Cronin Group Plc

Annual Report **2015**

DIRECTORS, OFFICERS AND ADVISERS

Directors

James Ede-Golightly	Chairman
Lee Cronin	Founding Scientific Director
Michael Bretherton	Non-Executive Director
Philip Spinks	Non-Executive Director
Mark Warne	Non-Executive Director

Company Secretary
Michael Bretherton

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24 Cornhill
London EC3V 3ND

Broker and Nominated Advisor
WH Ireland Limited
4 Colston Avenue
Bristol BS1 4ST

Auditor
Nexia Smith & Williamson
Portwall Place
Portwall Lane
Bristol BS1 6NA

Registrar and Transfer Agent
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Neville House
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Halesowen B63 3DA

Company Number
05845469 (England and Wales)

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CHAIRMAN'S STATEMENT

I am pleased to present the inaugural chairman's statement of the Company as Cronin Group Plc following completion of a restructuring and strategic re-alignment of the Group during 2015. This involved the acquisition of Cronin 3D Limited ("Cronin 3D") in September 2015 for £5.0 million, settled in full by the issue of shares in the Company, and the subsequent demerger of Oxford Advanced Surfaces Limited ("OASL") in October 2015, as more fully set out in the Directors' Report on page 7. In order to provide ongoing working capital for the enlarged Group following completion of the acquisition, the Company also raised additional cash of £3.3 million by way of a share placing in September 2015.

These changes refocused the Company around the commercialisation of intellectual property developed by the Glasgow University research team ("The Research Group") led by Professor Lee Cronin. The Research Group comprises approximately sixty students, post-doctoral researchers, technicians, visitors and undergraduates engaged in researching novel chemistry and biological systems.

Principal Activities and the Chemputer

Cronin 3D is developing the Chemputer™, an autonomous universal digital synthesis engine, which intends to open up chemistry to a wide user-base via digitization. This will allow chemical synthesis to be flexible and widely accessible irrespective of access to physical infrastructure and chemical knowledge. It is our aim that the number and synthetic scope of the molecules using the Chemputer™ will double each year and that it will enable chemistry to become more reproducible and readily scalable with progressively lower costs and increasing levels of complexity addressed by the system.

The first integrated functioning Chemputer™ systems are expected in 2016, building on a number of current prototype demonstrators we currently have in hand. We envisage future deployments of the Chemputer™ comprising three core components: Chemistry (a description of chemical reactions that is formalised, standardised and thus computer readable), Automation (a robotic platform that can produce compounds in a reliable and consistent fashion) and Intelligence (enabling search and discovery algorithms, spectral analysis and interpretation to be developed independently).

To date we have worked on a number of different Chemputer™ prototype systems, each of which demonstrates different capabilities. The construction of these systems is vital to explore the practical implementation of our vision. Aspects under development include a user software interface, artificial intelligence algorithms and a modular reactor system. The system will integrate reaction inputs, reaction processing, workup (separation and purification) and reaction outputs. Our efforts see us moving from the current modular and scalable concept to a framework that will aim towards a more portable and cheap format for bench top chemistry, but with the added ability to scale up.

An initial focus for Organic synthesis is digitizing drugs on the FDA drug shortages and the PSNC (Pharmaceutical Services Negotiating Committee) generic shortages list, both demonstrating synthetic scope but also having potential commercial application.

Financial Review

The Group incurred an operating loss on continuing operations for the year ended 31 December 2015 of £0.39 million (2014: loss of £0.40 million), which together with a £0.77 million loss from the discontinued operations of the demerged OASL business (2014: loss £0.60 million), resulted in an overall after tax loss for the year of £1.16 million compared to a loss of £0.99 million in the previous year.

The Group now benefits from a strong balance sheet with cash balances at 31 December 2015 of £5.42 million compared to £2.56 million at 31 December 2014. The £2.86 million increase in cash during the year is mainly attributable to the £3.30 million of cash raised under the share placing, as well as cash of £0.72 million included on acquisition of Cronin 3D, partially offset by cash of £0.89 million used in operating activities and cash of £0.26 million divested as part of the demerger of OASL.

Board Changes

Professor Lee Cronin and Mark Warne were appointed as directors of the Company at the time of the acquisition of Cronin 3D in September 2015, Lee as Founding Scientific Director and Mark as a Non-Executive Director. These appointments reflect the refocusing of the Company around the commercialisation of intellectual property and activities relating to the digitization of chemical space, coupled with innovative chemical drug discovery.

Philip Spinks has informed the board of his intention not to seek re-election at the 2016 annual general meeting. I would like to thank Philip for his contribution to the Group since 2007 and wish him every success in his continuing role as Chief Executive Officer of OASL.

Advisory Committee

The Company has constituted an advisory committee of industry experts to review, evaluate and advise on the commercial and technical activities of the Group. We are pleased to announce the initial appointments of Riccardo Pigliucci and Laurence Ede to that committee.

Riccardo brings his vast experience as a life science business leader to Cronin Group Plc. He is currently Managing Partner of Aldwych Associates, a management and technology consulting partnership, and has held executive roles with Discovery Partners International, Life

Sciences International and The Perkin-Elmer Corporation. Laurence brings specific experience of the chemicals industry to Cronin Group Plc. He was the Managing Director and co-owner of Tocris Bioscience, a company producing chemical compounds for pharmaceutical research, when it was sold to Techne Corporation for £75 million in 2011. Laurence is currently a non-executive director of Ubiquigent Ltd, a drug discovery services company using research tools and chemistry to pursue ubiquitin system-focused drug discovery programmes.

Outlook

Chemputing will allow the digitization of chemistry leading to bespoke molecule making, algorithm-driven discovery, reproducibility, manufacturing and cost reduction, which will open up chemical space exponentially.

We aim to have the first integrated functioning prototype Chemputer™ systems by the end of 2016, thereby starting the era of digital chemistry. The Group is continuing development of the Chemputer and with the support of its Scientific Advisory Committee, will review further opportunities to commercialise its platform technology and also identify potential new innovations from the Research Group as they arise.

James Ede-Golightly
Non-executive Chairman
13 April 2016

Company Number: 05845469

STRATEGIC REPORT

The Directors present their Strategic Report with the audited consolidated financial statements and their assessment of risks faced by Cronin Group Plc ("Cronin" or "the Company") and its subsidiaries (the "Cronin Group" or "the Group") for the year to 31 December 2015.

During the year the Company changed its name from Oxford Advanced Surfaces Group Plc to OXACO Plc and finally, on 16 September 2015, to Cronin Group Plc as part of the Group reorganisation referred to below.

Group Reorganisation

As more fully set out in the Directors' Report, the Group was reorganised during the year with the acquisition of Cronin 3D Limited ("Cronin 3D") in September 2015 and the subsequent demerger of Oxford Advanced Surfaces Limited ("OASL") in October 2015.

In order to provide ongoing working capital for the enlarged Group following completion of the acquisition of Cronin 3D, the Company also raised additional cash of £3.30 million by way of a share placing in September 2015.

Principal Activity and Business Model

Following the reorganisation referred to above, the Group's ongoing business activity, undertaken by Cronin 3D, is that of the digitization of chemical space coupled with innovative chemical drug discovery.

Cronin 3D is a spin-out company from Glasgow University, created to commercialise a platform technology with the potential to research and develop innovative, proprietary chemistry. The platform technology is intended to be used in the discovery, optimisation and portable manufacture of small molecules and nano materials, with applications that are particularly relevant in the pharmaceutical, formulation and materials science industries. Cronin 3D's platform technology comprises a technology to implement a digital code for the discovery and manufacturing of molecules thereby digitizing chemistry and is enabled through the application of 3D printing and related technologies for proprietary chemistry.

Business Review

A review of the Group's performance and future prospects is included in the Chairman's Statement on pages 2 and 3.

Share Capital & Funding

The Group had cash balances of £5.42 million at the end of the year. Management believes that this currently provides sufficient funding for the Group to execute its development strategy. Full details of the Company's share capital movements are given in note 19 to the financial statements and includes the issue of 195,999,292 ordinary shares as consideration for the £4.90 million acquisition of Cronin 3D, together with the issue of 132,000,000 ordinary shares for cash to raise additional funds of £3.30 million.

Financial Review

The audited Consolidated Financial Statements have been prepared for the year to 31 December 2015.

Key performance indicators

Key Group performance indicators are set out below:

	31 December 2015	31 December 2014
Net assets (£ million)	**9.63**	2.95
Net asset value per share (pence)	**0.02**	0.01
Loss per share from continuing operations (pence)	**(0.13)**	(0.20)
Cash and short term deposits with banks (£ million)	**5.42**	2.56

Profit and loss and dividends

The Group incurred a loss after tax for the year ended 31 December 2015 of £1.16 million compared to a loss of £0.99 million in the previous year. This result includes a £0.77 million loss from the discontinued operations of OASL (2014: loss £0.60 million).

The Directors do not recommend a dividend in respect of the year to 31 December 2015 and, other than for the £0.22 million return of capital distribution of shares in the demerged OASL subsidiary in October 2015, no dividends were paid during the year under review or the prior year.

Balance Sheet

The Group now benefits from a strong balance sheet with net assets at 31 December 2015 of £9.63 million compared to £2.95 million at 31 December 2014. The increase in net assets reflects the £3.30 million issue of shares for cash and the £4.90 million share consideration paid on acquisition of Cronin 3D (comprising tangible net assets of £0.78 million, together with goodwill and intangible assets of £4.12 million), less a £1.16 million loss incurred for the year and less a £0.22 million distribution made to shareholders by way of the demerger of OASL.

Cash flow

The Group's overall cash position increased by £2.86 million during the year. The increase mainly reflects £3.30 million of cash raised through a new share issue, as well as cash of £0.72 million included on acquisition of Cronin 3D, partially offset by cash of £0.89 million used in operating activities and cash of £0.26 million divested as part of the demerger of OASL.

Directors & Employees

As at 31 December 2015, the Group had 5 employees, all of whom are male and all of whom are directors. The profile of the directors and their remuneration is detailed in the Directors' Report on pages 8 and 9.

In addition, the Group had 5.5 full time equivalent personnel working in research and development as at 31 December 2015 who were on the payroll of Glasgow University ("GU"). The wages and salary costs in respect of these personnel is recharged to the Group by GU on a monthly basis, together with a charge for laboratory costs and related overheads.

Subsequent to the year end the Group has employed 2 of its own scientists and is in the process of recruiting a number of additional employees to staff its development programmes.

The Group is committed to the health and safety of its employees in the workplace and has processes and procedures, combined with appropriate training and risk assessment, to ensure the same. The Group supports employment of disabled people wherever possible through recruitment, by retention of those who become disabled and generally through training, career development and promotion. The Group is committed to keeping employees as fully informed as possible with regard to the Group's performance and prospects and seeks their views, wherever possible, on matters which affect them as employees.

Risk Review

The analysis of key financial performance indicators ("KPIs") is included in the Financial Review section of the Strategic report. At this stage of development there are no quantifiable non-financial KPIs, however the management of risks is key to Group performance.

The Group's risk management objectives and exposure to various risks are detailed in note 22 to the Group financial statements. The key operating risks of the Group and the measures taken to manage these are summarised below.

Early stage operations

The Group is at an early stage of development. It is difficult to predict if and when material revenues will arise and the Group faces risks frequently encountered by companies in the development stage. The Group's success will depend on its ability to develop products and services which address specific market needs and develop suitable licensing, royalty and contract manufacture models and capture value from business opportunities.

Technology & Development Risk

There is a risk that technology development is delayed or specific programme targets cannot be met. The Group manages the development of its technology through separate development programmes. Each programme has a specific set of milestones (either internal or external), together with measurable goals and a timeline. Performance against each of these is monitored regularly, depending on the programme requirements. This enables the Group to identify issues at an early stage and take appropriate mitigating actions.

Commercial success and market acceptance

There can be no assurance that any current or future technology programmes will be successfully developed into commercially viable products or services. The Group's success will depend on the market's acceptance of its products or services and there can be no guarantee that this will be forthcoming or that alternative competitor technologies are not adopted by the market instead.

Attraction and retention of key employees

The Group depends on its Directors and other key employees and whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed. The Group has attempted to reduce this risk by offering competitive remuneration packages and investment in training, development and succession planning.

Intellectual Property

A part of the Group's future development and growth depends on its intellectual property. If intellectual property is inadequately protected, the Group's future success could become adversely affected. The Group may not be able to protect and preserve its intellectual property or to exclude competitors with competing technology products. The Group continues to invest in the protection and expansion of its intellectual property portfolio. In addition the Group utilises internal procedures and controls to identify and capture new intellectual property and to prevent unauthorised disclosure to third parties.

Financial Risks

The Group's activities expose it to a number of financial risks including credit risk, interest rate risk and liquidity risk. The Group is not currently exposed to significant exchange rate risks. At present the Group does not use financial derivatives in the normal course of business. The Group's and the Company's primary financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. The main purpose of these financial instruments is the funding of the Group's activities.

Credit Risk

The Group's principal financial assets are cash, cash equivalents and trade and other receivables. The Group's credit risk is primarily attributable to its cash and cash equivalents. The Group seeks to reduce the credit risk associated with cash by only holding cash with institutions that have appropriate credit ratings.

Interest Rate Risk

The Group has no external financing facility, therefore its interest rate risk is limited to the level of interest received on its cash surpluses. Interest rate risk on cash, cash equivalents and short term deposits is partially mitigated by using an element of fixed-rate accounts and short term deposits.

Liquidity Risk

The Group seeks to manage liquidity by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. The Group had cash, cash equivalents and short-term deposit balances of £5.42 million as at 31 December 2015 (2014: £2.56 million).

In order to minimise risk to the Company's capital, funds are invested across a number of financial institutions with appropriate credit ratings. Cash forecasts are updated regularly to ensure that there is sufficient cash available for foreseeable requirements. The Directors are satisfied that the current cash balances and the low running cost base of the Group ensures that the going concern assumption remains valid.

Future Developments

The Board remains committed to delivering additional value for our shareholders and aims to pursue its corporate strategies as outlined in the Chairman's Statement.

On behalf of the Board

Lee Cronin
Founding Scientific Director
13 April 2016

Company Number: 05845469

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements for Cronin Group Plc ("Cronin" or "the Company") and its subsidiaries (the "Cronin Group" or "the Group") for the year to 31 December 2015.

During the year the Company changed its name from Oxford Advanced Surfaces Group Plc to Oxaco Plc and finally to Cronin Group Plc on 16 September 2015 as part of the Group reorganisation referred to below.

Principal Activities

A review of the Group's activities is included in the Chairman's Report on page 2 and the Strategic Report on page 4.

Business Review

A review of Group performance and future prospects is given in the Chairman's Statement on pages 2 and 3 and in the Strategic Report on pages 4 and 6.

Group Reorganisation and Corporate Actions

On 25 August 2015, the Board announced its intention to acquire the entire issued share capital of Cronin 3D Limited ("Cronin 3D"), to demerge its holding of shares in the capital of Oxford Advanced Surfaces Limited ("OASL") through a return of capital distribution to existing shareholders and to seek to cancel its share premium account. In order to provide ongoing working capital for the enlarged Group following completion of the acquisition, the Board also announced a conditional placing to raise £3.30 million by the issuance of 132,000,000 ordinary shares at a price of 2.5 pence per share.

Completion of the acquisition of Cronin 3D by issuance of 195,999,292 ordinary shares at 2.5 pence per share, for a consideration value of £4.90 million and completion of the £3.30 million share placing by the issuance of 132,000,000 new ordinary shares at a price of 2.5 pence per share, both took place on 15 September 2015. Completion of the demerger disposal of OASL took place on 21 October 2015.

In addition, it was necessary, immediately prior to the acquisition of Cronin 3D and the £3.30 million share placing on 15 September 2015, to undertake a share restructure to subdivide and re-classify each existing ordinary share into 1 new ordinary share of £0.0001 each and 1 participating deferred share of £0.0099 each, and to subsequently also undertake a capital reduction process to cancel the Company's share premium account and to cancel the participating deferred shares. Both of these capital actions were required ahead of and in order to facilitate the demerger disposal of OASL. On 7 October 2015, the Company obtained court approval for the capital reduction and following which on 21 October 2015, a £0.22 million return of capital distribution was made to the participating deferred shareholders by way of an in-specie transfer to them of the Company's holding of OASL shares. The Company retains a minor investment in OASL of less than 1% of OASL's issued share capital, with a current fair value of £3,000.

Share Capital

Full details of the share capital movements for the year are given in note 19 to the group financial statements.

Substantial Shareholdings

No single person directly or indirectly, individually or collectively, exercises control over the Company. The Directors are aware of the following persons, who had an interest in 3% or more of the issued ordinary share capital of the Company as 8 April 2016:

Name	**No. of ordinary shares**	**% holding**
Richard Griffiths and controlled undertakings	150,319,870	28.59%
IP Group	118,766,618	22.59%
Prof Lee Cronin	54,175,520	10.30%
GU Holdings	39,373,994	7.49%
IP Venture Fund II LP	33,750,396	6.42%
Robert Quested	23,735,369	4.51%

At this date no other person had notified any interest in the ordinary shares of the Company required to be disclosed to the Company in accordance with Chapter 5 of the Disclosure and Transparency Rules of the Financial Services Authority in respect of holdings exceeding the 3% notification threshold.

Directors and their interests

The Directors who have held office during the year and in the subsequent period to the signing of these financial statements were as follows:

James Ede-Golightly

Lee Cronin (appointed 15 September 2015)

Michael Bretherton (appointed 3 June 2015)

Mark Warne (appointed 15 September 2015)

Philip Spinks

DIRECTORS' REPORT (CONTINUED)

The remuneration of the Directors for the year under review is shown below:

Directors' Remuneration

Name of Director	Salaries and fees £'000	Benefits £'000	Total December 2015 £'000	Total December 2014 £'000
*James Ede-Golightly (appointed 21 July 2014)	**12**	**–**	**12**	6
Lee Cronin (appointed 15 September 2015)	**4**	**–**	**4**	–
*Michael Bretherton (appointed 3 June 2015)	**6**	**–**	**6**	–
**Mark Warne (appointed 15 September 2015)	**4**	**–**	**4**	–
***Philip Spinks	**–**	**–**	**–**	87
Dr Peter Rowley (resigned 8 September 2014)	**–**	**–**	**–**	10
Dr David Bott (resigned 8 September 2014)	**–**	**–**	**–**	8
Adrian Meldrum (retired 14 July 2014)	**–**	**–**	**–**	8
	26	**–**	**26**	119

* In addition, as consideration for services provided in relation to the acquisition of Cronin 3D, James Ede-Golightly and Michael Bretherton received 1.5 million ordinary shares and 0.5 million ordinary shares respectively under a discretionary award from the Group's Employee Benefit Trust as set out in note 23 to the financial statements.

** The directors fees for Mark Warne are invoiced by and paid to IP Group Plc.

*** Philip Spinks was not paid any directors fees by the Company during 2015 but he was paid a salary of £98,000 by its OASL subsidiary up until its demerger on 21 October 2015, together with a company pension contribution of £5,000. Subsequent to the demerger, OASL has invoiced the Company £1,832 for services provided by Mr Spinks. In addition during 2015 a share based payments credit of £14,000 was recognized in the statement of comprehensive income in relation to share options and jointly owned shares made available to Mr Spinks but which he agreed to cancel ahead of the de-merger of OASL in October 2015 (2014: Charge £11,000).

All Directors have service contracts for three years with one month's notice. The Directors are all required to put themselves up for re-election periodically in accordance with the Articles of Association and all service contracts and letters of appointment are subject to early termination provisions.

Remuneration for Non-executive Directors is set by the Board as a whole. Non-executives do not receive any pension payments or other benefits nor do they participate in bonus schemes.

Director dealings in Shares of the Company

The Group has adopted a model code for Directors' dealings in securities of the Company which is appropriate for a company quoted on AIM. The Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings and also take all reasonable steps to ensure compliance by the Group's other employees; as defined in the AIM Rules.

Directors' Interests in Shares of the Company

The beneficial interests of the Directors in the issued share capital of the Company at 31 December 2015 are given below:

	Ordinary shares of £0.0001 each (2014: £0.01 each)			
	31 December 2015		31 December 2014	
	Number	**Per cent**	Number	Per cent
Lee Cronin	**54,175,520**	**10.30%**	n/a	n/a
James Ede-Golightly	**2,080,249**	**0.40%**	–	–
Michael Bretherton	**3,673,824**	**0.70%**	n/a	n/a
Mark Warne	**96,472**	**0.02%**	n/a	n/a
Philip Spinks	**61,500**	**0.01%**	61,500	0.03%

In addition, at 31 December 2014, Philip Spinks held share options to acquire 1.6 million ordinary shares in the Company at an exercise price of 10p and conditional on achievement of vesting condition target price levels of 15p to 30p. Philip Spinks agreed to cancel all these options ahead of the demerger of the Oxford Advanced Surfaces Limited subsidiary in October 2015 so that he had no interests remaining in any share options at 31 December 2015.

Profiles of the Directors

James Ede-Golightly

Non-Executive Chairman

James joined the Board in July 2014. He is chairman of East Balkan Properties Plc and Quoram Plc and has extensive experience as a non-executive on the boards of AIM-quoted companies with international business interests. James was a founder of ORA Capital Partners in 2006, having previously worked as an analyst at Merrill Lynch Investment Managers and Commerzbank. He is a CFA Charterholder and holds an MA in economics from Cambridge University. In 2012 he was awarded New Chartered Director of the Year by the UK Institute of Directors.

Prof. Lee Cronin

Founding Scientific Director

Professor Cronin is the Regius Chair of Chemistry in the Department of Chemistry at the University. He was elected to the Fellowship of the Royal Society of Edinburgh, the Royal Society of Chemistry, and appointed to the Gardiner Chair in April 2009. He was awarded a Philip Leverhulme Prize by the Leverhulme Trust in 2007. He was awarded the Corday-Morgan medal of the Royal Society of Chemistry in 2012. Professor Cronin has a large active group at the University of Glasgow performing cutting-edge research into how complex chemical systems, created from non-biological building blocks, can have real-world applications with wide impact. Professor Cronin has published in excess of 300 peer-reviewed articles in a number of journals and has given over 280 invited presentations at conferences and universities worldwide.

Michael Bretherton

Non-Executive Director

Michael joined the Board in June 2015. He is Chairman of Sarossa Plc and Adams Plc, and is also a director of ORA Limited. In addition, Michael has been a Non-executive director of six other AIM quoted companies during the last five years, including Nanoco Group plc, Tissue Regenix Group Plc and Ceres Power Holdings Plc. He has a degree in Economics from Leeds University and is a member of the Institute of Chartered Accountants in England and Wales. His early career included working as an accountant and manager with PriceWaterhouse for 7 years in London and the Middle East, followed by finance roles at the Plessey Company plc, Bridgend Group plc, Mapeley Limited and Lionhead Studios Limited.

Mark Warne

Non-Executive Director

Mark joined the Board in September 2015. He is currently Head of IP Group's Healthcare division and also represents IP Group on the boards of a number of its portfolio companies, both quoted and private, including Genomics plc and Crysalin Limited. Mark has been at IP Group since 2008, which he joined from pre-clinical drug discovery contract research organisation, Exelgen, where he was managing director. Mark spent eight years at Exelgen (formerly Tripos Discovery Research) where he also held positions in licensing and strategic affairs, project management and research. He has a PhD in Computational Chemistry, an MSc in Colloid Science and a BSc in Chemistry, all from the University of Bristol. Mark is a Chartered Chemist and member of the Royal Society of Chemistry.

Philip Spinks

Non-Executive Director

Philip originally joined the Board in February 2008 as the Chief Financial Officer before becoming the Chief Executive Officer on 15 November 2013 following the restructuring of the Group. He now supports the business as a Director and continues as the Chief Executive of the Group's former subsidiary Oxford Advanced Surfaces Limited. He previously worked at the BOC Group Plc where he spent 10 years in a number of senior finance roles including as finance director for BOC Europe Bulk & Tonnage division. Philip is a Chartered Accountant and an associate member of the Association of Corporate Treasurers.

Corporate governance

The Company is not required to and does not fully comply with the UK Corporate Governance Code. However the Directors recognise the importance of sound corporate governance and observe the principles of the UK Corporate Governance Code 2014, to the extent that they consider them appropriate for the Group's size and complexity.

The Board

The Board currently comprises of a Chairman, a Founding Scientific Director and three Non-executive Directors.

Audit committee

The Audit Committee's primary responsibilities are to monitor the integrity of the financial affairs and statements of the Company, to ensure that the financial performance of the Company and any subsidiary of the Company is properly measured and reported on, to review reports from the Company's auditors relating to the accounting and internal controls and to make recommendations relating to the appointment of the external auditors.

The Audit Committee comprises Michael Bretherton, who acts as chairman, and Mark Warne.

Remuneration committee

The Remuneration Committee's primary responsibilities are to review the performance of the executive directors of the Company and to determine the broad policy and framework for their remuneration and the terms and conditions of their service and that of senior management (including the remuneration of and granting of options to such persons under any share scheme adopted by the Company). The remuneration committee comprises Mark Warne, who acts as chairman, and James Ede-Golightly.

The remuneration of Non-executive Directors shall be a matter for the executive Director of the Company.

Internal Control

The Board is responsible for maintaining a sound system of internal control. The Board's measures are designed to manage, but not eliminate, risk and such a system provides reasonable but not absolute assurance against material misstatement or loss.

Some key features of the internal control system are:

(i) Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the Board which meets at least four times per year;

(ii) The Company has operational, accounting and employment policies in place;

(iii) The Board actively evaluates the risks inherent in the business and ensures that appropriate controls and procedures are in place to manage these risks; and

(iv) There is a clearly defined organisational structure and well-established financial reporting and control systems.

Going Concern

At 31 December 2015, the Group had £5.42m (2014: £2.56m) of cash available to it. The Directors have considered their obligation in relation to the assessment of the going concern of the Group and each statutory entity within it and have reviewed the current budget cash forecasts and assumptions as well as the main risk factors facing the Group.

After due enquiry, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Risk management

The Group's risk management objectives and exposure are detailed in the Strategic Report on pages 4 to 6 and in note 22 of the financial statements.

Employment policy

When applicable, the Directors are committed to continuing involvement and communication with employees on matters affecting both the employees and the Company.

The Group supports employment of disabled people wherever possible and through recruitment, by retention of those who become disabled and generally through training, career development and promotion.

Creditor payment policy

The Group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group does not have a standard policy that deals specifically with the payment of suppliers.

At the end of the year outstanding invoices for the Group and Company represented 7 days purchases (2014: 4 days).

Annual General Meeting

The next Annual General Meeting will take place on 12 May 2016 at 11.00 am at the offices of CMS Cameron McKenna, 191 West George Street, Glasgow G2 2LD.

Voting rights

On a show of hands at a general meeting of the Company every holder of shares present in person and entitled to vote, and every proxy duly appointed by a member entitled to vote, has one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every share held. Further details regarding voting at the Annual General Meeting can be found in the Notice of Annual General Meeting at the back of this document. None of the shares carry any special rights with regard to control of the Company. Electronic and paper proxy appointments and voting instructions must be received by the Company's transfer agent not later than 48 hours (not counting non-working days) before the meeting.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the 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 prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 the affairs of the Group and the Company and of the profit or loss of the Group or the Company for that year.

In preparing the financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union 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 enable the Directors to ensure that any financial statements comply with the requirements of the Companies Act 2006. They are also responsible, as a matter of general law, for safeguarding the assets of the Company 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 company's website (www.croningroupplc.com), and legislation in the UK governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

Independent Auditors

A resolution to reappoint the auditors, Nexia Smith & Williamson, will be proposed at the Annual General Meeting.

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that he ought to have taken in his duty 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.

Approved by order of the Board

Michael Bretherton

13 April 2016

INDEPENDENT AUDITOR'S REPORT

to the Members of Cronin Group Plc

We have audited the financial statements of Cronin Group Plc. for the year ended 31 December 2015 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 26 and C1 to C9. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 10 and 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 31 December 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Carl Deane
Senior Statutory Auditor,
for and on behalf of

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
Portwall Place
Portwall Lane
Bristol
BS1 6NA

13 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	Notes	Year to 31 December 2015 £'000	Year to 31 December 2014* £'000
Continuing operations			
Revenue		**–**	–
Research and development costs		**(112)**	–
Administrative costs		**(279)**	(402)
Operating loss	11	**(391)**	(402)
Finance income	9	**2**	15
Loss before tax		**(389)**	(387)
Income tax credit	10	**–**	–
Loss from continuing operations		**(389)**	(387)
Discontinued operations			
Loss from discontinued operations	24	**(772)**	(603)
Loss and total comprehensive loss for the year		**(1,161)**	(990)
Loss and total comprehensive loss for the year attributable to:			
The Company's equity shareholders		**(1,032)**	(939)
Non-controlling interest		**(129)**	(51)
		(1,161)	(990)
Loss per share attributable to the equity holders of the Company:			
Basic and diluted (pence) on continuing operations	20	**(0.13)**	(0.20)
Basic and diluted (pence) on total operations	20	**(0.39)**	(0.50)

The notes on pages 17 to 33 form an integral part of these consolidated financial statements.

*The 2014 figures have been re-presented to reflect the income and expenses of discontinued operations as a separate single line item.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Notes	**At 31 December 2015 £'000**	At 31 December 2014 £'000
Assets			
Non-current assets			
Intangible assets and goodwill	14,15	**4,221**	319
Investments		**3**	–
Plant and equipment	13	**–**	86
		4,224	405
Current assets			
Trade and other receivables	16	**35**	63
Corporation tax recoverable	10	**–**	47
Cash and cash equivalents		**5,424**	2,563
		5,459	2,673
Liabilities			
Current liabilities			
Trade and other payables	18	**(53)**	(113)
Net current assets		**5,406**	2,560
Non-current liabilities			
Provisions	18	**–**	(13)
Total net assets		**9,630**	2,952
Equity and liabilities			
Shareholder's equity			
Called up share capital	19	**53**	1,977
Share premium	21	**3,287**	10,603
Merger reserve	21	**4,880**	6,369
Reverse acquisition reserve	21	**–**	(6,831)
Retained earnings		**1,410**	(9,738)
Share based payment reserve	21	**–**	319
Total equity attributable to shareholders of the Company		**9,630**	2,699
Non-controlling interests		**–**	253
Total equity attributable to shareholders of the Company		**9,630**	2,952

The financial statements were approved by the Board of Directors on 13 April 2016 and were signed on its behalf by:

Michael Bretherton
Director

Company Number: 05845469

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Share equity £'000	Share premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Share based payment reserve £'000	Non-controlling interests £'000	Total equity £'000
Balance at 31 December 2013	**1,977**	**10,603**	**6,369**	**(6,831)**	**(9,147)**	**308**	**–**	**3,279**
Total comprehensive loss for the year to 31 December 2014	–	–	–	–	(939)	–	(51)	(990)
Transactions with owners:								
Non-controlling interests on part disposal of subsidiary	–	–	–	–	348	–	304	652
Share based payments	–	–	–	–	–	11	–	11
Balance at 31 December 2014	**1,977**	**10,603**	**6,369**	**(6,831)**	**(9,738)**	**319**	**253**	**2,952**
Total comprehensive loss for the year to 31 December 2015	–	–	–	–	(1,032)	–	(129)	(1,161)
Transactions with owners:								
Share capital reduction	(1,957)	(10,603)	–	–	12,560	–	–	–
Issue of shares for cash	13	3,287	–	–	–	–	–	3,300
Issue of shares on acquisition of subsidiary	20	–	4,880	–	–	–	–	4,900
Distribution of shares in demerged subsidiary	–	–	–	–	(222)	–	–	(222)
Reversal of reserves and interests on demerger of subsidiary	–	–	(6,369)	6,831	(462)	–	(124)	(124)
Share based payments	–	–	–	–	304	(319)	–	(15)
Balance at 31 December 2015	**53**	**3,287**	**4,880**	**–**	**1,410**	**–**	**–**	**9,630**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Notes	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Cash flows from operating activities			
Operating loss from continuing operations		**(391)**	(402)
Loss from discontinued operations		**(772)**	(603)
Adjustments for:			
Tax credit included in loss from discontinued operations		**(47)**	(47)
Loss on demerger of subsidiary included in loss from discontinued operations	24	**199**	–
Depreciation and amortisation charges		**65**	112
Impairment of intangible assets		**–**	15
Impairment of property, plant and equipment		**–**	13
Profit on disposal of plant and equipment		**(6)**	(5)
Share based payments (credit)/charge		**(15)**	11
Operating cash outflows before movement in working capital		**(967)**	(906)
Decrease/(increase) in trade and other receivables		**26**	(7)
Decrease in trade and other payables		**–**	(4)
Cash used in operations		**(941)**	(917)
Interest received		**2**	16
Taxation received		**47**	140
Net cash used in operating activities		**(892)**	(761)
Cash flows from investing activities			
Purchase of intangible assets	14	**(16)**	(47)
Purchases of property, plant and equipment	13	**–**	(46)
Proceeds from sale of plant and equipment		**6**	5
Cash and bank in subsidiary at acquisition	15	**725**	–
Cash and bank in demerged subsidiary	24	**(262)**	–
Net cash generated/(used) from investing activities		**453**	(88)
Cash flows from financing activities			
Proceeds from issue of share capital		**3,300**	652
Cash generated from financing activities		**3,300**	652
Net increase/(decrease) in cash and cash equivalents		**2,861**	(197)
Cash and cash equivalents at beginning of year		**2,563**	2,760
Cash and cash equivalents at end of year		**5,424**	2,563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015

1 Corporate information

Cronin Group plc ("the Company") is a public limited company incorporated, registered and domiciled in England and Wales and its shares are publicly traded on AIM, a market operated by the London Stock Exchange. The Group financial statements consolidate those of the Company and its subsidiary (together referred to as the "Group" and individually as "Group entities") for the year ended 31 December 2015.

2 Basis of preparation

These consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention and all values have been rounded to the nearest thousand, except where otherwise indicated. The functional currency of the Group and its subsidiary is Sterling.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed in note 6.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations, none of which resulted in any impact on the accounting policies, financial position or performance of the Group.

3 Basis of consolidation

The Consolidated Financial Statements incorporate the results of the Company and its subsidiaries. Control is achieved where the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

Non-controlling interests are measured initially at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

4 Going concern

Information on the business environment and the factors underpinning the Group's future prospects and product portfolio are included in the Chairman's Statement, Strategic Report and the Directors' Report. The Directors confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future, based on the current cash resources available. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

5 Summary of significant accounting policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Research and development

Research costs are charged against income as they are incurred. Certain development costs are capitalised as intangible assets, when it is probable that future economic benefits will flow to the Group. Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit, and are reviewed for impairment at each balance sheet date. Other development costs are charged against income as incurred since the criteria for their recognition as an asset are not met.

The criteria for recognising expenditure as an asset are:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible asset and use or sell it;
- The Group has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among many other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- That the Group has available to it adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- That the Group can reliably measure the expenditure attributable to the intangible asset during its development.

No development costs have been capitalised as intangible assets to date.

Patents and licences

Patent costs and licensing rights are amortised over their estimated useful economic life of 20 years. Amortisation is included within administrative expenses.

Plant and equipment

Plant and equipment are stated at cost, net of depreciation and provision for any impairment. Depreciation is calculated to write off the cost of all plant and equipment to estimated residual value on a straight-line basis over their expected useful lives as follows:

- Plant and machinery 4 years
- Office furniture and fittings 4 years
- Computer and IT equipment 3 years

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised as an expense immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill

Goodwill arising on consolidation of subsidiaries represents the excess of fair value of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities at the date of acquisition. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Investments

Other Investment assets are accounted for as available-for-sale investments. Gains or losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or determined to be impaired, at which time the cumulative gain or loss previously recognised directly in equity, is included in the profit or loss for the period. Investments in subsidiaries are stated at cost less any impairment in value. Any impairment is charged to the Company income statement.

Financial assets and liabilities

- Trade and other receivables. Trade and other receivables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.
- Trade and other payables. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.
- Cash and cash equivalents. Cash and cash equivalents comprise cash at hand and short-term deposits of less than three months. The Group's funds are held for the purpose of funding the future growth of the business. Deposits are made with banks and financial institutions with a good credit rating, and such investments are regularly reviewed by the Board.

Leases

Leases in which a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Shares held by the Employee Benefit Trust

In prior periods, the Employee Benefit Trust ("the Trust") was consolidated in the financial statements and the value of the shares under joint ownership by the Trust were offset against Retained Earnings. Shares held by the Trust were treated as issued but excluded when calculating earnings per share. All of the assets of the Trust were distributed to certain employees in 2015 and the Trust was terminated prior to the 31 December 2015 year end.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

Share options are valued at the date of grant using either the Black-Scholes Merton model or the Trinomial model, depending on the vesting criteria, and are charged to operating profit over the vesting period of the award with a corresponding credit to the share-based payment reserve.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally. Where an equity-settled award is forfeited, no expense is recognised and any expense recognised up to the date of the forfeiture is reversed through the income statement.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate, share premium.

Changes in accounting policy and disclosure

There have been no changes in accounting policy from those of the previous financial year. None of the new or amended standards that were effective as of 1 January 2015 had any material impact on the Group or the presentation of its financial results.

New accounting standards and interpretations

The Company has reviewed new and amended standards and interpretations currently in issue but not effective as of 31 December 2015 and determined that none of these new standards and interpretations will have significant impact on reported results. Amendments to existing standards and new standards which may apply to the Group in future accounting periods include:

		Effective date (periods beginning on or after)	EU adopted
IAS 1	Disclosure Initiative – Amendments	1 January 2016	No
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018	No
IFRS 12	Disclosure of Interests in Other Entities – Amendments	1 January 2016	No
IFRS 15	Revenue from Contracts with Customers	1 January 2017	No
	Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016	No

6 Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. 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 addressed below.

Impairment of tangible and intangible assets

The Group tests tangible and intangible assets with definite lives for impairment if and when indicators of impairment arise. Where such an indication exists the Group estimates the fair value less costs to sell of assets based on the net present value of future cash flows.

7 Segmental Reporting

Following the demerger of its Oxford Advanced Surfaces Limited subsidiary in October 2015, the Board is of the opinion that the business now operates only one reportable operating segment, being that of the digitization of chemical space and of innovative chemical discovery.

No operating segments have been aggregated to form the above reportable operating segments. Individual projects do not meet the definition of segments, and as such the revenues and costs of individual projects are not formally separated. In addition, due to the research and development nature of the business, many projects are transitory, depending on success, and thus no meaningful data can be provided through such analysis.

The segmental analysis for the operations of the prior financial year all related to discontinued operations, more details of which are given in note 24 to the financial statements.

All non-current assets are held in the UK. No information is currently presented to the Board on a segmental basis following the restructuring of the Group which occurred during the financial year to 31 December 2015. The Group's operations are all based in the UK and services are performed in the UK. Assets and liabilities are not measured or assessed on a segmental basis. The business is not considered to be seasonal.

8 Employee Benefit Expense

Continuing Operations	2015 £'000	2014 £'000
Salaries and fees	**26**	149
Social security costs	**2**	12
Pension costs	**–**	6
Share based payments (note 23)	**(14)**	11
	14	178

Discontinued Operations	£'000	£'000
Salaries and fees	**301**	304
Social security costs	**31**	32
Pension costs	**5**	7
Share based payments (note 23)	**(1)**	–
	336	343

The average monthly number of employees of the Group was:

Continuing operations	2015 No.	2014 No.
Directors	**3**	4
Technical and administrative staff	**–**	2
	3	6
Discontinued operations		
Technical and administrative staff	**7**	6

Directors' emoluments

The following disclosures are in respect of the emoluments paid to the Directors of the Company

	2015 £'000	2014 £'000
Salaries and fees	**26**	113
Pension costs	**–**	6
	26	119
Social security costs	**2**	9
Share based payments (note 23)	**(14)**	11
Key management personnel remuneration	**14**	139

The pension contributions were made under a salary sacrifice pension scheme set up for the benefit of the Directors and employees of the Company. Full details of Directors' remuneration are shown in the Directors' Remuneration Report.

9 Finance Income

	2015 £'000	2014 £'000
Bank interest receivable	**2**	15

10 Income Tax Credit

(a) Tax credited in the income statement

	2015 £'000	2014 £'000
UK corporation tax credit – continuing operations	**–**	–
UK corporation tax credit – discontinued operations (note 24)	**47**	47

(b) Current tax

The current tax credit in the income statement for the year is detailed below. Current tax credit is lower than the standard rate of corporation tax in the UK of 20% (2014: 21.5%). The differences are reconciled below:

Continuing operations	2015 £'000	2014 £'000
Loss before tax	**(389)**	(387)
Loss multiplied by the average standard rate of corporation tax in the UK of 20% (2014: 21.5%)	**(78)**	(83)
Effects of:		
Expenses not deductible for tax	**26**	10
Deferred tax not recognised on losses carried forward	**52**	73
Tax credit	**–**	–

Discontinued operations	2015 £'000	2014 £'000
Loss before tax (note 24)	**(620)**	(650)
Loss on discontinued operations multiplied by the average standard rate of corporation tax in the UK of 20% (2014: 21.5%)	**(124)**	(140)
Effects of:		
Expenses not deductible for tax	**6**	7
Income not taxable	**(1)**	(1)
Additional deduction for R&D expenditure	**(55)**	(58)
Deferred tax not recognised on tax losses carried forward	**127**	145
Tax credit	**(47)**	(47)

The losses available for carry forward at 31 December 2015 comprise the continuing operations of the Company and its only remaining subsidiary Cronin 3D and amount to £3,466,000 (2014: £2,863,000 in respect of continuing operations and £3,697,000 in respect of the OASL subsidiary demerged in 2015). No deferred tax asset has been recognised in respect of the losses as recoverability is uncertain.

(c) Deferred Tax

	2015 £'000	2014 £'000
Tax losses carried forward	**624**	1,888
Capital allowances	**–**	9
Share based payments	**–**	1
Deferred tax assets (unrecognised)	**624**	1,898

(d) Change in Corporation Tax rate

The Finance Act 2015, which received Royal Assent on 18 November 2015, includes legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. Accordingly, unrecognised deferred tax assets and liabilities have been calculated at the tax rate of 18% (2014: 20%).

11 Administration Expenses

Continuing operations	2015 £'000	2014 £'000
Employee benefit expense (see note 8)	**14**	139
Amortisation of intangible assets – patents and licences	**1**	–
Other costs	**376**	263
	391	402
Discontinued operations		
Employee benefit expense	**336**	343
Depreciation of property, plant and equipment	**43**	84
Impairment of intangible assets (included in R&D costs)	**–**	15
Impairment of property, plant and equipment (included in R&D costs)	**–**	13
Amortisation of intangible assets – patents and licences	**22**	29
Operating leases – offices and laboratories	**84**	110
Other costs	**168**	77
	653	671
Total	**1,044**	1,073

12 Auditors' Remuneration

During the year the Company obtained the following services from the Company's auditors and associated entities.

Continuing operations	2015 £'000	2014 £'000
Fees payable to the Company's auditors and associated entities		
– The audit of the of the Company and consolidated accounts	**13**	10
– The audit of the Company's subsidiaries pursuant to legislation	**5**	–
– Tax Services – compliance	**3**	3
Discontinued operations		
– The audit of demerged subsidiaries pursuant to legislation	**–**	8
– Tax Services – compliance for demerged subsidiaries	**–**	3

13 Plant and Equipment

	Notes	Plant & machinery £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 31 December 2013		576	10	69	655
Additions		35	–	11	46
Disposals		(28)	–	(4)	(32)
At 31 December 2014		583	10	76	669
Additions		–	–	–	–
Disposals		(50)	–	–	(50)
Demerger of subsidiary	24	(533)	(10)	(76)	(619)
At 31 December 2015		**–**	**–**	**–**	**–**
Depreciation					
At 31 December 2013		449	9	61	519
Charge for year		75	–	8	83
Disposals		(28)	–	(4)	(32)
Impairment		13	–	–	13
At 31 December 2014		509	9	65	583
Charge for year		37	1	5	43
Disposals		(50)	–	–	(50)
Demerger of subsidiary	24	(496)	(10)	(70)	(576)
At 31 December 2015		**–**	**–**	**–**	**–**
Net Book Value					
At 31 December 2014		74	1	11	86
At 31 December 2015		**–**	**–**	**–**	**–**

The Group held no plant and equipment as at 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Intangible Assets – Goodwill and patents & licences

	Notes	Patents & Licences £'000	Goodwill £'000	Total £'000
Cost				
At 31 December 2013		575	–	575
Additions		47	–	47
At 31 December 2014		622	–	622
Additions		16	–	16
Acquisition of subsidiary	15	98	4,123	4,221
Demerger of subsidiary	24	(638)	–	(638)
At 31 December 2015		**98**	**4,123**	**4,221**
Amortisation and Impairment				
At 31 December 2013		259	–	259
Impairments		15	–	15
Amortisation for year		29	–	29
At 31 December 2014		303	–	303
Amortisation for year		22	–	22
Demerger of subsidiary	24	(325)	–	(325)
At 31 December 2015		**–**	**–**	**–**
Net Book Value				
At 31 December 2014		319	–	319
At 31 December 2015		**98**	**4,123**	**4,221**

Full details of the goodwill of £4,123,000 arising on acquisition of a subsidiary are given in note 15 of the financial statements. The directors have considered whether any indicators of impairment to the goodwill figure are present and concluded that no impairment charge is required as at the balance sheet date.

Following the transfer out of patent and licence assets with a net book value of £313,000 on the demerger of OASL in October 2015 (see note 24), the only remaining licence asset held at 31 December 2015 is that of a technology licence agreement with the University of Glasgow, which is being amortised over a 20 year useful economic life.

15 Goodwill and Purchase of Subsidiary Undertaking

On the 15 September 2015, the Company acquired 100% of the issued share capital of Cronin 3D Limited ("Cronin 3D") by issue of 195,999,292 ordinary shares at 2.5 pence share for a value of £4,899,982. Other acquisition related professional fees costs of £135,000 have been charged to professional fees within administrative costs in the consolidated statement of comprehensive income.

The 2.5 pence price was agreed with the Cronin 3D vendors as the appropriate fair value of the Company's shares given that completion of the acquisition was also conditional on the Company raising not less than £3 million by way of a placing at a subscription price of 2.5 pence. This share price is considered to be the best estimate of fair value for a transaction of this size, rather than use of the marginally higher AIM quoted market price of the shares on the date of announcing the deal on 25 August 2015 and which reflected on a small volume of AIM market share trades around that time.

The acquisition Cronin 3D has been accounted for by the purchase method of accounting as summarised below:

Net assets acquired (100%)	**£'000**
Intangibles technology licence	98
Debtors	29
Cash	725
Other liabilities	(75)
Net assets acquired	777
Goodwill on acquisition	**4,123**
Total Consideration	4,900
Satisfied by:	
Issue of shares	4,900

The above values of assets and liabilities on acquisition of the subsidiary company comprise the book value carrying amounts which the Directors estimate to be the same as their fair value amount.

For the period between the date of acquisition and 31 December 2015, Cronin 3D had no revenues but contributed an overall loss after tax of £130,000. If this acquisition had been consolidated for the full period from 1 January 2015, the loss after tax contributed by Cronin 3D would have been £272,000.

Details of all of the Group's subsidiaries are set out in note C3 to the Company financial statements.

16 Trade and other Receivables

	2015 £'000	2014 £'000
Current:		
Trade receivables	–	9
Interest receivable	–	1
Accrued income	–	23
Other receivables	**23**	14
Prepayments	**12**	16
	35	63

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. There was no provision for impairment at 31 December 2015 or 31 December 2014 and all trade receivables are not past due.

17 Cash and Cash Equivalents

	2015 £'000	2014 £'000
Cash at bank and in hand	**5,424**	2,563

18 Trade and other Payables

	2015 £'000	2014 £'000
Current:		
Trade Payables	**9**	9
Social security and other taxes	**–**	14
Accrued expenses	**44**	90
	53	113
Non-current:		
Dilapidation provisions	**–**	13

The Directors consider that the carrying amounts of trade and other payables approximates to their fair values. There are no dilapidation provisions at the financial year end following the demerger of OASL in October 2015 (see note 24).

19 Called-up Share Capital

Allotted, issued and fully paid ordinary shares of £0.0001:	**No. of Shares**	**£'000**
At 31 December 2014 and 31 December 2013	197,740,641	1,977
Subdivision of shares and capital reduction	–	(1,957)
Issue of consideration shares on acquisition of Cronin 3D Limited	195,999,292	20
Issue of placing shares	132,000,000	13
At 31 December 2015	**525,739,933**	**53**

Completion of the acquisition of Cronin 3D was executed by issuance of 195,999,292 ordinary shares at 2.5 pence per share for a value of £4.90 million and a £3.30 million share placing, by the issuance of 132,000,000 new ordinary shares at a price of 2.5 pence per share, both of which took place on 15 September 2015.

Immediately prior to the acquisition of Cronin 3D and the £3.30 million share placing, a share restructure took place to subdivide and re-classify each existing ordinary share into 1 new ordinary share of £0.0001 each and 1 participating deferred share of £0.0099 each. Subsequently, a capital reduction process was undertaken to cancel the Company's share premium account and to cancel the Company's participating deferred shares. Both of these capital actions were required ahead of, and in order to facilitate, the demerger disposal of OASL as set out in note 24 to the financial statements.

20 Loss per share

Basic loss per share is based on the loss after tax for the year and the weighted average number of ordinary shares of £0.0001 each in issue during the year. Diluted loss per share is calculated by adjusting the average number of ordinary shares in issue during the period to assume conversion of all dilutive potential ordinary shares. The Company had no share options or warrants in issue at the respective period ends which were potentially dilutive and diluted loss per share is therefore the same as basic loss per share.

	2015	2014
Continuing operations		
Loss attributable to equity holders of the Group (£'000)	**(389)**	(387)
Weighted average number of ordinary shares in issue	**293,893,858**	195,740,641
Basic & diluted loss per share (pence)	**(0.13)**	(0.20)
Total operations		
Loss attributable to equity holders of the Group (£'000)	**(1,161)**	(990)
Weighted average number of ordinary shares in issue	**293,893,858**	195,740,641
Basic & diluted loss per share (pence)	**(0.394)**	(0.50)

21 Reserves

Details of the movements in reserves are given in the Statement of Changes in Equity. A description of each reserve is set out below.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium.

Merger Reserve

The opening merger reserve arose under section 131 of the Companies Act 1985 on the shares issued by the Company to acquire Oxford Advanced Surfaces Limited. The merger reserve was reversed to the retained earnings reserve on the demerger of this subsidiary in October 2015. The closing merger reserve arose on the acquisition of Cronin 3D Limited under section 602 of the Companies Act 2006 as shares with a nominal value of £0.02m were issued for a total of £4.9m as consideration.

Reverse acquisition reserve

The reverse acquisition reserve relates to the reverse acquisition of Oxford Advanced Surfaces Group plc and Oxford Energy technologies Limited by Oxford Advanced Surfaces Limited ("OASL"). The reverse acquisition reserve was reversed to the retained earnings reserve on the demerger of OASL in October 2015.

Share based payment reserve

This reserve relates to the fair value of the options granted which have been charged to the income statement over the vesting period of the options. The share based payment reserve was reversed to the retained earnings reserve on cancellation or forfeiture of all outstanding share options.

Non-controlling interests

Non-controlling interests represent the 22.5% minority interest held by third parties in the issued shares of OASL. These were reversed to the retained earnings reserve on the demerger of OASL in October 2015.

22 Financial Risk Management

Objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies, as laid out in the Strategic report. The following information lays out the exposure the Group has from financial instruments.

Capital risk management

The Group's capital is comprised of issued ordinary shares of £0.0001 per share and reserves. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders. This is achieved through careful investment of surplus cash and tight budgetary control.

Significant accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 5 to the financial statements.

Categories of financial instrument

	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Financial assets at fair value through profit and loss £'000	Total £'000
At 31 December 2015				
Investments	–	–	3	3
Trade and other receivables	9	–	–	9
Cash and cash equivalents	5,424	–	–	5,424
Trade and other payables		(23)	–	(23)
Net Total	**5,433**	**(23)**	**3**	**5,413**
At 31 December 2014				
Investments	–	–	–	–
Trade and other receivables	33	–	–	33
Cash and cash equivalents	2,563	–	–	2,563
Trade and other payables		(99)	–	(99)
Net Total	**2,596**	**(99)**	**–**	**2,497**

All financial liabilities for both the Group and the Company are payable on demand. The amounts reflected above represents the Group's maximum exposure to credit risk for such loans and receivables. There were no out of term financial assets or liabilities. Currently the Group does not undertake any material transactions denominated in foreign currencies.

Liquidity risk

The Group does not consider that it carries any significant liquidity risk at the present time.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers. For banks and financial institutions only independently rated parties with a strong credit rating are used. For credit exposures to customers the Group assesses the likelihood of payment from various factors including external credit ratings, financial records and other relevant factors.

Interest Rate Sensitivity

The interest rate sensitivity of the consolidated loss for the year and equity to a reasonably possible change in interest rates of 1% with effect from the beginning of the year is illustrated below. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's cash and cash equivalents held at the balance sheet date. All other variables are held constant. Note that the impact of a fall in rates for 2015 is limited to the amount of interest earnt during the year.

	Year to 31 December 2015		Year to 31 December 2014	
Interest Rate Sensitivity	**+1% £'000**	**–1% £'000**	+1% £'000	–1% £'000
Loss for year	**54**	**(2)**	26	(15)
Equity	**54**	**(2)**	26	(15)

23 Share-based payments

Equity-settled share option schemes

The Group has historically operated two schemes; an equity settled EMI/Unapproved Group Option Scheme (the "Option Scheme") and an Employee Benefit Trust ("EBT"). All share options outstanding under the Option Scheme were either cancelled or forfeited ahead of or on the demerger of OASL in October 2015 and the EBT scheme was closed during the year.

EMI/Unapproved Group Option Scheme

The EMI/Unapproved Scheme covers all employees for the Group.

	2015		2014	
	Number of options	**Weighted Average Exercise Price pence**	Number of options	Weighted Average Exercise Price pence
At beginning of the year	**3,308,219**	**7.69**	4,158,219	8.16
Forfeited and/or cancelled	**(3,308,219)**	**–**	(850,000)	10.00
At end of the year	**–**	**–**	3,308,219	7.69

No new options were issued during the year to 31 December 2015 or in the prior year to 31 December 2014.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

	2015			2014	
Year of expiry	**Range of exercise price pence**	**Number of options**	**Weighted Average Exercise Price pence**	Number of options	Weighted Average Exercise Price pence
2017	1.00	–	–	848,219	1.00
2022	10.00	–	–	2,400,000	10.00
2023	10.00	–	–	460,000	10.00
		–	–	3,308,219	7.69

The total credit arising in the year for share-based payment transactions was £15,000 of which £14,000 relates to continuing operations and £1,000 to discontinued operations (2014: expense of £11,000 all of which relates to continuing operations).

Employee Benefit Trust (EBT)

The Group used to operate a jointly owned EBT share scheme for senior management under which the trustee of the Group-sponsored EBT acquired shares in the Company jointly with a number of employees. The shares were acquired pursuant to certain conditions set out in Jointly Ownership Agreements (JOAs). Subject to meeting the performance criteria conditions set out in the JOA, the employees were able to exercise an option to acquire the trustee's interests in the jointly owned EBT shares at the option price. The employee interest in the 2 million jointly owned EBT shares issued on 1 October 2012 were repaid in full in 2014 so that there were no employee interests outstanding at the end of that year. No employee interests in the EBT shares were granted in 2015 and a decision was taken to close the EBT scheme in the year, ahead of which the trustee made a discretionary distribution of the EBT shares to 2 employees/directors as set out in the Directors' Report on page 8.

24 Discontinued Operations

On 21 October 2015, the Company completed the demerger its holding of shares in the capital of Oxford Advanced Surfaces Limited ("OASL") through a return of capital distribution to existing participating deferred shareholders by the in specie transfer to them of the Company's holding of OASL shares. The Company retains a minor investment in OASL (less than 1% of OASL's issued share capital) with a current fair value of £3,000.

The value of the capital distribution by way of an in-specie transfer of 2,221,804 OASL shares to shareholders at a fair value 10p per OASL share, amounts to £222,180, which generated a loss on demerger deconsolidation of the related net assets of OASL at 21 October 2015 as follows:

Loss on demerger disposal	**£'000**	**£'000**
Demerger distribution of OASL shares		222
Less net assets deconsolidated		
Intangible assets	313	
Plant and equipment	43	
Trade and other receivables	76	
Cash and cash equivalents	262	
Trade and other payables	(133)	
Provisions	(13)	
	548	(548)
Add non-controlling interests on demerger		124
Add residual value of OASL investment retained		3
Loss on demerger disposal of discontinued operations		**(199)**

The above £199,000 loss on demerger disposal, together with OASL operating losses of £573,000 after tax up until deconsolidation on 21 October 2015, gives a total loss of £772,000 from discontinued operations in 2015 as set out below, together with full year OASL result comparatives for 2014:

Results of discontinued operations	**2015** **£'000**	2014 £'000
Revenue	**34**	17
Other income – grants	**62**	69
Total income	**96**	86
Cost of sales	**(63)**	(65)
Expense and research & development costs	**(653)**	(671)
Loss from operating activities	**(620)**	(650)
Taxation credit	**47**	47
Loss after tax	**(573)**	(603)
Loss on demerger disposal of discontinued operation	**(199)**	–
Tax on disposal of discontinued operation	**–**	–
Total loss from discontinued operations	**(772)**	(603)

In addition, OASL cash outflows until deconsolidation on 21 October 2015 amount to £453,000 as set out below, together with full year OASL cash flow comparatives for 2014:

Cash flows from discontinued operations	**2015** **£'000**	2014 £'000
Net cash used in operations	**(437)**	(394)
Net cash used in investing activities	**(16)**	(89)
Net cash generated from financing activities	**–**	1,177
Total cash (out)inflows from discontinued operations	**(453)**	694

25 Related Parties and Directors' Transactions

Subsequent to the Company's acquisition of Cronin 3D on 15 September 2015, Cronin 3D has paid £97,500 to the University of Glasgow, which is a significant shareholder, in respect of the recharge of salaries of University employee staff engaged in research & development work for Cronin 3D and for the provision of research laboratory and related services. In addition, Cronin 3D has paid £2,500 to Techtran Limited, which is part of the IP Group and a significant shareholder, in respect of the provision of administrative services. There were no amounts outstanding at the end of the year.

Subsequent to the demerger of the Company's Oxford Advanced Surfaces Limited ("OASL") subsidiary in October 2015, OASL has charged the Company £1,832 in respect of the provision of administration services. That amount was owed at the end of the year.

During the year under review Dr Mark Moloney, who is a significant shareholder, received fees paid by the OASL subsidiary for participating in the Scientific Advisory Board on behalf of the Group. This amounted to £1,000 (2014: £1,200). There were no amounts owed at the end of either year.

Key employees

Key management personnel are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management are the directors of Cronin Group Plc. The compensation of the directors of Cronin Group Plc is disclosed in the Directors' Report on page 8 and in note 8.

26 Ultimate Controlling Party

In the opinion of the Directors, there is no ultimate controlling party.

COMPANY STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2015

	Notes	At 31 December 2015 £'000	At 31 December 2014 £'000
Assets			
Non-current assets			
Investments	C3	**4,903**	2,267
Plant & Equipment		**–**	2
		4,903	2,269
Current assets			
Trade and other receivables	C4	**37**	9
Cash and cash equivalents		**4,868**	1,848
		4,905	1,857
Liabilities			
Current liabilities			
Trade and other payables	C5	**(48)**	(29)
Net current assets		**4,857**	1,828
Non-current liabilities			
Total assets		**9,760**	4,097
Equity and liabilities			
Shareholder's equity			
Called up share capital	19	**53**	1,977
Share premium		**3,287**	10,603
Merger reserve	21	**4,880**	–
Retained earnings		**1,540**	(8,802)
Share based payment reserve		**–**	319
Total equity attributable to shareholders of the Company		**9,760**	4,097

The financial statements were approved by the Board of Directors on 13 April 2016 and were signed on its behalf by:

Michael Bretherton
Director

Company Number: 05845469

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Share equity £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Share based payment reserve £'000	Total equity £'000
Balance at 31 December 2013	**1,977**	**10,603**	**–**	**(6,565)**	**308**	**6,323**
Total comprehensive loss for the year to 31 December 2014	–	–	–	(2,237)	–	(2,237)
Transactions with owners:	–	–	–	–	–	–
Non-controlling interests on part disposal of subsidiary	–	–	–	–	–	–
Share-based payments					11	11
Balance at 31 December 2014	**1,977**	**10,603**	**–**	**(8,802)**	**319**	**4,097**
Total comprehensive loss for the year to 31 December 2015	–	–	–	(2,300)	–	(2,300)
Share capital reduction and cancellation of deferred shares	(1,957)	(10,603)	–	12,560	–	0
Shares issued on acquisition of Cronin 3D Ltd	20	–	4,880	–	–	4,900
Issue of placing shares for cash	13	3,287	–	–	–	3,300
Closure of share based payment reserve	–	–	–	304	(319)	(15)
Distribution of shares in OASL	–	–	–	(222)	–	(222)
Balance at 31 December 2015	**53**	**3,287**	**4,880**	**1,540**	**–**	**9,760**

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Loss before tax		**(2,301)**	(2,237)
Depreciation and amortisation charges		**2**	2
Waiver of intercompany loans		**–**	2,080
Impairment/(reversal) of investments in subsidiaries	C3	**2,042**	(231)
Share based payment (credit)/expense		**(14)**	12
Finance Income		**(2)**	(15)
Operating cash outflows before movements in working capital		**(273)**	(389)
(Increase)/decrease in trade and other receivables		**(28)**	22
Increase/(decrease) in trade and other payables		**19**	(16)
Cash used in operations		**(282)**	(383)
Cash flow from investing activities			
Investment in subsidiary undertakings		**–**	(250)
Interest received		**2**	16
Net cash inflow/(outflow) from investing activities		**2**	(234)
Net cash from financing activities			
Proceeds from issue of share capital	19	**3,300**	–
Outflow from loan to subsidiaries		**–**	(274)
Net cash inflow/(outflow) from financing activities		**3,300**	(274)
Increase/(decrease) in cash and cash equivalents		**3,020**	(891)
Cash and cash equivalents at beginning of year		**1,848**	2,739
Cash and cash equivalents at end of year		**4,868**	1,848

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2015

C1 Basis of preparation

The Company separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and all values have been rounded to the nearest thousand, except where otherwise indicated. The Company's functional currency is Sterling.

During the year the Company changed its name from Oxford Advanced Surfaces Group Plc to OXACO Plc and finally, on 16 September 2015, to Cronin Group Plc.

The principal accounting policies adopted are the same as for those set out in the Group's financial statements.

C2 Company profit for the period

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent Company's loss for the year to 31 December 2015 was £2,301,000 (2014: £2,237,000).

C3 Investments

	Notes	Shares in subsidiary undertakings £'000	Other Investments £'000	Total £'000
Cost				
At 31 December 2013		24,321	–	24,321
Additions		2,087	–	2,087
Disposals		(4,434)	–	(4,434)
At 31 December 2014		21,974	–	21,974
Additions	15	4,900	–	4,900
Demerger of subsidiary	24	(21,974)	3	(21,971)
At 31 December 2015		**4,900**	**3**	**4,903**
Impairment				
At 31 December 2013		(24,303)	–	(24,303)
Reversal of impairments		231	–	231
Impairments		4,365	–	4,365
At 31 December 2014		(19,707)	–	(19,707)
Impairment		(2,042)	–	(2,042)
Demerger of subsidiary	24	21,749	–	21,749
At 31 December 2015		**–**	**–**	**–**
Net book value				
At 31 December 2015		**4,900**	**3**	**4,903**
At 31 December 2014		2,267	–	2,267

During the financial year the Company divested its majority holding in Oxford Advanced Surfaces Limited ("OASL") by way of a demerger distribution of OASL shares to shareholders at a fair value of £0.222 million, (cost of £21.974 million less impairments of £21.749 million, retaining only a minor holding of £3,000), see note 24. In addition the Company issued shares to acquire a subsidiary called Cronin 3D Limited for a cost of £4.90 million (see note 15), which is the Company's sole subsidiary at the 31 December 2015 balance sheet date. Details of the Company's subsidiaries are as follows:

Name of Company	Holding	% of shares held	Nature of business
Cronin 3D Limited (incorporated in Scotland)	Ordinary	100	Digitization of chemical space and chemical discovery
Oxaco No. 1 Limited (incorporated in England & Wales)	Ordinary	100	Dormant

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

C4 Trade Debtors and other Receivables

	2015 £'000	2014 £'000
Current:		
Trade receivables	**10**	1
Interest receivable	**–**	1
Other receivables	**15**	–
Prepayments	**12**	7
	37	9

C5 Trade and other Payables

	2015 £'000	2014 £'000
Current:		
Trade Payables	**9**	1
Social security and other taxes	**–**	1
Accrued expenses	**39**	27
	48	29

The Directors consider that the carrying amounts of trade and other payables approximates to their fair values.

C6 Share Capital

The movement in share capital for the Company is detailed in note 19 to the Group financial statements.

C7 Other Reserves

The movement on all other company reserves is detailed in the statement of changes in equity. Further details regarding the description of reserves is given in note 21 to the Group financial statements.

C8 Related Party Transactions

During the year, the Company charged its Cronin 3D Limited subsidiary £8,800 (2014: £nil) in respect of management fees. At the year end, the Company was owed £8,800 (2014: £nil).

Further details of other related party transactions and balances are disclosed in note 25 to the Group financial statements.

C9 Financial Risk and Capital Management

Financial risk and capital management is managed at a Group level, which is considered appropriate given the similar nature of both the Group and Company statements of financial position. Please refer to note 22 to the Group financial statements.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("Meeting") of Cronin Group Plc (the "Company") will be held on 12 May 2016 at 11.00 am at the offices of CMS Cameron McKenna, 191 West George Street, Glasgow, G2 2LD for the following purposes:

ORDINARY BUSINESS

1 Report and accounts

To receive and consider the Directors' Report, the audited consolidated Financial Statements and Independent Auditors' Report for the year ended 31 December 2015.

2 Re-appointment of a director

To consider and, if thought fit, to approve the re-appointment of Lee Cronin as a director of the Company, who retires pursuant to the Article 123 of the Articles of Association of the Company and who is recommended by the board of directors of the Company for re-appointment.

3 Re-appointment of a director

To consider and, if thought fit, to approve the re-appointment of Mark Warne as a director of the Company, who retires pursuant to the Article 123 of the Articles of Association of the Company and who is recommended by the board of directors of the Company for re-appointment.

4 Re-appointment of auditors

To consider and, if thought fit, to approve the re-appointment of Nexia Smith & Williamson as auditors of the Company and to authorise the Board to determine their remuneration.

SPECIAL BUSINESS

As special business to consider and, if thought fit, pass the following resolutions, of which resolution 5 will be proposed as an ordinary resolution and resolution 6 will be proposed as a special resolution:

5 Directors' authority to allot shares

5.1 That the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "2006 Act") to exercise all the powers of the Company to allot and make offers to allot Relevant Securities (as defined below):

5.1.1 comprising equity securities (as defined by section 560 of the 2006 Act) up to an aggregate nominal amount of £35,049.33 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 5.1.2 below) in connection with an offer by way of a rights issue:

(i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

5.1.2 in any other case, up to an aggregate nominal amount of £17,524.66 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 5.1.1 above in excess of £17,524.66), provided that (unless previously revoked, varied or renewed) this authority shall expire 15 months from the date of passing this resolution, or, if earlier, the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution save that the Company may before such expiry make an offer or enter into an agreement which would or might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

5.2 This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

5.3 For the purposes of this resolution, a "Relevant Security" is:

5.3.1 a share in the Company other than a share allotted pursuant to:

(i) an employee share scheme (as defined by section 1166 of the 2006 Act);

(ii) a right to subscribe for a share or shares in the Company where the grant of the right itself constituted a Relevant Security under paragraph 5.3.2 below; or

(iii) a right to convert securities into a share or shares in the Company where the grant of the right itself constituted a Relevant Security under paragraph 5.3.2 below.

5.3.2 any right to subscribe for or to convert any security into a share or shares in the Company other than a right to subscribe for or convert any security into a share or shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act).

5.4 References to the allotment of "Relevant Securities" in this resolution shall be construed accordingly.

6 Disapplication of statutory pre-emption rights

6.1 That subject to the passing of resolution 5 above, the Directors of the Company be authorised and empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 5 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that such power is limited to:

6.1.1 the allotment of equity securities in connection with an offer by way of a rights issue:

(i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

6.1.2 the allotment of equity securities (otherwise than pursuant to paragraph 6.1.1 above) up to a maximum aggregate nominal amount of £10,514.80

6.2 This authority shall expire 15 months from the date of passing this resolution, or, if earlier, the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution, provided that the Company may, before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.

6.3 This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot equity securities but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.

On behalf of the Board

Michael Bretherton
Company secretary
13 April 2016

Cronin Group Plc
24 Cornhill
London EC3V 3ND

EXPLANATORY NOTES

Entitlement to attend and vote

1 The Company specifies that only those members registered on the Company's register of members at:

- 11.00 a.m. on 10 May 2016; or,
- if this Meeting is adjourned, at 11.00 a.m. on the day two working days prior to the adjourned meeting (not counting non-working days),

shall be entitled to attend and vote at the Annual General Meeting (the "**Meeting**").

Appointment of proxies

2 If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the chairman of the Meeting (the "**Chairman**") or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4 A vote withheld will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy may vote or abstain from voting at his or her discretion. Your proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

5 The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed (although no voting indication need be given if you wish your proxy to exercise their discretion) and signed;
- sent or delivered to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, B63 3DA; and received by Neville Registrars no later than 11.00 a.m. on 10 May 2016.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a copy of such power or authority certified notarially or in some other way approved by the board of directors of the Company) must be included with the proxy form.

Appointment of proxy by joint members

6 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

7 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, but have not retained a copy of the blank proxy form, please contact Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, B63 3DA.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

8 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a copy of such power or authority certified notarially or in some other way approved by the board of directors of the Company) must be included with the revocation notice.

The revocation notice must be received by Neville Registrars no later than 11.00 a.m. on 10 May 2016. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

9 As at 6 p.m. on 8 April 2016, the Company's issued ordinary share capital comprised 525,739,933 ordinary shares of £0.0001 each. Each ordinary share carries the right to one vote at a general meeting of the Company.

Quorum

10 The quorum for the Meeting is not less than two shareholders present either in person or by proxy. The majority required for the passing of each of the ordinary resolutions is a simple majority of the total number of votes cast on each such ordinary resolution. The majority required for the passing of each of the special resolutions is three-quarters of the total number of votes cast on each such special resolution.

11 At the Meeting the votes may be taken on the resolutions by a show of hands or on a poll. On a show of hands every shareholder whether present in person or by proxy has one vote. On a poll every shareholder who is present, in person or by proxy, shall have one vote for every ordinary share held. A shareholder entitled to more than one vote need not use all of their votes or cast all of their votes in the same way.

Registered Office:
Cronin Group Plc
05845469 - Incorporated
on 13 June 2006
24 Cornhill, London, EC3V 3ND