

28 March 2017
Cronin Group Plc
("Cronin" or the "Company")

Preliminary announcement of audited results for the year ended 31 December 2016

Cronin Group Plc announces its audited financial results for the year ended 31 December 2016.

Highlights:

- The Group has grown to six full time employees and moved into dedicated premises.
- Steve Coles joined the Company as CTO to lead the hardware and software development teams which are being significantly enlarged in 2017.
- The Company's first DigitalGlassware® products are expected to be trialled during 2017.
- Loss of £0.71 million after tax (2015: loss £1.16 million inclusive of discontinued operations).
- Cash and short term deposits at 31 December 2016 of £4.79 million (2015: £5.42 million).
- Net assets at 31 December 2016 of £8.92 million (2015: £9.63 million).

James Ede-Golightly, Chairman, said:

"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.

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."

A full copy of the Company's 2016 Annual Report is now available on the Company's website at www.croningroupplc.com under the *Investor Relations/Annual & Interim Reports* section and will shortly be posted to shareholders. This contains on page 38, a Notice of the Annual General Meeting, to 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 am.

The Board of Directors approved this preliminary announcement on 27 March 2017. Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union, this announcement does not itself contain sufficient information to comply with all the disclosure requirements of IFRS and does not constitute statutory accounts of the Company for the years ended 31 December 2016 or 31 December 2015.

The financial information has been extracted from the statutory accounts of the Company for the years ended 31 December 2016 and 31 December 2015. The auditor, Nexia Smith & Williamson, has reported on the statutory accounts for the years ended 31 December 2016 and 2015; the reports were unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006. In their report on the statutory accounts for the year ended 31 December 2016, the auditor drew attention to the disclosures concerning the valuation of goodwill and investment in the subsidiary. In their report on the statutory accounts for the year ended 31 December 2015 the auditor did not draw attention to any such matters.

The statutory accounts for the year ended 31 December 2015 have been delivered to the Registrar of Companies, whereas those for the year ended 31 December 2016 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

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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 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 Pigiucci 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

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2016

	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	(816)	(391)
Finance income	27	2
Loss before tax	(789)	(389)
Income tax credit	75	-
Loss from continuing operations	(714)	(389)
Discontinued operations		
Loss from discontinued operations	-	(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	(0.14)	(0.13)
Basic and diluted (pence) on total operations	(0.14)	(0.39)

Consolidated Statement of Financial Position
As at 31 December 2016

	At 31 December 2016 £'000	At 31 December 2015 £'000
Assets		
Non-current assets		
Intangible assets and goodwill	4,216	4,221
Investments	3	3
Plant and equipment	15	-
	4,234	4,224
Current assets		
Trade and other receivables	30	35
Cash and cash equivalents	4,789	5,424
	4,819	5,459
Liabilities		
Current liabilities		
Trade and other payables	(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	53	53
Share premium	3,287	3,287
Merger reserve	4,880	4,880
Retained earnings	696	1,410
Total equity attributable to shareholders of the Company	8,916	9,630

Consolidated Statement of Cash Flows
For the year ended 31 December 2016

	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	-	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	-	(16)
Purchases of property, plant and equipment	(16)	-
Proceeds from sale of plant and equipment	-	6
Cash and bank in subsidiary at acquisition	-	725
Cash and bank in demerged subsidiary	-	(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

This information is provided by RNS
The company news service from the London Stock Exchange

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