ANNUAL REPORT AND FINANCIAL STATEMENTS

for the six month period ended

31 December 2015

Adaptimmune Therapeutics plc

Company Number 09338148

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the six month period ended

31 December 2015

This page intentionally left blank

ADAPTIMMUNE THERAPEUTICS PLC

Contents Page

This page intentionally left blank

DIRECTORS	Dr J Knowles Mr L M Alleva Dr A Behbahani Mr I M Laing Mr D M Mott Mr J J Noble Dr C E Sigal Dr P A Thompson
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

This page intentionally left blank

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") as of and for the six months ended 31 December 2015, as well as the financial statements for Adaptimmune Therapeutics plc ("the Company" or "the parent company") as of and for the six months ended 31 December 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.

EXPLANATION

The Company has previously published its first annual report and financial statements for the period ended 30 June 2015 and laid them before the Company in general meeting at the Annual General Meeting held on 17 December 2015.

On 13 October 2015, the Company (together with its consolidated subsidiaries) announced a change of its financial year end to 31 December 2015 in order to align its financial reporting period with those of many of its peer group of biotechnology companies.

As a result, the Company is required to prepare an annual report and financial statements for the period from 1 July 2015 to 31 December 2015, and lay them before the Company in general meeting at its forthcoming Annual General Meeting to be held in 2016. The Company's next annual report and financial statements, in respect of the year ended 31 December 2016, will be laid before the Company in general meeting at the Annual General Meeting to be held in 2017.

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 issued 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, which is described more fully in note 20 to the consolidated financial statements. 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.

Following the reorganisation, the historical consolidated financial statements of Adaptimmune Limited and its subsidiary prior to the reorganisation became those of Adaptimmune Therapeutics plc.

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, MAGE-A10 and Alpha Fetoprotein, or AFP, 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 period is set out in the Income Statement on page 34.

The Directors do not propose a dividend (Year ended 30 June 2015: £nil).

CHARITABLE AND POLITICAL CONTRIBUTIONS

No charitable contributions were paid during the period (Year ended 30 June 2015: £nil).

No donations were made during the period to political organisations (Year ended 30 June 2015: £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 20 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 5 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 3 December 2014)
Dr C E Sigal	(Appointed 12 February 2015)
Dr P A Thompson	(Appointed 12 February 2015)

During the period from 1 July 2015 to 31 December 2015, there were six full meetings of the Board of Directors. All of our Directors attended each of the six meetings.

One-third of the Directors are subject to retirement by rotation at each Annual General Meeting of shareholders effective from the Annual General Meeting in 2016.

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 KPMG LLP will be proposed at the forthcoming Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

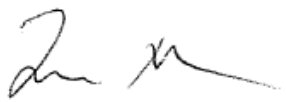
All Directors in office at the time the report is approved confirm the following:

(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 16 March 2016.

On behalf of the Board



James J Noble
Director

16 March 2016

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, MAGE-A10 and AFP, 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.

We have a series of ongoing programmes. One of our programmes is an affinity-enhanced TCR therapeutic targeting the NY-ESO-1, or NY-ESO, cancer antigen, which is under option to GlaxoSmithKline ("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 haematological malignancies including synovial sarcoma, multiple myeloma, melanoma and ovarian cancer. As of 31 December 2015, we had administered our NY-ESO TCR therapeutic candidate to 53 patients across several cancer indications. Our NY-ESO TCR therapeutic candidate is also being evaluated as part of an investigator-initiated clinical trial in the UK in patients with oesophageal cancer.

In February 2016, we agreed with GSK to accelerate the development of our NY-ESO TCR therapeutic candidate towards pivotal trials in synovial sarcoma as well as exploring development in myxoid round-cell liposarcoma. There is also the opportunity for up to eight combination trials using our NY-ESO TCR therapeutic candidate.

Our other programmes are affinity-enhanced TCR therapeutic candidates directed at MAGE-A10 and at AFP, both of which are wholly-owned by the Company. Our Investigational New Drug Application, or IND, for our TCR therapeutic candidate directed at MAGE-A10 was accepted by the FDA in June 2015. The clinical trial was initiated in December 2015 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. An IND for our TCR directed at AFP is targeted for submission in 2016.

In addition to the above programmes, 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 haematological malignancies. The following table summarises our ongoing programmes for NY-ESO[(1)]:

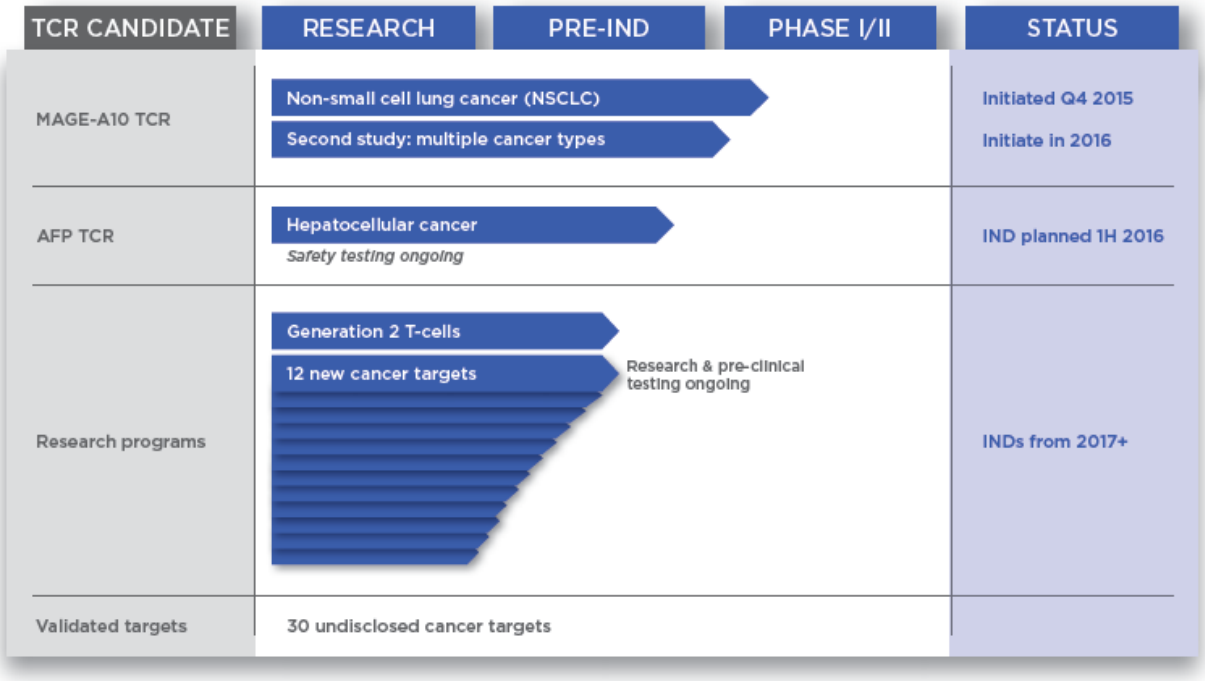
INDICATION	RESEARCH	PRE-IND	PHASE I/II	STATUS
Synovial sarcoma	Cohort 1: High NY-ESO expression, 12 patients			Complete
	Cohort 2: Low NY-ESO expression, 10 patients			Enrolling
	Cohort 3: Removal of fludarabine, 10 patients			Enrolling
Multiple myeloma	Cohort 1: Autologous SCT, 25 patients. Data published in *N. Med.*			Complete
	Cohort 2: No autologous SCT, 10 patients			In planning
Ovarian	10 patients			Enrolling
Melanoma	6 patients			Enrolling
Non-small cell lung cancer	10 patients, Stage IIIb / IV NSCLC			Initiated Q4 2015
Esophageal	*Investigator initiated study*			*Active; recruitment to resume*

(1) GSK retains an exclusive option to license NY-ESO TCR for all indications.

The following table summarises our new programmes for NY-ESO following the expansion of our agreement with GSK:

INDICATIONS/TRIALS	COMMENT
Synovial sarcoma	Goal: Moving into pivotals around end of 2016
Myxoid round cell liposarcoma	Exploring extension of pivotal studies
Multiple myeloma	Considering potential combination study
Combination studies	Up to 7 additional studies
Second generation #1	Goal: IND filing in 2017
Second generation #2	Goal: IND filing in 2017

We retain full ownership of the remainder of our current pipeline of engineered TCR therapeutic candidates, including our MAGE-A10 and AFP TCR therapeutic candidates together with 12 additional unpartnered research programmes. The following table summarises our pipeline of wholly-owned targets:



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, enrolment into the first cohort of 12 evaluable patients is now complete. In a second cohort, which is enrolling patients with low NY-ESO antigen expression, as at 31 December 2015, two patients had received our NY-ESO therapeutic candidate. In a third cohort, which is evaluating removal of fludarabine from the treatment protocol, two patients had received our therapy as at 31 December 2015. In the first cohort, and as reported in November 2015, response rates of 60% were seen in patients receiving the target dose. As a result of these encouraging responses the NY-ESO TCR therapeutic candidate is being accelerated

towards pivotal trials in synovial sarcoma. We are also exploring development in myxoid round cell liposarcoma with our NY-ESO TCR therapy.

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. Based on our clinical data to date for both synovial sarcoma and multiple myeloma, 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 (the "GSK Collaboration and License Agreement"), 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.

The GSK Collaboration and License Agreement was amended in February 2016 to provide for acceleration of the development of our NY-ESO TCR therapeutic candidate towards pivotal trials in synovial sarcoma as well as exploring development in myxoid round-cell liposarcoma. The amendment also provides the opportunity for up to eight combination trials using our NY-ESO TCR therapeutic candidate.

Unpartnered portfolio

We retain full ownership of our current pipeline of engineered TCR therapeutic candidates, including our 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. We are conducting Phase 1/2 clinical trials in the US in multiple cancer types including synovial sarcoma, multiple myeloma, melanoma and ovarian cancer and are commencing an additional clinical trial for non-small cell lung cancer. We have also agreed with GSK to accelerate development of our NY-ESO TCR therapeutic candidate into pivotal trials in synovial sarcoma, with the aim of starting pivotal trials in the United States around the end of 2016. The amendment to the collaboration agreement with GSK, agreed in February 2016, also provides the opportunity for up to eight combination trials with our NY-ESO TCR therapeutic candidate.

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 clinical trials initiated in the United States in December 2015. We received Recombinant DNA Advisory Committee approval for our AFP therapeutic candidate in November 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.

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 some of 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 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 preclinical testing processes.

Continue to improve response to our TCR therapeutic candidates. We intend to continue further developing our TCR therapeutic candidates by 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, potentially, initial commercial supply.

Leverage our existing strategic alliance with GSK. 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, comprising intellectual property, proprietary methods and know-how in the field of TCRs. These assets form the foundation for our ability not only to strengthen our product pipeline, but also successfully to 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. To date, we have financed our operations primarily through placements of equity securities, an initial public offering, cash receipts under the GSK Collaboration and License Agreement, government grants and research and development tax credits.

DEVELOPMENT AND PERFORMANCE DURING THE PERIOD

Revenue

Revenue was £5.5 million for the six months ended 31 December 2015 compared to £6.8 million for the year ended 30 June 2015. The increase in pro-rata revenue (i.e. six months to 31 December 2015 compared to half of the previous twelve month period) was due to recognition of revenue relating to an increase in the services performed, and the achievement of development milestones, under the GSK Collaboration and License Agreement in the period.

The GSK Collaboration and License Agreement was expanded by an amendment agreement, effective from 2 February 2016 (the "Amendment Agreement"). The Amendment Agreement enables us and GSK to accelerate the development of our NY-ESO TCR therapeutic candidate towards pivotal trials in synovial sarcoma and to explore development in myxoid round-cell liposarcoma. The Amendment Agreement also provides the opportunity for up to eight combination trials using our NY-ESO TCR therapeutic candidate and increases the potential development milestones that we are eligible to receive.

Research and Development Expenses

Research and development ("R&D") expenses were £16.5 million for the six months ended 31 December 2015 compared to £14.7 million for the year ended 30 June 2015. Our R&D expenses are highly dependent on the phases of our research projects and therefore fluctuate from year to year.

The increase in our pro-rata R&D expenses (i.e. six months to 31 December 2015 compared to half of the previous twelve month period) was primarily due to increases in two key components of our expenses:

- an increase in the average number of employees engaged in R&D from an average of 63 for the year ended 30 June 2015 to 137 for the six months ended 31 December 2015. 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, driven by increased recruitment in our clinical trials.

General and Administrative Expenses

General and administrative expenses were £7.3 million for the six months ended 31 December 2015 compared to £7.2 million for the year ended 30 June 2015.

The increase in our pro-rata general and administrative expenses (i.e. six months to 31 December 2015 compared to half of the previous twelve month period) was due to: increased personnel costs, primarily due to the addition of key management and other professionals to support our growth; increased share-based payment expenses; increased property costs; and increased other corporate costs, including costs in relation to our NASDAQ listing, legal entity restructuring, consultants, additional audit costs and investor relations.

Other Income

Other income consists of grant income primarily generated through R&D grant programmes offered by the UK and EU governments, income arising from the UK R&D Expenditure Credit Scheme (the "UK RDEC Scheme"), which entitles the Company to a taxable receipt for eligible R&D expenditure, and income from Immunocore Limited ("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 was £0.9 million for the six months ended 31 December 2015 compared to £0.5 million for the year ended 30 June 2015. The pro-rata increase is due to an increase in grant income resulting from an increase in qualifying costs and services on projects subject to UK grants and credits received under the UK RDEC Scheme.

Finance Income

Finance income was £8.8 million for the six months ended 31 December 2015 compared to £0.3 million for the year ended 30 June 2015. Finance income consisted of foreign exchange gains of £8.4 million and bank interest on cash balances and short-term deposits. Finance income has increased due to foreign exchange gains on cash and cash equivalents and short-

term deposits held in US dollars.

Finance Expense

Finance expense was £nil million for the six months ended 31 December 2015 compared to £0.7 million for the year ended 30 June 2015. Finance expense consisted of foreign exchange losses on foreign currency transactions.

Taxation Credit

The R&D tax credit was £1.2 million for the six months ended 31 December 2015 compared to £1.3 million for the year ended 30 June 2015. The increase in our pro-rata tax credits was driven by the increase in our R&D expenditures that are eligible for R&D tax credits. We expect to continue to be eligible to receive United Kingdom R&D tax credits for the year to 31 December 2016 and will elect to do so.

POSITION OF GROUP AT THE PERIOD END

Liquidity and Capital Resources

Sources of Funds

Since our inception, we have incurred significant net losses and negative cash flows from operations. We financed our operations primarily through, placements of equity securities, an initial public offering, cash receipts under our GSK Collaboration and License Agreement, government grants and R&D tax credits. From inception through to 31 December 2015, we have raised:

- £195.0 million, net of issue costs, through the issuance of shares;
- £36.5 million upfront fees and milestones under our GSK Collaboration and License Agreement;
- £1.4 million of income in the form of government grants from the United Kingdom; and
- £3.3 million in the form of R&D tax credits and receipts from the UK RDEC Scheme.

As at 31 December 2015, we had cash and cash equivalents of £131.0 million, in addition to short-term investments of £36.8 million. We therefore consider our total liquidity position to be £167.9 million, the sum of these two amounts. We believe that our total liquidity position as at 31 December 2015 of £167.9 million will be sufficient to fund our operations, including currently anticipated R&D activities and planned capital spending, for at least the next twelve months.

SUMMARY OF CASH FLOWS

Operating Activities

Net cash used in operating activities was £10.3 million for the six months ended 31 December 2015 compared to £20.8 million for the year ended 30 June 2015. Net cash used in operating activities is significantly impacted by the timing of milestone payments received from GSK under the GSK Collaboration and License Agreement. In the six months ended 31 December 2015, the Company received £7.0 million of milestone payments from GSK compared to £4.5 million in the year ended 30 June 2015, and in the year ended 30 June 2015 the Company made a VAT payment of £5 million relating to a GSK milestone payment received in June 2014. After taking into account the GSK milestone payments, the pro-rata increase in cash used in operations (i.e. six months to 31 December 2015 compared to half of the previous twelve month period) was primarily the result of an increase in R&D costs due to the ongoing advancement of our preclinical programmes and clinical trials and an increase in general and administrative expenses.

Net cash used in operating activities of £10.3 million for the six months ended 31 December 2015 comprised a loss before taxation of £8.6 million, non-cash items of £5.5 million, net cash inflow of £2.8 million from changes in operating assets and liabilities, bank interest received of £0.2m and tax credits of £0.8 million. The non-cash items consisted primarily of unrealised foreign exchange gains of £8.4 million and bank interest income of £0.3 million, partially offset by depreciation expense on plant and equipment of £0.8 million and equity-settled share-based compensation expense of £2.4 million.

Net cash used in operating activities of £20.8 million for the year ended 30 June 2015 comprises loss before taxation of £15.1 million, non-cash items of £3.2 million, a net cash outflow of £8.7 million from changes in operating assets and liabilities and tax paid of £0.2 million. The non-cash items consisted primarily of depreciation expense on plant and equipment of £0.4 million and equity-settled share-based compensation expense of £2.6 million.

Investing Activities

Net cash used in investing activities was £11.1 million and £38.3 million for the six months ended 31 December 2015 and the year ended 30 June 2015 respectively. These amounts included purchases of property and equipment of £6.3 million and £3.1 million for the six months ended 31 December 2015 and the year ended 30 June 2015, respectively, related predominantly to the expansion of our laboratory facilities in the United Kingdom, and acquisition of intangible assets of £1.8 million in the six months ended 31 December 2015 primarily relating to an upfront payment of £1.7 million for in-process R&D licensed from Universal Cells, Inc. The net cash used in investing activities in the six months ended 31 December 2015 also included £3.0 million of restricted cash associated with letters of credit for lease agreements. 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 used in financing activities was £nil and £174.7 million for the six months ended 31 December 2015 and the year ended 30 June 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 the admission to trading of our ADSs on NASDAQ.

KEY PERFORMANCE INDICATORS

As a measurement of liquidity, the Group reviews its total liquidity position (including cash and cash equivalents in addition to short-term deposits), as well as its operating cash flow. At 31 December 2015 the total liquidity position was £167,881,000 (At 30 June 2015: £180,830,000). The operating cash outflow for the six months ended 31 December 2015 was £10,291,000 million and for the year ended 30 June 2015 was £20,818,000.

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 regulatory approval processes and on 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, and 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 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 obtain 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 or clinical sites 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 those risks.

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.

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

The functional currency of our UK operations is pounds sterling (GBP) and the functional currency of our US operations is US dollars. Commonly our transactions, including revenue, are denominated in the currency of the operation in which they arise. However, the UK operations 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 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 further our research and 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 six months ended 31 December 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

Period **Source**	***Six months ended 31 December 2015***	***Year ended 30 June 2015***
	Tonnes carbon dioxide equivalent (tCO2-e)	**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	0.00
Estimated greenhouse gas emissions from purchased electricity, heat, steam or cooling for own use	410.87	318.77
Total estimated greenhouse gas emissions	**410.87**	**318.77**
Intensity ratio: Total greenhouse gas emissions per employee on the basis of the average number of 173 full-time equivalent employees during the six months ended 31 December 2015 (Year ended 30 June	**2.375**	**4.035**

We have used the most recent evidence or estimates provided by our energy supply partners to generate our disclosure of emissions for the period. 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 some leakage of refrigerant gases during the six months ended 31 December 2015, which was fully-repaired within the period.

Some activity data relating to emissions from our reportable activities were unavailable for the year ended 30 June 2015. This includes electricity usage at our previous US office facility where it was impractical for us to obtain these data. Therefore, we 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 at 31 December 2015, we had 215 full-time equivalent employees, compared to 116 at 30 June 2015. Of these employees, 173 were in R&D (including in manufacturing and operations, and quality control and quality assurance) and 42 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 six months ended 31 December 2015 was 173 (Year ended 30 June 2015: 79).

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 31 December 2015 is as follows:

Position	**Male**	**Female**	**Total**
Company Director (1)	8	0	8
Senior Manager	2	2	4
Other Employees	98	112	210
Total Employees (2)	100	114	214

(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 23 - 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 16 March 2016.

On behalf of the Board

James J Noble
Director

16 March 2016

Remuneration Committee Chairman's Statement

On behalf of the Board of Directors of Adaptimmune Therapeutics plc, I am pleased to present the Directors' Remuneration Report for the period ended 31 December 2015. Shareholders will be invited to approve the Report on Remuneration (which will be a non-binding advisory vote) at the Annual General Meeting of shareholders to be held on 16 June 2016.

Period Covered by the Directors' Remuneration Report

Adaptimmune Therapeutics plc was incorporated under the laws of England and Wales on 3 December 2014. The Company laid its first annual report and financial statements for the period ended 30 June 2015 before the Company in general meeting at the Annual General Meeting held on 17 December 2015. These included a report on directors' remuneration for the period ended 30 June 2015 and a directors' remuneration policy, which were approved by shareholders at that Annual General Meeting.

On 13 October 2015, the Company (together with its consolidated subsidiaries) announced a change in its financial year end to 31 December 2015 in order to align its financial reporting period with those of many of its peer group of biotechnology companies. As a result, the Company is required to prepare an annual report and financial statements for the period from 1 July 2015 to 31 December 2015, including the Directors' Remuneration Report that follows, and lay them before the Company in general meeting at its forthcoming Annual General Meeting.

The Directors' Remuneration Report that follows is for the period from 1 July 2015 to 31 December 2015 except where otherwise stated. The Company's next annual report and financial statements, in respect of the year ended 31 December 2016, will include a report on directors' remuneration for the year ended 31 December 2016 and will be laid before the Company in general meeting at the Annual General Meeting to be held in 2017.

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 ("CEO") to the Board for its approval, and determining and approving the remuneration of other senior executive officers. While the Board sets the remuneration of our CEO, 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

Our primary goal in 2015 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 awarded to our CEO and senior executive officers for the period ended 31 December 2015 is compliant with the remuneration policy previously approved by shareholders and reflects their performance, which enabled us to substantially achieve our corporate objectives, as well as their ongoing responsibilities and experience. The remuneration arrangements adopted in 2016 are also in line with the approved remuneration policy and recognise the greater demands placed on our CEO and senior executive team to deliver on our strategy and create value for our shareholders.

David M Mott
Director and Chairman of Remuneration Committee

16 March 2016

PART I - REPORT ON REMUNERATION

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

The Remuneration Committee presents the Report on Remuneration for the period ended 31 December 2015, which will be put to shareholders for a non-binding vote at the Annual General Meeting to be held on 16 June 2016.

Summary of 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 Directors' Remuneration Policy, approved at the Annual General Meeting on 17 December 2015, continues to be appropriate and fit for purpose, but the Committee is committed to reviewing the remuneration policy on an ongoing basis in order to ensure that it remains effective and competitive.

The last approved Directors' Remuneration Policy is used to determine the remuneration for our CEO, our sole Executive Director, as well as for our other senior executives, and would also apply to other Executive Directors and senior executives that we appointed.

As described in the last approved Directors' Remuneration Policy, the elements of remuneration for our Executive Director and senior executives comprise: base salary, pension, benefits (currently, access to death-in-service life insurance, family private medical cover and ill-health income protection), annual bonus and long term equity incentives (currently, share option awards).

The remuneration of our CEO is determined by the Board after having considered recommendations from the Committee. The remuneration of other senior executives in the Company is determined by the Committee.

In 2015, 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 2016. 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.

Summary of remuneration policy – Non-Executive Directors

Our Non-Executive Directors do not currently receive any fees for their services. In line with the Directors' Remuneration policy approved by shareholders at our Annual General Meeting on 17 December 2015, the Board has 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. We may establish cash remuneration for Non-Executive Directors at then-competitive amounts taking into account the individual's experience and peer data from comparable companies, and Radford consultants have been engaged to undertake a benchmarking survey of market data.

The Non-Executive Directors do not receive any pension from the Company nor do they participate in any performance-related incentive plans.

Our Non-Executive Directors participate in the Group's long-term incentive plans on terms similar to those used for Executive Directors. In accordance with their Letters of Appointment 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 entitled to receive an annual award of share options, with such number to be determined by the Board, on each anniversary of 11 May 2015, provided that he/she continues to serve as a Director.

The option awards will be determined by the Board as a whole, working within the last approved Directors' Remuneration policy and benchmarking guidelines provided by Radford consultants. All options are granted with an exercise price that is no lower than the fair market value at the time of grant and may become exercisable immediately. Expected values are calculated in accordance with generally accepted methodologies based on Black-Scholes models.

Single Total Figure of Remuneration for each Director

The following table shows the remuneration received by the Directors for the six month period ended 31 December 2015, except that the annual bonus amount is shown for the 12 months ended 31 December 2015.

For reference only, the table also shows the remuneration received by the Directors for the year ended 30 June 2015, which information was included in the Company's annual report and financial statements for the year ended 30 June 2015 and approved by shareholders at the Annual General Meeting held on 17 December 2015.

	For the six months ended 31 December 2015:						For the year ended 30 June 2015:					
	Fixed Pay (1)		**Variable Pay (1)**				Fixed Pay (1)		Variable Pay (1)			
Name of Director	**Salary and fees £**	**Taxable benefits £**	**Annual bonus £**	**Pension contributions £**	**Equity-Based Awards (10)**	**Total £**	Salary and fees £	Taxable benefits £	Annual bonus £	Pension contributions £	Equity-Based Awards (10) £	Total £
Executive												
James Noble, CEO (2)	150,000(3)	854(4)	200,000(5)	7,500(6)	-	358,354	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) The majority of remuneration was set and paid in pounds sterling (£).

(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 to 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 to 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. The salary amount paid to Mr Noble for the six months ended 31 December 2015, shown in the table, represents a pro-rata amount in respect of his annual salary of £300,000 (effective from 1 January 2015) for the period from 1 July 2015 to 31 December 2015. The salary amount shown for the year ended 30 June 2015 is for reference only and represents the aggregate of a pro-rata amount in respect of Mr Noble's annual salary of £220,000 (effective from 1 January 2014) for the period from 1 July 2014 to 31 December 2014 and a pro-rata amount in respect of his annual salary of £300,000 (effective from 1 January 2015) for the period from 1 January 2015 to 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 amount shown for the six months ended 31 December 2015 represents the total bonus for 2015 that related to performance in the 12 months ended 31 December 2015. The annual bonus amount shown for the year ended 30 June 2015 represents the total 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 ended 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. No equity-based awards were made to Directors during the six months ended 31 December 2015.

Annual Bonus

The annual bonus for the 12 months ended 31 December 2015 shown in the table above for Mr Noble, our CEO, was based on the achievement of corporate objectives that included financial goals and fundraising objectives. 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 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 at 31 December 2015. No Director exercised any share options during the six months ended 31 December 2015. The table only reflects shares held individually by each Director, or a family investment vehicle, and does not include shares held by any investment fund with which the Director is affiliated.

Name of Director	Shares owned	Total share options	Vested share options (1)	Options exercised during six months ended 31 December 2015
Executive Director				
James Noble	11,172,600 (2)	5,273,100	1,899,500	-
Non-Executive Directors				
Lawrence Alleva	70,584 (3)	550,226	30,745	-
Ali Behbahani	-	155,682	155,682	-
Jonathan Knowles	7,138,184 (4)	175,806	175,806	-
Ian Laing	29,042,800	159,875	159,875	-
David Mott	-	163,229	163,229	-
Elliott Sigal	307,038 (5)	544,077	24,596	-
Peter Thompson	-	155,682	155,682	-

(1) All share options that were outstanding as at 31 December 2015 use time-based vesting and are not subject to performance targets other than continued service until the date of vesting.

(2) Includes 1,200,000 Ordinary shares represented by 200,000 ADSs that Mr Noble purchased in October 2015.

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

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

(5) Includes 254,100 Ordinary shares held by Sigal Family Investments LLC, as well as 52,938 Ordinary shares represented by 8,823 ADSs that Dr Sigal purchased during the IPO.

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 Director and senior executive officers to have a shareholding in the Company.

Directors' Equity-based Awards Held at 31 December 2015

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 31 December 2015. No options were granted to Directors during the six months ended 31 December 2015. None of our Directors exercised any options during the six months ended 31 December 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 at 31 December 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 31 December 2015 was $12.06. One ADS represents six Ordinary shares.

Payments Made to Past Directors

During the six months ended 31 December 2015, we made no payments to former Directors of the Company.

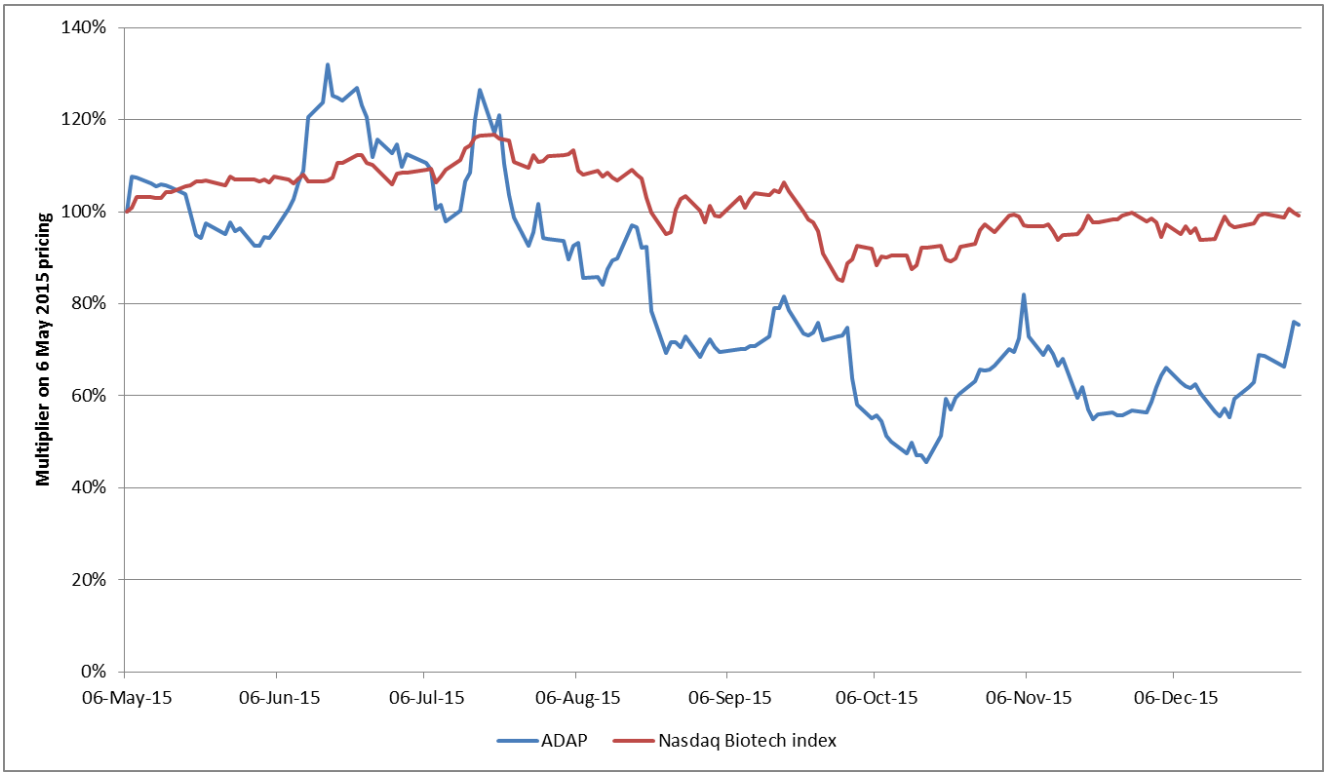
Payments for Loss of Office

During the six months ended 31 December 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 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 Total Remuneration History

The table below sets out total remuneration details for the Chief Executive Officer.

Period	Single total figure of remuneration £	Annual bonus payout against maximum (1)	Long term incentive vesting rates against maximum opportunity (2)
Six months ended 31 December 2015:	358,354	65%	100%
Year ended 30 June 2015:	594,167	100%	100%

(1) The bonus payout percentage amount for the six months ended 31 December 2015 relates to the total annual bonus payment for performance in the 12 months ended 31 December 2015. The bonus payout percentage for the year ended 30 June 2015 relates to the total annual bonus payment for performance in the 12 months ended 31 December 2014.

(2) The amount shown represents the percentage of the options that actually vested during the period expressed as a percentage of the maximum number of options that could have vested during the period. There were no performance obligations linked to these equity-based awards, other than service obligations, and therefore, all options that could have vested during the period have actually vested.

Chief Executive Officer's Remuneration Compared to Other Employees

The Chief Executive Officer's average fixed salary of £150,000 for the six months ended 31 December 2015 was 3.8 times the value of the average fixed salary of the Group's employees for such period. His average fixed salary of £260,000 for the year ended 30 June 2015 was 4.5 times the value of the average fixed salary of the Group's employees for the year ended 30 June 2015.

The following table shows the percentage change in remuneration of the Chief Executive Officer and the average increase per employee between the 12 months ended 30 June 2015 and the 12 months ended 31 December 2015. The figures for the six months ended 31 December 2015 have been annualised so that it is possible to make a comparison between the 12 months ended 31 December 2015 and the 12 months ended 30 June 2015.

Percentage increase in remuneration in 12 months ended 31 December 2015 compared with remuneration in 12 months ended 30 June 2015		
	CEO	**Average increase per employee (1)**
Base salary	15%	5%
Annual bonus	0% (2)	61%
Taxable benefits	53% (3)	489%

(1) The significant percentage increases for annual bonus and taxable benefits were driven by substantial growth in employee numbers in 2015. Employee numbers grew to an average of 173 full-time equivalent ("FTE") employees for the 12 months ended 31 December 2015 (compared to an average of 79 FTE employees for the 12 months ended 30 June 2015). The average increase per employee is calculated on the basis of the average number of 173 FTE employees for the 12 months ended 31 December 2015.

(2) The annual bonus paid to the CEO in relation to each 12 month period was £200,000.

(3) Represents an increase to £1,708 for the 12 months ended 31 December 2015 from £1,117 for the 12 months ended 30 June 2015.

Relative Importance of Spend on Pay

The following table sets forth the total amounts spent by the Company and its direct and indirect subsidiaries on remuneration for the six months ended 31 December 2015 and for the year ended 30 June 2015, and the dividends declared and paid by the Company in each period.

Period:	**Six months ended 31 December 2015**	**Year ended 30 June 2015**
Total spend on remuneration (1):	£9,949,000	£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 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) and senior management. 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 period ended 31 December 2015 total £24,000.

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 2015 and base salary awards effective from 1 January 2016 and with respect to equity-based awards to be made to these persons in 2016. 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

Voting at our shareholder meetings is generally conducted by show of hands by shareholders who are in attendance at the meeting. At the Annual General Meeting held on 17 December 2015, all of the resolutions set out in the Notice of the Annual General Meeting sent to shareholders were duly proposed and passed by unanimous approval, including the resolution proposing the approval of the Directors' Remuneration Report for the period ended 30 June 2015 and the resolution proposing the approval of the Directors' Remuneration Policy to apply effective from the end of that Annual General Meeting. No votes were withheld.

Details of the proxy votes received in relation to the resolution proposing the approval of the Directors' Remuneration Report for the period ended 30 June 2015 and in relation to the resolution proposing the approval of the Director's Remuneration Policy were as follows:

Resolution	Votes For	% of Total	Votes Against	% of Total	Votes Withheld	% of Total
To approve the Directors' Remuneration Report	330,425,362	99.14%	2,866,152	0.86%	1,693,900	0.50%
To approve the Directors' Remuneration Policy	320,910,968	95.80%	14,074,446	4.20%	0	0%

Statement of Implementation of Remuneration Policy in the Period ended 31 December 2015

There have been no changes to the Directors' Remuneration Policy as approved at the Annual General Meeting of shareholders held on 17 December 2015. In 2016, the Company intends to continue to adhere to the policy as approved.

Application of the Remuneration Policy to Executive Director Remuneration for the year ending 31 December 2016

The following table provides an illustration of the potential remuneration for the year ending 31 December 2016 for the Chief Executive Officer, as the sole Executive Director, computed in accordance with the last approved Remuneration Policy and by applying the following assumptions:

Minimum	The base salary for the Executive Director is assumed to be the base salary of £315,000 pa effective from 1 January 2016.
	The value of benefits receivable for the year ending 31 December 2016 is assumed to be 5% of base salary for pension and the same rate of contribution for private health insurance as for 2015.
	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 50% of base salary, being the on-target level of bonus payment for the 12 months ending 31 December 2016.
Maximum	The same components for base salary and benefits as reflected for the minimum above.
	The maximum level of bonus is taken to be 100% of current base salary.

Annual bonus

For the 12 months ending 31 December 2016, the CEO is eligible for a bonus award of up to 50% of his base salary of £315,000 pa for the year from 1 January 2016 (that is, up to £157,500), subject to the achievement of corporate objectives. In 2016, the corporate objectives include financial goals and progress with pipeline development programmes and clinical trials, key regulatory steps (IND grants, regulatory approvals), business development activities and recruitment objectives. It is anticipated that the Board will meet in early January 2017 to assess the performance of the CEO for the year ended 31 December 2016 against the corporate objectives.

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 2016. 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.

PART II - DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy has been excluded from this Directors' Remuneration Report, as the last approved policy will continue to apply. That remuneration policy was approved at the Annual General Meeting held on 17 December 2015 and remains effective for a maximum of three years, until 16 December 2018, or until a revised policy is approved by shareholders. The last approved remuneration policy can be found in the Annual Report and Financial Statements of the Company for the year ended 30 June 2015, which are available in the Investors section of our website: http://www.adaptimmune.com

Approval

This report was approved by the Board of Directors on 16 March 2016 and signed on its behalf by:

David M Mott
Director

16 March 2016

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 31 December 2015

We have audited the financial statements of Adaptimmune Therapeutics plc for the period ended 31 December 2015 set out on pages 34 to 64. 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 32, 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 31 December 2015 and of the group's loss for the six months 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 matters 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.

Charles le Strange Meakin (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale, Reading RG7 4SD
United Kingdom
17 March 2016

ADAPTIMMUNE THERAPEUTICS PLC
CONSOLIDATED INCOME STATEMENT

For the	Note	six months ended 31 December 2015 £000	year ended 30 June 2015 £000
Revenue	*2*	**5,499**	6,818
Research & development expenses	*3*	**(16,467)**	(14,749)
Administrative expenses	*3*	**(7,300)**	(7,201)
Other income	*6*	**908**	462
Operating loss		**(17,360)**	(14,670)
Finance income	*7*	**8,766**	322
Finance expense	*8*	**-**	(720)
Loss before tax		**(8,594)**	(15,068)
Taxation credit	*9*	**1,235**	1,339
Loss for the period		**(7,359)**	(13,729)

For the	six months ended 31 December 2015 £	year ended 30 June 2015 £
Basic and diluted loss per share	**(0.02)**	(0.04)
Weighted average number of shares used to calculate basic loss per share	**number 424,711,900**	number 325,012,111

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the	six months ended 31 December 2015 £000	year ended 30 June 2015 £000
Loss for the period	**(7,359)**	(13,729)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences (net of tax of £nil and £nil)	**(5)**	11
Other comprehensive (loss)/income for the period, net of income tax	**(5)**	11
Total comprehensive loss for the period	**(7,364)**	(13,718)

All of the above figures relate to continuing operations.
The notes on pages 40 to 64 form part of these Financial Statements

As of	*Note*	**31 December 2015**	30 June 2015
Assets		**£000**	£000
Non-current assets			
Property, plant & equipment	*10*	**8,921**	3,429
Intangibles	*11*	**1,868**	113
Other non-current assets	*13*	**3,195**	-
Restricted cash	*14*	**3,040**	-
Total non-current assets		**17,024**	3,542
Current assets			
Other current assets	*13*	**201**	65
Trade and other receivables	*15*	**8,933**	4,249
Tax receivable		**2,914**	2,524
Short-term deposits	*16*	**36,843**	35,164
Cash and cash equivalents	*17*	**131,038**	145,666
Total current assets		**179,929**	187,668
Total assets		**196,953**	191,210
Equity & liabilities			
Equity			
Share capital	*20*	**425**	425
Share premium		**114,091**	114,091
Other reserve		**80,445**	80,445
Foreign exchange reserve		**116**	121
Retained earnings		**(34,907)**	(29,989)
Total Equity		**160,170**	165,093
Non-Current liabilities			
Trade and other payables	*18*	**17,793**	9,100
Total non-current liabilities		**17,793**	9,100
Current liabilities			
Trade and other payables	*19*	**18,810**	16,992
Tax payable		**-**	25
Total current liabilities		**18,810**	17,017
Total equity & liabilities		**196,953**	191,210

The notes on pages 40 to 64 form part of these Financial Statements

The financial statements on pages 34 to 64 were approved by the Board of Directors on 16 March 2016 and are signed on its behalf by:

James J Noble
Director

16 March 2016

As of	Note	**31 December 2015** **£000**	30 June 2015 £000
Assets			
Non-current assets			
Investments in subsidiaries	*12*	**60,946**	58,898
Total non-current assets		**60,946**	58,898
Current assets			
Trade and other receivables	*15*	**113,191**	113,356
Cash and cash equivalents		**96**	-
Total current assets		**113,287**	113,356
Total assets		**174,233**	172,254
Equity & liabilities			
Equity			
Share capital	*20*	**425**	425
Share premium		**114,091**	114,091
Other reserve		**58,540**	58,540
Retained earnings		**467**	(2,133)
Total Equity		**173,523**	170,923
Current liabilities			
Trade and other payables	*18*	**710**	1,331
Total equity & liabilities		**174,233**	172,254

The notes on pages 40 to 64 form part of these Financial Statements

The financial statements on pages 34 to 64 were approved by the Board of Directors on 16 March 2016 and are signed on its behalf by:

James J Noble
Director

16 March 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share Premium £000	Other reserve £000	Exchange reserve £000	Retained earnings £000	Total equity £000
Balance at 1 July 2014	182	-	20,066	110	(18,943)	1,415
Total comprehensive loss 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**
Balance at 1 July 2015	425	114,091	80,445	121	(29,989)	165,093
Total comprehensive loss for the period:						
Loss for the period	-	-	-	-	(7,359)	(7,359)
Other comprehensive loss for the period	-	-	-	(5)	-	(5)
Transactions with owners, recorded directly in equity:						
Equity-settled share based payment transactions	-	-	-	-	2,441	2,441
Balance at 31 December 2015	425	114,091	80,445	116	(34,907)	160,170

*subsequently converted into ordinary shares on IPO.

The notes on pages 40 to 64 form part of these Financial Statements

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share Premium £000	Other reserve £000	Retained earnings £000	Total equity £000
Balance at 3 December 2014	-	-	-	-	-
Total comprehensive loss 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**
Balance at 1 July 2015	425	114,091	58,540	(2,133)	170,923
Total comprehensive income for the period:					
Profit for the period	-	-	-	159	159
Transactions with owners, recorded directly in equity:					
Equity-settled share based payment transactions	-	-	-	2,441	2,441
Balance at 31 December 2015	425	114,091	58,540	467	173,523

The notes on pages 40 to 64 form part of these Financial Statements

ADAPTIMMUNE THERAPEUTICS PLC
CONSOLIDATED STATEMENT OF CASH FLOWS

For the	*Note*	**six months ended 31 December 2015 £000**		year ended 30 June 2015 £000	
Cash flows from operating activities					
Loss for the period before tax		**(8,594)**		(15,068)	
Adjustments for:					
Depreciation	*10*	**771**		447	
Amortisation	*11*	**45**		19	
Loss on disposals of property, plant and equipment		**-**		2	
Equity-settled share based payment expense	*23*	**2,441**		2,683	
Unrealized foreign exchange gains		**(8,445)**		-	
Bank interest income		**(321)**		-	
Increase in other current and other non-current assets		**(3,331)**		(65)	
Increase in trade and other receivables		**(4,573)**		(3,624)	
Increase/(decrease) in trade and other payables		**10,691**		(5,046)	
Foreign exchange translation differences on consolidation		**(5)**		11	
Cash used in operations		**(11,321)**		(20,641)	
Net taxes received/(paid)/		**817**		(177)	
Interest received		**213**		-	
Net cash used in operating activities			**(10,291)**		(20,818)
Cash flows from investing activities					
Acquisition of property, plant & equipment	*10*	**(6,263)**		(3,117)	
Acquisition of intangibles	*11*	**(1,800)**		(132)	
Proceeds from disposal of property, plant & equipment		**-**		79	
Investment in short-term deposits		**-**		(35,164)	
Investment in restricted cash	*14*	**(3,040)**		-	
Net cash used in investing activities			**(11,103)**		(38,334)
Cash flows from financing activities					
Proceeds from the issue of share capital		-		174,713	
Net cash from financing activities			-		174,713
Net (decrease)/increase in cash and cash equivalents			**(21,394)**		115,561
Unrealized foreign exchange gain in cash and cash equivalents			**6,766**		-
Cash and cash equivalents at start of period			**145,666**		30,105
Cash and cash equivalents at period end	*17*		**131,038**		145,666

The notes on pages 40 to 64 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.

The Company and its subsidiaries (the "Group") are a clinical-stage biopharmaceutical group focused on novel cancer immunotherapy products based on its T-cell receptor platform. It has developed a comprehensive proprietary platform that enables it to identify cancer targets, find and genetically engineer T-cells receptors, or TCRs, and produce TCR therapeutic candidates for administration to patients. The Group engineers TCRs to increase their affinity to cancer specific peptides in order to destroy cancer cells in patients.

The Group is subject to a number of risks similar to other biopharmaceutical companies in the early stage, including, but not limited to, the need to obtain adequate additional funding, possible failure of preclinical programs or clinical trials, the need to obtain marketing approval for its TCR therapeutic candidates, competitors developing new technological innovations, the need to successfully commercialize and gain market acceptance of the Group's TCR therapeutic candidates, and protection of proprietary technology. If the Group does not successfully commercialize any of its TCR therapeutic candidates, it will be unable to generate product revenue or achieve profitability. As at 31 December 2015, the Group had an accumulated deficit of approximately £35 million.

Statement of Compliance

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 issued 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, cash flow statement and related notes that form a part of these approved financial statements.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except as required by the accounting standards. The Group has changed the reporting date from 30 June to 31 December and therefore the Consolidated Financial Statements of Adaptimmune Therapeutics plc and its subsidiaries, Adaptimmune Limited and Adaptimmune LLC and the financial statements for Adaptimmune Therapeutics plc included herein are for a short period of six months to 31 December 2015. As such the comparable amounts presented in these consolidated financial statements for the year ended 30 June 30 2015 are not entirely comparable.

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 reorganization, whereby Adaptimmune Therapeutics plc 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.

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 its 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.

1 ACCOUNTING POLICIES (CONTINUED)

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.

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 to 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 20 and 21 to the financial statements include the Group's objectives, policies and processes for managing its capital and its financial risk management objectives.

After making enquiries and considering the Group's business activities, together with the factors likely to affect its future development, performance and position, 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.

1 ACCOUNTING POLICIES (CONTINUED)

Foreign Currency

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

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 Exchange reserve.

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

Intangibles

Research and development

Expenditure on research activities is recognized in the income statement as incurred. Costs incurred on development projects are recognized as intangible assets when all of the below criteria exist:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits can be demonstrated;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Otherwise, it is recognized in the income statement as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

The Company currently does not have any development projects which have met the above criteria.

1 ACCOUNTING POLICIES (CONTINUED)

Acquired in-process research and development

Acquired research and development intangible assets, which are still under development, such as initial upfront and milestone payments for licensed or acquired compounds, are recognized as In-Process Research & Development (IPR&D). IPR&D assets are stated at their purchase cost, together only with any incidental expenses of acquisition.

IPR&D assets are not amortized, but evaluated for potential impairment on an annual basis or when facts and circumstances warrant. Any impairment charge is recorded in the consolidated income statement under "Research & Development". Once a project included in IPR&D has been successfully developed it is transferred to the "Currently marketed product" category.

Software licenses

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.

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.

Other Current and Non-Current Assets

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

Non-Derivative Financial Instruments:

Trade and Other Receivables

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

Trade and Other Payables

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

Cash and Cash Equivalents

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

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.

1 ACCOUNTING POLICIES (CONTINUED)

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 period at the same time.

Revenue

Revenue is recognized to the extent that the Group obtains the right to consideration in exchange for its performance and is measured at the fair value of the consideration received excluding Value-Added Tax (VAT). If a payment is for multiple deliverables, then an allocation of the fair value of each deliverable is assessed based on available evidence, judgment is required to attribute the fair value to the various elements.

Where a 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 or on a straight-line basis if the pattern of performance cannot be estimated. The amount of revenue recognized is limited to non-refundable amounts already received or reasonably certain to be received. We consider payments reasonably certain to be received at the point that satisfactory criteria are agreed with GSK. 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.

We regularly review and monitor the performance of the GSK Collaboration and License Agreement in terms of the proportion of total services to be performed for each deliverable and the period of time over which the revenue is deferred based on facts known at the time. 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 to management. Performance of contract deliverables may vary significantly over time from initial estimates, and, therefore, the amount of revenue recognized is subject to variations. In previous periods there has been no material difference from our estimates to the amount of revenue that can be reliably recognized. In the six months ended 31 December 2015, the Group refined its approach for analysing the components of its deliverables under the GSK Collaboration and License Agreement in respect of the timing of services being performed. This change did not have a significant impact on revenue recognition.

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.

1 ACCOUNTING POLICIES (CONTINUED)

Pension Costs

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

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 Group will comply with any conditions attached to the grant and the grant will be received.

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 and assumptions about the number of options that are expected to vest.

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 or receivable 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 or receivable in respect of previous years.

Current tax includes tax credits, which are accrued for the period based on calculations that conform to the U.K. research and development tax credit regime applicable to small and medium sized companies. R&D expenditure which is not eligible for reimbursement under the UK R&D tax credits regime, such as R&D expenditure incurred on research projects for which we receive income, may be reimbursed under the UK RDEC scheme. Receipts under the UK RDEC Scheme are presented within Other income as they are similar in nature to grant income.

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.

Dividends

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

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 31.3 million *(Year ended 30 June 2015: 31.5 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 standards and interpretations have been issued but are not yet effective and therefore have not been applied in these financial statements.

- Amendments to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation' (mandatory for year commencing on or after 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (mandatory for year commencing on or after 1 January 2018)
- IFRS 9 Financial Instruments (mandatory for year commencing on or after 1 January 2018)
- IFRS 16 Leases (mandatory for year commencing on or after 1 January 2019)

The Group does not expect the adoption of this guidance to have a material effect on the financial statements, with the exception of IFRS 15 and IFRS 16, which the Group is currently evaluating.

2 REVENUE & SEGMENTAL REPORTING

Group

Revenue represents recognised income from collaboration agreements.

During the six months ended 31 December 2015 and the year ended 30 June 2015 revenue was derived from one customer and the Directors believe that there is only one operating segment.

For the	**six months ended 31 December 2015 £000**	year ended 30 June 2015 £000
Revenue	**5,499**	6,818

Under the GSK Collaboration and License Agreement, GSK funds the development of, and has an option to obtain an exclusive license to, our NY-ESO TCR therapeutic candidate. In addition, GSK has the right to nominate four additional target peptides, excluding those where Adaptimmune has already initiated development of a TCR therapeutic candidate. The Group received an upfront payment of £25 million in June 2014 and has achieved various development milestones totalling £14.0 million, of which £9.5 million related to milestones achieved during the six months ended 31 December 2015. The Group is entitled to further milestone payments based on the achievement of specified development and commercialization milestones by either the Group or GSK.

In addition to the development milestone payments, the Group is 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. No royalties have been received during the six months ended 31 December 2015. Sales milestones also apply once any TCR therapeutic covered by the GSK Collaboration and License Agreement is on the market.

The GSK Collaboration and License Agreement is effective until all payment obligations expire. The agreement can also be terminated on a collaboration program-by-collaboration program basis by GSK for lack of feasibility or inability to meet certain agreed requirements. Both parties have rights to terminate the agreement for material breach upon 60 days' written notice or immediately upon insolvency of the other party. GSK has additional rights to terminate either the agreement or any specific license or collaboration program on provision of 60 days' notice to us. The Group also has rights to terminate any license where GSK ceases development or withdraws any licensed TCR therapeutic in specified circumstances.

The revenue recognized to date relates to the upfront fee and development milestones payments received, which are being recognized in revenue over the period in which we are providing services under the GSK Collaboration and License Agreement. As a result of achieving various deliverables the Group has recognised £ 5.5 million of revenue during the six month period ending 31 December 2015.

Geographic information

Noncurrent assets (excluding intangibles and financial instruments) based on geographic location:

	As of December 31, 2015 (£'000)	**As of June 30, 2015 (£'000)**
UK	**8,178**	3,115
US	**3,938**	314
	12,116	3,429

All revenues for the six months ended December 31, 2015 and the years ended June 30, 2015, 2014 and 2013 originated in the UK.

3 EXPENSES AND AUDITOR'S REMUNERATION

Group

For the	**six months ended 31 December 2015 £000**	year ended 30 June 2015 £000
Operating loss is stated after charging/(crediting):		
Operating lease charges:		
Plant & machinery	**7**	-
Other than Plant & Machinery	**543**	387
Foreign exchange losses/ (gains)	**82**	(66)
Depreciation of owned property, plant and equipment (note 10)	**771**	447
Amortisation of intangibles (note 11)	**45**	19
Employee benefits (note 4)	**9,949**	8,362
Subcontracted research and development	**5,607**	5,649
Materials consumed in research and development	**1,785**	1,839
Other expenses	**4,978**	5,313
Total expenses	**23,767**	21,950
Research and development expenses	**16,467**	14,749
General and administrative expenses	**7,300**	7,201
Total expenses	**23,767**	21,950
Other expenses include amounts receivable by the Group's auditor and its associates in respect of:		
Audit of the annual financial statements	**95**	85
Audited-related fees	**10**	173
Tax fees	**-**	-
All other fees	**2**	9

4 STAFF NUMBERS AND COSTS

Group

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

For the	**six months ended 31 December 2015 Number**	year ended 30 June 2015 Number
Research & Development	**137**	**63**
Management & Administration	**36**	**16**
	173	**79**

4 STAFF NUMBERS AND COSTS (CONTINUED)

The aggregate staff costs of these persons were as follows:

For the	**six months ended 31 December 2015**	year ended 30 June 2015
	£000	£000
Wages and salaries	**6,780**	**4,988**
Social security costs	**648**	**539**
Share based payment – fair value of employee services (note 23)	**2,441**	**2,683**
Pension costs – defined contribution (note 22)	**80**	**152**
	9,949	**8,362**

5 DIRECTORS' REMUNERATION

Group

For the	**six months ended 31 December 2015**	year ended 30 June 2015
	£000	£000
Directors' emoluments	**393**	558

Directors' emoluments include employer social security contributions of £34,000 *(For the year ended June 30, 2015: £62,000).*
Total Directors' pension contributions for the period were £7,500 *(Year ended 30 June 2015: £13,000).*
No retirement benefits are accruing to Directors (*Year ended 30 June 2015: none*) under the Group's pension schemes.
No Directors (*Year ended 30 June 2015: none*) exercised share options in the parent company during the period.

For the period ended	**six months ended 31 December 2015**	year ended 30 June 2015
	£000	£000
Highest paid Director		
Aggregate emoluments and benefits (excluding gains on exercise of share options and value of shares received under long term incentive schemes)	**393**	536

The highest paid Director's pension contributions for the six months ended 31 December 2015 were £7,500 *(Year ended 30 June 2015: £13,000).* The highest paid Director exercised no share options in the period (*Year ended 30 June 2015: nil*)

6 OTHER INCOME

Group

For the	**six months ended 31 December 2015**	year ended 30 June 2015
	£000	£000
Income from government grants	**590**	429
UK Research and Development Expenditure Credit	**308**	-
Income from related parties (see also note 25)	**10**	33
	908	462

7 FINANCE INCOME

Group

Recognised in the income statement:

For the	**six months ended 31 December 2015**	year ended 30 June 2015
	£000	£000
Net unrealized foreign exchange gains	**8,445**	-
Bank interest on cash and deposits	**321**	322
	8,766	322

8 FINANCE EXPENSE

Group

Recognised in the income statement:

For the	**six months ended 31 December 2015**	year ended 30 June 2015
	£000	£000
Foreign exchange losses on financial assets	**-**	720
	-	720

9 TAXATION CREDIT

Group

Recognised in the income statement:

For the	**six months ended 31 December 2015**	year ended 30 June 2015
	£000	£000
Current tax income		
UK R&D tax credit	**1,227**	1,308
US corporation tax	**(33)**	(158)
Adjustments in respect of prior periods	**41**	189
Total tax credit in the income statement	**1,235**	1,339

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:

For the	**six months ended 31 December 2015**	year ended 30 June 2015
	£000	£000
Loss before tax	**8,594**	15,068
Tax at the UK corporation tax rate of 20.75% (*2014: 22.5%*)	**1,719**	3,127
Non-deductible expenses	**(441)**	(437)
Deferred taxes not recognised	**(594)**	(2,192)
Additional allowance in respect of enhanced R&D relief	**1,005**	1,033
Surrender of tax losses for R&D tax credit refund	**(489)**	(475)
Tax rate changes	**(7)**	94
Adjustments in respect of prior periods	**42**	189
	1,235	1,339

After accounting for tax credits receivable there are accumulated tax losses for carry forward in the UK amounting to £28,840,000 (*As of 30, June 2015: £23,166,000*). These tax losses do not expire. 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 20% to 19% from 1 April 2017 and then a further reduction to 18% from 1 April 2020 were substantively enacted in the UK legislation on 26 October 2015.

10 PROPERTY, PLANT & EQUIPMENT

Group

	Computer Equipment £000	Office Equipment £000	Laboratory Equipment £000	Leasehold Improvements £000	Total £000
Cost					
At 30 June 2015	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**
Additions to 31 December 2015	384	52	5,176	651	6,263
At 31 December 2015	**797**	**174**	**7,432**	**1,875**	**10,278**
Depreciation					
At 1 July 2014	15	4	163	-	182
Charge for period to 30 June 2014	51	11	349	36	447
Disposals to 30 June 2015	(4)	-	(39)	-	(43)
At 30 June 2014	**62**	**15**	**473**	**36**	**586**
Charge for period to 31 December 2015	90	18	549	114	771
At 31 December 2015	**152**	**33**	**1,022**	**150**	**1,357**
Carrying value					
At 1 July 2014	37	24	779	-	840
At 30 June 2015	351	107	1,783	1,188	3,429
At 31 December 2015	**645**	**141**	**6,410**	**1,715**	**8,921**

Leasehold improvement includes £0.8 million (June 30, 2015: £0.8 million) of assets under construction.

11 INTANGIBLES

Group

	In-process R&D	Computer Software	Total
	£000	£000	£000
Cost			
At 1 July 2014	-	-	-
Additions to 30 June 2015	-	132	132
At 30 June 2015	**-**	**132**	**132**
Additions to 31 December 2015	1,662	138	1,800
At 31 December 2015	**1,662**	**270**	**1,932**
Amortization			
At 1 July 2014	-	-	-
Charge for period to 30 June 2015	-	19	19
At 30 June 2015	**-**	**19**	**19**
Charge for period to 31 December 2015	-	45	45
At 31 December 2015	**-**	**64**	**64**
Carrying value			
At 1 July 2014	-	-	-
At 30 June 2015	**-**	**113**	**113**
At 31 December 2015	**1,662**	**206**	**1,868**

On 25 November 2015 the Group entered into a Research Collaboration and License Agreement relating to gene editing and HLA-engineering technology with Universal Cells, Inc. ("Universal Cells"). The Group paid an upfront license fee of £1.7 million ($2.5 million) to Universal Cells for in-process R&D and will make further payments of up to $44 million if certain development and product milestones are achieved. Universal Cells would also receive a profit-share payment for the first product, and royalties on sales of other products utilizing its technology.

12 INVESTMENTS IN SUBSIDIARIES

Company

	£000
Cost and carrying value	
At 1 July 2014	58,898
Capital contributions in respect of share-based payment transactions	2,048
At 31 December 2015	**60,946**

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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 AND NON-CURRENT ASSETS

Group

Other current and non-current assets are clinical materials with alternative use, not held for sale, which are classified as current or non-current based on whether they are expected to be consumed within twelve months.

14 RESTRICTED CASH

As of 31 December 2015, the Group had restricted cash of £3,040,000 relating to security deposits for letters of credit relating to leased properties.

15 TRADE & OTHER RECEIVABLES

Group

As of	**31 December 2015**	30 June 2015
	£000	£000
Trade receivables	**3,002**	2
Prepayments and accrued income	**3,916**	3,310
Other receivables	**2,015**	937
	8,933	4,249

Company

As of	**31 December 2015**	30 June 2015
	£000	£000
Prepayments and accrued income	**121**	286
Amounts owed from group undertakings	**113,070**	113,070
	113,191	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.

16 SHORT TERM DEPOSITS

Group

As of	**31 December 2015**	30 June 2015
	£000	£000
Deposits held in pounds sterling	**7,500**	7,500
Deposits held in US dollars	**29,343**	27,664
	36,843	35,164

17 CASH AND CASH EQUIVALENTS

Group

As of	**31 December 2015**	30 June 2015
	£000	£000
Cash and cash equivalents held in pounds sterling	**20,471**	28,749
Cash and cash equivalents held in US dollars	**110,567**	116,917
	131,038	145,666

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 short-term investments.

18 NON CURRENT TRADE AND OTHER PAYABLES

Group

As of	**31 December 2015**	30 June 2015
	£000	£000
Deferred income	**17,973**	9,100

19 CURRENT TRADE AND OTHER PAYABLES

Group

As of	**31 December 2015**	30 June 2015
	£000	£000
Trade payables	**5,317**	1,259
Other taxation and social security	**749**	158
Deferred income	**8,423**	13,295
Accruals	**4,321**	2,280
	18,810	16,992

19 CURRENT TRADE AND OTHER PAYABLES (CONTINUED)

Company

As of	**31 December 2015**	30 June 2015
	£000	£000
Trade payables	**37**	2
Accruals	**203**	8
Amounts owed to group undertakings	**470**	1,321
	710	1,331

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

20 CAPITAL AND RESERVES

Group and Company

Share capital

As of	**31 December 2015**	30 June 2015
	£000	£000
Allotted, called up and fully paid		
424,711,900 *(As of 30 June 2015:424,711,900)* Ordinary shares of 0.1p each	**425**	425

Ordinary shares

Each holder of ordinary shares is entitled to one vote on a show of hands, and one vote per share on a poll, at general meetings of the Company. On the winding up of the Company, the assets available for distribution to holders, remaining after payment of all other debts and liabilities of the Company, shall be paid to the shareholders in proportion to the number of shares held by each of them.

The Directors have the authority to allot new shares or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £150,000. This authority runs for five years and will expire on 17 December 2020.

Preferred shares issued

On 23 September 2014 the Group completed a Series A Funding round whereby, 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. These Series A Preferred Shares were convertible into ordinary shares at an initial rate of 1:1 prior to an IPO and converted into ordinary shares at that rate immediately prior to the admission to trading of the ADSs on NASDAQ. These shares were treated as equity under the provisions of IAS 32, 'Financial Instruments: Presentation'.

20 CAPITAL AND RESERVES (CONTINUED)

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.

Initial Public Offering

On 6 May 2015, immediately prior to the admission to trading of our ADSs on NASDAQ all subsisting preferred shares in the capital of the Company automatically converted to ordinary shares on a 1:1 basis.

On 11 May 2015, the Company held the closing and settlement for its Initial Public Offering on NASDAQ, issuing 11,250,000 ADSs 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 of £8,684,000 and other offering expenses of £1,215,000, were incurred and offset against the share premium account.

Dividends

No dividends were paid or declared in the six months ended December 31, 2015 or the years ended June 30, 2015, 2014 and 2013.

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.

Nature and purpose of reserves

Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

20 CAPITAL AND RESERVES (CONTINUED)

Other reserve

The other reserve has arisen as a result of the Company reorganization described above.

21 FINANCIAL INSTRUMENTS

Group

Disclosure of fair values of financial assets and liabilities

As of	**31 December 2015**		30 June 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£000	**£000**	£000	£000
Financial assets not measured at fair value:				
Loans and receivables				
Trade receivables	**3,002**	**3,002**	2	2
Research & development tax credit	**2,859**	**2,859**	2,524	2,524
Other receivables	**2,015**	**2,015**	937	937
Short-term deposits	**36,843**	**36,843**	35,164	35,164
Cash and cash equivalents	**131,038**	**131,038**	145,666	145,666
	175,757	**175,757**	184,293	184,293

As of	**31 December 2015**		30 June 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£000	**£000**	£000	£000
Financial liabilities not measured at fair value:				
Trade payables	**5,317**	**5,317**	1,259	1,259
Other taxation and social security	**749**	**749**	158	158
Accruals	**4,321**	**4,321**	2,280	2,280
	10,387	**10,387**	3,697	3,697

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, short-term investments, 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.

Liquidity Risk

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

21 FINANCIAL INSTRUMENTS (CONTINUED)

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

As of	**31 December 2015**		
	Carrying amount	**Contractual cash flows**	**1 year or less**
	£000	**£000**	**£000**
Financial liabilities at amortised cost			
Trade payables	**5,317**	**5,317**	**5,317**
Other taxation and social security	**749**	**749**	**749**
Accruals	**4,321**	**4,321**	**4,321**
	10,387	**10,387**	**10,387**

As of	**30 June 2015**		
	Carrying amount	**Contractual cash flows**	**1 year or less**
	£000	**£000**	**£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
	3,697	3,697	3,697

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:

As of	**31 December 2015**	30 June 2015
	Carrying amount	Carrying amount
	£000	£000
Short-term deposits	29,343	27,664
Cash and cash equivalents	110,567	116,917
Trade payables	(4,321)	(347)
	135,804	114,234

A 1% increase in exchange rates would reduce the carrying value of net financial assets and liabilities in foreign currencies at 31 December 2015 by £1,345,000 (At 30 June 2015: £1,428,000).

Credit risk

Trade receivables at December 31, 2015 of £3 million relate to one customer as a result of the Group entering into the GSK Collaboration and License Agreement in 2014. The Group has been transacting with GSK for 18 months, during which time no impairment losses have been recognized. There are no amounts which are past due at 31 December 2015.

21 FINANCIAL INSTRUMENTS (CONTINUED)

The Group held cash and cash equivalents of £131,038,000 and short-term deposits of £36,843,000 at 31 December 2015. The cash and cash equivalents and short-term deposits are held with multiple banks and the Group monitors the credit rating of those banks.

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:

As of	**31 December 2015**	30 June 2015
	Carrying amount	Carrying amount
	£000	£000
Cash and cash equivalents	125,502	140,296

An increase in Bank of England base rates by 0.5 percentage points would increase the net annual interest income applicable to the cash and cash equivalents as of 31 December 2015 by £628,000 (30 June 2015: £701,000).

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.

22 EMPLOYEE BENEFITS

Group

The Group operates a defined contribution pension scheme for its executive 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 as of 31 December 2015 were £50,000 (30 June 2015: £69,000). The pension cost charge for the six months to 31 December 2015 was £80,000 (for the year ended 30 June 2015: £152,000).

23 SHARE BASED PAYMENTS

Group

As of 31 December 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 generally 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:

For the	**six months ended 31 December 2015**		year ended 30 June 2015	
	Number	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
Outstanding at start of year	**31,473,477**	**0.41**	10,057,700	£0.11
Granted	**-**	**-**	21,779,577	£0.54
Forfeited	**(270,000)**	**0.37**	(383,800)	£0.35
Exercised	**-**	**-**	-	-
Outstanding at the end of the period	**31,203,477**	**0.41**	31,453,477	£0.41
Exercisable at the end of the period	**7,785,415**	**0.38**	5,199,615	£0.39

There were no options granted in the six months ended 31 December 2015. The weighted average fair value of options granted in the year ended 30 June 2015 was £0.42.

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

	As of 31 December 2015			As of 30 June 2015			
		Weighted average remaining life:				Weighted average remaining life:	
Exercise price	**Number of shares**	**Expected**	**Contractual**	Exercise price	Number of shares	Expected	Contractual
£0.05	**300,000**	**0.0 yrs**	**3.5 yrs**	£0.05	300,000	0.0 yrs	4.0 yrs
£0.11	**8,404,300**	**2.7 yrs**	**7.7 yrs**	£0.11	8,404,300	3.2 yrs	8.2 yrs
£0.14	**1,249,600**	**3.3 yrs**	**8.3 yrs**	£0.14	1,249,600	3.8 yrs	8.8 yrs
£0.36	**10,355,000**	**4.0 yrs**	**9.0 yrs**	£0.36	10,595,000	4.5 yrs	9.5 yrs
£0.50	**9,008,962**	**4.2 yrs**	**9.2 yrs**	£0.50	9,018,962	4.7 yrs	9.7 yrs
£1.82	**1,885,615**	**4.4 yrs**	**9.4 yrs**	£1.82	1,885,615	4.9 yrs	9.9 yrs

The total charge for the year relating to share based payment plans was £2,441,000 (year ended 30 June 2015: £2,683,000), all of which related to equity-settled share based payment transactions.

23 SHARE BASED PAYMENTS (CONTINUED)

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.

24 CAPITAL COMMITMENTS AND CONTINGENCIES

Group

As of	**31 December 2015**	30 June 2015
	£000	£000
Future capital expenditure contracted but not provided for	13,930	1,633

At 31 December 2015, future capital expenditure contracted but not provided for predominately relates to leasehold improvements arising on the fit out of laboratory and office space in Oxfordshire, UK and Philadelphia, USA.

Other commitments

On 25 November 2015 the Company entered into a Research Collaboration and License Agreement with Universal Cells. The Company paid an upfront license fee of £1.7 million ($2.5 million) to Universal Cells for in-process R&D and will make further payments of up to $44 million if certain development and product milestones are achieved. Universal Cells would also receive a profit-share payment for the first product, and royalties on sales of other products utilizing its technology.

24 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:

As of	**31 December 2015**		30 June 2015	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Within one year	**1,078**	**-**	914	-
Within two to five years	**11,594**	**-**	2,772	-
Over five years	**19,249**	**-**	85	-
	31,921	**-**	3,771	-

The annual charge in the income statement for operating leases was £550,000 for the six months ended 31 December 2015 (*Year ended 30 June 2015: £387,000*).

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

25 RELATED PARTIES

Group

During the period, the Group entered into transactions in the ordinary course of business with other related parties. Transactions entered into and trading balances outstanding as of 31 December 2015 are as follows:

Related Party	**Invoiced to related party*** £000	**Purchases from related party** £000	**Amounts owed from related party** £000	**Amounts owed to related party** £000
Immunocore Limited	29	1,039	2	191
New Enterprise Associates	-	21	-	-
OrbiMed Advisors LLC	-	21	-	-

Transactions entered into and trading balances outstanding as of 30 June 2015 are as follows:

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

*includes pass-through costs

Immunocore Limited, New Enterprise Associates and OrbiMed Advisors LLC are related parties because they are the beneficial owner of more than 5% of any class of our voting securities.

During the period, Immunocore Limited has invoiced the Group in respect of the transitional services agreement, property rent and joint patent costs. The Group has invoiced Immunocore Limited in respect of the transitional services agreement.

25 RELATED PARTIES (CONTINUED)

During the period, New Enterprise Associates has invoiced the Group for travel expenses of directors David Mott, Ali Behbahani and Elliot Sigal.

During the period, OrbiMed Advisors, LLC has invoiced the Group for travel expenses of director Peter 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'.

For the	**six months ended 31 December 2015**	year ended 30 June 2015
	£000	£000
Short-term employee benefits	1,321	1,311
Share-based payments	1,759	2,107
	3,080	3,418

This page intentionally left blank