Group has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Group's Balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

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**CRESCO INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.18 Financial instruments (continued)**

**Other financial assets**

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

**Financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instruments any contract that evidences a residual interest in the assets of the Group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

**Other financial instruments**

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

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<b>CRESCO INTERNATIONAL LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.18 Financial instruments (continued)**

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

**Derecognition of financial instruments**

**Derecognition of financial assets**

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Group transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Group will continue to recognise the value of the portion of the risks and rewards retained.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

**2.19 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

## CRESKO INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2022

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

##### Impairment of trade debtors

An impairment loss is recognised when there is objective evidence that a financial assets is impaired. Management specifically reviews its trade debtor assets and analyses historical bad debts, customer creditworthiness and current economic trends when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the carrying amount is adjusted accordingly.

##### Stock valuation

The directors regularly review the accounting policies in place to value stock and believe the stock costing methodology provides a reasonable estimate of the carrying amounts of inventory at both opening and closing balance sheet dates.

#### 4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	\$	\$
Sales of goods	40,557,418	41,085,273
	<u>40,557,418</u>	<u>41,085,273</u>

A segmental analysis of turnover, operating profit and net assets has not been disclosed, as in the opinion of the directors, such disclosure would be seriously prejudicial to the group's interests.

**CRESO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**5. Other income**

	2022	<i>Restated</i> 2021
	\$	\$
Sundry income	38,039	214,022
Foreign exchange gain/(loss) on translation of current assets	111,857	(89,861)
	<u>149,896</u>	<u>124,161</u>

**6. Operating profit**

The operating profit is stated after charging:

	2022	<i>Restated</i> 2021
	\$	\$
Depreciation of tangible fixed assets	655,541	532,566
Amortisation of intangible assets	40,611	39,129
Fees payable to the Group's auditor for the audit of the Company's annual financial statement	71,097	76,550
Other operating lease rentals	1,015,957	1,124,476
Defined contribution pension and post retirement costs	603,305	718,486
	<u>2,386,511</u>	<u>2,491,207</u>

**7. Auditor's remuneration**

During the period, the Group obtained the following services from the Company's auditor and its associates:

	2022	2021
	\$	\$
Audit fees payable for the audit of the Group's annual financial statements	46,591	45,332
Audit of subsidiaries	<u>24,506</u>	<u>24,358</u>

**CRESCO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2022 \$</b>	<b>Group 2021 \$</b>	<b>Company 2022 \$</b>	<b>Company 2021 \$</b>
Wages and salaries	<b>8,171,916</b>	9,633,571	<b>312,064</b>	478,259
Social security costs	<b>887,339</b>	790,312	<b>2,174</b>	-
Cost of defined contribution scheme	<b>603,305</b>	718,486	-	-
	<b>9,662,560</b>	11,142,369	<b>314,238</b>	478,259

As at 30 December 2022, there was a creditor balance in relation to the group pension scheme of \$79,403 (2021: \$82,661).

The average monthly number of employees, including the directors, during the period was as follows:

	<b>Group 2022 No.</b>	<b>Group 2021 No.</b>	<b>Company 2022 No.</b>	<b>Company 2021 No.</b>
Development /manufacture of aquarium products	<b>241</b>	257	-	-
Management staff in holding company	<b>5</b>	5	5	5
	<b>246</b>	262	5	5

**9. Directors' remuneration**

	<b>2022 \$</b>	<b>2021 \$</b>
Directors' emoluments	<b>808,064</b>	920,784
Group contributions to defined contribution pension schemes	<b>33,699</b>	23,880
	<b>841,763</b>	944,664

During the period retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of \$746,814 (2021 - \$860,148).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$33,699 (2021 - \$23,880).



**CRESKO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**10. Gain/(loss) on investments**

	2022 \$	2021 \$
Unrealised gain on fixed asset investments	126,309	-
	<u>126,309</u>	<u>-</u>
Gain/(loss) on current asset investments	(355,991)	132,543
	<u>(355,991)</u>	<u>132,543</u>
Dividends received	4,295	137
	<u>4,295</u>	<u>137</u>

**11. Interest receivable and similar income**

	2022 \$	2021 \$
Other interest receivable	162,206	28,664
	<u>162,206</u>	<u>28,664</u>

**12. Other finance (costs)/ income**

	2022 \$	<i>Restated</i> 2021 \$
Foreign exchange differences	(784,210)	382,123
	<u>(784,210)</u>	<u>382,123</u>

**CRESCO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**13. Taxation**

	2022 \$	2021 \$
<b>Corporation tax</b>		
Current tax on profits for the year	348,354	1,177,136
	<u>348,354</u>	<u>1,177,136</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	(7,606)	22,807
	<u>(7,606)</u>	<u>22,807</u>
<b>Total current tax</b>	<u>340,748</u>	<u>1,199,943</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	98,378	(182,173)
<b>Total deferred tax</b>	<u>98,378</u>	<u>(182,173)</u>
<b>Taxation on profit on ordinary activities</b>	<u>439,126</u>	<u>1,017,770</u>

**CRESO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**13. Taxation (continued)**

**Factors affecting tax charge for the period/year**

The tax assessed for the period/year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	<b>2022</b>	<i>Restated</i> <b>2021</b>
	<b>\$</b>	<b>\$</b>
Profit on ordinary activities before tax	<b>4,477,976</b>	<b>7,938,321</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>850,815</b>	<b>1,508,281</b>
<b>Effects of:</b>		
Non-tax deductible amortisation and depreciation	<b>2,308</b>	<b>2,591</b>
Expenses not deductible for tax purposes	<b>1,393</b>	<b>5,952</b>
Capital allowances for period/year in excess of depreciation	<b>(986)</b>	<b>(1,804)</b>
True up adjustments	<b>31,223</b>	<b>(31,974)</b>
Adjustments to tax charge in respect of prior periods	<b>-</b>	<b>(774)</b>
Deferred tax adjustment	<b>98,378</b>	<b>(182,173)</b>
Short term timing difference leading to an increase (decrease) in taxation	<b>(236,366)</b>	<b>(66,086)</b>
Non-taxable income	<b>21,285</b>	<b>(11,832)</b>
Adjustment to withholding tax	<b>(7,606)</b>	<b>22,807</b>
Other differences leading to an increase (decrease) in the tax charge	<b>5,346</b>	<b>(19,644)</b>
Difference on Tax rate charges in other countries	<b>(326,664)</b>	<b>(207,574)</b>
<b>Total tax charge for the period/year</b>	<b>439,126</b>	<b>1,017,770</b>

**Factors that may affect future tax charges**

From 1st April 2023 the UK main rate of corporation tax applied to the UK entities will change to 25%.

**CRESO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**14. Dividends**

	2022 \$	2021 \$
Dividends paid on equity	1,500,000	1,300,000
	<u>1,500,000</u>	<u>1,300,000</u>

At 30 December 2022, the aggregate amount of dividends that the company was liable to pay was \$1,500,000 (2021: \$701,860).

In April 2023, a further dividend of \$1,500,000 was declared and paid.

**15. Intangible assets**

**Group and Company**

	Other Intangible Assets \$	Goodwill \$	Total \$
<b>Cost</b>			
At 31 December 2021	644,418	447,140	1,091,558
Additions	31,278	-	31,278
Additions - internal	793	-	793
At 30 December 2022	<u>676,489</u>	<u>447,140</u>	<u>1,123,629</u>
<b>Amortisation</b>			
At 31 December 2021	549,306	429,074	978,380
Charge for the period on owned assets	31,578	9,033	40,611
On revalued assets	793	-	793
At 30 December 2022	<u>581,677</u>	<u>438,107</u>	<u>1,019,784</u>
<b>Net book value</b>			
At 30 December 2022	<u>94,812</u>	<u>9,033</u>	<u>103,845</u>
At 30 December 2021	<u>95,112</u>	<u>18,066</u>	<u>113,178</u>

**CRESCO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**15. Intangible assets (continued)**

Other intangible assets and their net book values at 30 December 2022 are as follows:

Development costs \$5,866 (2021: \$6,208)

Patents and trademark costs \$88,946 (2021: \$88,904)

**16. Tangible fixed assets**

**Group**

	Freehold property- Land \$	Long-term leasehold property \$	Short-term leasehold property \$	Plant and machinery \$	Motor vehicles \$
<b>Cost or valuation</b>					
At 31 December 2021	848,854	518,370	708,221	3,150,718	461,328
Additions	11,154	-	871,949	533,183	53,852
Disposals	-	-	(199,090)	(18,230)	(37,520)
Transfers between classes	-	-	-	132,642	-
At 30 December 2022	860,008	518,370	1,381,080	3,798,313	477,660
<b>Depreciation</b>					
At 31 December 2021	-	128,299	485,277	2,200,876	254,399
Charge for the period on owned assets	-	30,977	35,310	475,662	64,134
Disposals	-	-	(155,840)	(17,319)	(33,893)
Transfers between classes	-	-	-	97,448	(838)
At 30 December 2022	-	159,276	364,747	2,756,667	283,802
<b>Net book value</b>					
At 30 December 2022	860,008	359,094	1,016,333	1,041,646	193,858
At 30 December 2021	848,854	390,071	222,944	949,842	206,929

**CRESKO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**16. Tangible fixed assets (continued)**

	Fixtures and fittings \$	Total \$
<b>Cost or valuation</b>		
At 31 December 2021	1,039,143	6,726,634
Additions	179,014	1,649,152
Disposals	-	(254,840)
Transfers between classes	(152,866)	(20,224)
At 30 December 2022	<u>1,065,291</u>	<u>8,100,722</u>
<b>Depreciation</b>		
At 31 December 2021	875,164	3,944,015
Charge for the period on owned assets	49,458	655,541
Disposals	-	(207,052)
Transfers between classes	(117,926)	(21,316)
At 30 December 2022	<u>806,696</u>	<u>4,371,188</u>
<b>Net book value</b>		
At 30 December 2022	<u>258,595</u>	<u>3,729,534</u>
At 30 December 2021	<u>163,979</u>	<u>2,782,619</u>

**CRESCO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**17. Fixed asset investments**

**Group**

	<b>Fixed asset investments \$</b>
<b>Cost or valuation</b>	
At 31 December 2021	1,013,139
Additions	1,000,000
Revaluations	126,309
	<hr/>
At 30 December 2022	2,139,448
<b>Net book value</b>	
At 30 December 2022	2,139,448
	<hr/>
At 30 December 2021	1,013,139
	<hr/>

The group has invested in a foreign limited partnership that manages a fund for providing loans against real estate liens to borrowers in the United States. The company's share in the partnership is 0.27%.

The investment is presented at asset value in accordance with the evaluation of the partnership's managers.

**Company**

	<b>Investments in subsidiary companies \$</b>
<b>Cost or valuation</b>	
At 31 December 2021	4,329,031
	<hr/>
At 30 December 2022	4,329,031
<b>Net book value</b>	
At 30 December 2022	4,329,031
	<hr/>
At 30 December 2021	4,329,031
	<hr/>

**CRESCO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**17. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Aquatech International B.V. - Netherlands	Hotmeulen 34, 1083 Ch Amsterdam Netherlands	Ordinary	100%
Red Sea Fish Pharm Limited - Israel *	PO Box 3187, Hamada 8, Herzlia Pituach, Israel	Ordinary A,B,C,D,E, F,G,H	100%
Aquaculture Technologies Inc - USA *	4687 World Houston Pkwy Ste 200, Houston TX 77032	Ordinary	100%
Red Sea Europe SARL - France *	655 Rue des Frères Lumière 27130 Verneuil d'Avre et d'Iton, France	Ordinary	100%
Red Sea Aquatics (UK) Limited - England	Mountcliff House, 154 Brent Street, London NW4 2DR	Ordinary	100%
Red Sea Aquatics (GZ) Limited - China *	Block 3 No. 33 Hongmian Road, Xinhua Industrial Park, Huadu District, Guangzhou City, China	Ordinary	100%
Red Sea Aquatics Trading (GZ) Co. Ltd - China *	Block 3 No. 33 Hongmian Road, Xinhua Industrial Park, Huadu District, Guangzhou City, China	Ordinary	100%
Red Sea Developments Limited - Israel *	PO Box 3187, Hamada 8, Herzlia Pituach, Israel	Ordinary	100%
Red Sea Europe Assets SARL - France	655 Rue des Frères Lumière 27130 Verneuil d'Avre et d'Iton, France	Ordinary	100%

All subsidiary undertakings have been included in the consolidation and all have co-terminous year ends.

Note: \* above denotes holding through a subsidiary undertaking of Cresco.

The A,B,C,D,E ordinary shares of Red Sea Fish Pharm Limited are voting shares and the F,G,H ordinary shares carry voting rights to dividends only.



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**CRESCO INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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**18. Stocks**

	<b>Group 2022</b>	<i>Group 2021</i>
	<b>\$</b>	<b>\$</b>
Raw materials and consumables	<b>2,862,648</b>	2,930,980
Work in progress (goods to be sold)	<b>109,710</b>	184,151
Finished goods and goods for resale	<b>8,754,599</b>	9,441,213
	<hr/> <b>11,726,957</b> <hr/>	<hr/> 12,556,344 <hr/>

**CRESKO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**19. Debtors**

	<b>Group 2022 \$</b>	<i>Group 2021 \$</i>	<b>Company 2022 \$</b>	<i>Company 2021 \$</i>
<b>Due after more than one year</b>				
Other debtors	-	124,154	-	-
Deferred taxation	<b>318,904</b>	338,603	-	-
	<b>318,904</b>	462,757	-	-
	<b>Group 2022 \$</b>	<i>Group 2021 \$</i>	<b>Company 2022 \$</b>	<i>Company 2021 \$</i>
<b>Due within one year</b>				
Trade debtors	<b>1,911,434</b>	2,058,961	-	-
Amounts owed by group undertakings	-	-	<b>4,507,268</b>	4,627,366
Other debtors	<b>1,175,382</b>	973,805	-	-
Prepayments and accrued income	<b>1,419,657</b>	1,008,709	<b>5,199</b>	5,199
Deferred taxation	-	78,678	-	-
	<b>4,506,473</b>	4,120,153	<b>4,512,467</b>	4,632,565

**20. Current asset investments**

	<b>Group 2022 \$</b>	<i>Group 2021 \$</i>
Listed investments	<b>2,623,154</b>	3,916,611
	<b>2,623,154</b>	3,916,611

During the year, the group invested funds in a low risk portfolio managed by an Israeli investment firm. The realised and unrealised return at 30 December 2022 is disclosed in note 10.

**CRESCO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**21. Creditors: Amounts falling due within one year**

	<b>Group 2022</b>	<i>Group 2021</i>	<b>Company 2022</b>	<i>Company 2021</i>
	\$	\$	\$	\$
Bank loans	99,243	109,685	-	-
Trade creditors	2,806,674	1,951,505	5,721	18,720
Corporation tax	167,577	724,569	-	-
Other taxation and social security	740,666	724,228	2,249	2,478
Obligations under finance lease and hire purchase contracts	1,573	7,041	-	-
Other creditors	212,999	715,877	7,191	715,879
Accruals and deferred income	3,641,084	5,529,568	314,726	564,208
	<u>7,669,816</u>	<u>9,762,473</u>	<u>329,887</u>	<u>1,301,285</u>

**22. Creditors: Amounts falling due after more than one year**

	<b>Group 2022</b>	<i>Group 2021</i>
	\$	\$
Bank loans	85,122	192,208
Other creditors	100,944	239,995
Net obligations under finance leases and hire purchase contracts	-	27,897
	<u>186,066</u>	<u>460,100</u>

**CRESCO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**23. Loans**

Analysis of the maturity of loans is given below:

	<b>Group 2022 \$</b>	<b>Group 2021 \$</b>
<b>Amounts falling due within one year</b>		
Bank loans	99,243	109,685
	<u>99,243</u>	<u>109,685</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	85,122	107,798
Other creditors	100,944	239,995
	<u>186,066</u>	<u>347,793</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	-	84,410
	<u>-</u>	<u>84,410</u>
	<u>285,309</u>	<u>541,888</u>

**24. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2022 \$</b>	<b>Group 2021 (restated) \$</b>
Within one year	4,818	15,768
Between 1-5 years	-	4,818
	<u>4,818</u>	<u>20,586</u>

**CRESO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**25. Financial instruments**

	<b>Group 2022 \$</b>	<b>Group 2021 \$</b>	<b>Company 2022 \$</b>	<b>Company 2021 \$</b>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	<b>2,623,154</b>	3,916,611	-	-
Financial assets measured at amortised cost	<b>17,907,592</b>	17,923,631	<b>5,597,734</b>	6,867,904
	<b><u>20,530,746</u></b>	<u>21,840,242</u>	<b><u>5,597,734</u></b>	<u>6,867,904</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<b><u>(4,030,779)</u></b>	<u>(3,940,201)</u>	<b><u>(12,912)</u></b>	<u>(734,599)</u>

Financial assets measured at fair value through profit or loss comprise current asset investments.

Financial assets measured at amortised cost include cash at bank, trade debtors and other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost include amounts owed to group undertakings, trade creditors, bank loans, overseas tax payable and other creditors.

**26. Deferred taxation**

**Group**

	<b>2022 \$</b>	<b>2021 \$</b>
At beginning of year	<b>417,281</b>	235,108
Charged to profit or loss	-	10,361
Utilised in year	<b>(98,377)</b>	171,812
<b>At end of year</b>	<b><u>318,904</u></b>	<u>417,281</u>

**CRESO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**26. Deferred taxation (continued)**

The deferred tax balance is made up as follows:

	<b>Group 2022 \$</b>	<i>Group 2021 \$</i>	<b>Company 2022 \$</b>	<b>Company 2021 \$</b>
Accelerated capital allowances	<b>318,904</b>	<i>417,281</i>	-	-
	<b>318,904</b>	<i>417,281</i>	-	-
<b>Comprising:</b>				
Asset - due after one year	<b>318,904</b>	<i>338,603</i>	-	-
Asset - due within one year	-	<i>78,678</i>	-	-
	<b>318,904</b>	<i>417,281</i>	-	-

**27. Provisions**

**Group**

	<b>Severance pay provision \$</b>
At 31 December 2021	<b>814,197</b>
Charged to profit or loss	<b>100,490</b>
<b>At 30 December 2022</b>	<b>914,687</b>

Pension policies for employees and management of certain group companies include a severance pay fund. Each company makes a monthly contribution to this fund based upon a fixed percentage of gross salary. Severance pay is calculated according to the number of years' service and the final monthly gross salary. The provision in the financial statements represents the total shortfall the group would have to make up in the event that all employees in those companies left employment within the group at the balance sheet date. The timing of any such resultant payment is uncertain.

**28. Share capital**

	<b>2022 \$</b>	<i>2021 \$</i>
<b>Allotted, called up and fully paid</b>		
10,745,546 (2021 - 10,795,654) Ordinary shares of 10p each -	<b>1,764,849</b>	<i>1,773,604</i>

**CRESO INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

**28. Share capital (continued)**

During the period, the company bought back 50,108 shares from existing shareholders.

**29. Contingent liabilities**

Red Sea Fish Pharm Limited has registered a general floating lien in favour of the State of Israel on all the company's assets, and a fixed lien on any unpaid share capital, goodwill and all other entitlements or rights to insurance claims, in order to secure the investment grants and guarantees issued by the state in favour of Red Sea Fish Pharm Limited's bankers.

During the year, Cresco International Limited has issued a guarantee in favour of Red Sea Aquatics (UK) Limited for the amount of \$5,273,161 (2021: \$7,798,116). The Group also gave a guarantee to a third party of \$ Nil (2021: \$130,979).

**30. Commitments under operating leases**

At 30 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2022 \$</b>	<b>Group 2021 \$</b>
Land and building - amounts payable :		
Not later than 1 year	1,020,647	1,056,988
Later than 1 year and not later than 5 years	2,804,085	2,892,109
Later than 5 years	-	910,667
	<b>3,824,732</b>	<b>4,859,764</b>
	<b>Group 2022 \$</b>	<b>Group 2021 \$</b>
Plant and machinery - amounts payable:		
Not later than 1 year	5,505	10,719
Later than 1 year and not later than 5 years	-	18,028
	<b>5,505</b>	<b>28,747</b>

**31. Related party transactions**

During the period, the parent company incurred accountancy fees of \$33,693 (2021: \$37,191) payable to Landau Baker Limited, a company in which the director, Jake Lew, is also a director. At the period end, the amount due to Landau Baker Limited was \$7,478 (2021: \$10,122). Landau Baker Limited also invoiced Red Sea Aquatics (UK) Limited \$ Nil (2021 : \$3,105) for accounting fees.

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**CRESO INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 DECEMBER 2022**

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**32. Post balance sheet events**

An interim dividend for 2022 of \$1.5m was declared in February 2023.

**33. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent company for the year was \$1,308,977 (2021: \$509,940). This is after receipt of intra group dividends of \$1,500,000 (2021: \$875,000).