



HALF YEAR REPORT
FOR THE SIX MONTHS ENDED
30 JUNE 2017

CRONIN GROUP PLC
DIRECTORS, OFFICERS AND ADVISERS

Directors

Mark Warne
Lee Cronin
Michael Bretherton
James Ede-Golightly
Laurence Ede

Chairman
Founding Scientific Director
Finance Director
Non-Executive Director
Non-Executive Director

Company Secretary

Michael Bretherton

Registered Office

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25 Walbrook
London EC4N 8AF

Broker and Nominated Advisor

WH Ireland Limited
4 Colston Avenue
Bristol BS1 4ST

Auditor

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

Registrar

Neville Registrars
Neville House
18 Laurel Lane
Halesowen B63 3DA

Company Number

05845469 (England and Wales)

CRONIN GROUP PLC
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CRONIN GROUP PLC
CHAIRMAN'S STATEMENT

I am pleased to report the Group has made material progress in the half year to date on technical implementation of our strategic roadmap to digitize chemistry, a key step on the path to the Group's ultimate vision of developing the capability for autonomous digital synthesis.

Digitizing chemistry will make it widely accessible by integrating real world chemistry with cloud computing, enabling new chemical molecules to be produced faster, cheaper and more reproducibly.

Approximately 96% of all products manufactured are touched in some way by chemistry. Innovation to drive down costs and create efficiency in chemical discovery and manufacture is considered a cornerstone for sustainable industry growth and profits. The digitization of chemistry will enable increased access and reproducibility of chemistry, leading to improvements in discovery and manufacturing, and ultimately, the directors believe, the use of Chemputers which are modular chemical robots. Applications will include bespoke chemical discovery, optimization, manufacturing and the ability to use artificial intelligence (AI) to direct molecule design. The Group's initiative in the digitization of chemistry to collect, codify and convey real-time execution, outcome data and associated context will structure humanity's understanding and experience of chemical space, and elements increasingly more common industry initiatives often described as the Internet of Lab Things (IoLT) and Smart Labs.

The Group has strengthened its Executive management during the period with myself taking on the role of Executive Chairman, Michael Bretherton being appointed Finance Director, and Richard Laming previously of Woolfson Microelectronics plc, joining the Executive to work alongside Chief Technology Officer Steve Coles as the organisation grows. The Company now employs a team of 15 personnel including chemistry specialists, software and hardware engineers based at dedicated premises in central Glasgow. The Group continues its research relationship with the team at Glasgow University, which is led by Cronin Group's scientific founder, Professor Lee Cronin.

The Group believes only high fidelity of data will truly enable making better chemical molecules, faster and more effectively. It has been stated that a large gap currently exists in chemical data reporting standards, rendering much of the currently available data unusable by algorithmic analyses. It has been widely reported that researchers think that science faces a reproducibility crisis, with half, do not have faith in published literature in their field – chemists often reporting the most difficulty.

To this end the Group is entering beta development of our DigitalGlassware™ platform, comprising an easy to use software interface and a unique, low footprint sensor array, which will allow any individual to access reproducible chemistry, via internet protocols. Data analysis will not just be performed retrospectively, but in real-time and a-priori, delivering back to the users a product which dramatically increases reproducibility. The product will be accessible to a broad community of users, including industrial and academic chemists, students, scientists from non-chemistry disciplines, scientific publishers, funding and professional advocacy bodies.

Financial Review

The Group incurred a loss after tax of £0.51 million for the half year ended 30 June 2017 (2016 first half: loss of £0.31 million), which mainly reflects our continued research and development expenditure in this period.

Net cash outflows of £0.50 million during this first six months reduced cash balances to £4.29 million at 30 June 2017 compared with cash balances at 31 December 2016 of £4.79 million.

Outlook

As we move from devising and developing program of work phases on our DigitalGlassware™ product, we keenly anticipate beta stage deployment with key innovators and early adopters, in preparation for addressing broader adoption among the target user groups.

CRONIN GROUP PLC
CHAIRMAN'S STATEMENT (CONTINUED)

The coming months will be a hugely exciting and transformational period for the company as it finalizes early beta product development and presents itself appropriately to its customer base, seeking to build credibility, awareness and understanding of its DigitalGlassware™ product and long term vision for the digitization of chemistry.

Mark Warne
Chairman
12 September 2017

CRONIN GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 30 JUNE 2017

	6 months ended 30 June 2017 (Unaudited) £'000	6 months ended 30 June 2016 (Unaudited) £'000	Year ended 31 December 2016 (Audited) £'000
Revenue	-	-	-
Research and development costs	(502)	(277)	(640)
Administrative costs	(82)	(81)	(176)
Operating loss	(584)	(358)	(816)
Finance income	11	15	27
Loss before tax	(573)	(343)	(789)
Income tax credit	68	33	75
Loss and total comprehensive loss for the period	(505)	(310)	(714)
Loss per share attributable to the equity holders of the Company:			
Basic and diluted (pence) (note 4)	(0.10)	(0.06)	(0.14)

CRONIN GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Share equity £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2015	53	3,287	4,880	1,410	9,630
Total comprehensive loss for the six months to 30 June 2016	-	-	-	(310)	(310)
Balance at 30 June 2016	53	3,287	4,880	1,100	9,320
Total comprehensive loss for the six months to 31 December 2015	-	-	-	(404)	(404)
Balance at 31 December 2016	53	3,287	4,880	696	8,916
Total comprehensive loss for the six months to 30 June 2017	-	-	-	(505)	(505)
Balance at 30 June 2017	53	3,287	4,880	191	8,411

CRONIN GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	As at 30 June 2017 (Unaudited) £'000	As at 30 June 2016 (Unaudited) £'000	As at 31 December 2016 (Audited) £'000
Assets			
Non-current assets			
Intangible assets and goodwill	4,213	4,218	4,216
Investments	3	3	3
Plant and equipment	29	-	15
	4,245	4,221	4,234
Current assets			
Trade and other receivables	66	53	30
Taxation recoverable	68	-	-
Cash and cash equivalents	4,285	5,096	4,789
	4,419	5,149	4,819
Liabilities			
Current liabilities			
Trade and other payables	(253)	(50)	(137)
Net current assets	4,166	5,099	4,682
Total net assets	8,411	9,320	8,916
Equity and liabilities			
Shareholders' equity			
Called up share capital	53	53	53
Share premium	3,287	3,287	3,287
Merger reserve	4,880	4,880	4,880
Retained earnings	191	1,100	696
Total equity attributable to shareholders of the Company	8,411	9,320	8,916

The condensed interim financial statements were approved by the Board of Directors and authorised for issue on 12 September 2017 and were signed on its behalf by:

Michael Bretherton
Director

Company number: 05845469

CRONIN GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	6 months ended 30 June 2017 (Unaudited) £'000	6 months ended 30 June 2016 (Unaudited) £'000	Year ended 31 December 2016 (Audited) £'000
Cash flows from operating activities			
Operating loss	(584)	(358)	(816)
Adjustments for:			
Depreciation and amortisation charges	6	3	6
Operating cash outflows before movement in working capital	(578)	(355)	(810)
(Increase)/decrease in trade and other receivables	(36)	(18)	5
(Decrease)/increase in trade and other payables	116	(3)	84
Cash used in operations	(498)	(376)	(721)
Interest received	11	15	27
Taxation received	-	33	75
Net cash used in operating activities	(487)	(328)	(619)
Cash flows from investing activities			
Purchase of property, plant and equipment	(17)	-	(16)
Net cash used in investing activities	(17)	-	(16)
Net decrease in cash and cash equivalents	(504)	(328)	(635)
Cash and cash equivalents at beginning of period	4,789	5,424	5,424
Cash and cash equivalents at end of period	4,285	5,096	4,789

CRONIN GROUP PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

1) BASIS OF PREPARATION

The condensed interim financial statements of Cronin Group Plc are unaudited condensed consolidated financial statements for the six months ended 30 June 2017. These include unaudited comparatives for the six months ended 30 June 2016 together with audited comparatives for the year ended 31 December 2016.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim Financial Reporting', and should be read in conjunction with the Group's annual financial statements as at 31 December 2016. Accordingly, whilst the interim statements have been prepared in accordance with IFRS, they cannot be construed as being in full compliance with IFRS.

The financial information for the year ended 31 December 2016 does not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006. A copy of the audited financial statements for that year has been delivered to the Registrar of Companies. The Auditors' opinion on those financial statements was unqualified, did not draw attention to any matters by way of an emphasis of matter paragraph, and it contained no statement under section 498(2) or section 498(3) of the Companies Act 2006.

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 2016. As at 1 January 2017 there are no new standards or interpretations that resulted in any impact on the accounting policies, financial position or performance of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Going concern

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

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the consolidated annual financial statements of Cronin Group Plc for the year ended 31 December 2016.

3) SEGMENTAL REPORTING

The Board is of the opinion that the business 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 segment. 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.

CRONIN GROUP PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017

4) LOSS PER SHARE (BASIC AND DILUTED)

Basic earnings or loss per share is calculated by dividing the gain or loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

For diluted earnings or loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	6 months ended 30 June 2017 (Unaudited)	6 months ended 30 June 2016 (Unaudited)	Year ended 31 December 2016 (Audited)
Total operations			
Loss attributable to equity holders of the Group (£'000)	(505)	(310)	(714)
Weighted average number of shares in issue ('000)	525,740	525,740	525,740
Basic and diluted loss per share (pence)	(0.10)	(0.06)	(0.14)

The Group had no dilutive potential ordinary shares in issue during the six months to 30 June 2017 and consequently there was also no dilutive impact for this period.

5) RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2017, Cronin 3D has paid £2,541 to IP Support Services Limited, which is part of the IP Group and a significant shareholder, in respect of the provision of administrative services, with no amounts outstanding at the end of the period (30 June 2016: £3,324 and nil outstanding).

The Group has taken advantage of the exemptions contained within IAS 24 – ‘Related Party Disclosures’ from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

In addition, during the period the Company paid remuneration to the Directors’ in accordance with their service contracts and letters of appointment.

6) HALF YEAR FINANCIAL REPORT

A copy of this half year report, as well as the prior year annual statutory accounts, is available on the Company’s website at www.croningroupplc.com.