Cronin Group Plc

Annual Report **2016**

DIRECTORS, OFFICERS AND ADVISORS

Directors
James Ede-Golightly — Chairman
Lee Cronin
Michael Bretherton
Mark Warne

Secretary
Michael Bretherton

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Broker and Nominated Advisor
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Auditor
Nexia Smith & Williamson
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Company Number
05845469 (England and Wales)

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CHAIRMAN'S STATEMENT

I am pleased to present the chairman's statement for Cronin Group Plc ("the Company") and its subsidiaries (the "Group") for the financial year to 31 December 2016. Following the Group restructuring which took place in the year to 31 December 2015, the current financial year has been one of focusing on the continuing operations of the Group and the implementation of our vision.

Our Vision

During the past twelve months the Group has made significant progress in following its roadmap to the digitization of chemistry and the Group's ultimate vision of developing the capability for autonomous universal digital synthesis.

Around 96 per cent of all manufacturers are touched in some way by chemistry. The task of making molecules is challenging; an organic molecule containing just a few dozen atoms, (e.g. Taxol™), can take many man-years of effort to complete. There are increasing industrial initiatives to drive towards chemical research and manufacturing processes that are sustainable, efficient and improve economic viability, for example small batch/bespoke manufacturing. We see an opportunity to capitalise on the economic benefit derived from these initiatives by providing a platform to make chemical synthesis predictable and enabling smart synthesis by design.

The Group believes the digitization of chemistry will structure humanity's understanding and experience of chemical space. This will make chemistry more productive, predictable and enable smart synthesis by design. The Group will go about sourcing high content data from chemical reactions from a community of users and providing it back in a digestible and actionable format. To this end the Group is developing and will deploy to a community of users, a unique data platform accessible via the cloud and which is a key element in our roadmap to the digitization of chemistry.

Growing Capability

I am pleased to report that during the last year the Group's capability growth has facilitated a quickening in the pace of progress, which is also a testament to the skill and dedication of all those involved.

In April 2016, the Company constituted a Scientific Committee comprising Mark Warne, Laurence Ede and Riccardo Pigliucci to review, evaluate and advise on the commercial and technical activities of the Group, with Paul Landau subsequently joining the committee in January 2017. The committee brings a deep and diverse expertise spanning chemistry and digital businesses and has been invaluable in the strategic progress of the Group.

During the past year the Group has grown to six full time employees, moving into dedicated premises in Glasgow in August 2016. Steve Coles joined the Company from main list Mears Group plc as Chief Technology Officer to lead the hardware and software development teams which are being significantly enlarged in 2017.

By virtue of the Company's relationship with the Glasgow University research team ("The Cronin Research Group" or "CRG") the Group's direct employees are exclusively focused on the development of commercial products while Company funded research within the CRG facilitates testing; scientific proof of concept work and the development of intellectual property to support the roadmap.

Financial Review

The Group incurred a loss from continuing operations for the year ended 31 December 2016 of £0.71 million (2015: loss from continuing operations of £0.39 million) which resulted in an overall after tax loss for the year of £0.71 million compared to an overall loss of £1.16 million in the previous year (2015: inclusive of a £0.77 million loss from discontinued operations).

The Group continues to benefit from a sound balance sheet with cash balances at 31 December 2016 of £4.79 million compared to £5.42 million at 31 December 2015. The £0.63 million decrease in cash during the year is mainly attributable to the research and development and overhead expenditure costs associated with the continuing operations of the Group for the financial year.

DigitalGlassware®

The Company announced in January that during 2017 it anticipated providing to early adopters trial product releases of DigitalGlassware® its low-cost, easy to use chemical telemetry product designed to enable the routine digitization of chemistry in commercial and academic research laboratories.

At the heart of our DigitalGlassware® platform is the ability to record chemistry being undertaken by the user with a precision and breadth never previously achieved, while also collecting and being able to tag chemical telemetry data in real time. We anticipate eventually a community of users feeding into our platform and collaborating to develop content resulting in a unique dataset to enhance the understanding and productivity of research chemistry.

The Group remains on track to meet this goal, with the first manufactured run of DigitalGlassware® completed in February 2017. Internal testing is currently in process at the Company's facility in Glasgow.

Research and development

The Group continues to collaborate by way of its Research Agreement with the Glasgow University research team led by Professor Lee Cronin, on research and development applications using and enabling the digitization of chemistry. This includes scientific proof of concept work on the Chemputer®, an autonomous universal digital synthesis engine, as well as the development of novel intellectual property to support the digitization of chemistry and the Digital Glassware® product platform.

Board Changes

In accordance with the growing level of activity, Michael Bretherton will assume the role of Finance Director with immediate effect. The board anticipates further executive appointments in due course.

Outlook

Testing, collaboration partnerships and further releases of the DigitalGlassware® product platform are expected during 2017 as the product platform is developed in advance of the first commercial launch which is anticipated in 2018.

The board, along with the Scientific Advisory Committee, are pleased with the Company's progression of its strategy and shall continue to identify opportunities to commercialise the platform technology and to exploit potential new innovations from the CRG going forward.

James Ede-Golightly
Non-executive Chairman
28 March 2017

Company Number: 05845469

STRATEGIC REPORT

The Directors present their Strategic Report with the audited consolidated financial statements and their assessment of the 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 2016.

The Group was reorganised in the previous year with the acquisition of Cronin 3D Limited ("Cronin 3D") in September 2015 and the demerger of Oxford Advanced Surfaces Limited ("OASL") in October 2015.

There have been no further changes to the Group structure subsequent to that time.

Principal Activity and Business Model

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 held cash balances of £4.79 million at the end of the year. Management believes that this provides sufficient funding for the Group to execute its development strategy in the medium term. There were no movements in the Company's share capital during the year as shown in note 19 to the financial statements.

Financial Review

The Consolidated Financial Statements have been prepared for the year to 31 December 2016.

Key performance indicators

Key Group performance indicators are set out below:

	31 December 2016	31 December 2015
Net assets (£ million)	**8.92**	9.63
Net asset value per share (pence)	**0.02**	0.02
Loss per share from continuing operations (pence)	**(0.14)**	(0.13)
Cash and short term deposits with banks (£ million)	**4.79**	5.42

Profit and loss

The Group incurred a loss after tax for the year ended 31 December 2016 of £0.71 million compared to a loss of £1.16 million in the previous year. This result was generated entirely from ongoing operations (2015: result inclusive of a loss from discontinued operations of £0.77 million).

Balance Sheet

The Group continues to benefit from a solid balance sheet with net assets at 31 December 2016 of £8.92 million compared to £9.63 million at 31 December 2015. The reduction in net assets reflects the £0.71 million loss for the year as the Company continues to implement its operational strategy.

Cash flow

The Group's overall cash position decreased by £0.63 million during the year. The decrease mainly reflects £0.72 million of cash used in operating activities and cash of £0.02 million invested in property plant and equipment during the year, partially offset by interest received of £0.03 million and tax credit receipts of £0.08 million.

Directors & Employees

As at 31 December 2016, the Group had 10 employees, consisting of 4 non executive directors and 6 other members of administrative and technical staff. The profile of the directors and their remuneration is detailed in the Directors' Report on pages 7 and 8.

In addition, the Group had 4 full time equivalent personnel working in research and development during the year ended 31 December 2016 who were on the payroll of Glasgow University ("GU"). The wages and salary costs in respect of these is recharged to the Group by GU on a monthly basis, together with a charge for laboratory costs and related overheads.

During the year the Group employed 5 of its own scientists and an office manager 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 the 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 performance indicators ("KPIs") is included in the Financial Review section of the Strategic Report. The Directors believe that performance should also be measured by achievement against technical and business development milestones.

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 developing companies. 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 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 financial instruments comprise cash and cash equivalents, trade and other receivables, equity investments 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 and 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 sound 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 £4.79 million as at 31 December 2016 (2015: £5.42 million).

In order to minimise risk to the Company's capital, funds are invested across a number of financial institutions with sound 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 present 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
28 March 2017

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 2016.

Principal Activities

A review of the Group's activities is included in the Chairman's Statement on pages 2 and 3 and in 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 5.

Share Capital

There were no movements in the share capital of the Company during the year as shown in note 19 to the Group financial statements.

Results and Dividends

The audited consolidated financial statements have been prepared for the year to 31 December 2016. The loss after tax for the year was £0.71 million (2015: £1.16 million), consisting entirely of ongoing operations (2015: inclusive of a loss of £0.77 million in relation to discontinued operations). The Directors do not recommend a dividend in respect of the year to 31 December 2016 and no dividends were paid during the year under review or the prior year.

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 at 24 March 2017:

Name	No. of ordinary shares	% holding
IP Group	152,517,014	29.01%
Richard Griffiths and controlled undertakings	150,319,870	28.59%
Prof Lee Cronin	54,175,520	10.30%
GU Holdings	39,373,994	7.49%
Robert Quested	26,285,369	4.99%
University of Oxford	17,264,429	3.28%

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

Michael Bretherton

Mark Warne

Philip Spinks (resigned 12 May 2016)

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 2016 £'000	Total December 2015 £'000
James Ede-Golightly	**12**	**–**	**12**	12
Lee Cronin	**12**	**–**	**12**	4
Michael Bretherton	**12**	**–**	**12**	6
Mark Warne	**12**	**–**	**12**	4
*Philip Spinks (resigned 12 May 2016)	**–**	**–**	**–**	–
	48	**–**	**48**	26

* Philip Spinks was not paid any directors fees by the Company during 2015 but he was paid a salary of £98,000 by its subsidiary, Oxford Advanced Surfaces Limited, 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 £5,245 for services provided by Mr Spinks. In addition during 2015 a share based payments credit of £14,000 was recognised 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.

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 "applicable 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 2016 are given below:

Ordinary shares of £0.0001 each

	31 December 2016		31 December 2015	
	Number	**Percent**	Number	Percent
Lee Cronin	**54,175,520**	**10.30%**	54,175,520	10.30%
James Ede-Golightly	**2,080,249**	**0.40%**	2,080,249	0.40%
Michael Bretherton	**3,673,824**	**0.70%**	3,673,824	0.70%
Mark Warne	**96,472**	**0.02%**	96,472	0.02%
Philip Spinks (resigned 12 May 2016)	**n/a**	**n/a**	61,500	0.01%

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 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 of Glasgow. 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 six 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 Healthcare at IP Group plc. Mark has been with IP Group plc since 2008 developing and commercialising healthcare technology innovations primarily from research intensive universities. Mark currently represents IP Group plc on the boards of a number of its life science portfolio companies. He joined IP Group plc 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.

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 nature and size of the Group.

The Board

The Board currently comprises a Chairman, a Founding Scientific Director and two other 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 grant 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 and in the absence of any Executive Directors shall be a matter for the committee itself.

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 operational and financial reporting and control systems.

Going Concern

At 31 December 2016, the Group had £4.79m (2015: £5.42m) 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 2 to 3 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 the employment of disabled people wherever possible 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 code of conduct that deals specifically with the payment of suppliers.

At the end of the year outstanding invoices for the Group and Company represented 36 days purchases (2015: 7 days).

Annual General Meeting

The next Annual General Meeting will take place on 19 May 2017 at 11.00 am in the Spitfire room at the offices of Cronin at Merlin House, Mossland Road, Hillington Park, Glasgow G52 4XZ.

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 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.

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 Company and of the Group and of the profit or loss of the Group for that period.

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

- Select suitable accounting policies 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; and
- 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

28 March 2017

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 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 26 and C1 to C8. 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 page 10, 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 2016 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.

Emphasis of matter – valuation of goodwill and investment in subsidiary

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in note 14 to the group financial statements concerning the valuation of goodwill and the disclosures made in note C2 to the parent company financial statements concerning the valuation of the investment. The valuation of the £4.1 million goodwill and £4.9 million investment is dependent on the future sales within the group, which are dependent on the timing of products, obtaining regulatory approval and being taken to market, including their successful commercialisation. The ultimate outcome of these matters cannot presently be determined, and the financial statements do not reflect any provision that may be required if the £4.1 million goodwill and £4.9 million investment cannot be recovered in full.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

to the Members of Cronin Group Plc

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
Chartered Accountants
Portwall Place
Portwall Lane
Bristol BS1 6NA

28 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Notes	**Year to 31 December 2016 £'000**	Year to 31 December 2015 £'000
Continuing operations			
Revenue		**–**	–
Research and development costs		**(640)**	(112)
Administrative costs		**(176)**	(279)
Operating loss	11	**(816)**	(391)
Finance income	9	**27**	2
Loss before tax		**(789)**	(389)
Income tax credit	10	**75**	–
Loss from continuing operations		**(714)**	(389)
Discontinued operations			
Loss from discontinued operations	24	**–**	(772)
Loss and total comprehensive loss for the year		**(714)**	(1,161)
Loss and total comprehensive loss for the year attributable to:			
The Company's equity shareholders		**(714)**	(1,032)
Non-controlling interest		**–**	(129)
		(714)	(1,161)
Loss per share attributable to the equity holders of the Company:			
Basic and diluted (pence) on continuing operations	20	**(0.14)**	(0.13)
Basic and diluted (pence) on total operations	20	**(0.14)**	(0.39)

The notes on pages 17 to 31 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	Notes	At 31 December 2016 £'000	At 31 December 2015 £'000
Assets			
Non-current assets			
Intangible assets and goodwill	14,15	**4,216**	4,221
Investments		**3**	3
Plant and equipment	13	**15**	–
		4,234	4,224
Current assets			
Trade and other receivables	16	**30**	35
Cash and cash equivalents	17	**4,789**	5,424
		4,819	5,459
Liabilities			
Current liabilities			
Trade and other payables	18	**(137)**	(53)
Net current assets		**4,682**	5,406
Total net assets		**8,916**	9,630
Equity and liabilities			
Shareholder's equity			
Called up share capital	19	**53**	53
Share premium	21	**3,287**	3,287
Merger reserve	21	**4,880**	4,880
Retained earnings		**696**	1,410
Total equity attributable to shareholders of the Company		**8,916**	9,630

The financial statements were approved by the Board of Directors on 28 March 2017 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 2016

	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 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**
Total comprehensive loss for the year to 31 December 2016	–	–	–	–	(714)	–	–	(714)
Balance at 31 December 2016	**53**	**3,287**	**4,880**	**–**	**696**	**–**	**–**	**8,916**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Notes	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Cash flows from operating activities			
Operating loss from continuing operations		**(816)**	(391)
Loss from discontinued operations		**–**	(772)
Adjustments for:			
Tax credit included in loss from discontinued operations		**–**	(47)
Loss on demerger of subsidiary included in loss from discontinued operations	24	**–**	199
Depreciation and amortisation charges		**6**	65
Profit on disposal of plant and equipment		**–**	(6)
Share based payments credit		**–**	(15)
Operating cash outflows before movement in working capital		**(810)**	(967)
Decrease in trade and other receivables		**5**	26
Increase in trade and other payables		**84**	–
Cash used in operations		**(721)**	(941)
Interest received		**27**	2
Taxation received		**75**	47
Net cash used in operating activities		**(619)**	(892)
Cash flows from investing activities			
Purchase of intangible assets	14	**–**	(16)
Purchases of property, plant and equipment	13	**(16)**	–
Proceeds from sale of plant and equipment		**–**	6
Cash and bank in subsidiary at acquisition	15	**–**	725
Cash and bank in demerged subsidiary	24	**–**	(262)
Net cash (used)/generated from investing activities		**(16)**	453
Cash flows from financing activities			
Proceeds from issue of share capital		**–**	3,300
Cash generated from financing activities		**–**	3,300
Net (decrease)/increase in cash and cash equivalents		**(635)**	2,861
Cash and cash equivalents at beginning of year		**5,424**	2,563
Cash and cash equivalents at end of year		**4,789**	5,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016

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 2016.

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 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 2015, 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 subsidiary. 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 any 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)

for the year ended 31 December 2016

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 for 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 and liabilities are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or goods 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 recognizing development 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 licenses

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 any 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
- Fixtures 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 an 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

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. Any impairment is charged to the Group income statement.

Investments

Investments in subsidiaries are stated at cost less any impairment in value. Any impairment is charged to the Company income statement.

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.

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, bank balances 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 placed with banks and financial institutions with a sound 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.

Share-based payments

In prior periods, employees (including senior executives) of the Group received remuneration in the form of share-based payment transactions, whereby employees rendered 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.

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.

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 2016 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 2016 and determined that none of these new standards and interpretations will have a 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
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018	No
IFRS 15	Revenue from Contracts with Customers	1 January 2017	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.

The directors have considered whether there are any indicators of impairment to the goodwill figure of £4,123,000 which arose on the acquisition of Cronin 3D in 2015 and concluded that no impairment charge is required.

The directors acknowledge, however, that whilst Cronin 3D is still at an early stage of development, there is considerable uncertainty regarding the valuation of this goodwill based on any estimate of the net present value of Cronin 3D's 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.

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	**2016 £'000**	2015 £'000
Salaries and fees	**217**	26
Social security costs	**17**	2
Pension costs	**–**	–
Share based payments (note 23)	**–**	(14)
	234	14

Discontinued Operations	2016 £'000	2015 £'000
Salaries and fees	–	301
Social security costs	–	31
Pension costs	–	5
Share based payments	–	(1)
	–	336

The average monthly number of employees of the Group was:

Continuing operations	2016 No.	2015 No.
Directors	4	3
Technical and administrative staff	4	–
	8	3
Discontinued operations		
Technical and administrative staff	–	7

Directors' emoluments

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

	2016 £'000	2015 £'000
Salaries and fees	48	26
Pension costs	–	–
	48	26
Social security costs	2	2
Share based payments (note 23)	–	(14)
Key management personnel remuneration	50	14

9 Finance Income

	2016 £'000	2015 £'000
Bank interest receivable	27	2

10 Income Tax Credit

(a) Tax credited in the income statement

	2016 £'000	2015 £'000
UK corporation tax credit – continuing operations	75	–
UK corporation tax credit – discontinued operations (note 24)	–	47

(b) Current tax

The current tax credit in the income statement for the year is detailed below. The current tax credit is lower than the standard rate of corporation tax in the UK of 20% (2015: 20%). The differences are reconciled below:

Continuing operations	**2016 £'000**	2015 £'000
Loss before tax	**(789)**	(389)
Loss on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 20% (2015: 20%)	**(158)**	(78)
Effects of:		
Expenses not deductible for tax	**–**	26
R&D tax credits received in respect of prior periods	**(75)**	–
Deferred tax not recognised on losses carried forward	**158**	52
Total tax credit	**(75)**	–

Discontinued operations	**2016 £'000**	2015 £'000
Loss before tax (note 24)	**–**	(620)
Loss on discontinued operations multiplied by the average standard rate of corporation tax in the UK of 20% (2015: 20%)	**–**	(124)
Effects of:		
Expenses not deductible for tax	**–**	6
Income not taxable	**–**	(1)
Additional deduction for R&D expenditure	**–**	(55)
Deferred tax not recognised on tax losses carried forward	**–**	127
Tax credit	**–**	(47)

The losses available for carry forward at 31 December 2016 comprise those of the Company and its only remaining subsidiary Cronin 3D and amount to £4,038,000 in 2016, (2015: £3,466,000). No deferred tax asset has been recognised in respect of the losses as recoverability is uncertain.

(c) Deferred Tax

	2016 £'000	2015 £'000
Tax losses carried forward	**686**	624
Deferred tax assets (unrecognised)	**686**	624

(d) Change in Corporation Tax rate

The Finance Act 2016, which received Royal Assent on 15 September 2016, includes legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. Accordingly, unrecognised deferred tax assets and liabilities have been calculated at the tax rate of 17% (2015: 18%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

11 Administrative Expenses

Continuing operations	2016 £'000	2015 £'000
Employee benefit expense (see note 8)	**234**	14
Amortisation of intangible assets – patents and licences	**5**	1
Other costs	**577**	376
	816	391
Discontinued operations		
Employee benefit expense	**–**	336
Depreciation of property, plant and equipment	**–**	43
Amortisation of intangible assets – patents and licences	**–**	22
Operating leases – offices and laboratories	**–**	84
Other costs	**–**	168
	–	653
Total	**816**	1,044

12 Auditors' Remuneration

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

Continuing operations	2016 £'000	2015 £'000
Fees payable to the Company's auditors:		
– The audit of the Company and consolidated accounts	**13**	13
– The audit of the Company's subsidiaries pursuant to legislation	**5**	5
– Tax Services – compliance	**–**	3

13 Plant and Equipment

	Notes	Plant & machinery £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 31 December 2014		583	10	76	669
Additions		–	–	–	–
Disposals		(50)	–	–	(50)
Demerger of subsidiary		(533)	(10)	(76)	(619)
At 31 December 2015		–	–	–	–
Additions		8	2	6	16
At 31 December 2016		**8**	**2**	**6**	**16**
Depreciation					
At 31 December 2014		509	9	65	583
Charge for year		37	1	5	43
Disposals		(50)	–	–	(50)
Demerger of subsidiary		(496)	(10)	(70)	(576)
At 31 December 2015		–	–	–	–
Charge for year		–	–	1	1
At 31 December 2016		**–**	**–**	**1**	**1**
Net Book Value					
At 31 December 2015		–	–	–	–
At 31 December 2016		**8**	**2**	**5**	**15**

14 Intangible Assets – Goodwill and Patents & Licences

	Notes	Patents & Licences £'000	Goodwill £'000	Total £'000
Cost				
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
Additions		–	–	–
At 31 December 2016		**98**	**4,123**	**4,221**
Amortisation and Impairment				
At 31 December 2014		303	–	303
Amortisation for year		22	–	22
Demerger of subsidiary	24	(325)	–	(325)
At 31 December 2015		–	–	–
Amortisation for year		5	–	5
At 31 December 2016		**5**	**–**	**5**
Net Book Value				
At 31 December 2015		98	4,123	4,221
At 31 December 2016		**93**	**4,123**	**4,216**

Full details of the goodwill of £4,123,000 arising on acquisition of the Cronin 3D Limited subsidiary in September 2015 are given in note 15 of the financial statements.

The only licence asset held at 31 December 2016 is that of a technology licence agreement with the University of Glasgow, which is being amortised over a 20 year useful economic life.

The Group tests goodwill allocated to cash generating units annually by comparing the recoverable amount of the unit with the carrying amount of the unit. The recoverable amount is determined based on estimated value in use which is dependent on the timing and amount of forecast sales and when relevant regulatory approvals are achieved. Forecasts are prepared based on management's current project plans and owing to the early stage development of the project are not based on past experience. Where practical, forecasts are prepared over the expected life cycle of the Group's proposed products and which are longer than five years due to the long term nature of the development cycle.

The directors acknowledge that whilst Cronin 3D is still at an early stage of development, there is material uncertainty regarding the valuation of this goodwill based on any estimate of the net present value of Cronin 3D's future cash flows. This material uncertainty arises because of the unpredictability of the timing and amount of any revenue cash flow receipts or the full cost base cash outflows required to generate such revenues. Due to such uncertainties, no financial forecasts have been produced to date in relation to the valuation of this goodwill figure.

The directors will continue to review Cronin 3D's progress in following its roadmap to the digitization of chemistry and the pursuit of opportunities to commercialise its platform technology. In the event that any impairment to this goodwill is in fact required in the future, this would result in a non cash impairment charge through the income statement and with a corresponding reduction to intangible assets and goodwill in the statement of financial position.

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 2.5p share for a value of £4,899,982. Other acquisition related professional fees costs of £135,000 were charged to professional fees within administrative costs in the consolidated statement of comprehensive income.

The 2.5p 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 2.5p. 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**
Intangible technology licence	98
Debtors	29
Cash	725
Other net 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 net assets and liabilities on acquisition of the subsidiary comprise book value carrying amounts which the Directors estimated 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 in 2015 would have been £272,000.

16 Trade and other Receivables

	2016 £'000	2015 £'000
Current:		
Other receivables	**21**	23
Prepayments	**9**	12
	30	35

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 2016 or 31 December 2015 and all trade receivables are not past due.

17 Cash and Cash Equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	**4,789**	5,424

18 Trade and other Payables

	2016 £'000	2015 £'000
Current:		
Trade payables	**57**	9
Social security and other taxes	**11**	–
Accrued expenses	**69**	44
	137	53

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

19 Called-up Share Capital

Allotted, issued and fully paid ordinary shares of £0.0001:	**No. of Shares**	**£'000**
At 31 December 2014	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 and 31 December 2016	**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 £4.9 million and a £3.3 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.

In addition, it was necessary, immediately prior to the acquisition of Cronin 3D and the £3.3 million share placing, 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

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.

	2016	2015
Continuing operations		
Loss attributable to equity holders of the Group (£'000)	**(714)**	(389)
Weighted average number of ordinary shares in issue	**525,739,933**	293,893,858
Basic & diluted loss per share (pence)	**(0.14)**	(0.13)
Total operations		
Loss attributable to equity holders of the Group (£'000)	**(714)**	(1,161)
Weighted average number of ordinary shares in issue	**525,739,933**	293,893,858
Basic & diluted loss per share (pence)	**(0.14)**	(0.39)

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 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.

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 to 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 going concerns while maximising the return to shareholders. This is achieved through careful investment of surplus cash balances 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 2016				
Investments	–	–	3	3
Trade and other receivables	21	–	–	21
Cash and cash equivalents	4,789	–	–	4,789
Trade and other payables		(69)	–	(69)
Net Total	**4,810**	**(69)**	**3**	**4,744**
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**

All financial liabilities for both the Group and the Company are payable on demand. The amounts reflected above represent 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 sound credit ratings 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 2016 is limited to the amount of interest earnt during the year.

	Year to 31 December 2016		Year to 31 December 2015	
Interest Rate Sensitivity	**+1% £'000**	**–1% £'000**	+1% £'000	–1% £'000
Loss for year	51	(27)	54	(2)
Equity	51	(27)	54	(2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

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 financial year to 31 December 2015.

EMI/Unapproved Group Option Scheme

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

	2016		2015	
	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
Forfeited and/or cancelled	–	–	(3,308,219)	–
At end of the year	–	–	–	–

No new options were issued during the year to 31 December 2016 or in the prior year to 31 December 2015.

The total charge arising in the year to 31 December 2016 for share-based payment transactions was £nil (2015: credit of £15,000, of which £14,000 related to continuing operations and £1,000 to discontinued operations).

24 Discontinued Operations

On 21 October 2015, the Company completed the demerger of 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 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, gave a total loss of £772,000 from discontinued operations in 2015 as set out below:

Results of discontinued operations	**2016 £'000**	2015 £'000
Revenue	–	34
Other income – grants	–	62
Total income	–	96
Cost of sales	–	(63)
Expense and research & development costs	–	(653)
Loss from operating activities	–	(620)
Taxation credit	–	47
Loss after tax	–	(573)
Loss on demerger disposal of discontinued operation	–	(199)
Tax on disposal of discontinued operation	–	–
Total loss from discontinued operations	–	(772)

In addition, OASL cash outflows until deconsolidation on 21 October 2015 amount to £453,000 as set out below:

Cash flows from discontinued operations	**2016 £'000**	2015 £'000
Net cash used in operations	–	(437)
Net cash used in investing activities	–	(16)
Net cash generated from financing activities	–	–
Total cash outflows from discontinued operations	–	(453)

25 Related Parties and Directors' Transactions

Group

The Cronin Group has paid companies that are part of IP Group, a significant shareholder, £9,000 in respect of the provision of administrative services. (2015: £2,500). There were no amounts outstanding at the end of the year (2015: £nil).

Key employees

At the year end the Board did not consider any employees to be key to the Group other than the Directors. The remuneration of the Directors is disclosed in the Directors' Report on page 7.

26 Ultimate Controlling Party

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

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Notes	At 31 December 2016 £'000	At 31 December 2015 £'000
Assets			
Non-current assets			
Investments	C2	**4,903**	4,903
		4,903	4,903
Current assets			
Trade and other receivables	C3	**124**	37
Cash and cash equivalents		**4,685**	4,868
		4,809	4,905
Liabilities			
Current liabilities			
Trade and other payables	C4	**(47)**	(48)
Net current assets		**4,762**	4,857
Total assets		**9,665**	9,760
Equity and liabilities			
Shareholder's equity			
Called up share capital	19	**53**	53
Share premium		**3,287**	3,287
Merger reserve		**4,880**	4,880
Retained earnings		**1,445**	1,540
Total equity attributable to shareholders of the Company		**9,665**	9,760

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The parent Company's loss for the year to 31 December 2016 was £95,000 (2015: £2,301,000).

The financial statements were approved by the Board of Directors on 28 March 2017 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 2016

	Share equity £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Share based payment reserve £'000	Total equity £'000
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)
Transactions with owners:						
Share capital reduction and cancellation of deferred shares	(1,957)	(10,603)	–	12,560	–	–
Shares issued on acquisition of Cronin 3D	20	–	4,880	–	–	4,900
Issue of placing shares for cash	13	3,287	–	–	–	3,300
Closure of share based payments 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**
Total comprehensive loss for the year to 31 December 2016	–	–	–	(95)	–	(95)
Balance at 31 December 2016	**53**	**3,287**	**4,880**	**1,445**	**–**	**9,665**

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	Notes	**2016 £'000**	2015 £'000
Loss before tax		**(95)**	(2,301)
Depreciation and amortisation charges		**–**	2
Impairment of investments in subsidiaries	C2	**–**	2,042
Share based payment credit		**–**	(14)
Finance Income		**(27)**	(2)
Operating cash outflows before movements in working capital		**(122)**	(273)
Increase in trade and other receivables		**(86)**	(28)
(Decrease)/increase in trade and other payables		**(2)**	19
Cash used in operations		**(210)**	(282)
Cash flow from investing activities			
Interest received		**27**	2
Net cash inflow from investing activities		**27**	2
Net cash from financing activities			
Proceeds from issue of share capital	19	**–**	3,300
Net cash inflow from financing activities		**–**	3,300
(Decrease)/increase in cash and cash equivalents		**(183)**	3,020
Cash and cash equivalents at beginning of year		**4,868**	1,848
Cash and cash equivalents at end of year		**4,685**	4,868

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2016

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.

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

Investments in subsidiaries

Investments in subsidiaries are stated in the Company balance sheet at cost less provision for any impairment. Any impairment is charged to the Company income statement.

C2 Investments

	Notes	Shares in subsidiary undertakings £'000	Other Investments £'000	Total £'000
Cost				
At 31 December 2014		21,974	–	21,974
Additions	15	4,900	–	4,900
Demerger of subsidiary		(21,974)	3	(21,971)
At 31 December 2015		4,900	3	4,903
Additions/disposals		–	–	–
At 31 December 2016		**4,900**	**3**	**4,903**
Impairment				
At 31 December 2014		(19,707)	–	(19,707)
Impairment		(2,042)	–	(2,042)
Demerger of subsidiary		21,749	–	21,749
At 31 December 2015		–	–	–
Impairment		–	–	–
At 31 December 2016		**–**	**–**	**–**
Net book value				
At 31 December 2015		**4,900**	**3**	**4,903**
At 31 December 2016		**4,900**	**3**	**4,903**

The Directors have considered whether there are any indicators of impairment to the Shares in Subsidiary Undertakings investment figure of £4,900,000 and concluded that no impairment charge is required.

The Directors acknowledge, however, that whilst the Cronin 3D subsidiary and its operations are still at an early stage of development, there is considerable uncertainty regarding the valuation of this investment balance based on any estimate of the net present value of the subsidiaries future cash flows. See note 14 to the Group financial statements for further details.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

During the prior 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 £21.971 million less impairments of £21.749 million), retaining only a minor holding of £3,000 (see note 24). Also in the prior year the Company issued shares to acquire a subsidiary called Cronin 3D Limited for a cost of £4.90 million, (see note 15) which remains the Company's sole subsidiary at the 31 December 2016 balance sheet date. Details of the Company's subsidiary 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

C3 Trade and Other Receivables

	2016 £'000	2015 £'000
Current:		
Trade receivables	–	10
Intercompany receivables	100	–
Other receivables	2	15
Prepayments	22	12
	124	37

C4 Trade and Other Payables

	2016 £'000	2015 £'000
Current:		
Trade payables	13	9
Social security and other taxes	1	–
Accrued expenses	33	39
	47	48

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

C5 Share Capital

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

C6 Other Reserves

The movement on all other company reserves is detailed in the statement of changes in equity.

C7 Related Party Transactions

Details of the related party transactions and balances are included in note 25 to the Group financial statements.

C8 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.

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 2016				
Investments	–	–	3	3
Trade and other receivables	102	–	–	102
Cash and cash equivalents	4,685	–	–	4,685
Trade and other payables		(47)	–	(47)
Net Total	**4,787**	**(47)**	**3**	**4,743**
At 31 December 2015				
Investments	–	–	3	3
Trade and other receivables	25	–	–	25
Cash and cash equivalents	4,868	–	–	4,868
Trade and other payables	–	(48)	–	(48)
Net Total	**4,893**	**(48)**	**3**	**4,848**

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("Meeting") of Cronin Group Plc (the "Company") will be held in the Spitfire room at the offices of Cronin at Merlin House, Mossland Road, Hillington Park, Glasgow G52 4XZ on 19 May 2017 at 11:00 a.m. 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 2016.

2 Re-appointment of a director

To consider and, if thought fit, to approve the re-appointment of Michael Bretherton as a director of the Company, who retires pursuant to the Article 123 of the Articles of Association of the Company (the "**Articles**") and who is recommended by the board of directors of the Company (the "**Board**") for re-appointment.

3 Re-appointment of a director

To consider and, if thought fit, to approve the re-appointment of James Ede-Golightly as a director of the Company, who retires pursuant to the Article 123 of the Articles 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 independent 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 £35,041.93 (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.

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

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
28 March 2017

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 17 May 2017; 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 17 May 2017.

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.

EXPLANATORY NOTES
(CONTINUED)

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 17 May 2017. 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 28 March 2017, the Company's issued ordinary share capital comprised 525,739,933 ordinary shares of 0.0001p 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.

12 To allow effective constitution of the meeting, if it is apparent to the Chairman that no shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

Documents on display

13 The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (weekends excepted) from the date of this notice until and for 15 minutes prior to and during the Meeting:

a. copies of the service contracts of executive directors of the Company; and

b. copies of letters of appointment of the non-executive directors of the Company.

Registered Office:
Cronin Group Plc
05845469
24 Cornhill,
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