Adaptimmune Limited

Annual report and financial statements

Registered number 6456741

For the year ended 30 June 2015

Adaptimmune Limited

Contents

Adaptimmune Limited

Registered number 6456741

Strategic report for the year ended 30 June 2015

The directors present their annual report and audited financial statements for the year ended 30 June 2015

Principal activities

The principal activity of Adaptimmune Limited ("the Company") is the development and commercialisation of T cell therapy to treat cancer and infectious diseases

We are a clinical-stage biopharmaceutical company focused on novel cancer immunotherapy products based on our T-cell receptor platform We have developed a comprehensive proprietary platform that enables us to identify cancer targets in the form of peptides, which are short sequences of amino acids, find and genetically engineer T-cell receptors, or TCRs, and produce TCR therapeutic candidates for administration to patients We engineer TCRs to increase their affinity to cancer-specific peptides, including our lead target peptides, NY-ESO-1 and MAGE A-10, in order to target and then destroy cancer cells in patients Unlike current antibodies and therapies that are based on the use of chimeric antigen receptor T cells, or CAR-Ts, our TCR therapeutic candidates are able to target intracellular as well as extracellular cancer antigens This capability significantly increases the breadth of targets, particularly as intracellular targets are known to be more closely associated with cancer, but are inaccessible with other autologous T-cell immunotherapy approaches We believe this approach will lead to TCR therapeutic candidates that have the potential to significantly impact cancer treatment and clinical outcomes of patients with cancer

Business review and future outlook

Our lead program is an affinity-enhanced TCR therapeutic targeting the NY-ESO-1, or NY-ESO, cancer antigen which is partnered with GSK We are conducting Phase 1/2 clinical trials in the U S for our NY-ESO TCR therapeutic candidate in patients with solid tumors and hematological malignancies including synovial sarcoma, multiple myeloma, melanoma and ovarian cancer As of June 30, 2015, we had administered our NY-ESO TCR therapeutic candidate to 47 patients across several cancer indications Our NY-ESO TCR therapeutic candidate is also being used in an investigator-initiated clinical trial in patients with esophageal cancer

Our IND for our second program, a TCR therapeutic candidate directed at MAGE-A10, was accepted by the FDA in June 2015 This program is not partnered with GSK The IND is now open and is directed at patients with Stage IIIb or Stage IV non-small cell lung cancer (NSCLC) The initial clinical program will be an open label Phase 1/2 dose escalating study of our MAGE- A10 TCR therapeutic candidate in patients with advanced NSCLC and will assess safety and tolerability of our therapeutic candidate in those patients

We have a number of other programs outside of the GSK collaboration Specifically, we plan to submit an Investigational New Drug Application, or IND, for our TCR therapeutic candidate directed at Alpha Fetoprotein, or AFP, during 2016 In addition to this program, we expect to leverage our TCR technology platform to continue to build our pipeline of proprietary TCR therapeutic candidates We have identified over 30 intracellular target peptides that are preferentially expressed in cancer cells and have ongoing unpartnered research programs on twelve of these We believe these twelve unpartnered research programs are relevant to a wide range of cancer indications We also have ongoing early stage research programs relevant to autoimmune indications

Principal risks and uncertainties

Financial

We are a clinical-stage biopharmaceutical company with no products approved for commercial sale We have not generated any revenue from any product sales or royalties We have a history of losses and anticipate that we will incur continued losses for at least the next few years We cannot be certain that we will achieve or sustain profitability and it is very difficult to predict any future financial performance Our resources will continue to be devoted substantially to research and development for the foreseeable future and our ability to generate any revenue from any of our current therapeutic candidates cannot be guaranteed There is also a risk that should we fail to obtain additional funding we will be unable to complete the further development of our therapeutic candidates necessary to take those candidates to market Our current cash projections include reliance on our ability to obtain certain tax credits and our ability to obtain or continue to obtain such tax credits cannot be guaranteed

Strategic report for the year ended 30 June 2015 *(continued)*

Dependence on clinical candidates

Our business is dependent on a small number of clinical candidates, in particular our NY-ESO TCR therapeutic candidate and MAGE A-10 TCR therapeutic candidate There is no certainty that the results obtained in clinical trials of our existing clinical candidates will be sufficient to enable progression of those candidates through our clinical programs or the obtaining of regulatory approval or marketing authorisation There can also be no guarantee that clinical candidates will progress through clinical programs within anticipated timescales or that we will be able to recruit sufficient clinical trial subjects within anticipated timescales The outcome of clinical trials is inherently uncertain Negative results seen in clinical programs with one clinical candidate may impact on our other clinical programs or prevent other clinical programs from starting T-cell therapy is a novel approach for cancer treatment which is not completely understood and the impact of such therapy cannot be predicted Our clinical candidates may cause adverse events or fatalities which result in the suspension or halting of clinical programs There may be an increased risk of adverse events in clinical programs which we do not sponsor or control for example, the investigator-initiated programs using our NY-ESO TCR therapeutic candidate

Research Programs

We have a number of pre-clinical and other candidates under development Development of further candidates and pre-clinical assessment of those candidates takes a substantial amount of time, effort and money and we may encounter significant delays in taking further candidates into clinical programs or in finding suitable further candidates to further develop

Manufacturing

Manufacturing and administration of our TCR therapeutic candidates is complex and as a result we may encounter difficulties or delays in scaling up or further development of our manufacturing process or any associated development activities Should such difficulties be encountered then we may not be able to supply any end products at acceptable cost or in required timescales The manufacture of our existing TCR therapeutic candidates is heavily reliant on third parties who are outside of our control A delay or problem with any of our third party contract manufacturers can result in delays to the overall manufacturing process or inability to supply our therapeutics to clinical trial sites when required or increased cost being incurred in the manufacture and supply of our TCR therapeutic candidates

Our manufacturing process needs to comply with regulatory requirements in the United States and going forward in other countries Any failure to comply with the relevant regulatory requirements could result in delays in or termination of our clinical programs or suspension or withdrawal of regulatory approvals for our TCR therapeutic candidates or manufacturing process

Commercialisation

Our ability to commercialise any TCR therapeutic candidate is dependent on the progression of clinical candidates through the regulatory approval process and the results seen in clinical trials Clinical trials are expensive, time-consuming and difficult to implement and there is no guarantee that the results seen in any clinical trials will be sufficient to progress to the next stage of any clinical approval or ultimately to the obtaining of a marketing approval for any of our TCR therapeutic candidates

The market opportunities for our TCR therapeutic candidates may be limited in terms of geographic scope or type of patients which can be treated Our estimates of the potential patient population which can be treated may be inacccurate affecting the amount of revenue obtainable for any product Likewise the amount of revenue that can be obtained in relation to any TCR therapeutic candidate may be impacted by the nature of pricing reimbursement coverage or schemes available or in place in any specific country and the continuation of such coverage and schemes We currently have no marketing or sales force and we will have to establish a marketing capability prior to bringing any TCR therapeutic candidate to market Even if we are successful in obtaining regulatory approval, our candidates may not gain market acceptance or utility

Strategic report for the year ended 30 June 2015 *(continued)*

In addition we will face increasing competition from third parties as we proceed through clinical programs, such third parties may have more funding and resources than us, impacting on our end ability to bring our therapeutic candidates to market

Regulation

Our clinical candidates are highly regulated and the regulatory process is lengthy and time-consuming We may experience significant delays in obtaining regulatory approval or be required to make changes to our clinical programs or therapeutic candidates by regulatory authorities Our ability to obtain accelerated approval or orphan drug designation for any clinical candidate is difficult to predict and may require the development of additional processes or assays Even if we are successful in obtaining regulatory approvals in one country, this does not mean that we will be successful in other countries and further clinical programs may be required to obtain required regulatory approvals in such other countries Should we obtain regulatory approval for any of our TCR therapeutic candidates we will be subject to ongoing regulatory obligations and requirements which may result in significant additional expense or delays to commercialisation of our products Any failure to comply with regulatory requirements at any stage in the development of our TCR therapeutic candidates may harm our reputation and significantly affect our operating results

We are also subject to regulation as a company both in the UK and US including in relation to financial controls, anti-bribery and other internal policies and controls If we fail to establish and maintain proper internal controls our ability to comply with applicable regulations could be impaired

Litigation

We face an inherent risk of product liability given the nature of our business and will face an even greater risk upon commercialization of any candidates We cannot guarantee that any insurance coverage we obtain will be sufficient to cover any product liability that arises We may also face claims brought by third parties in relation to the way in which we run or manage our business, report the results of our business, or the impact our operations have on such third parties

Third Parties

We rely heavily on GSK for our initial clinical program for our NY-ESO TCR therapeutic candidate Our ability to continue to develop and ultimately commercialise our NY-ESO TCR therapeutic candidate depends heavily on the ongoing collaboration with GSK and the payments made to us by GSK upon the achievement of specified milestones

We also rely heavily and are dependent on Thermo Fisher Scientific Inc and the technology we license from them for the activation and expansion of T cells Inability to obtain the relevant technology from Thermo Fisher Scientific Inc would cause delays to our clinical programs and our ability to manufacture, supply and administer our TCR therapeutic candidates We have a shared development history with Immunocore and rely on certain resources and support from Immunocore which if not present could result in delays in our ability to bring new TCR therapeutic candidates into clinical programs We also rely heavily on third parties to conduct our clinical trials including universities, medical institutions, CROs and other clinical supply organisations

Intellectual Property

We may be forced to litigate to enforce or defend our intellectual property rights and to protect our trade secrets We may also not be able to obtain suitable protection for our technology or products, or the cost of doing so may be prohibitive or excessive We cannot provide any assurance that the intellectual property rights that we own or license provide protection from competitive threats or that we would prevail in any challenge mounted to our intellectual property rights Third parties may claim that our activities or products infringe upon their intellectual property which will adversely affect our operations and prove costly and time-consuming to defend against We have licensed, and expect to continue to license, certain intellectual property rights from third parties We cannot provide any assurances that we will be successful in obtaining and retaining licenses or proprietary or patented technologies in the future Further, our products may infringe the intellectual property rights of others and we may be unable to secure necessary licenses to enable us to continue to manufacture or sell our products

Strategic report for the year ended 30 June 2015 *(continued)*

Suppliers

We depend upon a limited number of suppliers, and certain components or raw materials for our TCR therapeutic candidates may only be available from a sole source or limited number of suppliers Even if the key components that we source are available from other parties, the time and effort involved in obtaining any necessary regulatory approvals for substitutes could impede our ability to replace such components timely or at all The loss of a sole or key supplier would impair our ability to deliver products to our customers in a timely manner, adversely affect our sales and operating results and negatively impact our reputation

Employee

We rely on the ongoing involvement of certain key employees Our ability to further progress our clinical candidates and develop further clinical candidates is dependent on our ability to grow the size and capabilities of our organization and we may experience difficulties in managing this growth or achieving this growth within anticipated timescales

Facilities

If any of our existing facilities or any future facilities, infrastructure or our equipment including our information technology systems were damaged or destroyed, or if we experience a significant disruption in our operations for any reason, our ability to continue to operate our business could be materially harmed We maintain insurance coverage against damage to our property and equipment and business interruption and research and development

Key performance indicators ("KPIs")

As a measurement of liquidity, the Company reviews its cash position (including cash and cash equivalents in addition to deposits held) At 30 June 2015 the cash position (including cash and cash equivalents in addition to deposits held) was £180,617,000 (*2014 £30,007,000*)

The average number of full-time equivalent employees during the year was 62 (2014 24) As of 30 June 2015, we had 87 full-time equivalent employees

Financial risk management

The Group's finance department has policies and procedures to manage credit risk, foreign exchange risk and liquidity risk and circumstances where it would be appropriate to use financial instruments to manage these

Market risk arises from our exposure to fluctuation in interest rates and currency exchange rates, in particular, the exchange rate between pounds sterling and US dollar These risks are managed by maintaining an appropriate mix of cash deposits in sterling and dollar, placed with a variety of financial institutions for varying periods according to expected liquidity requirements

We are exposed to market risks in the ordinary course of our business, which are principally limited to interest rate fluctuations and foreign currency exchange rate fluctuations These risks are managed by maintaining an appropriate mix of cash deposits in various currencies, placed with a variety of financial institutions for varying periods according to expected liquidity requirements

Interest Rate Risk

Our exposure to interest rate sensitivity is impacted by changes in the underlying UK and US bank interest rates Our surplus cash and cash equivalents are invested in interest-bearing savings and money market accounts from time to time We have not entered into investments for trading or speculative purposes Due to the conservative nature of our investment portfolio, which is predicated on capital preservation of investments with short-term maturities, we do not believe an immediate one percentage point change in interest rates would have a material effect on the fair market value of our portfolio, and therefore we do not expect our operating results or cash flows to be significantly affected by changes in market interest rates

Strategic report for the year ended 30 June 2015 *(continued)*

Currency Risk

Our functional currency is pounds sterling (GBP), and commonly our transactions, including revenue, are denominated in that currency However, we incur a significant proportion of expenses in other currencies, particularly US dollars, and are exposed to the effects of exchange rates We seek to minimize this exposure by passively maintaining other currency cash balances at levels appropriate to meet foreseeable expenses in these other currencies We do not use forward exchange contracts to manage exchange rate exposure

Liquidity risk

The cash utilisation is constantly monitored to provide a lead time for raising further funding The Group's treasury policy gives guidance on how much investment should be held with differing counterparties when significant cash balances are on hand We will need further financing to bring our products to market and may not be able to raise further finance on acceptable terms

Commodity Price Risk

We are exposed to commodity price risk as a result of our operations However, given the size of our operations, the costs of managing exposure to commodity price risk exceed any potential benefits We will revisit the appropriateness of this policy should our operations change in size or nature We have no exposure to equity securities price risk as we hold no listed or other equity investments

The Strategic Report was approved by the Board on 12 October 2015

On behalf of the board

J Noble
Director

12 October 2015

Adaptimmune Limited

Registered number 6456741

Directors' report for the year ended 30 June 2015

Results and dividends

The result for the year is set out in the Income Statement on page 11

The directors do not propose a dividend (*2014 £nil*)

Qualifying third party indemnity provisions

At the time the report is approved, there are no qualifying third party indemnity provisions in place for the benefit of one or more of the directors

Directors

The directors who held office during the year were as follows

J Knowles (Chairman)	
J Noble	
I Laing	
D Mott	appointed 23rd September 2014
E Sigal	appointed 23rd September 2014
A Behbahani	appointed 23rd September 2014
P Thompson	appointed 23rd September 2014
N Cross	resigned 23rd September 2014
B Jakobsen	resigned 23rd September 2014
G Robinson	resigned 23rd September 2014
H Tayton-Martin	resigned 23rd September 2014

Charitable and political contributions

No charitable contributions were paid during the year (*2014 £nil*)
No donations were made during the year to political organisations (*2014 £nil*)

Employee involvement

The Company is committed to the continued development of employee involvement by an effective communications and consultative framework

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

Directors' report for the year ended 30 June 2015 *(continued)*

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 them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Disclosure of information to auditors

All directors in office at the time the report is approved confirm the following

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/she ought to have taken in his/her duty as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

The Directors' Report was approved by the Board on 12 October 2015

On behalf of the board

J Noble
Director

12 October 2015

Adaptimmune Limited

Registered number 6456741

Statement of directors' responsibilities in respect of the Directors' Report, the Strategic Report and the Financial Statements

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 company financial statements for each financial year Under that law they have elected to prepare company financial statements in accordance with Financial Reporting Standard 101 ("FRS 101") and applicable law

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing the company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with FRS 101, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Adaptimmune Limited

We have audited the financial statements of Adaptimmune Limited for the year ended 30 June 2015 set out on pages 11 to 31 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*

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 8, 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 Auditing Practices Board'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 Financial Reporting Council'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 Company's affairs as at 30 June 2015 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

12/10/15

Derek McAllan (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Arlington Business Park
Theale, Reading RG7 4SD
United Kingdom

Adaptimmune Limited

Registered number 6456741

Income Statement
for the year ended 30 June 2015

	Note	2015 £000	2014 £000
Revenue	2	**6,818**	355
Research & development expenses		**(15,129)**	(8,227)
Administrative expenses		**(4,938)**	(1,838)
Other income	6	**462**	165
Intercompany provision		**-**	1,229
Operating loss	3	**(12,787)**	(8,316)
Finance income	7	**1,908**	2
Finance expense	8	**(347)**	(4)
Loss before tax		**(11,226)**	(8,318)
Taxation credit	9	**1,497**	1,027
Loss for the year		**(9,729)**	(7,291)

All of the above figures relate to continuing operations

There were no other gains or losses in the year

The notes on pages 14 to 31 form part of these Financial Statements

Adaptimmune Limited

Registered number 6456741

Statement of Financial Position as at 30 June 2015

	Note	2015 £000	2014 £000
Assets			
Non-current assets			
Property, plant & equipment	*10*	**3,115**	839
Intangibles	*11*	**113**	-
Investments in subsidiaries	*12*	**-**	-
		3,228	839
Current assets			
Other current assets	*13*	**65**	-
Trade & other receivables	*14*	**5,208**	608
Tax receivable		**2,524**	1,027
Current asset investments	*15*	**35,164**	-
Cash and cash equivalents	*16*	**145,453**	30,007
		188,414	31,642
Total assets		**191,642**	32,481
Equity & liabilities			
Equity			
Share capital	*18*	**4**	2
Share premium		**80,798**	20,246
Retained earnings		**(27,828)**	(18,901)
		52,974	1,347
Non-current liabilities			
Trade and other payables	*17*	**9,100**	-
Current liabilities			
Trade and other payables	*17*	**129,568**	31,134
Total equity & liabilities		**191,642**	32,481

The notes on pages 14 to 31 form part of these Financial Statements

The financial statements on pages 11 to 31 were approved by the Board of Directors on 12 October 2015 and are signed on its behalf by

J Noble
Director

12 October 2015

Adaptimmune Limited

Registered number 6456741

Statement of Changes in Equity forthe year ended 30 June 2015

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 July 2013	1	10,219	(11,716)	(1,496)
Total comprehensive income for the year				
Loss for the year	-	-	(7,291)	(7,291)
Transactions with owners, recorded directly in equity				
Proceeds from the issue of share capital	1	9,789	-	9,790
Equity-settled share based payment transactions and issues of shares on exercise	-	238	106	344
Balance at 30 June 2014	**2**	**20,246**	**(18,901)**	**1,347**
Balance at 1 July 2014	**2**	**20,246**	**(18,901)**	**1,347**
Total comprehensive income for the year				
Loss for the year	-	-	(9,729)	(9,729)
Transactions with owners, recorded directly in equity				
Proceeds from the issue of preferred shares, net of issue costs of £3,031,000l	2	60,552	-	60,554
Equity-settled share based payment transactions	-	-	802	802
Balance at 30 June 2015	**4**	**80,798**	**(27,828)**	**52,974**

The notes on pages 14 to 31 form part of these Financial Statements

1 Accounting policies

Domicile

Adaptimmune Limited is registered in England and Wales Its registered office is 101 Park Drive, Milton Park, Abingdon, Oxfordshire OX14 4RY UK

Statement of compliance

These financial statements have been prepared and approved by the directors in accordance with Financial Reporting Standard 101 ("FRS 101")

Basis of preparation

The financial statements have been prepared on the historical cost basis except as required by the accounting standards

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

The Company has election to take advantage of the exemptions in FRS 101 not to prepare a statement of cashflows under IAS 7, financial instrument disclosures under IFRS 7 and fair value measurement under IFRS 13

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1-5 above The financial position of the Company is described in the primary statements and notes of this set of financial statements In addition, the Company's parent company's financial statements include the Group's objectives, policies and processes for managing its capital and its financial risk management objectives

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Management estimates and judgements

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions These judgements, estimates and assumptions affect the reported amounts of assets and liabilities as well as income and expenses in the financial statement provided

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources The actual outcome is not expected to differ significantly from the estimates and assumptions made

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

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate in effect at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate in effect at that date Foreign exchange differences arising on translation are recognised in the income statement Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined

Intangibles

Acquired computer software licences are capitalised as Intangibles on the basis of the costs incurred to acquire and bring to use the specific software These costs are amortised over their estimated useful lives

Property, plant & equipment

Property, plant & equipment are stated at their purchase cost, together with any incidental expenses of acquisition, and they are stated in the statement of financial position at cost less accumulated depreciation

Depreciation is calculated so as to write off the cost of the assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned Depreciation is not charged on construction in progress until the asset is completed for its intended use and transferred to the appropriate fixed asset classification

The periods generally applicable are as follows

Computer equipment	3 years
Laboratory equipment	5 years
Office equipment	5 years
Leasehold improvements	the expected duration of the lease

Other current and non-current assets

Clinical materials with alternative use and not held for sale are capitalized as either other current assets or other non-current assets, depending on the timing of their expected consumption

Non-derivative financial instruments:

Trade and other receivables

Trade and other receivables are recognised initially at fair value Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses

Trade and other payables

Trade and other payables are recognised initially at fair value Subsequent to initial recognition they are measured at amortised cost using the effective interest method

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less

1 Accounting policies (continued)

Revenue

Revenue is recognised to the extent that it obtains the right to consideration in exchange for its performance and is measured at the fair value of the consideration received excluding VAT

Revenue is from the supply of services under research collaboration partnerships and represents the value of contract deliverables If a payment is for multiple deliverables, then an allocation of the fair value of each deliverable is assessed based on available evidence Where a contract deliverable has only been partially completed at the balance sheet date, revenue is calculated by reference to the value of services performed as a proportion of the total services to be performed for each deliverable Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included within current liabilities or non-current liabilities depending on when the services are expected to be delivered

If circumstances arise that may change the original estimates of progress toward completion of a deliverable then estimates are revised These revisions may result in increases or decreases in estimated revenues and are reflected in income in the period in which the circumstances that give rise to the revision become known by management

Government Grants

Government grants are recognised as other income over the period necessary to match them with the related costs when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received

Investment in subsidiaries

Investments in subsidiary undertakings are stated at cost less any impairment Where management identify uncertainty over such investments, the investment is impaired to an estimate of its net realisable value

Dividends

Dividends received from subsidiary undertakings are accounted for when received Dividends paid are accounted for in the year when they are paid

Impairment excluding inventories and deferred tax assets:

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate Interest on the impaired asset continues to be recognised through the unwinding of the discount When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment If any such indication exists, then the asset's recoverable amount is estimated For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

Operating leases

Costs in respect of operating leases are charged to the income statement on a straight line basis over the lease term There are no assets currently held under finance leases

Research and development expenditure

Research and development expenditure includes direct and indirect costs of these activities, including staff costs and materials, as well as external contracts All such expenditure is expensed as incurred unless the capitalisation criteria of International Accounting Standard 38, 'Intangible Assets' have been satisfied

Pension Costs

The Company operates a defined contribution pension scheme for its directors and employees The contributions to this scheme are expensed to the Income Statement as they fall due

Share-based payments

The Company operates equity-settled, share-based compensation plans Certain employees of the Company are awarded options over the shares in the parent company The fair value of the employee services received in exchange for these grants of options is recognised as an expense, using the Black-Scholes option-pricing model, with a corresponding increase in reserves The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets) Non-market vesting conditions are included in assumptions about the number of options that are expected to vest

The Company adopted FRS 101 with a transition date of 1 July 2012 In accordance with IFRS 1 (First Time Adoption of IFRSs), IFRS 2 (Share-based Payment) is applied to equity instruments that had not vested by 1 July 2012 No instruments were granted prior to 1 July 2008

Full disclosure of the share-based payment assumptions is available in the financial statements of the ultimate parent company

1 Accounting policies (continued)

Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied in these financial statements Their adoption is not expected to have a material effect on the financial statements

- Amendments to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation' (mandatory for year commencing on or after 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (mandatory for year commencing on or after 1 January 2017)
- IFRS 9 Financial Instruments (mandatory for year commencing on or after 1 January 2018)

2 Revenue & Segmental Reporting

Revenue represents recognised income from partnership programmes

During the years ended 30 June 2015 and 30 June 2014 revenue was derived from one customer and the Directors believe that there is only one operating segment

	2015	2014
	£000	£000
Revenue	**6,818**	355

Under our collaboration and license agreement with GSK, GSK funds the development of, and has an option to obtain an exclusive license to, our NY-ESO TCR therapeutic candidate In addition, GSK has the right to nominate four additional target peptides The first of these additional targets will be selected from a pool of three target peptides, with the pool having already been jointly chosen by GSK and us Following completion of initial research on these three target peptides, GSK is entitled to nominate one TCR therapeutic candidate, and we will retain all rights to the other two TCR therapeutic candidates In addition, three other target peptides may be selected by GSK in the future These target peptides are outside of our unpartnered research programs and any other programs relating to target peptides where Adaptimmune initiates development of a TCR therapeutic candidate

Under the collaboration and license agreement, we received an upfront payment of £25 million and are entitled to various milestone payments based on the achievement of specified development and commercialization milestones by either us or GSK These milestone payments have a potential value of approximately $350 million over the next seven years

In addition to the development milestones, we are entitled to royalties from GSK on all GSK sales of TCR therapeutic products licensed under the agreement, varying between a mid-single-digit percentage and a low-double-digit percentage of net sales, subject to certain agreed reductions, dependent on the cumulative annual net sales for each calendar year Royalties are payable while there is a jointly owned or solely owned valid patent claim covering the TCR therapeutic in the country in which the relevant TCR therapeutic is being sold and, in each case, for a minimum of 10 years from first commercial sale of the relevant TCR therapeutic Sales milestones also apply once any TCR therapeutic covered by the GSK collaboration and license agreement is on the market

The GSK collaboration and license agreement is effective until all payment obligations expire, including any ongoing royalty payments due in relation to GSK's sale of any covered TCR therapeutic candidates The agreement can also be terminated on a collaboration program-by-collaboration program basis by GSK for lack of feasibility or inability to meet certain agreed requirements Both parties have rights to terminate the agreement for material breach upon 60 days' written notice or immediately upon insolvency of the other party GSK has additional rights to terminate either the agreement or any specific license or collaboration program on provision of 60 days' notice to us Additional payments may be due to us as a result of such termination, and where we continue any development of any TCR therapeutic candidate resulting from a terminated collaboration program, depending on the stage of development, royalties may be payable to GSK at a mid-single-digit percentage rate of net sales We also have rights to terminate any license where GSK ceases development or withdraws any licensed TCR therapeutic in specified circumstances

The revenue recognized to date relates primarily to the recognition of the £25 million upfront fee received in June 2014 as well as milestones achieved in October and November 2014 The fair value of the former has been allocated between initial target program, development activities and an overall contribution to the program

3 Expenses and Auditor's remuneration

	2015 £000	2014 £000
Operating loss is stated after charging:		
Operating lease charges		
Other than Plant & Machinery	**260**	177
Foreign exchange (gains)/losses transactions	**(49)**	157
Depreciation of owned property, plant and equipment (note 10)	**442**	145
Amortisation of intangibles (note 11)	**19**	-
Amounts receivable by the company's auditor and its associates in respect of		
audit of these financial statements	**30**	60
other audit services	**4**	-
other tax advisory services	**-**	18

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	2015 Number	2014 Number
Research & Development	**49**	21
Management & Administration	**13**	3
	62	24

The aggregate staff costs of these persons were as follows

	2015 £000	2014 £000
Wages and salaries	**3,534**	1,205
Social security costs	**418**	140
Share based payment – fair value of employee services	**802**	189
Pension costs – defined contribution (note 19)	**124**	52
	4,878	1,586

5 Directors' remuneration

	2015	2014
	£000	£000
Directors' emoluments	706	222

Total directors' pension contributions for the year was £12,500 *(2014 £10,500)*
No retirement benefits are accruing to directors (*2014 none*) under the Company's pension schemes
No directors (*2014 two*) exercised share options in the parent company during the year

Highest paid director	2015	2014
	£000	£000
Aggregate emoluments and benefits (excluding gains on exercise of share options and value of shares received under long term incentive schemes)	476	164

The highest paid director's pension contributions for the year were £10,500 *(2014 £7,750)*
The highest paid director exercised no share options in the year (*2014 9,280*)

6 Other income

Other income comprises income receivable from government agencies for research funding and income from Immunocore Limited for use of the Company's staff, services and facilities Government grants are paid in arrears based on a proportion of expenditure and claims are audited prior to receipt of payment

	2015	2014
	£000	£000
Government grant	429	149
Income from related parties (see also note 21)	33	13
Other	-	3
	462	165

7 Finance income

Recognised in the income statement

	2015 £000	2014 £000
Bank interest on cash and deposits	**320**	2
Foreign exchange gains on financial assets	**1,588**	-
Finance income	**1,908**	2

8 Finance expense

Recognised in the income statement

	2015 £000	2014 £000
Bank interest on overdrafts	**-**	4
Bank interest on group arrangements	**347**	-
Finance expense	**347**	4

9 Taxation credit

Recognised in the income statement

	2015 £000	2014 £000
Current tax income		
UK R&D tax credit	**1,308**	1,027
Adjustments in respect of prior periods	**189**	-
Total tax credit in the income statement	**1,497**	1,027

Reconciliation of effective tax rate

The total tax credit is lower (*2014 lower*) than the standard rate of corporation tax in the UK The differences are explained below

	2015 £000	2014 £000
Loss before tax	**11,226**	8,318
Tax at the UK corporation tax rate of 20 75% (2013 22 5%)	**2,329**	1,872
Non-deductible expenses	**(181)**	(74)
Fixed asset differences	**(22)**	180
Deferred taxes not recognised	**(1,376)**	(1,389)
Additional allowance in respect of enhanced R&D relief	**1,033**	1,067
Surrender of tax losses for R&D tax credit refund	**(475)**	(893)
Adjustments in respect of prior periods	**189**	-
Other timing differences	**-**	264
Total tax credit in income statement	**1,497**	1,027

After accounting for tax credits receivable there are accumulated tax losses for carry forward in the UK amounting to £21,175,000 (*2014 £14,131,000*) No deferred tax asset is recognised in respect of accumulated tax losses on the basis that suitable future trading profits are not sufficiently certain

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 In the Budget on 8 July 2015, the UK Chancellor announced additional planned reductions to 18% by 2020, but these were not substantively enacted at the balance sheet date

For the purposes of deferred taxes not recognised, the rate change to 20% had been substantively enacted before the balance sheet date The other proposed rate changes were not substantively enacted on or before the balance sheet date and it is not yet possible to quantify the full anticipated effect of the announced further rate reductions, although this will reduce the Company's future current tax charge and reduce the Company's deferred tax assets accordingly

10 Property, plant & equipment

	Computer Equipment £000	Office Equipment £000	Laboratory Equipment £000	Leasehold Improvements £000	Total £000
Cost					
At 1 July 2013	9	-	159	-	168
Additions to 30 June 2014	39	28	783	-	850
At 30 June 2014	48	28	942	-	1,018
Additions to 30 June 2015	290	94	1,434	980	2,798
Disposals to 30 June 2015	(4)	-	(120)	-	(124)
At 30 June 2015	**334**	**122**	**2,256**	**980**	**3,692**
Depreciation					
At 1 July 2013	5	-	29	-	34
Charge for period to 30 June 2014	7	4	134	-	146
At 30 June 2014	12	4	163	-	179
Charge for period to 30 June 2015	50	11	349	32	442
Disposals to 30 June 2015	(4)	-	(40)	-	(44)
At 30 June 2015	**58**	**15**	**472**	**32**	**577**
Carrying value					
At 1 July 2013	4	-	130	-	134
At 30 June 2014	36	24	779	-	839
At 30 June 2015	**276**	**107**	**1,784**	**948**	**3,115**

11 Intangibles

	Computer Software £000	Total £000
Cost		
At 1 July 2013	-	-
Additions to 30 June 2014	-	-
At 30 June 2014	-	-
Additions to 30 June 2015	132	132
At 30 June 2015	**132**	**132**
Amortisation		
At 1 July 2013	-	-
Charge for period to 30 June 2014	-	-
At 30 June 2014	-	-
Charge for period to 30 June 2015	19	19
At 30 June 2015	**19**	**19**
Carrying value		
At 1 July 2013	-	-
At 30 June 2014	-	-
At 30 June 2015	**113**	**113**

12 Investments in subsidiaries

	£
Cost and carrying value at 30 June 2014 and 30 June 2015	**63**

The Company has the following interest in subsidiary undertakings throughout the current and previous period

Name of Company	Country of Incorporation	Holding	Proportion Held	Nature of Business
Adaptimmune LLC	United States of America	Ordinary Shares of $1	100%	Biotechnology Research & Development

13 Other current assets

	2015 £000	2014 £000
Materials for use in clinical trials	**65**	-

14 Trade & other receivables

	2015 £000	2014 £000
Trade receivables	**2**	16
Prepayments and accrued income	**2,955**	526
Amounts owed by group undertakings	**1,318**	-
Other receivables	**933**	66
	5,208	608

Amounts owed by group undertakings are unsecured, have no fixed date of repayment, and accrue no interest

15 Current asset investments

	2015 £000	2014 £000
Deposits held in pounds sterling	**7,500**	-
Deposits held in US dollars	**27,664**	-
Current asset investments	**35,164**	-

16 Cash and cash equivalents

	2015 £000	2014 £000
Cash and cash equivalents held in pounds sterling	**28,749**	27,370
Cash and cash equivalents held in US dollars	**116,704**	2,637
Cash and cash equivalents	**145,453**	30,007

The Group's policy for determining cash and cash equivalents is to include all cash balances, overdrafts and short-term deposits with maturities of three months or less

When the Company assesses its liquidity position it includes cash and cash equivalents as well as current asset investments, totaling £180,617,000

17 Trade and other payables

Amounts shown within current liabilities	**2015 £000**	2014 £000
Trade payables	**1,071**	587
Other taxation and social security	**158**	4,944
Deferred income*	**13,295**	24,720
Accruals and deferred income	**2,150**	833
Amounts owed to group undertakings	**112,894**	50
	129,568	31,134

Amounts shown within non-current liabilities	**2015 £000**	2014 £000
Deferred income*	**9,100**	-
	9,100	-

* The Company has previously determined that it has a 3 year operating cycle for revenue recognition (consistent with the terms of the collaboration with GSK) and deferred income was therefore shown as a current liability within trade and other payables for the year ending June 30, 2014 As at June 30, 2014, £13,300,000 of our total deferred income shown within current liabilities was expected to be realised as revenue after 12 months

Following our IPO, we have initiated several other research programs such that the GSK partnership will no longer comprise substantially all of the Group's operations As a result, the operating cycle of the Group has become less clearly identifiable Accordingly, as at June 30, 2015 we have assumed our operating cycle is 12 months in the absence of better information, and the amount of deferred income expected to be recognised as revenue after 12 months is shown as a non-current liability

Amounts owed to group undertakings are unsecured, have no fixed date of repayment, and generally accrue interest at a rate of 2 38% per annum

18 Capital and reserves

Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
1,813,701 *(2014 1,813,701)* Ordinary shares of 0 1p each	**2**	2
1,758,418 *(2014 none)* Preferred shares of 0 1p each	**2**	-
	4	2

Reconciliations of Shares outstanding

Shares outstanding at 1 July 2014	1,813,701
New shares issued	1,758,418
Shares outstanding at 30 June 2014	3,572,119

During the period to 30 June 2015, 1,758,418 preferred shares of 0 1p each with a nominal value of £1,758 were issued fully paid for cash of £63,585,000 Funding costs of £3,031,000 were incurred and offset against the share premium account

On 23 February 2015 the Company completed a share-for-share exchange after which Adaptimmune Therapeutics Limited (now Adaptimmune Therapeutics plc) became the sole shareholder

Capital Management Policy

The Company raises funds from revenue and group borrowings to manage the operating cash outflow

19 Employee benefits

The Group operates a defined contribution pension scheme for its directors and employees The assets of the scheme are held separately from those of the company in an independently administered fund The unpaid contributions outstanding at the year-end were £30,000 *(2014 £13,000)* The pension cost charge for the year was £124,000 *(2014 £52,000)*

20 Capital commitments and contingencies

Capital expenditure commitments

	2015	2014
	£000	£000
Future capital expenditure contracted but not provided for	**1,633**	9

These commitments relate to purchases of laboratory equipment as part of the expansion of R&D operations

Commitments under non-cancellable operating leases

The total of future minimum lease payments payable under the entity's non-cancellable operating leases for each of the following periods is as follows

	2015		2014	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Within one year	**693**	-	57	-
Within two to five years	**2,453**	-	-	-
Over five years	**85**	-	-	-
	3,231	-	57	-

The annual charge in the income statement for operating leases was £260,000 (*2014 £177,000*)

The existing leases refer to laboratory and office property in Oxfordshire, UK

In addition to the amounts disclosed above, the Group is in negotiations to enter into lease agreements in the United Kingdom to further expand the size of R&D operations As of the balance sheet date no lease agreement had been signed but the Company has indemnified the landlord for lease arrangement costs should the lease not be signed There are currently no indicators that the Group will not enter into the lease arrangement These lease agreement was signed after the year end The lease agreement has annual lease payments of £1 1 million and can be exited before the eleventh anniversary if the Company elected to do so

21 Related parties

The Company has elected to take the exemption provided by FRS 101 not to disclose related party transactions between group entities

During the year, the Group entered into transactions, in the ordinary course of business, with other related parties Transactions entered into and trading balances outstanding at 30 June 2015 are as follows

	Invoiced to related party*	Purchases from related party	Amounts owed from related party	Amounts owed to related party
Related Party	£000	£000	£000	£000
Immunocore Limited	86	1,617	2	90
New Enterprise Associates	-	11	-	-
OrbiMed Advisors LLC	-	6	-	-

Transactions entered into and trading balances outstanding at 30 June 2014 are as follows

	Invoiced to related party*	Purchases from related party	Amounts owed from related party	Amounts owed to related party
Related Party	£000	£000	£000	£000
Immunocore Limited	35	1,280	7	114

*includes pass-through costs

Immunocore Limited owns 26,976,700 shares in Adaptimmune Therapeutics plc, representing a 6 4% ownership Immunocore Limited is also connected by common ownership and directors During the year, Immunocore Limited has invoiced the Group in respect of administrative services, management charges, occupancy costs and joint patent costs The Group has invoiced Immunocore Limited for radiation protection services, other administrative services and other costs where it has incurred the cost for the goods and services on behalf of Immunocore Limited

New Enterprise Associates owns 59,269,000 shares in Adaptimmune Therapeutics plc, representing a 14 0% ownership During the year, New Enterprise Associates has invoiced the Group for travel expenses of directors D Mott and A Behbahani

OrbiMed Advisors LLC owns 25,408,300 shares in Adaptimmune Therapeutics plc, representing a 6 0% ownership During the year, OrbiMed Advisors LLC has invoiced the Group for travel expenses of director P Thompson

The transactions with Key Management Personnel are disclosed in Note 5 to these financial statements

22 Ultimate parent company

The immediate and ultimate parent company is Adaptimmune Therapeutics Plc This is the smallest and largest group of which the company is a member and for which group financial statements are prepared Copies of the consolidated financial statements may be obtained from Adaptimmune Therapeutics Plc, 101 Park Drive, Milton Park, Abingdon, Oxfordshire OX14 4RY UK