Adaptimmune Therapeutics plc

Company Number 09338148

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the period ended

30 June 2015

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ADAPTIMMUNE THERAPEUTICS PLC

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DIRECTORS	Mr L M Alleva	(Appointed 05 March 2015)
	Dr A Behbahani	(Appointed 12 February 2015)
	Dr J Knowles	(Appointed 12 February 2015)
	Mr I M Laing	(Appointed 12 February 2015)
	Mr D M Mott	(Appointed 12 February 2015)
	Mr J J Noble	(Appointed 03 December 2014)
	Dr C E Sigal	(Appointed 12 February 2015)
	Dr P A Thompson	(Appointed 12 February 2015)
SECRETARY	Ms M Henry	
COMPANY NUMBER	09338148	
REGISTERED OFFICE	101 Park Drive Milton Park Abingdon Oxfordshire OX14 4RY	
AUDITOR	KPMG LLP Arlington Business Park Theale Reading RG7 4SD	

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Adaptimmune Therapeutics plc was incorporated on 3 December 2014. The Directors submit this report and the Consolidated Financial Statements of Adaptimmune Therapeutics plc and its subsidiaries, Adaptimmune Limited and Adaptimmune LLC (which may be referred to as "the Group", "we", "us" or "our") for the year ended 30 June 2015, as well as the financial statements for Adaptimmune Therapeutics plc ("the Company" or "the parent company") for the period from 3 December 2014 to 30 June 2015.

Adaptimmune Therapeutics plc is a public company limited by shares and incorporated and domiciled in England and Wales. Adaptimmune Limited is registered in England and Wales. Adaptimmune LLC is registered in the United States of America.

BASIS OF PRESENTATION

Our Directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and in compliance with IFRSs adopted by the IASB. The parent company financial statements are drawn up in accordance with the Companies Act 2006 and Financial Reporting Standard 101 ("FRS 101").

On 1 April 2015, the Group completed a corporate reorganisation. Pursuant to the first stage of this reorganisation, on 23 February 2015, all shareholders of Adaptimmune Limited exchanged each of the Series A preferred shares and Ordinary shares held by them for newly issued Series A preferred shares and Ordinary shares of Adaptimmune Therapeutics Limited on a one-for-100 basis, resulting in Adaptimmune Limited becoming a wholly-owned subsidiary of Adaptimmune Therapeutics Limited. On 20 March 2015, all holders of options over Ordinary shares of Adaptimmune Limited exchanged each of their options for equivalent options over Ordinary shares of Adaptimmune Therapeutics Limited. On 1 April 2015, pursuant to the final step in the corporate reorganisation, Adaptimmune Therapeutics Limited re-registered as a public limited company with the name Adaptimmune Therapeutics plc.

All Adaptimmune Limited share options granted to Directors and employees under share option plans that were in existence immediately prior to the reorganisation were exchangeable for share options in Adaptimmune Therapeutics plc on a one-for-100 basis with no change in any of the terms or conditions.

Adaptimmune Therapeutics plc's Board of Directors, management and corporate governance arrangements, and consolidated assets and liabilities immediately following the reorganisation were the same as Adaptimmune Limited immediately before the reorganisation.

The reorganisation has been accounted for in accordance with the principles of reverse acquisition accounting. Accordingly, the historical consolidated financial statements of Adaptimmune Limited and subsidiary prior to the reorganisation became those of Adaptimmune Therapeutics plc. For periods prior to the reorganisation, the equity of Adaptimmune Therapeutics plc represents the historical equity of Adaptimmune Limited. The nominal value of the share capital has been adjusted to reflect the increase in the number of shares in issue.

All share and per share information presented gives effect to the reorganisation by dividing the loss for the period by the weighted average number of shares outstanding of Adaptimmune Therapeutics plc as if the one-for-100 share exchange had been in effect throughout the period.

PRINCIPAL ACTIVITIES

The principal activity of Adaptimmune Therapeutics plc is the development and commercialisation of T cell therapy to treat cancer.

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-A10, 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.

RESULTS AND DIVIDENDS

The result for the year is set out in the Income Statement on page 40.

The Directors do not propose a dividend (2014: £nil).

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).

FINANCIAL INSTRUMENTS

Please refer to the Financial Risk Management section included in our Strategic Report, beginning on page 20 of this document.

STRUCTURE OF THE GROUP'S CAPITAL

Please refer to Note 18 of the Consolidated Notes to the Financial Statements.

DIRECTORS

The following Directors have held office since the dates indicated below.

Mr L M Alleva	(Appointed 05 March 2015)
Dr A Behbahani	(Appointed 12 February 2015)
Dr J Knowles	(Appointed 12 February 2015)
Mr I M Laing	(Appointed 12 February 2015)
Mr D M Mott	(Appointed 12 February 2015)
Mr J J Noble	(Appointed 03 December 2014)
Dr C E Sigal	(Appointed 12 February 2015)
Dr P A Thompson	(Appointed 12 February 2015)

During the period from 3 December 2014 to 30 June 2015, there were eight full meetings of the Board of Directors. All of our Directors attended each of the eight meetings with the exception of Dr. Sigal and Mr. Alleva. Dr. Sigal attended six board meetings and Mr. Alleva was first appointed to the Board of Directors on 5 March 2015, following which Mr. Alleva attended five out of six board meetings held prior to the end of the year.

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

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.

EMPLOYEE INVOLVEMENT

The Group 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 Group continues and the appropriate training is arranged. It is the policy of the Group 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.

ENVIRONMENTAL MATTERS

Please refer to the Environmental Matters section included in our Strategic Report, beginning on page 21 of this document.

GOING CONCERN

Our business activities, together with the factors likely to affect our future development, performance and position are set out in the Strategic Report on pages 10 to 22.

In determining whether our financial statements can be prepared on a going concern basis, our Directors considered the Group's business activities, together with the factors likely to affect our future development and performance. The review also included our financial position and cash flows.

As of the date of this report, our Directors have a reasonable expectation that we have adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

AUDITOR

A resolution to reappoint KMPG LLP will be proposed at the forthcoming Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

All Directors in office at the time the report is approved confirm the following:

(i) so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(ii) 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.

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

On behalf of the Board

James J Noble
Director

12 October 2015

INTRODUCTION

Adaptimmune Therapeutics plc ("the Company") was incorporated on 3 December 2014. Adaptimmune Therapeutics plc on behalf of itself and its subsidiaries, Adaptimmune Limited and Adaptimmune LLC (which may be referred to as "the Group", "we", "us" or "our") is required to produce a strategic report complying with the requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the "Regulations").

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-A10, 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.

Cancer is a leading cause of death worldwide and is characterised by the uncontrolled growth of abnormal cells whose ability to evade the immune system's surveillance is a key factor in their proliferation and persistence. Despite advances made in the treatments available to cancer patients, there continues to be a high unmet need for additional products and treatments, especially for patients with recurrent tumours or cancer types that are resistant to current therapeutic alternatives. We believe that immunotherapy has the potential to become the primary cancer treatment for recurrent tumours or cancer types that are resistant to current therapeutic alternatives.

Our lead programme is an affinity-enhanced TCR therapeutic targeting the NY-ESO-1, or NY-ESO, cancer antigen. This program is under option to GSK. We are conducting Phase 1/2 clinical trials in the US for our NY-ESO TCR therapeutic candidate in patients with solid tumours and hematological malignancies including synovial sarcoma, multiple myeloma, melanoma and ovarian cancer. As of 30 June 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 the UK in patients with esophageal cancer.

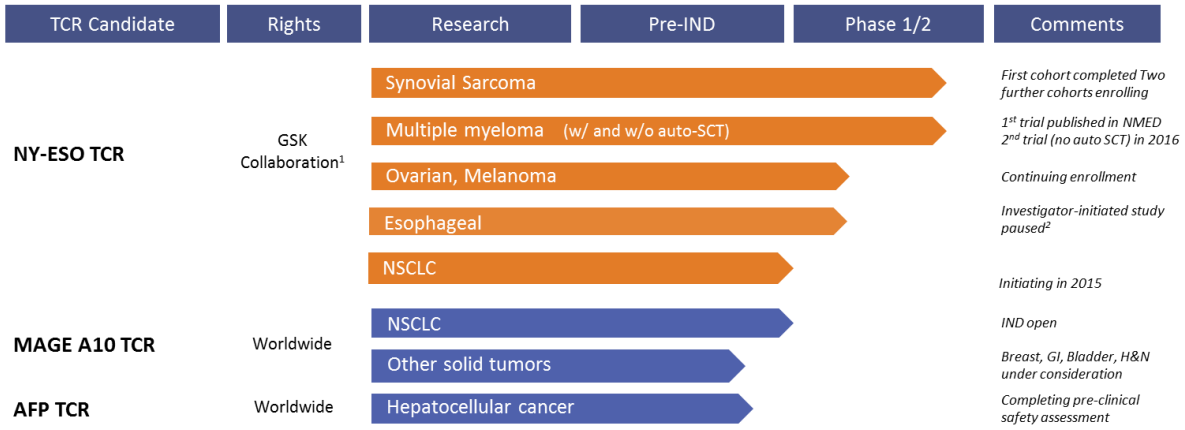
Our IND for our second programme, a TCR therapeutic candidate directed at MAGE-A10, was accepted by the FDA in June 2015. This programme is not partnered with GSK. The IND is now open and is directed at patients with Stage IIIb or Stage IV non-small cell lung cancer (NSCLC). The initial clinical programme 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 programmes 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 programme, 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 programmes on twelve of these. We believe these twelve unpartnered research programmes are relevant to a wide range of cancer indications. We also have ongoing early stage research programmes relevant to autoimmune indications.

Our Product Pipeline

Our expertise and leadership in the field of TCRs is underscored by the large pipeline of TCRs we have identified and validated and by the promising early data with our NY-ESO TCR therapeutic candidate in both solid tumours and hematological malignancies. The following table summarises our most advanced TCR therapeutic candidates:



(1) GSK retains an exclusive option to license NY-ESO TCR for all indications.
(2) Investigators carrying out study have voluntarily suspended patient recruitment pending investigation of a patient death occurring 46 days after T-cell infusion.

We retain full ownership of our current preclinical pipeline of engineered TCR therapeutic candidates, including our MAGE-A10 and AFP TCR therapeutic candidates together with twelve additional unpartnered research programmes.

Our TCR Therapeutic Candidates

The immune system plays an important role in targeting and destroying cancer cells. Specifically, T-cells, which are a type of white blood cell, and their receptors create a natural system that is designed to scan the body for diseased cells. In general, cells process proteins internally and then convert these proteins into peptide fragments which are then presented on the cell surface by a protein complex called the Human Leukocyte Antigen, or HLA. TCRs naturally scan these peptide fragments to search for abnormalities. Binding of naturally occurring TCRs to cancer targets, however, tends to be very poor because cancer proteins appear very similar to naturally occurring proteins on healthy cells and TCRs that recognise what the body sees as "self-proteins" are eliminated during early human development.

We engineer naturally occurring TCRs and enhance their ability to target and bind to cancer peptides thereby enabling a highly targeted immunotherapy. Our proprietary technology platform includes the identification of target peptides, successful engineering of affinity-enhanced TCRs, preclinical safety testing and optimised manufacturing processes suitable for producing engineered TCR therapeutic candidates for use in clinical trials and commercialisation.

Once we identify a specific cancer target, we create an engineered affinity-enhanced TCR, which then undergoes extensive preclinical safety testing before administration to patients. The process for treating a patient with an engineered TCR therapeutic candidate involves extracting the patient's T-cells and then combining the extracted cells with our delivery system containing the gene for our affinity-enhanced TCR, through a process known as transduction. Our delivery system uses a type of virus known as lentivirus to transduce the patient's T-cells and is referred to as a lentiviral vector. The transduced T-cells are then expanded and infused into the patient. When these T-cells encounter an HLA-peptide complex, they multiply and initiate the destruction of the targeted cancer cells.

In our NY-ESO clinical programmes for synovial sarcoma and multiple myeloma, we have seen responses and preliminary evidence of tumour reduction in patients with highly refractory cancers. In our synovial sarcoma trial, as of 30 June 2015, 12 patients had received our NY-ESO TCR therapeutic candidate. As a result of the encouraging responses seen in this initial synovial sarcoma trial, the trial has now been expanded to include an additional 20 patients.

Results from the multiple myeloma trial following autologous stem cell transplant, or auto-SCT, showed a 59% complete or near complete response rate at 100 days post-administration in 22 patients with active disease at the time of transplant. The NY-ESO engineered T-cells have persisted in the myeloma trial for six months in all but one patient and, in a subset of patients, for two years following administration. In addition, based on our clinical data to date, we believe our NY-ESO TCR therapeutic candidate has a promising benefit/risk profile.

We have also utilised our proprietary TCR technology platform to develop a pipeline of TCR therapeutic candidates that we believe may be effective in a variety of cancer types that are unresponsive to currently available and experimental therapies.

GSK Collaboration

Under our collaboration and licence agreement with GSK, GSK funds the development of, and has an option to obtain an exclusive licence 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 twelve unpartnered research programmes and any other programmes relating to target peptides where Adaptimmune initiates development of a TCR therapeutic candidate. We retain full ownership of our current pipeline of engineered TCR therapeutic candidates other than our NY-ESO TCR therapeutic candidate, including the MAGE-A10 and AFP TCR therapeutic candidates together with TCR therapeutic candidates in twelve additional unpartnered research programmes.

BUSINESS STRATEGY

Our strategic objective is to build a global oncology business with an extensive portfolio of engineered TCR therapeutic candidates that have the potential to significantly impact the clinical outcomes of patients with cancer. In order to achieve our objective, we are focused on the following strategies:

Rapidly advance our NY-ESO TCR therapeutic candidate into registrational trials. We are collaborating with GSK to advance our NY-ESO TCR therapeutic candidate and expand and accelerate our clinical trials into additional sites, both in the United States and in Europe. We believe data from these trials, if positive, may enable us to go directly into one or more registrational or pivotal clinical trials. We are currently conducting Phase 1/2 clinical trials in the US in multiple cancer types including synovial sarcoma, multiple myeloma, melanoma and ovarian cancer and expect to commence an additional clinical trial for non-small cell lung cancer in 2015.

Advance our MAGE-A10, AFP and other therapeutic candidates through clinical development. We retain full development and commercialisation rights to our MAGE-A10 and AFP therapeutic candidates. The IND for our MAGE-A10 therapeutic candidate was approved by the FDA in June 2015 and we currently plan to file an IND for our AFP therapeutic candidate in 2016. We believe that our MAGE-A10 TCR therapeutic candidate has the potential to be effective in many solid tumours, including lung cancer. Currently, we do not intend to partner our MAGE-A10 or AFP TCR therapeutic candidates or our other preclinical TCR therapeutic candidates.

Advance further TCR therapeutic candidates from our unpartnered portfolio to the product development stage. We currently have twelve active unpartnered research programmes on potential TCR therapeutic candidates. We intend to advance these research programmes into preclinical and clinical development as soon as practicable.

Leverage our TCR technology platform by continuing to identify cancer targets that are not accessible by current antibody and CAR-T approaches. We intend to continue to generate our TCR therapeutic candidates from our fully integrated technology platform, which enables the systematic identification and validation of suitable target peptides, T-cell cloning, engineering of TCRs and comprehensive preclinical testing processes.

Continue to improve potency and durability of response to our TCR therapeutic candidates. We intend to continue further developing our TCR therapeutic candidates by improving potency and durability and also exploring the addition of other components in our lentiviral vector, which would be expressed in the TCR therapeutic candidate alongside the engineered TCR.

Optimise and expand our process development and manufacturing capabilities to maintain our leadership position in the TCR space. We plan to optimise the manufacture, supply, associated analytical expertise and quality systems for our TCR therapeutic candidates to ensure that our manufacturing capability is sufficient for later stage clinical trials and commercial supply.

Leverage our existing strategic alliance with GSK. We expect to capitalise on GSK's drug development and regulatory expertise and commercial capabilities to bring our partnered therapeutic products to market. We expect to apply knowledge gained from our NY-ESO TCR therapeutic candidate collaboration programme with GSK to the development and commercialisation of other TCR therapeutic candidates in our pipeline.

Expand our intellectual property portfolio. We intend to continue building on our technology platform, comprised of intellectual property, proprietary methods and know-how in the field of TCRs. These assets form the foundation for our ability to not only strengthen our product pipeline, but also to successfully defend and expand our position as a leader in the field of TCRs.

REVIEW OF THE BUSINESS

Overview

Adaptimmune Therapeutics plc was founded on 3 December 2014 as part of a corporate restructuring and is a public limited company incorporated under the laws of England and Wales. On 6 May 2015, we completed our Initial Public Offering ("IPO") of American Depositary Shares ("ADSs"), on The NASDAQ Global Select Market ("NASDAQ"). We issued 11,250,000 ADSs under the symbol ADAP, representing 67,500,000 Ordinary shares for proceeds before expenses of £124,058,000. Funding costs of £9,899,000, including underwriter fees were incurred.

Our UK subsidiary, Adaptimmune Limited, was founded in July 2008 and is focused on our research and development activities. Our US subsidiary, Adaptimmune LLC, was founded in February 2011 and is focused on our clinical trials operations.

On 1 April 2015, we completed a corporate reorganisation. Pursuant to this reorganisation, on 23 February 2015, all shareholders of Adaptimmune Limited exchanged each of the Series A preferred shares and Ordinary shares held by them for newly issued Series A preferred shares and Ordinary shares of Adaptimmune Therapeutics Limited on a one-for-100 basis, resulting in Adaptimmune Limited becoming a wholly-owned subsidiary of Adaptimmune Therapeutics Limited. On 20 March 2015, all holders of options over Ordinary shares of Adaptimmune Limited exchanged each of their options for equivalent options over Ordinary shares of Adaptimmune Therapeutics Limited. On 1 April 2015, pursuant to the final step in our corporate reorganisation, Adaptimmune Therapeutics Limited re-registered as a public limited company with the name Adaptimmune Therapeutics plc.

Since our inception, we have incurred significant net losses and negative cash flows from operations, with the exception of the year ended 30 June 2014, when we incurred a net loss but generated positive cash flows from operations when we received cash under our collaboration and licence agreement with GSK. We incurred net losses of £13.7 million, £7.5 million and £5.6 million in the years ended 30 June 2015, 2014 and 2013, respectively. We used £5.1 million of cash for operating activities for the year ended 30 June 2013, generated £21.9 million of cash from operating activities in the year ended 30 June 2014 and used £20.8 million of cash for operating activities for the year ended 30 June 2015. As of 30 June 2015, we had an accumulated deficit of £30.2 million.

DEVELOPMENT AND PERFORMANCE DURING THE YEAR

Revenue

Revenue increased from £0.4 million for the year ended 30 June 2014 to £6.8 million for the year ended 30 June 2015 due to a full year of recognition of revenue under the collaboration and licence agreement with GSK, which was entered into on 30 May 2014. Although it is difficult to project the progress through the deliverables of the collaboration and timing of future milestone income, we expect our revenue in the year to 30 June 2016 to be higher than the same period in the year ended 30 June 2015 due to recognition of revenue in connection with work performed under the GSK agreement, in relation to existing deferred revenue and future milestones.

Research and Development Expenses

Research and development expenses increased by 101% to £14.7 million for the year ended 30 June 2015 from £7.4 million for the year ended 30 June 2014. Our research and development expenses are highly dependent on the phases of our research projects and therefore fluctuate from year to year. Although it is difficult to project the levels of such spending due to the variety of factors affecting the related trials, we expect our total research and development expenses in the year ended 30 June 2016 to be higher than our expenses in our years ended June 2014 and 2015 due to the ongoing advancement of our preclinical programmes and clinical trials.

The increase in our research and development expenses in the year ended 30 June 2015 from the same period in 2014 was primarily due to an increase in two key drivers of our expenses:

- The increase in the average number of employees engaged in research and development from an average of 27 to 63. These costs include salaries, facilities, materials, equipment, depreciation of tangible fixed assets, and expenses for share-based compensation; and

- An increase in subcontracted expenditures, including clinical trial expenses, CRO costs, and manufacturing expenses drive by increased recruitment in our clinical trials.

We have not historically tracked the internal costs of each research and development project since employees may be engaged in multiple projects at a time. In the year ended 30 June 2015, we employed an average of 13 employees working in our clinical and development teams, primarily responsible for development of our TCR therapeutic candidates targeting NY-ESO and MAGE-A10. The remainder of our scientific employees are engaged in developing our future pipeline.

Our subcontracted costs for the year ended 30 June 2015 were £5.6 million, of which £3.2 million related to our TCR therapeutic candidate targeting NY-ESO and the remaining £2.4 million related to other projects, including our MAGE-A10 TCR therapeutic candidate.

During the fiscal year ended 30 June 2016, we plan to increase the number of clinical trials we are running, both in new indications (including our MAGE-A10 TCR therapeutic candidate) and as part of the GSK collaboration for our NY-ESO TCR therapeutic candidate. In order to commence these trials, we must incur in advance the costs of preclinical testing, vector production and other substances. The process optimisation activities planned under the GSK collaboration will also require a large increase in the research and development expenses, which we expect will be funded by receipt of milestone payments from GSK. We expect to increase the number of staff employed in our research and development departments in order to invest in our future pipeline of TCR therapeutic candidates, develop our platform and manage clinical trials. This will significantly increase the related salaries and share-based compensation expenses, as well as require higher expenditures on facilities, materials and equipment.

General and Administrative Expenses

General and administrative expenses increased by 350% to £7.2 million for the year ended 30 June 2015 from £1.6 million in the same period in 2014. This was primarily due to the addition of key management and other professionals, and related costs to support our growth.

We expect that our general and administrative expenses for the year ended 30 June 2016 will increase primarily due to the costs of operating as a public company, such as additional legal, accounting, and corporate governance expenses, including expenses related to compliance with the Sarbanes-Oxley Act, Directors and Officers insurance premiums, and investor relations. In addition, we were initially formed without our own administrative infrastructure and therefore relied on Immunocore Limited ("Immunocore"), a company with whom we have a shared history, to provide certain administrative services to us under a facilities and services agreement. Over the past year we have put in place our own administrative infrastructure and therefore no longer rely on Immunocore to provide administrative services to us. We have always maintained separate financial statements.

Other Income

Other income consists of grant income primarily generated through research and development grant programmes offered by the UK and EU governments and income from Immunocore under a transitional services agreement. Grant income is recognised as we incur and pay for qualifying costs and services under the applicable grant.

Other income increased by 180% to £0.5 million for the year ended 30 June 2015 from £0.2 million for the year ended 30 June 2014 due to an increase in grant income. Grant income has increased due to an increase in qualifying costs and services on projects subject to UK grants.

We expect that our other income in the year to 30 June 2016 will continue to increase due to a further increase in qualifying costs and services on projects subject to UK and EU grants.

Finance Income

Finance income increased to £0.3 million for the year ended 30 June 2015 from £0.0 million for the year ended 30 June 2014. Finance income consisted of bank interest on cash balances and short-term deposits and has increased due to an increase in cash balances.

We expect that our finance income for the year to 30 June 2016 will increase due an increase in interest income resulting from higher average cash balances and short-term deposits.

Finance Expense

Finance expense increased to £0.7 million for the year ended 30 June 2015 from £0.0 million for the year ended 30 June 2014. Finance expense consisted of foreign exchange losses on foreign currency transactions.

Taxation Credit

The research and development tax credit increased by 36% to £1.3 million for the year ended 30 June 2015 from £1.0 million in the year ended 30 June 2014. The increase was driven by the increase in our research and development expenditures; the increase in the proportion of those expenditures that is eligible for research and development tax credits.

We expect to continue to be eligible to receive United Kingdom research and development tax credits for the year ended 30 June 2016 and will elect to do so. However, we may not be able to continue to claim research and development tax credits under the small and medium sized company regime in the future.

The amount of tax credits we will receive is entirely dependent on the amount of eligible expenses we incur. As we expect our eligible expenses to be higher in the year ended 30 June 2016, the level of tax credits recoverable is anticipated to be higher in the year ended 30 June 2016 compared to the year ended 30 June 2015.

POSITION OF GROUP AT THE YEAR END

Liquidity and Capital Resources

Sources of Funds

As of 30 June 2015, we had cash and cash equivalents of £145.7 million, in addition to current asset investments of £35.2 million. We therefore consider our total cash position to be £180.9 million, the sum of these two. Prior to the IPO, we financed our operations primarily through private placements of equity securities, government grants, research and development tax credits, and payments for collaborative research and development services. Through 30 June 2015, we have raised £174.7 million through a Series A round and our IPO, net of issue costs for the issuance of shares. No further shares have been issued since our IPO.

In the year ended 30 June 2014, we received a cash up-front fee of £25 million under our collaboration and licence agreement with GSK. In the year ended 30 June 2015, we received cash payments of £4.5 million upon the achievement of milestones under the GSK collaboration and licence agreement. The total revenue recognised under the GSK collaboration

in the year ended 30 June 2015 was £6.8 million. From inception to 30 June 2015, we have recognised £1.0 million of income in the form of government grants from the United Kingdom and the European Union, and we have recognised £3.5 million in the form of research and development tax credits.

We believe that our cash and cash equivalents as of 30 June 2015 of £145.7 million coupled with the £35.2 million of current asset investments will be sufficient to fund our operations, including currently anticipated research and development activities and planned capital spending, for the foreseeable future, including for at least the next 24 months.

If we obtain regulatory approval to advance any of our TCR therapeutic candidates into pivotal clinical trials or to commercialisation, we will incur significant research and development expenses, and also commercialisation expenses related to product sales, marketing, manufacturing and distribution. Accordingly, we will seek to fund our operations through milestone payments under our agreement with GSK and additional financings.

SUMMARY OF CASH FLOWS

Operating Activities

Net cash from operating activities was £21.9 million for the year ended 30 June 30 2014. This was significantly influenced by receipt of a payment of £25 million from GSK upon initiation of the collaboration and licensing agreement. The loss before taxation for the year ended 30 June 2014 was £8.4 million, which included non-cash items of £0.5 million. The non-cash items consisted primarily of depreciation expense on plant and equipment £0.1 million, equity-settled share-based compensation expense £0.2 million, and foreign exchange translation differences of £0.1 million. We also had a net cash inflow of £29.2 million from changes in operating assets and liabilities during the period. The significant items in the changes in operating assets and liabilities were an increase in deferred income in relation to the GSK collaboration and licensing agreement by £24.6 million and an increase in the VAT liability by £5.0 million, primarily as a result of VAT payable on the initial payment received from GSK. In 2014, we received a £0.6 million research and development tax credit relating to research and development activities performed in the previous year.

Net cash used in operating activities was £20.8 million for the year ended 30 June 2015. The loss before taxation for the year ended 30 June 2015 was £15.1 million, which included non-cash items of £3.2 million. The non-cash items consisted primarily of depreciation expense on plant and equipment £0.4 million and equity-settled share-based compensation expense £2.6 million. We also had a net cash outflow of £8.7 million from changes in operating assets and liabilities during the period due to a decrease in deferred income in relation to the GSK collaboration and licensing agreement by £2.3 million and a decrease in the VAT liability of £5.0 million, primarily as a result of VAT payable at 30 June 2014 on the initial payment received from GSK.

Cash (used in)/from operating activities was largely influenced by the GSK collaboration and licensing agreement initial payment of £25 million received in June 2014. This incurred 20% VAT of £5 million and therefore cash flows in relation to this initial payment were an inflow of £30 million in the year ending 30 June 2014 and an outflow of £5 million in the year ending 30 June 2015 in relation to the VAT liability. Stripping out the effect of this, the cash outflows from operating activities would have been £15.8 million and £8.2 million for the years ended 30 June 2015 and 2014 respectively. The increase in cash used in operations without the GSK initial payments was primarily the result of an increase in research and development costs due to the ongoing advancement of our preclinical programmes and clinical trials, and an increase in general and administrative expenses.

Investing Activities

Net cash used in investing activities was £0.9 million and £38.3 million for the years ended 30 June 2014 and 2015, respectively. These amounts included purchases of property and equipment of £0.9 million and £3.1 million for the years ended 30 June 2014 and 2015, respectively, related predominantly to the expansion of our laboratory facilities in the United Kingdom. The net cash used in investing activities in the year ended 30 June 2015 also included the investment of £35.2 million in short-term cash deposits with maturities greater than three months but less than 12 months.

Financing Activities

Net cash from financing activities was £9.9 million and £174.7 million for the years ended 30 June 2014 and 2015, respectively. Net cash from financing activities for the year ended 30 June 2015 consisted of proceeds of £60.6 million, after the deduction of fees of £3.0 million, from issuing 1,758,418 Series A Preferred Shares and proceeds of £114.2 million, after the deduction of fees of £9.9 million, from issuing 67,500,000 Ordinary shares. The Preferred Shares were automatically converted to Ordinary shares on a 1:1 basis immediately prior to our IPO.

KEY PERFORMANCE INDICATORS

As a measurement of liquidity, the Group reviews its cash position (including cash and cash equivalents in addition to deposits held), as well as its operating cashflow. At 30 June 2015 the cash position (including cash and cash equivalents in addition to deposits held) was £180,830,000 (2014: £30,105,000). The operating cash outflow for the year ending 30 June 2015 was £20,818,000 (2014: £21,859,000 inflow).

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.

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 programmes or the obtaining of regulatory approval or marketing authorisation. There can also be no guarantee that clinical candidates will progress through clinical programmes 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 programmes with one clinical candidate may impact on our other clinical programmes or prevent other clinical programmes 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 programmes. There may be an increased risk of adverse events in clinical programmes which we do not sponsor or control for example, the investigator-initiated programmes using our NY-ESO TCR therapeutic candidate.

Research Programmes

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 programmes 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 programmes 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 inaccurate 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.

In addition we will face increasing competition from third parties as we proceed through clinical programmes, 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 programmes 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 programmes 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 commercialisation 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 programme 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 programmes 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 programmes. We also rely heavily on third parties to conduct our clinical trials including universities, medical institutions, Contract Research Organisations ("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 licences 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 licences to enable us to continue to manufacture or sell our products.

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.

Employees

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 organisation 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.

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 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.

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 minimise 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.

Going Concern

Our financial position, including our cash flows and liquidity position, are fully described in the consolidated financial statements. Having reviewed cash flow forecasts for the 12 month period following the date of signing the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing these financial statements despite the current uncertain economic climate.

ENVIRONMENTAL MATTERS

Our operations require the use of hazardous materials, which, among other matters, subjects us to a variety of federal, state, local and foreign environmental, health and safety laws, regulations and permitting requirements, including those relating to the handling, storage, transportation and disposal of biological and hazardous materials and wastes. The primary hazardous materials we handle or use include human blood samples and solvents. Some of the regulations under the current regulatory structure provide for strict liability, holding a party liable for contamination at currently and formerly owned, leased and operated sites and at third-party sites without regard to fault or negligence. We could be held liable for damages and fines as a result of our, or others', operations or activities should contamination of the environment or individual exposure to hazardous substances occur. We could also be subject to significant fines for failure to comply with applicable environmental, health and safety requirements. We cannot predict how changes in laws or development of new regulations will affect our business operations or the cost of compliance.

GREENHOUSE GAS REPORT

Our greenhouse gas emissions estimate for the year ended 30 June 2015 has been prepared in accordance with the UK Government's Department for Environment, Food and Rural Affairs (Defra) guidance document "Environmental Reporting Guidelines: Including Mandatory GHG emissions reporting guidance, from June 2013".

Greenhouse Gas Emissions for the Group

Source	**For year ended 30 June 2015**
	Tonnes carbon dioxide equivalent (tCO2-e)
Estimated greenhouse gas emissions from our own activities, including the combustion of fuel and the operation of our facilities	0.00
Estimated greenhouse gas emissions from purchased electricity, heat, steam or cooling for own use	318.77
Total estimated greenhouse gas emissions	**318.77**
Intensity ratio: Total greenhouse gas emissions per employee on the basis of the average number of 79 full-time equivalent employees during the year ended 30 June 2015:	**4.035**

This is the first year that we are reporting our greenhouse gas emissions estimate and no emissions estimate has been made for any previous years.

We have used the most recent evidence or estimates provided by our energy supply partners to generate our disclosure of emissions for the year ended 30 June 2015. These include the purchase of electricity, heat, steam or cooling. Standard emissions factors from Defra's GHG Conversion Factor Repository were applied to estimate emissions. The Group considers that the intensity ratio of tonnes of carbon dioxide per full-time equivalent employee is a suitable metric for its operations.

Electricity usage at our leased facilities in the United States and the United Kingdom drive the majority of our greenhouse gas emissions. Our estimate reflects the use of coolant gasses for refrigeration purposes at our laboratories in Oxfordshire with our records indicating no leakage causing greenhouse gas emissions during the year ended 30 June 2015.

Some activity data relating to emissions from our reportable activities were unavailable. This includes electricity usage at our US office facility where it was impractical for us to obtain these data. Therefore, we have estimated this amount at 8% of the above total estimated greenhouse gas emissions for the Group, based on applying the greenhouse gas emissions for our UK operations to our US office facility.

The Group actively looks to minimise indirect areas of emissions by promoting online conferencing facilities to reduce business travel.

EMPLOYEES

As of 30 June 2015, we had 116 full-time equivalent employees, compared to 39 at 30 June 2014. Of these employees, 89 were in research and development (including in manufacturing and operations, and quality control and quality assurance) and 27 were in management and administrative functions (including business development, finance, intellectual property, information technology and general administration). The average number of full-time equivalent employees during the year was 79 (2014: 31).

We have never had a work stoppage and none of our employees are covered by collective bargaining agreements or represented by a labour union. We believe our employee relations are good.

Diversity

Appointments within the Group are made on merit according to the balance of skills and experience offered by prospective candidates. Whilst acknowledging the benefits of diversity, individual appointments are made irrespective of personal characteristics such as race, disability, gender, sexual orientation, religion or age. A breakdown of the employment statistics on the basis of full-time equivalent employees as at 30 June 2015 is as follows:

Position	**Male**	**Female**	**Total**
Group Director (1)	8	-	8
Senior Manager	2	2	4
Other Employees	47	64	111
Total Employees (2)	49	66	115

(1) Includes our Chief Executive Officer
(2) Excludes our Chief Executive Officer

EMPLOYEE CONSULTATION AND HUMAN RIGHTS

The Group places considerable value on the involvement of its employees. Meetings are held with employees to discuss the operations and progress of the business and employees are encouraged to become involved in the success of the Group through share option schemes (see note 21- Share Based Payments).

The Group endeavours to impact positively on the communities in which it operates. The Group does not, at present, have a specific policy on human rights. However, we have several policies that promote the principles of human rights. We will respect the human rights of all our employees, including: provision of a safe, clean working environment; ensuring employees are free from discrimination and coercion; not using child or forced labour and respecting the rights of privacy and protecting access and use of employee personal information. We also have an equal opportunities policy which promotes the right of every employee to be treated with dignity and respect and not to be harassed or bullied on any grounds.

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

On behalf of the Board

James J Noble
Director

12 October 2015

Remuneration Committee Chairman's Annual Statement

On behalf of the Board of Directors of Adaptimmune Therapeutics plc, I am pleased to present the Directors' Remuneration Report. Shareholders will be invited to approve the Annual Report on Remuneration (which will be a non- binding advisory vote) and the Remuneration Policy (which will be a binding vote) at the Annual General Meeting of Shareholders to be held on 17 December 2015. Together, these items comprise the Directors' Remuneration Report.

Period Covered by the Directors' Remuneration Report

Adaptimmune Therapeutics plc was incorporated under the laws of England and Wales on 3 December 2014 and our Chief Executive Officer, Mr James Noble, was appointed to the Board of the Company on that date. Subsequently, six Directors were appointed on 12 February 2015 and one Director was appointed on 5 March 2015. The Company completed its Initial Public Offering ("IPO") on 6 May 2015 and its American Depositary Shares ("ADSs") began trading on The NASDAQ Global Select Market ("NASDAQ").

In this initial Directors' Remuneration Report, except where otherwise stated, we are including only Annual Report on Remuneration data covering the period since the Company was formed and had appointed Directors.

The Remuneration Committee

The Committee is responsible for reviewing and establishing our executive remuneration policy and philosophy, including making recommendations regarding the remuneration of our Chief Executive Officer to the full Board for its approval, and determining and approving the remuneration of other senior executive officers. While the full Board sets the remuneration of our Chief Executive Officer, who is our sole Executive Director, the Committee makes recommendations on such matters to the Board.

Philosophy

We seek to attract and retain outstanding employees, who have the potential to support the growth of the Company and to attract and retain Non-Executive Directors who can substantially contribute to our success as an innovative, clinical-stage biopharmaceutical company. As the Company has operations in the United Kingdom and the United States, our senior executives and our Non-Executive Directors live and work in Europe and the US, and we are listed on a US stock exchange, we assess the competitiveness of our policies against both European and US benchmarks and practices.

Business Strategy During 2015

Our primary goal following the incorporation of the Company in December 2014 was to achieve a successful IPO, listing our shares for trading in the United States. This achievement, accomplished in May 2015, provided us with financial resources to grow our existing business and to invest in the development of our pipeline. Importantly, it also affords our shareholders a mechanism to achieve liquidity.

The remuneration policy that we propose to apply to executive remuneration from the 2015 Annual General Meeting has been designed to ensure that our Chief Executive Officer and senior executive officers receive appropriate incentives and reward given their performance, responsibility and experience, and to recognise the greater demands placed on them going forward. The policy establishes a framework within which future remuneration will be determined whilst allowing the Remuneration Committee sufficient flexibility to adapt remuneration packages in line with the Company's development over the next three years. This should enable the Company to attract and retain executive Directors and officers with the skills, talent and motivation to deliver on our strategy and create value for our shareholders.

David M Mott
Director and Chairman of Remuneration Committee

12 October 2015

PART I - ANNUAL REPORT ON REMUNERATION

The information provided in this part of the Directors' Remuneration Report is subject to audit.

The Remuneration Committee presents the Annual Report on Remuneration, which will be put to shareholders for a non-binding vote at the Annual General Meeting to be held on 17 December 2015.

Single Total Figure of Remuneration for each Director

The Directors received the following remuneration for the financial year ended 30 June 2015:

	Fixed Pay (1)		Variable Pay (1)			
Name of Director	**Salary and fees £**	**Taxable benefits £**	**Annual bonus £**	**Pension contributions £**	**Equity-Based Awards £ (10)**	**Total**
Executive						
James Noble, Chief Executive Officer (2)	260,000 (3)	1,117 (4)	200,000 (5)	13,000 (6)	120,050	594,167
Non-executives						
Jonathan Knowles, Chairman	-	-	-	-	-	-
Lawrence Alleva	6,678 (7) (8)	-	-	-	186,334	193,012
Ali Behbahani	-	-	-	-	-	-
Ian Laing	-	-	-	-	-	-
David Mott	-	-	-	-	-	-
Elliott Sigal	15,743 (7) (9)	-	-	-	186,334	202,077
Peter Thompson	-	-	-	-	-	-

(1) For the year ended 30 June 2015, the majority of remuneration was set and paid in pounds sterling (£). Except as recorded in relation to Mr Noble (see notes 2 - 6) and Dr Sigal (see note 9), no information is presented for the financial year preceding the relevant year as the Company did not then exist.

(2) Mr Noble served as a Director of the Company effective from 3 December 2014, when the Company was incorporated, and his employment as our CEO was transferred from Adaptimmune Limited, our subsidiary company, to the Company effective from the completion of our IPO on 6 May 2015. During the period from 1 July 2014 through 5 May 2015, the remuneration and benefits were paid by Adaptimmune Limited of which Mr Noble is also a Director. Effective from 6 May 2015 through 30 June 2015, the remuneration and benefits were paid by the Company.

(3) The base salary levels of our CEO and all other employees of the Group are reviewed and, to the extent deemed necessary, adjusted to be effective from 1 January in each year. Therefore, the salary amount paid to Mr Noble for the period from 1 July 2014 through 30 June 2015 shown in the table represents the aggregate of a pro-rata amount in respect of his annual salary of £220,000 from 1 July 2014 through 31 December 2014 and a pro-rata amount in respect of his annual salary of £300,000 from 1 January 2015 through 30 June 2015.

(4) Taxable benefits comprise medical and life insurance. Generally, Mr Noble participates in the same benefits as we offer to all our employees in the United Kingdom where Mr Noble resides.

(5) The annual bonus represents a bonus that related to performance in the 12 months ended 31 December 2014.

(6) Pension contributions represent contributions into a money purchase plan at the rate of 5% of base salary. 5% is the maximum employer matching contribution to each employee's participation in the basic defined contribution pension scheme.

(7) For the purposes of this table, the fees paid in US dollars to Mr Alleva and Dr Sigal have been translated into pounds sterling based on the US dollar/pound sterling exchange rate in effect on 30 June 2015 ($1.5727 to £1).

(8) Amount represents fees of $10,503 paid to Mr Alleva for services from 5 March 2015 through 5 May 2015. Effective from 6 May 2015, Mr Alleva is no longer paid fees for his services.

(9) Amount represents fees of $24,759 paid to Dr Sigal for services as a Director of Adaptimmune Limited from 23 September 2014 through 11 February 2015 and for services as a Director of Adaptimmune Therapeutics plc from 12 February 2015 through 5 May 2015. Effective from 6 May 2015, Dr Sigal is no longer paid fees for his services.

(10) The valuation of equity-based awards is the amount is based on the market value of underlying shares given at the time that performance conditions were met, less the applicable exercise price. In the year ending 30 June 2015 there were no performance obligations linked to the equity-based awards other than service obligations and therefore, for the purposes of this valuation, all performance conditions are considered to be met at the award date.

Annual Bonus

The annual bonus for the 12 months ending 31 December 2014 shown in the table above for Mr Noble, our Chief Officer, was based on the achievement of corporate objectives that included financial goals and fundraising objectives.

For the 12 months ending 31 December 2015, Mr Noble is eligible for a discretionary bonus award of up to £200,000, subject to the achievement of corporate objectives and payable in two tranches. The first tranche of £100,000 was paid following Board approval in July 2015. The second tranche of up to £100,000 will be assessed by the Board at the end of the year. The corporate objectives in 2015 included financial goals and progress with recruitment objectives and pipeline development programmes.

The Board has considered whether it would be in the best interests of the Company and its shareholders to disclose the precise targets agreed for the performance measures in 2014 and in 2015. As the specific corporate objectives for a single year are based on the Group's long-term strategies, the Board has concluded that disclosing such targets would necessarily involve divulging competitively sensitive information that we believe would be detrimental to our commercial performance going forward and, therefore, we are providing the categories of objectives, rather than the precise targets. The Board will disclose these targets when this information is no longer commercially sensitive, although this is unlikely to be in the foreseeable future.

Statement of Directors' Shareholdings and Share Interests

The table below shows, for each Director, the total number of shares owned, the total number of share options held and the number of share options vested, as of 30 June 2015, as well as share options exercised during the year ended 30 June 2015. The table only reflects shares held individually by each Director and does not include shares held by any investment fund with which the Director is affiliated. There are no requirements for Directors to hold shares in the Company.

Name of Director	**Shares owned**	**Total share options**	**Vested share options (1)**	**Options exercised during the year**
Executive Director				
James Noble	9,972,600	5,273,100	1,024,500	-
Non-Executive Directors				
Lawrence Alleva	70,584 (2)	550,226	30,745	-
Ali Behbahani		155,682	155,682	-
Jonathan Knowles	7,138,184 (3)	175,806	175,806	-
Ian Laing	29,042,800	159,875	159,875	-
David Mott		163,229	163,229	-
Elliott Sigal	52,938 (4)	544,077	24,596	-
Peter Thompson		155,682	155,682	-

(1) All share options that were outstanding as of 30 June 2015 use time-based vesting and are not subject to performance targets other than continued service until the date of vesting.

(2) Consists of 70,584 Ordinary shares represented by 11,764 ADSs that Mr Alleva purchased during the IPO.

(3) Includes 70,584 Ordinary shares represented by 11,764 ADSs that Dr Knowles purchased during the IPO.

(4) Consists of 52,938 Ordinary shares represented by 8,823 ADSs that Dr Sigal purchased during the IPO.

Directors' Equity-based Awards Held at the End of the Financial Year

The table below presents the interests of the Directors in options to acquire our Ordinary shares with a nominal value of £0.001 per share as at 30 June 2015. It includes options granted to Directors during the year. None of our Directors exercised any options during the year ended 30 June 2015.

Name of Director	Options held	Grant date	Start date for vesting	Exercise price	First date of exercise of some or all options (2)	Date of expiry
Executive Director						
James Noble (1)	1,335,000	20/03/15	31/03/14	£0.1120	31/03/15	31/03/24
	438,100	20/03/15	14/04/14	£0.1120	14/04/15	14/04/24
	3,500,000	20/03/15	19/12/14	£0.3557	19/12/15	19/12/24
Total	*5,273,100*					
Non-Executive Directors						
Lawrence Alleva	519,481	16/03/15	16/03/16	£0.5000	16/03/16	16/03/25
	30,745	11/05/15	11/05/15	£1.82	11/05/15	11/05/25
Total	*550,226*					
Ali Behbahani	155,682	11/05/15	11/05/15	£1.82	11/05/15	11/05/25
Jonathan Knowles	175,806	11/05/15	11/05/15	£1.82	11/05/15	11/05/25
Ian Laing	159,875	11/05/15	11/05/15	£1.82	11/05/15	11/05/25
David Mott	163,229	11/05/15	11/05/15	£1.82	11/05/15	11/05/25
Elliott Sigal	519,481	16/03/15	16/03/16	£0.5000	16/03/16	16/03/25
	24,596	11/05/15	11/05/15	£1.82	11/05/15	11/05/25
Total	*544,077*					
Peter Thompson	155,682	11/05/15	11/05/15	£1.82	11/05/15	11/05/25

(1) All options granted to James Noble on 20 March 2015 were granted as replacement options in exchange for options formerly held over Ordinary shares of Adaptimmune Limited. These replacement options vest and become exercisable as follows: 25% on the first anniversary of the grant date of the original options and 75% in monthly instalments over the following three years.

(2) 519,481 options granted to Lawrence Alleva and 519,481 options granted to Dr Elliott Sigal vest and become exercisable as follows: 25% on the first anniversary of the grant date and 75% in monthly instalments over the following three years. All other options granted to non-executive Directors vested and became exercisable on 11 May 2015.

All of the share options awarded to Directors that were outstanding as of 30 June 2015 use time-based vesting and are not subject to performance targets other than continued service until the date of vesting.

The closing market price of our ADSs on 30 June 2015 was $18.33. One ADS represents six Ordinary shares.

Payments Made to Past Directors

During the year ended 30 June 2015, we made no payments to former Directors of the Company.

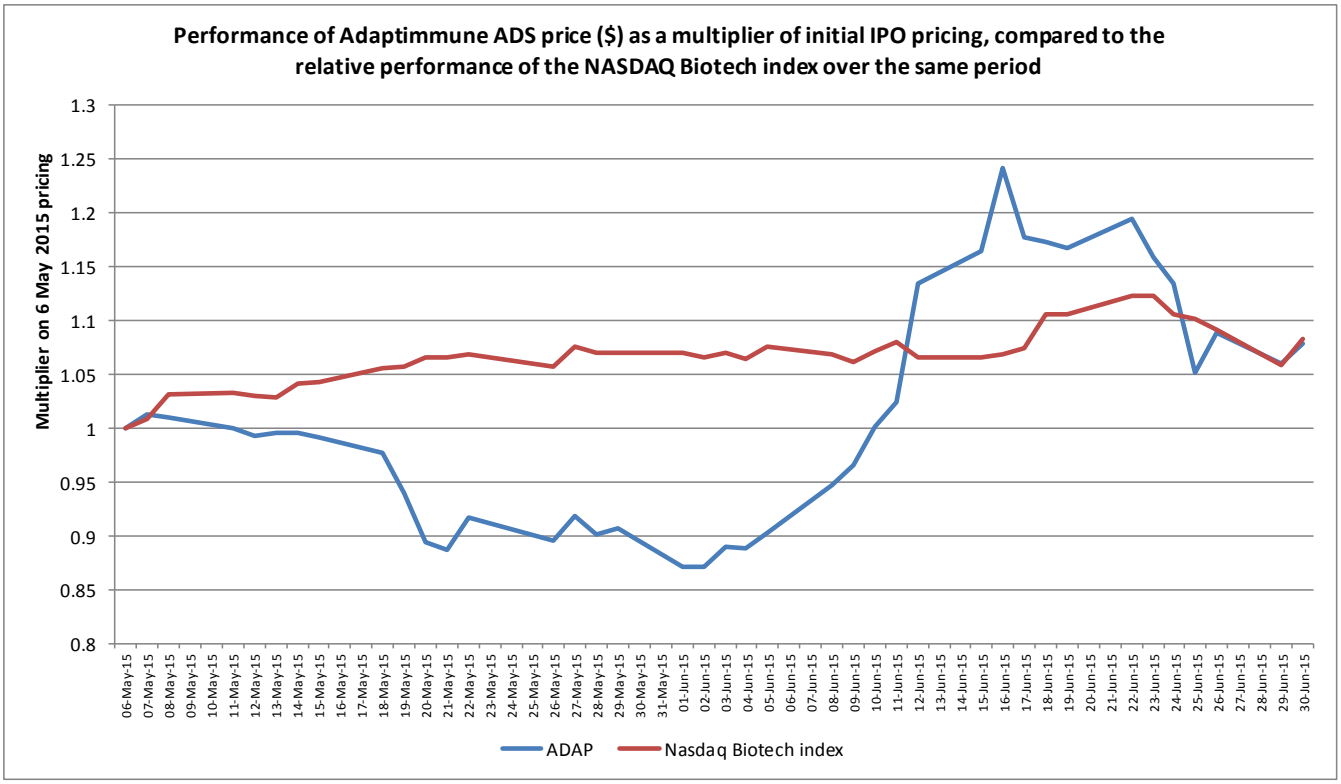
Payments for Loss of Office

During the year ended 30 June 2015, we made no payments with respect to a Director's loss of office.

Illustration of Total Shareholder Return

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

The following graph compares the cumulative total shareholder return on our ADSs, each representing six Ordinary shares, with that of the Nasdaq Biotech Index for the period in the year ending 30 June 2015 that our shares were publically traded. We selected the Nasdaq Biotech Index because our ADSs trade on The NASDAQ Global Select Market and we believe this indicates our relative performance against a group consisting of more similarly situated companies.



Chief Executive Officer's Remuneration Compared to Other Employees

The Chief Executive Officer's average fixed salary of £260,000 for the year ended 30 June 2015 is 4.5 times the value of the average fixed salary of the Group's employees for the year ended 30 June 2015.

Table of Historical Data

We are not including any table on historical data relative to the pay of the Chief Executive Officer for the past five years as the Company has only been in existence since 3 December 2014.

Relative Importance of Spend on Pay

The following table sets forth the total amounts spent by the Company and its direct and indirect subsidiaries for the year ending 30 June 2015 on remuneration, and the dividends declared and paid by the Company in the year.

Total spend on remuneration (1):	£8,362,000
Dividends declared and paid:	-

(1) The total spend includes the value of equity-based awards as recognised in the financial statements in accordance with International Financial Reporting Standard 2 "Share-Based Payments".

The Remuneration Committee

The Remuneration Committee is comprised of Mr David Mott (Chairman), Mr Ian Laing and Dr Peter Thompson. All members have served since 12 February 2015, when the Committee was established as a committee of the Board of Adaptimmune Therapeutics plc, and previously served as members of the Remuneration Committee of Adaptimmune Limited. All members have continued to serve until the date of this Annual Report on Remuneration. The charter of the Committee is set forth on our website at http://www.adaptimmune.com

Advice Provided to the Remuneration Committee

The Committee retained Radford, an Aon Hewitt company, to provide independent advice and consultation with respect to remuneration arrangements for the Chief Executive Officer (being our sole Executive Director), senior management and the Non-Executive Directors. Radford is a global remuneration consultant with a well established reputation for design and implementation of remuneration programmes, including the design and implementation of equity-based award programmes. The amounts paid to Radford in the year ended 30 June 2015 total £16,500.

In addition to Radford, the Committee solicited and received input from the Chief Executive Officer concerning the remuneration of senior executives other than himself. The Chief Executive Officer provided recommendations with respect to annual cash bonuses to be paid to these persons for service in the year ending 31 December 2014 and base salary awards effective from 1 January 2015, and with respect to equity-based awards to be made to these persons in December 2014. The Chief Executive Officer also provided input concerning the remuneration packages of senior executives appointed during the year. Finally, the Chief Executive Officer also provided input to the Committee regarding the implementation of equity-based remuneration as an element of all other employees' remuneration.

Statement of Voting Results

The first year in which the Company will present remuneration matters to its shareholders for approval is 2015, so we present no voting results.

PART II - DIRECTORS' REMUNERATION POLICY

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

The Remuneration Committee presents the Directors' remuneration policy, which will be put to shareholders as a binding vote at the Annual General Meeting to be held on 17 December 2015. This policy will then be effective from the date of the Annual General Meeting for a maximum of three years, or until a revised policy is approved by shareholders.

There will continue to be an advisory vote on the Directors' Remuneration Report presented at the Annual General Meeting on an annual basis.

For the avoidance of doubt, in approving the Directors' remuneration policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the payment of a pension or the vesting/exercise of past share option awards). Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Future Policy Tables

The policy tables set out below describe the Company's proposed future remuneration policy for Directors and seek to explain how each element of the Directors' remuneration packages will operate.

Summary Remuneration Policy - Executive Directors

As Adaptimmune Therapeutics plc is a UK incorporated company listed on NASDAQ, the Committee considers it appropriate to examine and be informed by compensation practices in both the UK and US, particularly in the matter of equity-based incentives.

The Committee considers that the current remuneration policy is appropriate and fit for purpose, but also recognises that the Company is currently undergoing a period of rapid growth. The Committee is committed to reviewing the remuneration policy on an ongoing basis in order to ensure that it continues to be effective and competitive.

The remuneration of Mr Noble, our sole Executive Director and our Chief Executive Officer, is determined by the Board after having considered recommendations from the Committee. The remuneration of other senior executives in the Company, excluding Mr Noble, (the "Senior Executives") is determined by the Committee. For ease of reference, the following table generally refers throughout to remuneration being determined by the Committee.

The following table presents the various elements of remuneration for the sole Executive Director. The remuneration policy in force at the applicable time would also apply to other Executive Directors that we appointed. Therefore, the table refers to "Executive Directors" as well as the "Executive Director". The policy principles described below are also used in determining the remuneration of the Senior Executives.

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Base salary	Rewards skills and experience and provides the basis for a competitive remuneration package.	Salaries will be reviewed annually by reference to: (i) market practice and market data on which the Committee receives independent advice; (ii) the individuals' experience and scope of the role; (iii) broader employee increases and (iv) rates of inflation. Salaries will be benchmarked against comparable roles in a selected peer group of other European and US-listed biopharmaceutical companies with similar market capitalisations and/or scale of operational complexity. We typically expect to align salaries with the 50th percentile of peer group comparator data but may vary from this general rule where we consider that special circumstances apply or where recruitment or retention of a particular role is required. The Committee may also decide to approve future increases following changes to job responsibilities or to reflect experience within the role.	Salaries will not generally exceed the 75th percentile of peer group comparator data for the relevant role unless there is a clear business rationale to do so. The Committee will reference alternative data for roles not widely represented in the core peer group. The Committee retains discretion to adjust the Executive Directors' base salaries to ensure that we can attract and retain the necessary talent to effectively compete in the global marketplace.	Not applicable.
Pension	Enables Executive Directors to build long-term retirement savings.	Company contribution to a personal pension scheme or salary supplement. Levels will be reviewed annually and the Committee may decide to increase future contribution levels should the review indicate such a change is appropriate.	5% of basic salary.	Not applicable.

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Benefits	Protects against risks and provides other benefits in line with market practice.	Benefits currently include death-in-service life insurance, family private medical cover and ill-health income protection. The Committee will review benefits offered from time to time and retains the discretion to add or substitute benefits to ensure they remain market competitive. In the event that the Group requires an Executive Director to relocate, we would offer appropriate relocation assistance.	Not applicable.	Not applicable.
Annual Bonus	Rewards achievement of the near-term business objectives set at the start of each calendar year and reflects individual and team performance of the Executive Director and other Senior Executives in achieving those objectives, and progress towards achieving our strategic goals.	Objectives are set at the start of each calendar year. The choice of annual performance objectives will reflect the Committee's assessment of the key milestones/metrics required to be achieved within the calendar year in order to make progress towards achieving our strategic goals. The target annual cash bonus for our Executive Directors will be established as a percentage of base salary. The annual bonus is payable in cash after award. When business opportunities or challenges change substantially during the course of the year, the Committee may adjust objectives to meet the changed circumstances and correspondingly realign potential rewards.	Awards will normally be limited to a maximum of 100% of basic salary. In exceptional periods, considered to be those years in which achievements lead to a transformational effect on the future prospects or the valuation of the business, the annual maximum may increase up to 150% of basic salary. Judgement as to whether achievements in a calendar year are considered to be exceptional is at the discretion of the Committee.	The Committee retains the ability to set performance objectives annually. These objectives can be group-based and /or individual, financial and/ or non-financial, and are likely to include milestones linked to: • successful execution of key elements of pipeline development programmes; • progress with clinical trials programmes; • key regulatory steps (IND grants, regulatory approvals); • progress with business development activities; • the Group's financial position and equity liquidity and valuation. A number of these objectives are considered to be commercially sensitive and are therefore not disclosed here in detail.

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Long term equity incentives	Motivates and rewards multi-year performance, encouraging achievement of strategy over the medium to long term. Aligns the interests of our Executive Directors and Senior Executives with those of our shareholders. Encourages retention as entitlement to full benefits arising from equity-based awards only accrues over a period of years. Enables us to compete with equity-based remuneration offered by a set of comparable companies with whom we may compete for executive talent.	Under our 2015 share option schemes, the Committee is able to grant awards of CSOP options in the UK, and unapproved share options and awards subject to performance targets in both the UK and US. The Committee generally grants equity-based remuneration to Executive Directors and Senior Executives at the time they commence employment and from time to time thereafter based on performance. The Committee is able to grant share options which permit phased vesting over the period. Currently, awards vest over a period of four years, with the first 25% vesting after 12 months. Our share option awards have exercise prices equal to the fair market value of our shares at the time of grant.	There is no fixed annual maximum limit to the size or value of equity-based compensation awards made in a year to Executive Directors and Senior Executives, or in the aggregate over a period of years. The Committee will always work within benchmarking guidelines provided by our compensation consultants. Additionally, our option scheme rules contain a maximum limit on the grant of options to all employees of 8% of our initial issued share capital on the date of IPO increased by 4% on each 30 June to be effective from 1 July 2016. Expected values are calculated in accordance with generally accepted methodologies based on Black-Scholes models. We seek to establish equity-based remuneration to be reasonably competitive to that offered by a set of comparable companies with whom we may compete for executive talent.	Generally, we grant equity-based remuneration awards that vest over time without specific performance targets other than continued service. When making awards, the Committee considers: the size and value of past awards; the performance of the Executive Director or Senior Executive; and competitive data on awards made to executives at comparable companies. The Board may choose, at its discretion, to accelerate vesting of options including in connection with a change of control event or when an Executive Director's service is terminated on account of disability or death. *See Policy on payment for loss of office.*

(1) In 2014, the Committee retained an independent remuneration consultant, Radford, an Aon Hewitt company, to assist the Committee in ensuring that our remuneration arrangements for the Executive Director and Senior Executives are competitive for the calendar year commencing 1 January 2015. Radford provided data from comparable publicly traded biopharmaceutical companies and otherwise assisted the Committee in its design of competitive remuneration for the Executive Director and Senior Executives. We expect to continue to use remuneration consultants to assist the Committee in determining competitive levels of executive remuneration and specific design elements of our remuneration programme.

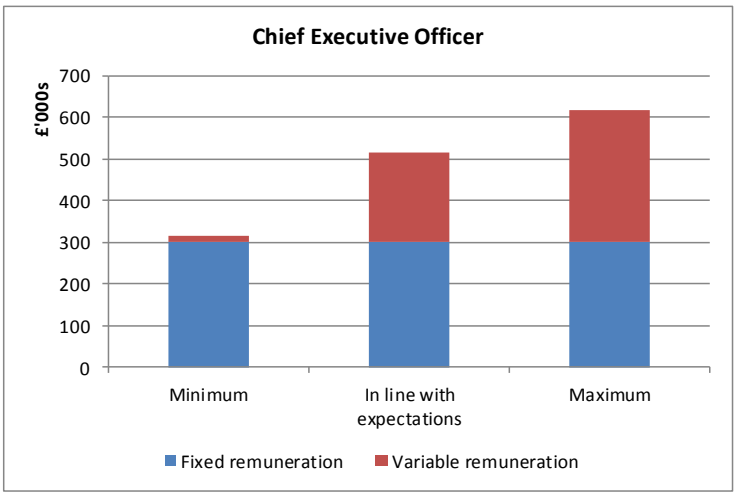
(2) We believe the use of time-based vesting for share option awards is consistent with US practice, to which we look for guidance on our policies. We examine, with assistance from our independent remuneration consultant, comparative data on both a (i) fair market value basis and (ii) percentage of salary basis. The Committee uses a blend of the two methods to establish appropriate levels of equity-based remuneration for the Executive Director and Senior Executives.

Illustration of the Application of the Remuneration Policy to Executive Director Remuneration

The following table provides an illustration of the potential remuneration for the year ending 30 June 2015 for the Executive Director, computed in accordance with the Remuneration Policy outlined above and by applying the following assumptions:

Minimum	The current base salary for the Executive Director is assumed to be the base salary of £300,000 pa effective from 1 January 2015.
	The value of benefits receivable for the financial year ending 30 June 2015 is assumed to be 5% of base salary for pension and the same rate of contribution for private health insurance as for 2014.
	No bonus is assumed for the Executive Director.
In line with expectations	The same components for base salary and benefits as reflected for the minimum above.
	The expected level of bonus is taken to be 65% of base salary, being the on-target level of bonus payment for the 12 months ending 31 December 2014.
Maximum	The maximum level of bonus is taken to be 100% of current base salary.

The bar chart below does not include any value for equity-based award remuneration in either the minimum illustration or the illustration of remuneration in line with expectations. We do not believe it is possible to reasonably quantify the value that might result from outstanding options and other equity-based awards, including those granted in 2014. For share options awarded to the Executive Director prior to the IPO, there is currently a large difference between the exercise price and current trading price.



Service Contracts

It is Group policy that Executive Directors should have contracts with an indefinite term providing for a maximum of up to 12 months' notice. We currently employ our Executive Director on a service agreement providing for termination, other than for cause, upon six months' advance notice by either the Company or the Executive Director. The Executive Director is required to resign his position as a Director if the Board requires a resignation in conjunction with the end of the employment relationship. We expect service contracts with future Executive Directors will have comparable provisions.

On termination of the service contract without cause, we have the right to require the Executive Director to take garden leave for all or part of the notice period (the remaining term of the contract) and we have the right to pay salary and benefits in lieu of notice. During the period of any garden leave, the Executive Director will continue to receive his full salary and other contractual entitlements. The Company may terminate the Executive Director's employment with immediate effect in certain circumstances including bankruptcy, criminal convictions, gross misconduct or serious or repeated breaches of obligations of his service. In the event of termination of the Executive Director for cause, we are not obligated to make any payment in lieu of notice. The Committee may, however, exercise discretion with respect to remuneration arrangements in the event of termination as a result of illness, injury or similar incapacity or in order to resolve disputes relating to remuneration entitlement.

Policy on Payments for Loss of Office

Our approach to payments in the event of termination is to take account of the individual circumstances including the reason for termination, individual performance, contractual obligations and the terms of the long-term incentive plans in which the Executive Director participates.

On notice from the Company, the Company will normally continue to pay salary and continue insurance and pension benefits over the remaining notice period while the individual remains an employee. The Executive Director's employment contract provides for payment in lieu of notice and we may offer payment in lieu of notice if it is considered to be in the best interests of the Company, subject to such payment not exceeding the contractual notice entitlement. There is no automatic contractual entitlement to bonus on termination although this may be considered.

We expect that all employment arrangements for any Executive Director will include a notice provision and continuing payment obligations for not more than a period of one year following our termination of an Executive Director without cause. Payment obligations could include base salary, benefits, and all or some portion of target annual cash remuneration.

The terms of equity-based awards made to our Executive Director and Senior Executives generally do not provide for automatic acceleration of outstanding options in the event of a change of control event, with the exception of the terms of awards made to two Senior Executives on joining the Company which do permit the acceleration of those initial joining awards on a change of control event. However, the Committee has discretion under our scheme rules to allow some or all of the options held by our Executive Director and Senior Executives to vest on a change of control event.

Similarly, the terms of equity-based awards made to our Executive Director and Senior Executives generally do not provide for automatic acceleration of outstanding options in the event of a termination of employment, with the exception of the terms of awards made to two Senior Executives on joining the Company which do permit the acceleration of those initial joining awards on a termination of employment. However, the Committee has discretion, under our scheme rules, to allow some or all of the options held by our Executive Director and Senior Executives to vest in the event that their employment is terminated as a result of death or disability or for any other reason.

We will comply with applicable disclosure and reporting requirements of the Securities and Exchange Commission with respect to remuneration arrangements with a departing Executive Director.

Policy on Recruitment Arrangements

Our policy is to pay a fair remuneration package for the role being undertaken and the experience of the individual to be appointed. We expect remuneration packages will include base salary, targeted level of annual cash incentive, initial and ongoing equity-based awards, standard benefits and special provisions tailored to the recruiting situation, such as: sign-on bonus, reasonable relocation support and make-whole awards for remuneration forfeited from a prior employer (whether on account of cash bonuses, share awards, pension benefits or other forfeited items).

The Board retains the discretion to provide additional benefits where necessary or useful to recruit new Executive Directors or to secure the ongoing service of existing Executive Directors.

If we appoint an existing employee as an Executive Director of the Company, we would expect to retain legacy obligations to the employee with respect to remuneration, such as outstanding share awards. Should these differ materially from current arrangements, these will be disclosed in the next implementation report following such appointment. We will also disclose appropriate remuneration details for a new Executive Director in accordance with reporting requirements of the Securities and Exchange Commission.

Summary Remuneration Policy – Non- Executive Directors

Our Non-Executive Directors do not currently receive any fees for their services. Effective from our Annual General Meeting, the Board will retain the discretion to pay fees to any or all Non-Executive Directors; and/or to pay Non-Executive Directors in the form of a mixture of cash and share options. Any share options that are awarded will not be subject to performance conditions.

We expect to establish cash remuneration for Non-Executive Directors at then-competitive amounts taking into account the individual's experience and peer data from other comparable companies.

The following table recognises that fees may be paid to Non-Executive Directors in future.

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Non-Executive fees	Reflects time commitments and responsibilities of each role. Reflects fees paid by similarly sized companies.	The remuneration of the Non-Executive Directors will be determined by the Board as a whole by reference to market practice and market data, on which the Committee receives independent advice, and reflects individual experience, scope of the role, time commitment and changes to responsibilities. Fees will typically consist of a basic fee for Non-Executive Director responsibilities plus incremental fees for additional roles/responsibilities such as chairmanship of Board committees and a senior independent Non-Executive Director role. The Non-Executive Directors do not receive any pension from the Company, nor do they participate in any performance-related incentive plans.	The value of each individual's aggregate fees will not exceed the 75th percentile of peer group comparator data for the relevant role.	Not applicable.
Long term equity incentives	For public companies listed in the United States, equity-based remuneration is a standard component of Director remuneration. We extend equity-based awards to our Non-Executive Directors in order to be competitive with comparable companies seeking qualified Directors and to align the interests of our Non-Executive Directors with those of our shareholders.	Non-Executive Directors participate in the Group's long-term incentive plans on terms similar to those used for Executive Directors. Under their appointment letters entered into on 22 April 2015, all Non-Executive Directors were awarded options, which were granted effective from 11 May 2015 being the closing of our IPO. Each Non-Executive Director is also entitled to receive an annual award of options, with such number to be determined by the Board, on each anniversary of 11 May 2015, provided that he or she continues to serve as a Director. Non-Executive Directors do not receive share awards. When a new Non-Executive Director is appointed, he or she may receive an initial award of options. If this occurs, then the size of the first annual award to that Director will be adjusted downwards in recognition of his or her initial award. All option awards are made with an exercise price equal to the fair market value at the time of grant and become exercisable immediately.	Not applicable. The option awards will be determined by the Board as a whole working within benchmarking guidelines provided by our compensation consultants. Additionally, our option scheme rules contain a maximum limit on the grant of options to all employees of 8% of our initial issued share capital on the date of IPO increased by 4% on each 30 June effective from 1 July 2016. Expected values are calculated in accordance with generally accepted methodologies based on Black-Scholes models.	Not applicable.

Letters of Appointment

The Chairman and all other Non-Executive Directors have letters of appointment which set out the terms under which they provide their services to the Company and which are subject to a three month notice period. Their remuneration is reviewed by the Board annually. In accordance with the Company's Articles of Association, Non-Executive Directors are included in the requirement that one-third of Directors are subject to retirement by rotation at each Annual General Meeting of shareholders effective from the Annual General Meeting in 2016. There is no remuneration payable on loss of office when, for example, a Director is not re-elected at an Annual General Meeting.

Policy on Shareholding Requirements

We do not currently have a policy requiring our Directors to hold a certain number or value of our shares. However, we encourage our Executive Directors to have a shareholding in the Company.

Statement of Consideration of Employment Conditions and Differences to the Executive Director Policy

All our employees are paid a base salary and receive standard employee benefits, which vary according to whether they are employed in the UK or in the US but all are entitled to a contribution from the Company towards a pension scheme or retirement plan, as well as access to health insurance and income protection.

All employees are eligible to be considered for an annual increase in their base salaries, provided they have worked for a sufficient portion of the prior fiscal year. In addition, all employees are eligible for consideration for regular option awards. Eligibility is dependent on the employee's position and performance, with more senior employees eligible for higher award levels. To date, employees below senior executive level have generally not been eligible for target annual cash bonuses though we have awarded discretionary bonuses to recognise exceptional over-performance that has significantly contributed towards the achievement of our corporate objectives. However, the Committee has approved the introduction of a target annual cash bonus scheme for all employees effective in relation to the 12 months starting from 1 January 2016.

No specific consultation with employees has been undertaken in respect of the design of the Company's senior executive remuneration policy to date although the Committee will keep this under review.

Statement of Consideration of Shareholder Views

This policy for remuneration of both Executive Directors and Non-Executive Directors was devised by a Remuneration Committee of which two of the three members are Non-Executive Directors whose affiliated funds each have major shareholdings in the Company and the third member is a Non-Executive Director with a major shareholding in the Company ("Affiliate NEDs"). The policy was also approved by the full Board, which at the time of approval in October 2015 included four Affiliate NEDs. As the Affiliate NEDs who devised and approved this policy represent some of our largest shareholders, we did not consult with shareholders who were not represented on the Board for additional input.

Changes to Remuneration Policy

It is anticipated that this policy will apply until the Annual General Meeting in 2018, or until a revised policy is approved by shareholders.

Approval

This report was approved by the Board of Directors on 12 October 2015 and signed on its behalf by:

David M Mott
Director

12 October 2015

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 group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law, and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 101 *Reduced Disclosure Framework*.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent 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 IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards 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 and the parent 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 group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report and Directors' Remuneration Report that comply with that law and those regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADAPTIMMUNE THERAPEUTICS PLC
For the period ended 30 June 2015

We have audited the financial statements of Adaptimmune Therapeutics plc for the year ended 30 June 2015 set out on pages 40 to 66. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 38, 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 group's and of the parent company's affairs as at 30 June 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2015

	Note	**2015 £000**	2014 £000
Revenue	*2*	**6,818**	355
Research & development expenses		**(14,749)**	(7,356)
Administrative expenses		**(7,201)**	(1,602)
Other income	*6*	**462**	165
Operating loss	*3*	**(14,670)**	(8,438)
Finance income	*7*	**322**	2
Finance expense	*8*	**(720)**	(4)
Loss before tax		**(15,068)**	(8,440)
Taxation credit	*9*	**1,339**	982
Loss for the year		**(13,729)**	(7,458)

All of the above figures relate to continuing operations.

	2015 £	2014 £
Basic and diluted loss per share	**(0.04)**	(0.05)
	number	number
Weighted average number of shares used to calculate basic loss per share	**325,012,111**	148,484,504

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended 30 June 2015

	2015 £000	2014 £000
Loss for the year	**(13,729)**	(7,458)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences	**11**	141
Income tax on foreign exchange translation differences	**-**	-
Other comprehensive income for the period, net of income tax	**11**	141
Total comprehensive loss for the year	**(13,718)**	(7,317)

The notes on pages 46 to 66 form part of these Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Company Number 09338148

as at 30 June 2015

	Note	2015	2014
Assets		**£000**	£000
Non-current assets			
Property, plant & equipment	*10*	**3,429**	840
Intangibles	*11*	**113**	-
		3,542	840
Current assets			
Other current assets	*13*	**65**	-
Trade & other receivables	*14*	**4,249**	625
Tax receivable		**2,524**	1,027
Current asset investments	*15*	**35,164**	-
Cash and cash equivalents	*16*	**145,666**	30,105
		187,668	31,757
Total assets		**191,210**	32,597
Equity & liabilities			
Equity			
Share capital	*18*	**425**	182
Share premium		**114,091**	-
Other reserve		**80,445**	20,066
Foreign exchange reserve		**121**	110
Retained earnings		**(29,989)**	(18,943)
		165,093	1,415
Non-Current liabilities			
Trade and other payables	*17*	**9,100**	-
		9,100	-
Current liabilities			
Trade and other payables	*17*	**16,992**	31,138
Tax payable		**25**	44
		17,017	31,182
Total equity & liabilities		**191,210**	32,597

The notes on pages 46 to 66 form part of these Financial Statements

The financial statements on pages 40 to 66 were approved by the Board of Directors on 12 October 2015 and are signed on its behalf by:

James J Noble
Director

12 October 2015

ADAPTIMMUNE THERAPEUTICS PLC

COMPANY STATEMENT OF FINANCIAL POSITION Company Number 09338148

as at 30 June 2015

	Note	**2015**
Assets		**£000**
Non-current assets		
Investments in subsidiaries	*12*	**58,898**
		58,898
Current assets		
Trade & other receivables	*14*	**113,356**
		113,356
Total assets		**172,254**
Equity & liabilities		
Equity		
Share capital	*18*	**425**
Share premium		**114,091**
Other reserve		**58,540**
Retained earnings		**(2,133)**
		170,923
Current liabilities		
Trade and other payables	*17*	**1,331**
Total equity & liabilities		**172,254**

The notes on pages 46 to 66 form part of these Financial Statements

The financial statements on pages 40 to 66 were approved by the Board of Directors on 12 October 2015 and are signed on its behalf by:

James J Noble
Director

12 October 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended at 30 June 2015

	Share capital £000	Share Premium £000	Other reserve £000	Exchange reserve £000	Retained earnings £000	Total equity £000
Balance at 30 June 2013	2	10,218	-	(31)	(11,607)	(1,418)
Effects of the reorganisation	108	(10,218)	10,110	-	-	-
Balance at 1 July 2013 revised	**110**	**-**	**10,110**	**(31)**	**(11,607)**	**(1,418)**
Total comprehensive income for the year:						
Loss for the year	-	-	-	-	(7,458)	(7,458)
Other comprehensive income for the year	-	-	-	141	-	141
Transactions with owners, recorded directly in equity:						
Proceeds from the issue of share capital	72	-	9,718	-	-	9,790
Equity-settled share based payment transactions and issues of shares on exercise	-	-	238	-	122	360
Balance at 30 June 2014	**182**	**-**	**20,066**	**110**	**(18,943)**	**1,415**
Balance at 1 July 2014	182	-	20,066	110	(18,943)	1,415
Total comprehensive income for the year:						
Loss for the year	-	-	-	-	(13,729)	(13,729)
Other comprehensive income for the year	-	-	-	11	-	11
Transactions with owners, recorded directly in equity:						
Proceeds from the issue of preference shares, net of issue costs of £3,031,000	175	-	60,379	-	-	60,554
Proceeds from the issue of share capital, net of issue costs of £9,899,000	68	114,091	-	-	-	114,159
Equity-settled share based payment transactions	-	-	-	-	2,683	2,683
Balance at 30 June 2015	**425**	**114,091**	**80,445**	**121**	**(29,989)**	**165,093**

The notes on pages 46 to 66 form part of these Financial Statements

COMPANY STATEMENT OF CHANGES IN EQUITY

for the period from 3 December 2014 to 30 June 2015

	Share capital £000	Share Premium £000	Other reserve £000	Retained earnings £000	Total equity £000
Balance at 3 December 2014	-	-	-	-	-
Total comprehensive income for the year:					
Loss for the year	-	-	-	(3,119)	(3,119)
Transactions with owners, recorded directly in equity:					
Effects of the reorganisation	357	-	58,540	-	58,897
Proceeds from the issue of share capital, net of issue costs of £9,899,000	68	114,091	-	-	114,159
Equity-settled share based payment transactions	-	-	-	986	986
Balance at 30 June 2015	**425**	**114,091**	**58,540**	**(2,133)**	**170,923**

The notes on pages 46 to 66 form part of these Financial Statements

ADAPTIMMUNE THERAPEUTICS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	**2015 £000**		2014 £000	
Cash flows from operating activities					
Loss for the year before tax		**(15,068)**		(8,440)	
Adjustments for:					
Depreciation	*10*	**447**		148	
Amortisation	*11*	**19**		-	
Loss on disposals of property, plant and equipment		**2**		-	
Equity-settled share based payment expense	*21*	**2,683**		204	
Increase in other current assets		**(65)**		-	
Increase in trade and other receivables		**(3,624)**		(311)	
(Decrease)/increase in trade and other payables		**(5,046)**		29,539	
Foreign exchange translation differences on consolidation		**11**		141	
Cash (used in)/from operations		**(20,641)**		21,281	
Net taxes (paid)/received		**(177)**		578	
Net cash (used in)/from operating activities			**(20,818)**		21,859
Cash flows from investing activities					
Acquisition of property, plant & equipment	*10*	**(3,117)**		(851)	
Acquisition of intangibles	*11*	**(132)**		-	
Proceeds from disposal of property, plant & equipment		**79**		-	
Investment in short-term deposits		**(35,164)**		-	
Net cash used in investing activities			**(38,334)**		(851)
Cash flows from financing activities					
Proceeds from the issue of share capital		**174,713**		9,944	
Net cash from financing activities			**174,713**		9,944
Net increase in cash and cash equivalents			**115,561**		30,953
Cash and cash equivalents at start of period			**30,105**		(848)
Cash and cash equivalents at year end	*16*		**145,666**		30,105

The notes on pages 46 to 66 form part of these Financial Statements

1 ACCOUNTING POLICIES

Domicile

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

Basis of Preparation and Statement of Compliance

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

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and in compliance with IFRSs adopted by the IASB.

The separate financial statements of the Company are drawn up in accordance with the Companies Act 2006 and Financial Reporting Standard 101 ("FRS 101"). On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The company was incorporated on 3 December 2014 and has applied FRS101 (September 2015) from the UK Generally Accepted Accounting Practice for all periods presented. The company has chosen to adopt FRS101 early.

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

Corporate Reorganisation

On 1 April 2015, the Group completed a corporate reorganisation. Pursuant to the first stage of this reorganisation, on 23 February 2015, all shareholders of Adaptimmune Limited exchanged each of the Series A preferred shares and Ordinary shares held by them for newly issued Series A preferred shares and Ordinary shares of Adaptimmune Therapeutics Limited on a one-for-100 basis, resulting in Adaptimmune Limited becoming a wholly-owned subsidiary of Adaptimmune Therapeutics Limited. On 20 March 2015, all holders of options over Ordinary shares of Adaptimmune Limited exchanged each of their options for equivalent options over Ordinary shares of Adaptimmune Therapeutics Limited. On 1 April 2015, pursuant to the final step in the corporate reorganisation, Adaptimmune Therapeutics Limited re-registered as a public limited company with the name Adaptimmune Therapeutics plc.

All Adaptimmune Limited share options granted to Directors and employees under share option plans that were in existence immediately prior to the reorganisation were exchangeable for share options in Adaptimmune Therapeutics plc on a one-for-100 basis with no change in any of the terms or conditions.

Adaptimmune Therapeutics plc's Board of Directors, management and corporate governance arrangements, and consolidated assets and liabilities immediately following the reorganisation were the same as Adaptimmune Limited immediately before the reorganisation.

The reorganisation has been accounted for in accordance with the principles of reverse acquisition accounting. Accordingly, the historical consolidated financial statements of Adaptimmune Limited and subsidiary prior to the reorganisation became those of Adaptimmune Therapeutics plc. For periods prior to the reorganisation, the equity of Adaptimmune Therapeutics plc represents the historical equity of Adaptimmune Limited. The nominal value of the share capital has been adjusted to reflect the increase in the number of shares in issue.

All share and per share information presented gives effect to the reorganisation by dividing the loss for the period by the weighted average number of shares outstanding of Adaptimmune Therapeutics plc as if the one-for-100 share exchange had been in effect throughout the period.

1 ACCOUNTING POLICIES (CONTINUED)

Initial Public Offering

On 11 May 2015, the Company completed an Initial Public Offering on Nasdaq, issuing 11,250,000 American Depositary Shares representing 67,500,000 Ordinary shares with nominal value of £67,500 for proceeds before expenses of £124,058,000. Funding costs of £9,899,000, including underwriter fees were incurred and offset against the share premium account.

Going Concern

The Group'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 10-22. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the primary statements and notes of this set of financial statements. In addition, notes 18 and 19 to the financial statements includes 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 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 annual report and accounts.

Management Estimates and Judgements

The preparation of the financial statements in conformity with IFRSs 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.

Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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.

1 ACCOUNTING POLICIES (CONTINUED)

The assets and liabilities of foreign operations are translated to the Group's presentational currency Sterling (GBP) at foreign exchange rates in effect at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates in effect at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be.

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 and Equipment

Property, plant and 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 but not held for sale are capitalised as either other current assets or other non-current assets, depending on their expected utilization with 12 months.

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 Group'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 Group 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 Group operates equity-settled, share-based compensation plans. Certain employees of the Group 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 group adopted IFRS 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.

Earnings per Share

Basic and diluted net loss per share is determined by dividing net loss by the weighted average number of shares of Ordinary shares outstanding during the period.

The effect of 31.5 million *(2003: 10.1 million)* potentially dilutive share options has been excluded from the diluted loss per share calculation because it would have an antidilutive effect on the loss per share for the period.

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.

- IFRS 14 Regulatory Deferral Accounts (mandatory for year commencing on or after 1 January 2016)
- Amendments to IFRS 11 'Accounting for Acquisitions of Interests in Joint Operations' (mandatory for year commencing on or after 1 January 2016)
- 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)
- Amendments to IAS 27 'Equity Method in Separate Financial Statements' (mandatory for year commencing on or after 1 January 2016)
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (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

Group

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 £000	2014 £000
Revenue	**6,818**	355

Under our collaboration and licence agreement with GSK, GSK funds the development of, and has an option to obtain an exclusive licence 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 programmes and any other programmes relating to target peptides where Adaptimmune initiates development of a TCR therapeutic candidate.

Under the collaboration and licence agreement, we received an upfront payment of £25 million and are entitled to various milestone payments based on the achievement of specified development and commercialisation 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 licence agreement is on the market.

The GSK collaboration and licence 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 programme-by-collaboration programme 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 licence or collaboration programme 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 programme, 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 licence where GSK ceases development or withdraws any licensed TCR therapeutic in specified circumstances.

The revenue recognised to date relates primarily to the recognition of a portion of the £25 million upfront fee received in June 2014 as well as a total of £4.5 million in milestones achieved in October and November 2014. The fair value of the former has been allocated between initial target programme, development activities and an overall contribution to the programme.

3 EXPENSES AND AUDITOR'S REMUNERATION

Group

	2015 £000	2014 £000
Operating loss is stated after charging/(crediting):		
Operating lease charges:		
Other than Plant & Machinery	**387**	177
Foreign exchange (gain)/loss on transactions	**(66)**	141
Depreciation of owned property, plant and equipment (note 10)	**447**	148
Amortisation of intangibles (note 11)	**19**	-
Amounts receivable by the company's auditor and its associates in respect of:		
audit of these financial statements	**85**	60
initial registration statement and comfort letters	**163**	-
quarterly reviews	**10**	15
other audit services	**9**	-
other tax advisory services	**-**	18

4 STAFF NUMBERS AND COSTS

Group

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2015 Number	2014 Number
Research & Development	**63**	27
Management & Administration	**16**	4
	79	31

The aggregate staff costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	**4,988**	1,668
Social security costs	**539**	175
Share based payment – fair value of employee services (note 21)	**2,683**	204
Pension costs – defined contribution (note 20)	**152**	86
	8,362	2,133

5 DIRECTORS' REMUNERATION

Group

	2015	2014
	£000	£000
Directors' emoluments	**558**	222

Total Directors' pension contributions for the year were £13,000 *(2014: £10,500).*
No retirement benefits are accruing to Directors (2014: none) under the Group'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	**536**	164

(excluding gains on exercise of share options and value of shares received under long term incentive schemes)

The highest paid Director's pension contributions for the year were £13,000 *(2014: £7,750).*
The highest paid Director exercised no share options in the year (*2014: 9,280*)

In addition, subsequent to year end the highest paid director was paid a discretionary bonus of £100,000.

6 OTHER INCOME

Group

Other income comprises income receivable from government agencies for research funding and income from Immunocore Limited for use of the Group'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 23)	**33**	13
Other	**-**	3
	462	165

7 FINANCE INCOME

Group

Recognised in the income statement:

	2015	2014
	£000	£000
Bank interest on cash and deposits	**322**	2
Finance income	**322**	2

8 FINANCE EXPENSE

Group

Recognised in the income statement:

	2015	2014
	£000	£000
Bank interest on overdrafts	**-**	4
Foreign exchange losses on financial assets	**720**	-
Finance expense	**720**	4

9 TAXATION CREDIT

Group

Recognised in the income statement:

	2015	2014
	£000	£000
Current tax income		
UK R&D tax credit	**1,308**	1,027
US corporation tax	**(158)**	(45)
Adjustments in respect of prior periods	**189**	-
Total tax credit in the income statement	**1,339**	982

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	2014
	£000	£000
Loss before tax	**15,068**	8,440
Tax at the UK corporation tax rate of 20.75% (*2014: 22.5%*)	**3,127**	1,899
Non-deductible expenses	**(415)**	(82)
Fixed asset differences	**(22)**	180
Deferred taxes not recognised	**(2,192)**	(1,174)
Additional allowance in respect of enhanced R&D relief	**1,033**	1,067
Surrender of tax losses for R&D tax credit refund	**(475)**	(907)
Tax rate changes	**94**	-
Adjustments in respect of prior periods	**189**	-
Other timing differences	**-**	(1)
Total tax credit in income statement	**1,339**	982

9 TAXATION CREDIT (CONTINUED)

After accounting for tax credits receivable there are accumulated tax losses for carry forward in the UK amounting to £23,166,000 (*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

Group

	Computer Equipment £000	Office Equipment £000	Laboratory Equipment £000	Leasehold Improvements £000	Total £000
Cost					
At 1 July 2013	12	-	159	-	171
Additions to 30 June 2014	40	28	783	-	851
At 30 June 2014	52	28	942	-	1,022
Additions to 30 June 2015	365	94	1,434	1,224	3,117
Disposals to 30 June 2015	(4)	-	(120)	-	(124)
At 30 June 2015	**413**	**122**	**2,256**	**1,224**	**4,015**
Depreciation					
At 1 July 2013	5	-	29	-	34
Charge for period to 30 June 2014	10	4	134	-	148
At 30 June 2014	15	4	163	-	182
Charge for period to 30 June 2015	51	11	349	36	447
Disposals to 30 June 2015	(4)	-	(39)	-	(43)
At 30 June 2015	**62**	**15**	**473**	**36**	**586**
Carrying value					
At 1 July 2013	7	-	130	-	137
At 30 June 2014	37	24	779	-	840
At 30 June 2015	**351**	**107**	**1,783**	**1,188**	**3,429**

11 INTANGIBLES

Group

	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**
Amortization		
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

Company

	£000
Cost and carrying value at 30 June 2014 and 30 June 2015	**58,898**

The Company has the following interest in subsidiary undertakings from 23 February 2015:

Name of Company	Country of Incorporation	Holding	Proportion Held	Nature of Business
Adaptimmune Limited	England and Wales	Ordinary and preferred shares of £0.001	100%	Biotechnology Research & Development
Adaptimmune LLC	United States of America	Ordinary Shares of $1	100%	Biotechnology Research & Development

13 OTHER CURRENT ASSETS

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

14 TRADE & OTHER RECEIVABLES

Group

	2015	2014
	£000	£000
Trade receivables	**2**	16
Prepayments and accrued income	**3,310**	543
Other receivables	**937**	66
	4,249	625

Company

	2015
	£000
Prepayments and accrued income	**286**
Amounts owed from group undertakings	**113,070**
	113,356

Amounts owed by group undertakings are unsecured, have no fixed date of repayment, and accrue interest at a rate of 2.38% per annum.

15 CURRENT ASSET INVESTMENTS

Group

	2015	2014
	£000	£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

Group

	2015	2014
	£000	£000
Cash and cash equivalents held in pounds sterling	**28,749**	27,468
Cash and cash equivalents held in US dollars	**116,917**	2,637
Cash and cash equivalents	**145,666**	30,105

16 CASH AND CASH EQUIVALENTS (CONTINUED)

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 Group assesses its liquidity position it includes cash and cash equivalents as well as current asset investments, totalling £180,830,000.

17 TRADE AND OTHER PAYABLES

Group

Shown within current liabilities:	2015 (£'000)	2014 (£'000)
Trade payables	**1,259**	594
Other taxation and social security	**158**	4,944
Deferred income*	**13,295**	24,720
Accruals	**2,280**	880
	16,992	31,138

Shown within non-current liabilities:	2015 (£'000)	2014 (£'000)
Deferred income*	**9,100**	-
	9,100	-

* The Company has previously determined that it has a three 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 30 June 2014. As at 30 June 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 programmes 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 30 June 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.

Company

	2015 £000
Trade payables	**2**
Accruals	**8**
Amounts owed to group undertakings	**1,321**
	1,331

Amounts owed to group undertakings are unsecured, have no fixed date of repayment, and are interest free.

18 CAPITAL AND RESERVES

Group and Company

Share capital

	2015	2014
	£000	£000
Allotted, called up and fully paid		
424,711,900 *(2013: 181,370,100)* Ordinary shares of 0.1p each	**425**	182

Series A Preferred Shares Issued

On 23 September 2014 the Group completed a Series A Funding round led by New Enterprise Associates (NEA), with additional new investors including OrbiMed Advisors LLC, Wellington Management Company, LLP, Beacon Biosciences, Foresite Capital Management, Ridgeback Capital Management, Novo A/S, QVT, Rock Springs Capital, venBio Select and Merlin Nexus.

In respect of this funding, the Group issued 1,758,418 Series A Preferred Shares for net consideration of £60,554,000, after the deduction of fees of £3,031,000. The Preferred Shares were convertible into Ordinary shares at an initial rate of 1:1. These shares were treated as equity under the provisions of IAS 32, 'Financial Instruments: Presentation'.

Reorganisation

On 23 February 2015 the Company completed a share-for-share exchange after which it became the sole shareholder of Adaptimmune Limited in exchange for issuing 181,370,100 Ordinary and 175,841,800 preferred shares to the shareholders of Adaptimmune Limited.

Initial Public Offering

On 11 May 2015, the Company completed an Initial Public Offering on Nasdaq, issuing 11,250,000 American Depositary Shares representing 67,500,000 Ordinary shares with nominal value of £67,500 for proceeds before expenses of £124,058,000. Funding costs of £9,899,000, including underwriter fees were incurred and offset against the share premium account.

On IPO, all subsisting preferred shares automatically converted to Ordinary shares on a 1:1 basis.

Each holder of Ordinary shares is entitled to one vote per share, on a show of hands or on a poll, at general meetings of the company.

On the winding up of the company the following priorities applies to payments from the Liquidation surplus:

a) Each shareholder will be entitled to an amount per share equal to the subscription price paid, or if the liquidation surplus is insufficient of the full subscription price then the shareholders will be paid in proportion to the aggregate subscription price paid in respect of the shares held by them;

b) Thereafter any balance shall be paid to the shareholders in proportion to the number of shares held by each of them.

Capital Management Policy

The Group manages the operating cash outflow through its budgeting process, and looks to raise sufficient funds from revenue and equity to cover these outflows.

19 FINANCIAL INSTRUMENTS

Group

Finance income and expense

Gains and losses on financial instruments included within loss before tax are as follows:

	2015	2014
	£000	£000
Finance income on banking arrangements	**322**	2
Foreign exchange losses on financial assets	**(720)**	-
Finance expense on banking arrangements	**-**	(4)
Net finance expense	**(398)**	(2)

There were no gains or losses on financial instruments recognised directly within equity.

Disclosure of fair values of financial assets and liabilities

	2015		2014	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£000	**£000**	£000	£000
Financial assets:				
Loans and receivables				
Trade receivables	**2**	**2**	16	16
Research & development tax credit	**2,524**	**2,524**	1,027	1,027
Other receivables	**937**	**937**	66	66
Current asset investments	**35,164**	**35,164**	-	-
Cash and cash equivalents	**145,666**	**145,666**	30,105	30,105
Total financial assets	**184,293**	**184,293**	31,214	31,214

	2015		2014	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£000	**£000**	£000	£000
Financial liabilities:				
Financial liabilities at amortised cost				
Trade payables	**1,259**	**1,259**	595	595
Other taxation and social security	**158**	**158**	4,944	4,944
Accruals	**2,280**	**2,280**	880	880
Total financial liabilities	**3,697**	**3,697**	6,419	6,419

Detailed below are the assumptions applied in determining the fair value of the financial instruments held by the Group.

Cash and Cash Equivalents, Trade and Other Payables and Trade and Other Receivables

For cash and cash equivalents, trade and other payables and trade and other receivables with a remaining life of less than one year, the nominal amount is deemed to reflect fair value.

19 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

The Group's treasury policy gives guidance on how much investment should be held with differing counterparties. The cash utilisation is constantly monitored to provide a lead time for raising further funding.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount £000	2015 Contractual cash flows £000	1 year or less £000
Financial liabilities at amortised cost			
Trade payables	**1,259**	**1,259**	**1,259**
Other taxation and social security	**158**	**158**	**158**
Accruals	**2,280**	**2,280**	**2,280**
Total financial liabilities	**3,697**	**3,697**	**3,697**

	Carrying amount £000	2014 Contractual cash flows £000	1 year or less £000
Financial liabilities at amortised cost			
Trade payables	595	595	595
Other taxation and social security	4,944	4,944	4,944
Accruals	880	880	880
Total financial liabilities	6,419	6,419	6,419

Foreign Exchange Risk

The Group makes purchases in foreign currencies. The Group's treasury policy gives guidance on the management of its foreign exchange risk on the basis that the cash balance is held in appropriate currencies to meet obligations as they fall due.

Financial assets and liabilities in foreign currencies are as follows:

	2015 Carrying amount £000	2014 Carrying amount £000
Other receivables	**-**	3
Other current assets	**27,664**	-
Cash and cash equivalents	**116,917**	2,637
Trade payables	**(347)**	(385)
	144,234	2,255

A 1% increase in exchange rates would reduce the carrying value of net financial assets and liabilities in foreign currencies at June 2015 by £1,428,000 (2014: £22,000).

19 FINANCIAL INSTRUMENTS (CONTINUED)

Market Risk

Market risk is the risk that changes in market prices, such as in interest rates, commodity prices and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances and overdrafts, which earn interest at variable rates.

Financial assets and liabilities subject to variable interest rates are as follows:

	2015 Carrying amount £000	2014 Carrying amount £000
Cash and cash equivalents	**140,296**	30,105
	140,296	30,105

An increase in Bank of England base rates by 0.5 percentage points would increase the net annual interest income applicable to the June 2015 carrying amount by £701,000 (2014: £151,000).

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

20 EMPLOYEE BENEFITS

Group

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 £69,000 (2014: £42,000). The pension cost charge for the year was £152,000 (2014: £86,000).

21 SHARE BASED PAYMENTS

Group

Group Share Options

At 30 June 2015 certain of the Group's employees and Directors were members of a share option plan operated by the ultimate parent company. All of these arrangements are settled in equity at a predetermined price and vest over a period of four years, with 25% of each award vesting after the first complete year. All share options have a life of ten years before expiry. The number and weighted average exercise prices of share options (including grant in the year) are as follows:

	2015		2014	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at start of year	**10,057,700**	**£0.11**	6,233,000	£0.10
Granted	**21,779,577**	**£0.54**	5,627,700	£0.12
Forfeited	**(383,800)**	**£0.35**	(425,000)	£0.11
Exercised	**-**	**-**	(1,378,000)	£0.08
Outstanding at end of year	**31,453,477**	**£0.41**	10,057,700	£0.11
Exercisable at end of year	**5,199,615**	**£0.39**	2,026,800	£0.10

21 SHARE BASED PAYMENTS (CONTINUED)

The weighted average fair value of options granted in the year was £0.42 (*2014: £0.08*).

For options outstanding at the end of the year, the range of exercise prices and weighted average remaining contractual life are as follows:

2015				2014			
Exercise price	**Number of shares**	**Weighted average remaining life:**		Exercise price	Number of shares	Weighted average remaining life:	
		Expected	**Contractual**			Expected	Contractual
£0.05	**300,000**	**0.0 yrs**	**0.0 yrs**	£0.05	300,000	0.0 yrs	0.0 yrs
£0.11	**8,404,300**	**3.2 yrs**	**0.9 yrs**	£0.11	8,508,100	4.2 yrs	1.6 yrs
£0.14	**1,249,600**	**3.8 yrs**	**1.3 yrs**	£0.14	1,249,600	4.8 yrs	2.3 yrs
£0.36	**10,595,000**	**4.5 yrs**	**1.6 yrs**				
£0.50	**9,018,962**	**4.7 yrs**	**1.9 yrs**				
£1.82	**1,885,615**	**4.9 yrs**	**1.1 yrs**				

The total charge for the year relating to share based payment plans was £2,683,000 (2014: £204,000), all of which related to equity-settled share based payment transactions.

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculation are as follows:

	May 2015	**March 2015**	**December 2014**	March/April 2014.
Share price at grant date	**£1.82**	**£0.86**	**£0.39**	£0.14
Exercise price	**£1.82**	**£0.50**	**£0.36**	£0.11
Number of employees	**11**	**32**	**78**	. 28
Shares granted in period	**1,885,615**	**9,183,962**	**10,710,000**	. 5,627,700
Vesting year (years)	**1-4 years**	**1-4 years**	**1-4 years**	1-4 years
Expected volatility	**60%**	**60%**	**60%**	60%
Option life (years)	**10 years**	**10 years**	**10 years**	10 years
Expected life (years)	**5 years**	**5 years**	**5 years**	5 years
Risk free rate	**1.39%**	**1.04%**	**1.54%**	1.73%
Expected dividend yield	**0%**	**0%**	**0%**	0%
Fair value per option	**£0.94**	**£0.55**	**£0.21**	£0.08

The expected volatility is based upon a benchmarking study of similar companies with public securities. The expected life of the option is based on management judgement. The risk free rate is based on the Bank of England's estimates of gilt yield curve as at the respective grant dates.

22 CAPITAL COMMITMENTS AND CONTINGENCIES

Group

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.

22 CAPITAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

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	**914**	**-**	57	-
Within two to five years	**2,772**	**-**	-	-
Over five years	**85**	**-**	-	-
	3,771	**-**	57	-

The annual charge in the income statement for operating leases was £387,000 (*2014: £177,000*).

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

In addition to the amounts disclosed above, the Group is in negotiations to enter into lease agreements in both the United Kingdom and United States to further expand the size of R&D operations and to develop a pilot manufacturing facility. As of the balance sheet date no lease agreements had been signed but the Group has indemnified the respective landlords for lease arrangement costs should the leases not be signed. There are currently no indicators that the Group will not enter into the lease arrangements. These lease agreements were both signed after the year end. These lease agreements have annual lease payments of £1.1 million and $1.6 million in the United Kingdom and United States respectively, and can both be exited before the eleventh anniversary if the Group elected to do so.

23 RELATED PARTIES

Group

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	-	2
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

23 RELATED PARTIES (CONTINUED)

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 and leases one building to the Group. 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.

Remuneration of Key Management Personnel

The remuneration of the Directors and Executive Officers, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24, 'Related Party Disclosures'.

	2015	2014
	£000's	£000's
Short-term employee benefits	**1,311**	335
Share-based payments	**2,107**	95
	3,418	430

In addition, subsequent to the year end the CEO was paid a discretionary bonus of £100,000.

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