ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 December 2016

Adaptimmune Therapeutics plc

Company Number 09338148

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Contents Page

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ADAPTIMMUNE THERAPEUTICS PLC
COMPANY INFORMATION

DIRECTORS	Mr L M Alleva Dr A Behbahani Ms B Duncan (Appointed 23 June 2016) Mr G Kerr (Appointed 1 November 2016) Dr J Knowles (Resigned 31 December 2016) Mr I M Laing (Resigned 31 December 2016) Mr D M Mott Mr J J Noble Dr C E Sigal Dr P A Thompson Dr T Zaks (Appointed 14 November 2016)
SECRETARY	Ms M Henry
COMPANY NUMBER	09338148
REGISTERED OFFICE	101 Park Drive Milton Park Abingdon Oxfordshire OX14 4RY
AUDITOR	KPMG LLP Arlington Business Park Theale Reading RG7 4SD

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Adaptimmune Therapeutics plc was incorporated on 3 December 2014. The Directors submit this report and the Consolidated Financial Statements of Adaptimmune Therapeutics plc and its subsidiaries, Adaptimmune Limited and Adaptimmune LLC (which may be referred to as "the Group", "we", "us" or "our") as of and for the year ended 31 December 2016, 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.

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").

In the previous accounting period, the Group changed its year end from 30 June to 31 December and as such the financial statements for the year ended 31 December 2016 and the six months ended 31 December 2015 have been presented herein. The presentational currency has been changed to U.S. dollars for all periods presented consistently. The exchange rate was $:£1.233 and $:£1.4825 at 31 December 2016 and 2015, respectively (see note 1 to the financial statements).

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 its proprietary SPEAR (Specific Peptide Enhanced Affinity Receptor) T-cell platform. We have developed a comprehensive proprietary platform that enables us to identify cancer targets, find and genetically engineer T-cell receptors ("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.

RESULTS AND DIVIDENDS

The result for the year is set out in the Income Statement on page 38.

The Directors do not propose a dividend (Period ended 31 December 2015: $nil).

CHARITABLE AND POLITICAL CONTRIBUTIONS

No charitable contributions were paid during the year (Period ended 31 December 2015: $nil).

No donations were made during the year to political organisations (Period ended 31 December 2015: $nil).

FINANCIAL INSTRUMENTS

Please refer to the Financial Risk Management section included in our Strategic Report, beginning on page 21 of this document.

STRUCTURE OF THE GROUP'S CAPITAL

Please refer to note 20 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)
Ms B Duncan	(Appointed 23 June 2016)
Mr G Kerr	(Appointed 1 November 2016)
Dr J Knowles	(Appointed 12 February 2015 and resigned 31 December 2016)
Mr I M Laing	(Appointed 12 February 2015 and resigned 31 December 2016)
Mr D M Mott	(Appointed 12 February 2015)
Mr J J Noble	(Appointed 3 December 2014 and re-elected 16 June 2016)
Dr C E Sigal	(Appointed 12 February 2015 and re-elected 16 June 2016)
Dr P A Thompson	(Appointed 12 February 2015)
Dr T Zaks	(Appointed 14 November 2016)

During the period from 1 January 2016 to 31 December 2016, there were 14 full meetings of the Board of Directors. All of our Directors attended each of the 14 meetings except that Dr Behbahani and Mr Laing each attended 13 meetings; Ms Duncan attended six meetings (due to her having been appointed on 23 June 2016); Mr Kerr attended one meeting (due to his having been appointed on 1 November 2016) and Dr Zaks did not attend any meetings (due to his having been appointed on 14 November 2016).

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

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 22 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 23.

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 or she ought to have taken in his or her duty as a Director in order to make himself or herself 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 10 March 2017.

On behalf of the Board

James J Noble
Director

10 March 2017

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").

OVERVIEW

We are a clinical-stage biopharmaceutical company committed to developing novel immunotherapies primarily to treat cancer. Our vision is to be a world leader in discovering, developing and commercialising T cells to transform the treatment of patients with serious diseases. Our comprehensive SPEAR (Specific Peptide Enhanced Affinity Receptor) T-cell platform enables us to identify cancer targets, find and genetically optimize T-cell receptors ("TCRs"), and produce SPEAR T-cells for administration to patients. Unlike certain other autologous immunotherapies our SPEAR T-cells are able to target intracellular and extracellular targets and solid and hematologic tumours.

Our SPEAR T-cell platform is being utilised to maximise both patient and disease indication coverage. First, we are using our platform to identify and validate cancer testis antigens for development of SPEAR T-cells. These antigens have very low expression on normal tissues and are therefore preferred targets for our SPEAR T-cells. However, within a given disease indication, the frequency of expression of these targets may be low, and may not be uniformly expressed in every cell within a tumour. As a result, we are developing multiple SPEAR T-cells to different target antigens within any disease indication to increase treatment potential for any given disease. We have three SPEAR T-cells in clinical trials which are directed to cancer testis antigens, NY-ESO-1, MAGE-A4 and MAGE-A10. The targets to which these SPEAR T-cells are directed are expressed in multiple disease indications including non-small cell lung cancer ("NSCLC"), melanoma, urothelial (bladder) cancers and head and neck cancers, with each of these indications being addressed by at least two of the SPEAR T-cells.

Second, we are developing SPEAR T-cells directed to non-cancer testis antigens which are closely related to a specific disease indication. The first of these SPEAR T-cells is our AFP SPEAR T-cell which is directed to hepatocellular cancer. Further targets closely associated with other cancers are also being validated.

Finally we are identifying peptides to different Human Leukocyte Antigen ("HLA") types ensuring that for any given target, for example NY-ESO, MAGE-A10, MAGE-A4 or AFP, we can address patient populations with different HLA types.

In addition, we continue to use our SPEAR T-cell platform to identify further target peptides which provide additional coverage for any existing indications or which show high expression in specific cancers. We have identified over 30 intracellular target peptides and have 12 research programmes evaluating these peptides. We also recognize that further development of our SPEAR T-cells will assist in enhancing efficacy and durability of response. We therefore have a number of next generation SPEAR T-cell strategies to further develop and engineer our SPEAR T-cells in addition to the initiation of combination therapy approaches.

OUR SPEAR T-CELL THERAPIES

The Immune System and T-cells

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 the HLA. T-cells naturally scan all other cells in the body for the presence of abnormal peptide fragments, such as those generated from infectious agents. Recognition of this peptide-HLA complex takes place through the TCR expressed on the T-cells. 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. Even when TCRs recognize cancer cells expressing novel proteins caused by mutations, elements of the immune system, or the cancer itself often suppress the T-cell response.

Target Identification and Validation

Before developing any engineered T-cell or TCR it is important to identify and validate a suitable target cancer peptide. The target must be expressed primarily only on the cancer cells of interest and with expression in normal non-cancerous tissue only where a risk to the patient would be deemed acceptable. Careful validation and identification of targets is important to ensuring that any engineered TCR is specific to the targeted cancer and doesn't bind to the same target on non-cancer cells, or that the TCR does not recognize a similar peptide derived from a protein in normal cells. Our target identification platform is focussed on three approaches. First, we are using our platform to validate cancer testis antigens. These targets have very low expression on most normal tissues in adults and are therefore preferred targets for our SPEAR T-cells. However, within a given indication, the frequency of expression of these targets may be low, and may not be uniformly expressed in every cell within a tumour. As a result, we are developing multiple SPEAR T-cells to different target peptides in selected disease indications to increase the probability of treating patients with a given disease indication and potentially the ability for re-treatment of patients with a different SPEAR T-cell. We have three SPEAR T-cells in clinical trials which are directed to cancer testis antigens, NY-ESO-1, MAGE-A4 and MAGE-A10. The targets to which these SPEAR T-cells are directed are expressed in multiple disease indications including NSCLC, melanoma, urothelial (bladder) cancers and head and neck cancers, with each of these indications being addressed by at least two of the SPEAR T-cells.

The second type of approach is directed to non-cancer testis antigens which are closely related to a specific disease indication. The first of these SPEAR T-cells is our AFP SPEAR T-cell which is directed to hepatocellular cancer. Further targets closely associated with other cancers are also in development.

Finally we are identifying targets to different HLA types ensuring that for any given target, we can address patient populations with different HLA types.

Affinity Engineering

Following identification of a suitable target peptide, we identify TCRs that are capable of binding to that target peptide. We then engineer those identified TCRs to enhance and optimize their ability to target and bind to the cancer peptides, thereby enabling a highly targeted immunotherapy. The optimized TCR then undergoes extensive preclinical safety testing prior to administration to patients. Our SPEAR T-cell platform technology enables us to develop a pipeline of targets and TCR therapeutic candidates that we believe may be effective in a variety of cancer types that are unresponsive to currently available and experimental therapies. We have two SPEAR T-cells already in clinical trials (NY-ESO, MAGE-A10), two additional programmes with open investigational new drug applications ("INDs") are planned to enter the clinic in 2017 (AFP and MAGE-A4) and a pipeline of SPEAR T-cells in development.

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 self-inactivating (SIN) virus, known as SIN-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.

PRODUCT PIPELINE

We have Phase 1/2 clinical trials ongoing with our NY-ESO and MAGE-A10 SPEAR T-cells and during 2016 opened two additional INDs for our AFP and MAGE A-4 SPEAR T-cells.

NY-ESO

Our SPEAR T-cell therapy targets the NY-ESO-1 and LAGE-1a cancer antigens which are present in multiple different tumour types. We are conducting Phase 1/2 clinical trials in patients with solid tumours and haematological malignancies including synovial sarcoma, multiple myeloma, NSCLC and ovarian cancer. A pilot trial in myxoid round cell liposarcoma ("MRCLS") started in December 2016. We are planning to start a registration trial in synovial sarcoma by the end of 2017, which is dependent on the start and performance of comparability studies. Clinical trials are ongoing in the United States and clinical trial applications have been approved in both Canada and the United Kingdom.

Our NY-ESO SPEAR T-cell has shown promising initial results in clinical trials with a 50% response rate and 18-month median survival rate reported in synovial sarcoma (a solid tumour) and a 91% response rate at day 100 post autologous stem cell transplant in multiple myeloma. The NY-ESO SPEAR T-cell has shown a promising tolerability profile to date in all clinical trials. Our NY-ESO SPEAR T-cell therapy has breakthrough therapy designation in the U.S. and has also received orphan drug designation from the U.S. Food and Drug Administration ("FDA"), and European Commission for the treatment of soft tissue sarcoma. The European Medicines Agency ("EMA") has also granted PRIME regulatory access for the Group's NY-ESO SPEAR T-cell therapy for the synovial sarcoma indication. We expect further clinical data during 2017.

MAGE-A10

Our second SPEAR T-cell therapy, targeting the MAGE-A10 peptide, is currently in clinical trials in the United States. The MAGE-A10 trial in NSCLC was initiated in late 2015. A three tumour trial in urothelial (bladder) cancers, melanoma and head and neck cancers was initiated at The University of Texas MD Anderson Cancer Center ("MD Anderson") in October 2016 and the trial is currently being initiated at other sites in the United States and Canada. Initial data for our MAGE-A10 clinical trials is anticipated in late 2017 or early 2018.

AFP SPEAR T-cell

An IND for our AFP SPEAR T-cell for the treatment of hepatocellular cancer was opened in 2016. Clinical trial sites in the United States and Europe will be initiated in 2017. Initial data from the AFP clinical trials is anticipated in late 2017 or early 2018.

MAGE-A4 SPEAR T-cell

An IND for our MAGE-A4 SPEAR T-cell programme in urothelial (bladder) cancers, melanoma, head and neck cancer, ovarian cancer, NSCLC, oesophageal cancer and gastric cancers is now open. Initial data on our MAGE-A4 SPEAR T-cell programme is anticipated in late 2017 or early 2018.

The following table summarizes the status of our current clinical trials:

SPEAR target	Indication	Notes	Pre-IND / Phase I / II / Registration trial
NY-ESO	Synovial sarcoma	Registration trial	
		Cohort 1 - High NY-ESO + CTX / FLU	
		Cohort 2 - Low NY-ESO + CTX / FLU	
		Cohort 3 – no FLU	
		Cohort 4 – modified CTX / FLU	
	Myxoid / Round cell liposarcoma	Pilot study	
	Multiple myeloma	Autologous SCT	
		Combination with anti-PD1 (KEYTRUDA)	
	Ovarian	No FLU	
		Modified CTX / FLU	
	Melanoma	No Flu	
	Non-small cell lung cancer (NSCLC)	Modified CTX / FLU	
MAGE-A10	NSCLC	Modified CTX / FLU	
	Urothelial (bladder), melanoma, H&N	Modified CTX / FLU	
AFP	Hepatocellular cancer	Modified CTX / FLU	
MAGE-A4	Urothelial, melanoma, H&N, ovarian, NSCLC, esophageal, gastric		

Complete Ongoing Planned

COLLABORATIONS AND STRATEGIC ALLIANCES

GlaxoSmithKline ("GSK") Collaboration

We entered into a strategic collaboration and license agreement with GSK in May 2014 (the "GSK Collaboration and License Agreement") regarding the development, manufacture and commercialization of TCR therapeutic candidates. The collaboration is for up to five programmes, the first being the NY-ESO SPEAR T-cell programme.

Under the GSK Collaboration and License Agreement, the NY-ESO SPEAR T-cell programme and associated manufacturing optimization work will be conducted by us in collaboration with GSK. GSK has an option to obtain an exclusive worldwide license to the NY-ESO therapeutic candidate programme, exercisable during the performance of the programme and upto specified time periods after we have delivered a Phase 1/2 data package for the programme to GSK. If the option is exercised after delivery of the Phase 1/2 data package, GSK will assume full responsibility for the NY-ESO SPEAR T-cell programme. In February 2016, the GSK Collaboration and License Agreement was expanded to accelerate the development of the NY-ESO SPEAR T-cells towards pivotal trials in synovial sarcoma, as well as the exploration of development of NY-ESO SPEAR T-cells in MRCLS. The amendment also provides the opportunity for up to eight combination studies using NY-ESO SPEAR T-cells. The Group achieved development milestones of $17.4 million in the year ended December 31, 2016.

A second target, PRAME, has also now been nominated by GSK under the GSK Collaboration and License Agreement. As a result of the nomination, Adaptimmune will be responsible for taking the PRAME SPEAR T-cell programme through preclinical testing and up to IND filing. GSK is responsible for the IND filing itself. GSK has an exclusive option over the programme. Under the terms of the GSK Collaboration and License Agreement, the potential development milestones eligible related to the PRAME programme could amount to approximately $300 million, if GSK exercises its option and successfully develops this target in more than one indication and more than one HLA type. Adaptimmune would also receive tiered sales milestones and mid-single to low double-digit royalties on worldwide net sales.

Other strategic alliances

On 26 September 2016, we announced that we had entered into a multi-year strategic alliance with MD Anderson designed to expedite the development of T-cell therapies for multiple types of cancer. The Group and MD Anderson will collaborate in a number of studies including clinical and preclinical development of Adaptimmune's SPEAR T-cell therapies targeting NY-ESO, MAGE-A10 and future clinical stage first and second generation SPEAR T-cell therapies such as MAGE-A4 across a number of cancers, including bladder, lung, ovarian, head and neck, melanoma, sarcoma, oesophageal and gastric cancers. Under the terms of the alliance agreement, the Group has committed funding of at least $19,644,000 to fund studies under the alliance agreement. Payment of this funding is contingent on mutual agreement to study orders for any study to be included under the alliance and performance of set milestones by MD Anderson. The Group will make payments to MD Anderson as certain milestones are achieved and these costs will be expensed to research and development as MD Anderson renders the services.

We also recognize that further development of our SPEAR T-cells will assist in enhancing efficacy and durability of response. We therefore have a number of next generation SPEAR T-cell strategies to further develop and engineer our SPEAR T-cells in addition to the initiation of combination therapy approaches, the first of which is with Merck & Co., Inc.'s ("Merck") KEYTRUDA®. To enable continued innovation and development, we also have collaborations with third parties intended to promote further next generation solutions. These include our collaboration with Universal Cells, Inc. ("Universal Cells) and our collaboration with Bellicum Pharmaceutical Inc. ("Bellicum"). With Universal Cells we are looking to develop affinity engineered donor T-cells that are universally applicable. The enhanced T-cell technology being developed involves selective engineering of cell surface proteins, without the use of nucleases, to develop universal T-cell products. Our Bellicum collaboration was announced in December 2016 and under the collaboration we will evaluate Bellicum's GoTCR technology (inducible MyD88/CD40 co-stimulation, or iMC) with our SPEAR T-cells for the potential to create enhanced T-cell therapeutics.

BUSINESS STRATEGY

Our strategic objective is to be a world leader in discovering, developing and commercialising TCR-based T-cell therapies that transform the clinical outcomes of patients with cancer. In order to achieve our objective, we are focused on the following strategies:

- ***Advance our clinical studies for our AFP, MAGE-A10 and MAGE-A4 SPEAR T-cells and advance clinical studies with our NY-ESO SPEAR T-cell beyond the setting of synovial sarcoma where preliminary evidence of efficacy and safety is established.*** We have four SPEAR T-cells with open INDs covering multiple indications and we plan to advance all four SPEAR T-cells further during 2017 with the aim of providing initial tolerability data for SPEAR T-cells other than our NY-ESO SPEAR T-cell. We are also advancing clinical studies for our NY-ESO SPEAR T-cell in indications other than synovial sarcoma, and clinical trials are already being extended to additional sites within the United States and within Europe. We are also planning to advance into pivotal trials in synovial sarcoma with our NY-ESO SPEAR T-cell. Discussions with the FDA in relation to the planning of that pivotal trial are ongoing.

- ***Continue to use our SPEAR T-cell platform to generate SPEAR T-cells for cancers where existing therapeutic approaches are limited.*** 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. The first of our two approaches uses cancer testis antigens and aims to select multiple cancer testis antigens for any given indication to maximize patient coverage that can be obtained with our SPEAR T-cell products. The second approach relies on the identification of targets which are closely associated with a particular cancer and where the SPEAR T-cells can then be specifically targeted to that cancer.

- ***Continue to understand, further enhance and improve effectiveness and persistence of our SPEAR T-cell therapies.*** We continue to evaluate and work to understand the mechanism of action of our SPEAR T-cells, in particular the best approaches for enhancing effectiveness and persistence of our SPEAR T-cells. We continue to further develop our TCR therapeutic candidates by exploring the addition of other components in our lentiviral vector, which would be expressed in the SPEAR T-cells alongside the engineered TCR. In addition, we are planning to evaluate the combination of our SPEAR T-cell therapies with other immunotherapy approaches. A combination trial with Merck's KEYTRUDA® (pembrolizumab) in patients with multiple myeloma is planned to start in 2017.

- ***Optimize and expand our process development and manufacturing capabilities to maintain our leadership position in the TCR space.*** Our commercial-ready cell manufacturing process ('cell process 1.5') has been reviewed by the FDA and the FDA has allowed us to proceed with implementation of cell process 1.5 into our ongoing NY-ESO SPEAR T-cell trials. We continue to optimise the manufacture, supply, associated analytical expertise and quality systems for our SPEAR T-cell therapies to ensure that our manufacturing capability is sufficient for later-stage clinical trials and, potentially, initial commercial supply. We continue to work with third party contract manufacturers in both the United States and Europe to plan for commercial manufacture of our SPEAR T-cells. In addition, during 2016 we completed the shell and core construction for a new state of the art cGMP manufacturing and office facility and continue to fit-out the facility, which is intended to support the clinical development and initial commercialization of SPEAR T-cells. We are planning to have manufacturing capability towards the end of 2017 and will initially manufacture SPEAR T-cells to support our clinical trials.

- ***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 and T-cells. These assets form the foundation for our ability not only to strengthen our product pipeline, but also to defend and expand our position as a leader in the field of T-cell therapies.

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").

Our U.K. subsidiary, Adaptimmune Limited, was founded in July 2008 and is focused on our research and development activities. Our U.S. 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.

We are a clinical-stage biopharmaceutical company focused on novel cancer immunotherapy products based on its proprietary SPEAR T-cell platform. We have developed a comprehensive proprietary platform that enables us to identify cancer targets, find and genetically engineer TCR, 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.

DEVELOPMENT AND PERFORMANCE DURING THE PERIOD

We have Phase 1/2 clinical trials ongoing with our NY-ESO and MAGE-A10 SPEAR T-cells and during 2016 opened two additional INDs for our AFP and MAGE A-4 SPEAR T-cells. Our NY-ESO SPEAR T-cell has shown promising initial results in clinical trials with a 50% response rate and 18-month median survival rate reported in synovial sarcoma (a solid tumour) and a 91% response rate at day 100 post autologous stem cell transplant in multiple myeloma. The NY-ESO SPEAR T-cell has shown a promising tolerability profile to date in all clinical trials. Our NY-ESO SPEAR T-cell therapy has breakthrough therapy designation in the U.S. and has also received orphan drug designation from the FDA and European Commission for the treatment of soft tissue sarcoma. The EMA has also granted PRIME regulatory access for the Group's NY-ESO SPEAR T-cell therapy for the synovial sarcoma indication. We expect further clinical data during 2017.

In addition, we continue to use our SPEAR T-cell platform to identify further target peptides which provide additional coverage for any existing indications or which show high expression in specific cancers. We have identified over 30 intracellular target peptides and have 12 research programmes evaluating these peptides.

The NY-ESO SPEAR T-cell programme is subject to a collaboration and license agreement with GSK under which GSK has an option to obtain an exclusive worldwide license to the NY-ESO SPEAR T-cell programme. In February 2016, the GSK Collaboration and License Agreement was expanded to accelerate the development of the NY-ESO SPEAR T-cells towards pivotal trials in synovial sarcoma, as well as the exploration of development of NY-ESO SPEAR T-cells in MRCLS. The amendment also provides the opportunity for up to eight combination studies using NY-ESO SPEAR T-cells. The Group achieved development milestones of $17.4 million in the year ended 31 December 2016 under the GSK Collaboration and License Agreement.

Revenue

Revenue increased by 69% from $8.4 million for the six months ended 31 December 2015 to $14.2 million for the year ended December 31, 2016. Revenue represents the upfront and milestone payments, which are recognized over the period the Group will deliver services to GSK. Revenue will typically increase in periods when development milestones are achieved. Revenue has increased compared to the six months ended 31 December 2015 due to a full-year of revenue recognition compared to six months and the achievement of development milestones of $17.4 million in the year ended 31 December 2016 compared to $10.8 million in the six months ended 31 December 2015, offset by the impact of a change in the estimate of the period over which the Group will deliver services under the GSK Collaboration and License Agreement, which resulted in a decrease in revenue of $5.6 million in the year ended 31 December 2016.

Research and Development Expenses

Research and development expenses increased by 160% to $68.5 million for the year ended 31 December 2016 from $26.3 million for the six months ended 31 December 2015. Our research and development expenses are highly dependent on the phases of our research projects and therefore fluctuate from period to period.

The increase in our research and development expenses of $42.2 million for the year ended 31 December 2016 compared to the six months ended 31 December 2015 was primarily due to the following:

- a full year of research and development expense compared to six months in the comparative period;
- an increase in salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs. The driver for these is an increase in the average number of employees engaged in research and development from 137 to 210;
- an increase in subcontracted expenditures, including clinical trial expenses, CRO costs, and manufacturing expenses driven by increased recruitment in our clinical trials; and
- an increase in share-based compensation.

Our subcontracted costs for the year ended 31 December 2016 were $23.6 million, of which $17.6 million related to our NY-ESO SPEAR T-cells and the remaining $6.0 million related to other projects, including our MAGE-A10, MAGE-A4 and AFP SPEAR T-cells.

Administrative Expenses

General and administrative expenses increased by 140% to $23.8 million for the year ended 31 December 2016 from $9.9 million for the six months ended 31 December 2015. The increase of $13.9 million was due to the following:

- a full year of administrative expenses compared to six months in the comparative period;
- an increase in personnel costs, primarily due to the addition of key management and other professionals to support our growth;
- an increase in property costs, primarily due to an increase in leased property; and
- an increase in other corporate costs, including costs incurred as a U.S. public company such as consulting, audit, tax legal and investor relations fees and expenses.

Other Income

Other income increased by 39% to $1.9 million for the year ended 31 December 2016 from $1.4 million for the six months ended 31 December 2015. Other income primarily relates to reimbursements of expenses, primarily through the U.K. Research and Development Expenditure Credit. Other income has increased by $0.5 million due to a full year of income in the year ended 31 December 2016 compared to six months in the comparative period, partially offset by a reduction in reimbursement through government grants in the year ended 31 December 2016.

Finance Income

Finance income decreased by $11.0 million to $2.4 million in the year ended 31 December 2016 from $13.4 million in the six months ended 31 December 2015. Finance income comprises interest received and unrealized foreign exchange gains/losses. The decrease in finance income is due to a significant decrease in unrealized foreign exchange driven by a decrease in the exposure to foreign currency assets and liabilities.

Taxation credit

Taxation credit increased by $3.1 million to $5.0 million for the year ended 31 December 2016 from $1.9 million for the six months ended 31 December 2015. The taxation credit primarily relates to tax credits received under the U.K. Research and Development Scheme for small and medium sized entities offset by income taxes arising in the U.S. tax jurisdiction. The increase is due to a full year of tax credit in the year ended 31 December 2016 compared to six months in the comparative period.

POSITION OF GROUP AT YEAR END

Liquidity and Capital Resources

Since our inception, we have incurred significant net losses and negative cash flows from operations. We financed our operations primarily through an initial public offering, placements of equity securities, cash receipts under our GSK Collaboration and License Agreement, government grants and research and development tax and expenditure credits. From inception through to 31 December 2016, we have raised:

- $307.3 million, net of issue costs, through the issuance of shares, of which $176.0 million was raised through our initial public offering in May 2015;
- $79.9 million upfront fees and milestones under our GSK Collaboration and License Agreement;
- $2.6 million of income in the form of government grants from the United Kingdom; and
- $7.2 million in the form of U.K. research and development tax credits and receipts from the U.K. R&D expenditure credit ("RDEC") Scheme.

SUMMARY OF CASH FLOWS

Operating Activities

Net cash used in operating activities increased by $29.7 million to $45.2 million for the year ended 31 December 2016 from $15.5 million for the six months ended 31 December 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 year ended December 31, 2016, we received $19.8 million of milestone payments from GSK compared to $10.8 million in the six months ended 31 December 2015. After taking into account the GSK milestone payments, the increase in cash used in operations was primarily the result of a full year of operating activity and an increase in research and development costs due to the ongoing advancement of our preclinical programmes and clinical trials and an increase in general and administrative expenses.

Net cash used in operating activities of $45.2 million for the year ended 31 December 2016 comprised a loss before tax of $73.8 million offset by noncash items of $10.0 million, a net cash inflow of $13.6 million from changes in operating assets and liabilities, net taxes received of $3.8 million and bank interest received of $1.2 million. The noncash items consisted primarily depreciation expense on plant and equipment of $3.1 million and equity-settled share-based compensation expense of $9.0 million, partially offset by unrealized foreign exchange gains of $1.3 million.

Investing Activities

Net cash generated by investing activities was $14.8 million for the year ended 31 December 2016 and net cash used in investing activities was $17.0 million for the six months ended 31 December 2015. These amounts included purchases of property and equipment of $11.5 million and $9.6 million for the year ended December 31, 2016 and the six months ended 31 December 2015, respectively, acquisition of intangibles of $4.3 million and $2.7 million for the year ended 31 December 2016 and the six months ended 31 December 2015, respectively and investment in restricted cash of $4,666 in the six months ended 31 December 2015. The purchases of property, plant and equipment for the year ended 31 December 2016 and the six months ended 31 December 2015 related predominantly to the expansion of our laboratory facilities in the United Kingdom and the United States. Net cash used in investing activities in the year ended 31 December 2016 and the six months ended 31 December 2015 also included the investment in short-term cash deposits with maturities greater than three months but less than 12 months of $42.8 million and $16.6 million, offset by cash inflows from maturity of short-term deposits of $73.4 million and $16.6 million in the year ended 31 December 2016 and the six months ended 31 December 2015, respectively.

Financing Activities

Net cash from financing activities was $17,000 and $0 for year ended 31 December 2016 and six months ended 31 December 2015, respectively. Net cash from financing activities for the year ended 31 December 2016 consisted of proceeds from exercise of share options of $17,000.

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 2016 the total liquidity position was $181,473,000 (*At 31 December 2015:* $248,883,000). The cash flow from operating activity for the year ended 31 December 2016 was $45,165,000 (*six months ended 31 December 2015*: $15,546,000).

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. 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 SPEAR T-cell.

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 SPEAR T-cells is complex and as a result we may encounter difficulties or delays in scaling up or further development of any part 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 SPEAR T-cells 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 SPEAR T-cells. 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 SPEAR T-cells or manufacturing process. In addition we are in the process of fitting-out a manufacturing facility of our own in Philadelphia, United States. Any delay or inability to operate the manufacturing facility within predicted timescales could increase our reliance on third parties or result in delays in our ability to supply TCR therapeutic candidates for our clinical trials.

Commercialisation

Our ability to commercialise any SPEAR T-cell 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 SPEAR T-cells.

The market opportunities for our SPEAR T-cells 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 SPEAR T-cell 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 SPEAR T-cell 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 or maintain 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 SPEAR T-cells 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 SPEAR T-cells may harm our reputation and significantly affect our operating results.

We are also subject to regulation as a company both in the U.K. and U.S. 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 SPEAR T-cell. Our ability to continue to develop and ultimately commercialise our NY-ESO SPEAR T-cell depends heavily on the relationship with GSK and the payments made to us by GSK upon the achievement of specified milestones. The timing of milestones and scope of the project may change as the NY-ESO SPEAR T-cells progresses through development. We also rely heavily on and are dependent on ThermoFisher Scientific Inc. ("ThermoFisher") and the technology we obtain from them for the activation and expansion of T-cells. Inability to obtain the relevant technology from ThermoFisher would cause delays to our clinical programmes and our ability to manufacture, supply and administer our TCR therapeutic candidates. 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 SPEAR T-cells 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 U.S. 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

As of 31 December 2016, we had cash and cash equivalents of $158.8 million and short-term deposits of $22.7 million. Our exposure to interest rate sensitivity is impacted by changes in the underlying U.K. and U.S. bank interest rates. Our surplus cash and cash equivalents are invested in interest-bearing savings and money market accounts from time to time. We have not entered into investments for trading or speculative purposes. Due to the conservative nature of our investment portfolio, which is predicated on capital preservation of investments with short-term maturities, we do not believe an immediate one percentage point change in interest rates would have a material effect on the fair market value of our portfolio, and therefore we do not expect our operating results or cash flows to be significantly affected by changes in market interest rates.

Currency Risk

We are exposed to foreign exchange rate risk because we currently operate in the United Kingdom and the United States. Our revenue from the GSK Collaboration and License Agreement is denominated in pounds sterling and is generated by our U.K-based subsidiary, which has a pounds sterling functional currency. As a result, these sales are subject to translation into U.S. Dollars when we consolidate our financial statements. Our expenses are generally denominated in the currency in which our operations are located, which are the United Kingdom and the United States. However, our U.K.-based subsidiary incurs significant research and development costs in U.S. dollars and, to a lesser extent, Euros.

The results of operations and cash flows will be subject to fluctuations due to changes in foreign currency exchange rates, which could harm our business in the future. The exchange rate as at 31 December 2016, the last business day of the reporting period, was £1.00 to $1.233. We seek to minimize this exposure by maintaining currency cash balances at levels appropriate to meet foreseeable expenses in U.S. dollars and pounds sterling. To date, we have not used forward exchange contracts or other currency hedging products to manage our exchange rate exposure, although we may do so in the future.

Credit Risk

The Group held cash and cash equivalents of $158.8 million and short-term deposits of $22.7 million as of 31 December 2016. The cash and cash equivalents and short-term deposits are held with multiple banks and the Group monitors the credit rating of those banks.

Trade receivables were $1.5 million as of 31 December 2016, which relate to the GSK Collaboration and License Agreement. The Group has been transacting with GSK for since 2014, during which time no impairment losses have been recognized. There are no amounts which are past due as of 31 December 2016.

Commodity Price Risk

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

Going Concern

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

ENVIRONMENTAL MATTERS

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

GREENHOUSE GAS REPORT

Our greenhouse gas emissions estimate for the year ended 31 December 2016 has been prepared in accordance with the U.K. 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	**Year ended 31 December 2016**	**Six months ended 31 December 2015**
Source	**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	565.77	410.87
Total estimated greenhouse gas emissions	**565.77**	**410.87**
Intensity ratio: Total greenhouse gas emissions per employee on the basis of the average number of 266 full-time equivalent employees during the year ended 31 December 2016 (Six months ended 31 December 2015: 173).	**2.127**	**2.375**

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. There was no leakage of refrigerant gases for the year ended 31 December 2016.

Some activity data relating to emissions from our reportable activities were unavailable for the year ended 31 December 2016. This includes electricity usage at our previous U.S. 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 U.K. operations to our U.S. 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 2016, we had 298 full-time equivalent employees, compared to 215 at 31 December 2015. Of these employees, 232 were in R&D (including in manufacturing and operations, and quality control and quality assurance) and 66 were in management and administrative functions (including business development, finance, intellectual property, information technology and general administration). The average number of full-time equivalent employees during the year ended 31 December 2016 was 266 (*six months ended 31 December 2015: 173*).

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 2016 is as follows:

Position	Male	Female	Total
Company Director (1)	8	1	9
Senior Manager	2	2	4
Other Employees	129	164	293
Total Employees (2)	131	166	297

(1) Includes our Chief Executive Officer and does not include Dr Knowles and Mr Laing who each resigned on 31 December 2016
(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 to the financial statements).

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 10 March 2017.

On behalf of the Board

James J Noble
Director
10 March 2017

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 year ended 31 December 2016. 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 21 June 2017.

Period Covered by the Directors' Remuneration Report

The Directors' Remuneration Report that follows is for the full year period from 1 January 2016 to 31 December 2016 except where otherwise stated.

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 Group and to attract and retain Non-Executive Directors who can substantially contribute to our success as an innovative, clinical-stage biopharmaceutical company. As the Group has operations in the United Kingdom and the United States, our senior executives and our Non-Executive Directors live and work in the U.K. and the U.S., and we are listed on a U.S. stock exchange, we assess the competitiveness of our policies against both European and U.S. benchmarks and practices, with an increasing focus on U.S. benchmarks and practices.

Business Strategy during 2016

Our primary goal in 2016 was to progress the development of the Group including executing on key elements of our pipeline development programmes, progressing our clinical trials programmes and opening additional INDs, as well as delivering new alliances from business development activities and continuing toward establishing the manufacturing and laboratory facilities required for the next development phase.

Activities and major decisions

The Committee's activities during the year included a benchmarking review of executive compensation, which was undertaken to ensure that remuneration for the senior executive team remains competitive for the retention and engagement of key talent. The Committee engaged Willis Towers Watson as independent advisors to benchmark executive compensation against a selected peer group consisting of comparable U.S.-listed and U.K. and European-listed biopharmaceutical companies, and to provide recommendations for base salaries, equity based awards and the structure of bonus incentive awards for 2017.

As a result of this benchmarking exercise, our CEO and senior executive officers received increased base salary awards at levels that remain compliant with the last approved Directors' Remuneration Policy and are aligned with the 50th percentile of peer group comparator data. For our CEO, this resulted in a base salary award of £407,830 effective from 1 January 2017.

In January 2017 the Committee also considered the extent of achievement of 2016 calendar year objectives by the executive team and determined the level of bonus incentive awards payable in respect of the 2016 calendar year. The awards made to our CEO and senior executive officers recognised that some of our corporate objectives for 2016 had been achieved, with our CEO receiving a bonus award at 50% of the potential target bonus amount.

At the same time, the Committee approved the objectives to be achieved by the executive team during 2017. These are considered to be commercially sensitive and will not be disclosed in detail, but are linked to our business strategies which include:

- the advancement of our clinical trials for our AFP, MAGE-A10 and MAGE-A4 SPEAR T-cells, as well as of our clinical studies with our NY-ESO SPEAR T-cell beyond the setting of synovial sarcoma where preliminary evidence of efficacy and safety is established;

- continuing to use our SPEAR T-cell platform to generate SPEAR T-cells for cancers where existing therapeutic approaches are limited;
- continuing to understand, further enhance and improve the effectiveness and persistence of our SPEAR T-cell therapies;
- the optimisation and expansion of our process development and manufacturing capabilities to maintain our leadership position in the TCR space; and
- the continued expansion of our intellectual property portfolio.

Generally, the remuneration arrangements adopted in 2017 recognise the greater demands placed on our CEO and senior executive team to deliver on our strategy and create value for our shareholders.

Finally, under the last approved Directors' Remuneration policy, the Board has discretion to pay Non-Executive Directors in the form of a mixture of cash and equity. As anticipated in the Remuneration Report for the period ended 31 December 2015, we implemented revised remuneration arrangements for Non-Executive Directors during 2016 so that such remuneration now comprises an award of a fixed number of share options, plus an additional number of share options or cash payment at the Director's election. The option awards and cash payments were established at competitive levels based on peer group data from comparable companies provided in a benchmarking survey undertaken by Radford consultants.

David M Mott
Director and Chairman of Remuneration Committee

10 March 2017

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 year ended 31 December 2016, which will be put to shareholders for a non-binding vote at the Annual General Meeting to be held on 21 June 2017.

Single Total Figure of Remuneration for each Director

The following table shows the remuneration received by the Directors for the year ended 31 December 2016.

For reference only, the table also shows the remuneration received by the Directors for the six months ended 31 December 2015, which information was included in the Company's annual report and financial statements for the period ended 31 December 2015 and approved by shareholders at the Annual General Meeting held on 16 June 2016. The annual bonus amount is shown for the 12 months ended 31 December 2015.

	For the year ended 31 December 2016:						For the six months ended 31 December 2015:					
	Fixed Pay [1]		**Variable Pay [1]**				Fixed Pay [1]		Variable Pay [1]			
Name of Director	**Salary and fees £**	**Taxable benefits £**	**Annual bonus £**	**Pension allowance £**	**Equity-Based Awards [6] £**	**Total £**	Salary and fees £	Taxable benefits £	Annual bonus £	Pension contributions £	Equity-Based Awards [6] £	Total £
Executive												
James Noble, CEO	315,000[2]	848[3]	78,750[4]	15,750[5]	-	410,348	150,000[2]	854[3]	200,000[4]	7,500[5]	-	358,354
Non-executives												
Jonathan Knowles	-	-	-	-	-	-	-	-	-	-	-	-
Lawrence Alleva	-	-	-	-	-	-	-	-	-	-	-	-
Ali Behbahani	-	-	-	-	-	-	-	-	-	-	-	-
Barbara Duncan	-	-	-	-	-	-	-	-	-	-	-	-
Giles Kerr	5,812	-	-	-	-	-	-	-	-	-	-	-
Ian Laing	13,957	-	-	-	-	-	-	-	-	-	-	-
David Mott	-	-	-	-	-	-	-	-	-	-	-	-
Elliott Sigal	-	-	-	-	-	-	-	-	-	-	-	-
Peter Thompson	-	-	-	-	-	-	-	-	-	-	-	-
Tal Zaks	4,231	-	-	-	-	-	-	-	-	-	-	-

(1) The majority of the remuneration was set and paid in pounds sterling (£). For the purpose of this table, the fees paid in U.S. dollars to Dr Tal Zaks have been translated into pounds sterling based on the U.S. dollar/pound sterling exchange rate at 31 December 2016 ($1.233 to £1).

(2) 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 50% of his annual salary of £300,000 (effective from 1 January 2015) for the year ended 31 December 2015.

(3) 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.

(4) The annual bonus amount shown for the year ended 31 December 2016 represents the total bonus payment that related to performance in 2016. The annual bonus amount shown for the six months ended 31 December 2015 represents the total bonus payment that related to performance in the 12 months ended 31 December 2015.

(5) The pension allowance for the year ended 31 December 2016 represents an amount equating to 5% of the base salary for that period. The pension contributions for the six months ended 31 December 2015 represent 50% of the total contributions for 2015 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.

(6) The valuation of equity-based awards 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 31 December 2016, the valuation of all options granted was nil because it was based on the market value of the underlying shares. 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 year ended 31 December 2016 shown in the table above for Mr Noble, our CEO, was based on the achievement of objectives primarily linked to progression with the development of the Group including executing on key elements of our pipeline development programmes, progressing our clinical trials programmes and opening additional INDs, delivering new alliances from business development activities and continuing toward establishing manufacturing and laboratory facilities required for the next development phase.

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 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.

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 2016. No Director exercised any share options during the year ended 31 December 2016. 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 year ended 31 December 2016
Executive Director				
James Noble	11,172,600 (2)	7,241,116	3,023,800	-
Non-Executive Directors				
Lawrence Alleva	70,584 (3)	746,904	258,013	-
Ali Behbahani	-	340,244	155,682	-
Barbara Duncan	-	332,776	-	-
Giles Kerr	-	288,000	-	-
Jonathan Knowles	7,138,184 (4)	393,028	393,028	-
Ian Laing	29,042,800	303,875	303,875	-
David Mott	-	354,639	163,229	-
Elliott Sigal	367,038 (5)	728,639	251,864	-
Peter Thompson	-	341,824	155,682	-
Tal Zaks	-	288,000	-	-

(1) All share options that were outstanding as at 31 December 2016 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 and 60,000 Ordinary shares represented by 10,000 ADSs purchased by Sigal Family Investments LLC in May 2016.

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 2016

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 2016. 4,181,368 options were granted to Directors during the year ended 31 December 2016. None of our Directors exercised any options during the year ended 31 December 2016.

Name of Director	Options Held	Grant date	Start date for vesting	Exercise price	First date of exercise of some or all options (1)	Date of expiry
Executive Director						
James Noble (2)	1,335,000	20/03/15	31/03/14	£0.1120	31/03/14	30/03/24
	438,100	20/03/15	31/03/14	£0.1120	31/03/15	30/03/24
	3,500,000	20/03/15	19/12/14	£0.3557	19/12/15	19/12/24
	1,968,016	18/01/16	18/01/16	£0.89	18/01/17	18/01/26
Total	*7,241,116*					
Non-Executive Directors						
Lawrence Alleva (3)	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
	196,678	11/08/16	11/08/16	£0.97	11/08/17	11/08/26
Total	*746,904*					
Ali Behbahani	155,682	11/05/15	11/05/15	£1.82	11/05/15	11/05/25
	184,562	11/08/16	11/08/16	£0.97	11/08/17	11/08/26
Total	*340,244*					
Barbara Duncan (4)	332,776	23/06/16	23/06/16	£1.01	23/06/17	23/06/26
Giles Kerr (4)	288,000	29/11/16	29/11/16	£0.65	29/11/17	29/11/26
Jonathan Knowles (5)	175,806	11/05/15	11/05/15	£1.82	11/05/15	31/12/18
	217,222	11/08/16	11/08/16	£0.97	30/12/16	31/12/18
Total	*393,028*					
Ian Laing (5)	159,875	11/05/15	11/05/15	£1.82	11/05/15	31/12/18
	144,000	11/08/16	11/08/16	£0.97	30/12/16	31/12/18
Total	*303,875*					
David Mott	163,229	11/05/15	11/05/15	£1.82	11/05/15	11/05/25
	191,410	11/08/16	11/08/16	£0.97	11/08/17	11/08/26
Total	*354,639*					
Elliott Sigal (3)	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
	184,562	11/08/16	11/08/16	£0.97	11/08/17	11/08/26
Total	*728,639*					
Peter Thompson	155,682	11/05/15	11/05/15	£1.82	11/05/15	11/05/25
	186,142	11/08/16	11/08/16	£0.97	11/08/17	11/08/26
Total	*341,824*					
Tal Zaks (4)	288,000	29/11/16	29/11/16	£0.65	29/11/17	29/11/26

Notes to table of Directors' Equity-based Awards Held at 31 December 2016

(1) All share options awarded to Directors that were outstanding as at 31 December 2016 use time-based vesting and are not subject to performance targets other than continued service until the date of vesting.

(2) 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. Generally, 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.

(3) 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 options granted to Non-Executive Directors on 11 May 2015 vested and became exercisable on 11 May 2015. All options granted to Non-Executive Directors on 11 August 2016 vest and become exercisable on 11 August 2017.

(4) Options granted to Barbara Duncan, Giles Kerr and Tal Zaks were awarded on appointment as new Directors, and vest and become exercisable as follows: 25% on the first anniversary of the grant date and 75% in monthly instalments over the following two years.

(5) In recognition of Dr Jonathan Knowles' service as the Board chairman and the chairman of the Corporate Governance and Nominating Committee, and of Ian Laing's service as a Director and member of the Audit and Remuneration Committees, up to 31 December 2016, the vesting of 217,222 options held by Dr Knowles and of 144,000 options held by Mr Laing was accelerated so that such options vested and became exercisable on 30 December 2016. Any options held by Dr Knowles and Mr Laing that are not exercised on or before 31 December 2018 will lapse and cease to be exercisable.

The closing market price of our ADSs on 30 December 2016 was $4.05. One ADS represents six Ordinary shares.

Payments Made to Past Directors

During the year ended 31 December 2016, we made no payments to former Directors of the Company.

Payments for Loss of Office

During the year ended 31 December 2016, we made no payments with respect to a Director's loss of office.

Policy on Payments for Loss of Office

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

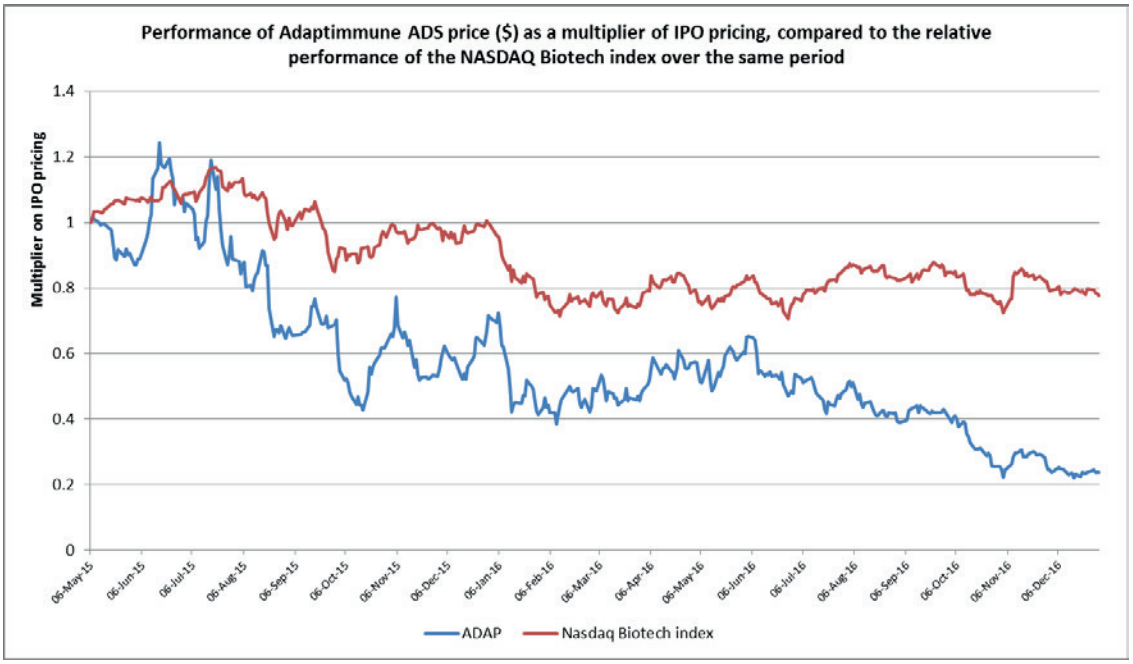
During March 2017, the Company entered into an amended service agreement with our Executive Director and adopted an executive severance policy that is applicable to our Executive Director and senior executive officers. The amended service agreement and executive severance policy are compliant with our last approved Directors' Remuneration Policy. In particular, all employment arrangements for any Executive Director(s) will continue to include a notice provision and continuing payment obligations for not more than a maximum period of one year following our termination of an Executive Director. Payment obligations would include base salary, target bonus and benefits. In addition, the Board has discretion under our option scheme rules to allow some or all of the options held by our Executive Director and senior executives to vest in the event of a change of control or otherwise.

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

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 publicly 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 £ (1)	Annual bonus payout against maximum opportunity (2)	Long term incentive vesting rates against maximum opportunity (3)
Year ended 31 December 2016:	410,348	50%	100%
Six months ended 31 December 2015:	358,354	100%	100%
Year ended 31 December 2015:	516,708	100%	100%

(1) The Single total figure of remuneration for the six months ended 31 December 2015 includes the annual bonus payment for performance in the year ended 31 December 2015.

(2) The bonus payout percentage amount for the year ended 31 December 2016 relates to the total annual bonus payment for performance in the 12 months ended 31 December 2016. The bonus payout percentage amount for the six months ended 31 December 2015 and for the year ended 31 December 2015 relates to the total annual bonus payment for performance in the 12 months ended 31 December 2015.

(3) 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 £315,000 for the year ended 31 December 2016 was 4.9 times the value of the average fixed salary of the Group's employees for such period. His 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 the six months ended 31 December 2015.

The following table shows the percentage change in remuneration of the Chief Executive Officer and the average increase per employee between the year ended 31 December 2016 and the year ended 31 December 2015. The figures for the six months ended 31 December 2015 have been annualised.

Percentage change in remuneration in the year ended 31 December 2016 compared with remuneration in the year ended 31 December 2015 (1)		
	CEO	**Average change per employee**
Base salary	5%	19% (2)
Annual bonus	-61%	-8%
Taxable benefits	-50% (3)	59% (3)

(1) The figures for the year ended 31 December 2015 are based on figures for the six months ended 31 December 2015 that have been annualised

(2) The significant percentage increase for base salary was driven by substantial growth in employee numbers in 2016. Employee numbers grew to an average of 266 full-time equivalent ("FTE") employees for the year ended 31 December 2016 (compared to an average of 173 FTE employees for the year ended 31 December 2015). The average increase per employee is calculated on the basis of the average number of 266 FTE employees for the year ended 31 December 2016.

(3) Taxable benefits for the CEO and for employees comprise small amounts and, therefore, any change generates a significant percentage decrease or increase. For the year ended 31 December 2016, the CEO's taxable benefits totalled £848 (year ended 31 December 2015: £1,708) – for more details, please refer to the table for '*Single Total Figure of Remuneration for each Director'* on page 26.

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 year ended 31 December 2016 and the six months ended 31 December 2015. Given that the Group remains in the early phases of its business life cycle, the comparator chosen to reflect the relative importance of the Group's spend on pay is the Group's research and development expenses as shown in its consolidated income statement on page 38 of its Annual Report and Financial Statements for the year ended 31 December 2016.

Period:	**Year ended 31 December 2016**	**Six months ended 31 December 2015**
Total spend on remuneration (1):	$38,513,000	$15,105,000
Research and development expenses:	$68,514,000	$26,342,000

(1) The total spend on remuneration 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

Prior to 31 December 2016, the Remuneration Committee was comprised of Mr David Mott (Chairman), Mr Ian Laing, Dr Peter Thompson and Dr Tal Zaks, who joined the Committee upon his appointment to the Board on 14 November 2016. Following the retirement of Mr Laing on 31 December 2016, the Remuneration Committee is comprised of Mr Mott (Chairman), Dr Thompson and Dr Zaks. 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, and Willis Towers Watson 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 and Willis Towers Watson are global remuneration consultants with well-established reputations for the design and implementation of remuneration programmes, including the design and implementation of equity-based award programmes. In the year ended 31 December 2016, the amounts paid to Radford totalled $27,152 and the amounts paid to Willis Towers Watson totalled $38,158.

In addition to Radford and Willis Towers Watson, 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 2016 and base salary awards effective from 1 January 2017 and with respect to equity-based awards to be made to these persons in 2017. 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 has generally been conducted by show of hands by shareholders who are in attendance at the meeting. At the Annual General Meeting held on 16 June 2016, 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 31 December 2015. 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 31 December 2015 were as follows:

Resolution	Votes For	% of Total	Votes Against	% of Total	Votes Withheld	% of Total
To approve the Directors' Remuneration Report	364,228,920	99.83	617,058	0.17	115,566	0.03

Statement of Implementation of Remuneration Policy in the Period ended 31 December 2016

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 2017, 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 2017

The following table provides an illustration of the potential remuneration for the year ending 31 December 2017 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 £407,830 per annum effective from 1 January 2017.
	The value of benefits receivable for the year ending 31 December 2017 is assumed to be 5% of base salary for a pension allowance payment and the same rate of contribution for private health insurance as for 2016.
	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 target level of bonus payment for the year ending 31 December 2017.
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 year ending 31 December 2017, the Chief Executive Officer is eligible for a target bonus award of 50% of his base salary of £407,830 (that is, £203,915), subject to the achievement of objectives. These are linked to our business strategies, which include: the continued advancement of our clinical trials for our AFP, MAGE-A10 and MAGE-A4 SPEAR T-cells, and as well as of our clinical studies with our NY-ESO SPEAR T-cell beyond the setting of synovial sarcoma where preliminary evidence of efficacy and safety is established; continuing to use our SPEAR T-cell platform to generate SPEAR T-cells for cancers where existing therapeutic approaches are limited; continuing to understand, further enhance and improve the effectiveness and persistence of our SPEAR T-cell therapies; and the continued optimization and expansion of our process development and manufacturing capabilities to maintain our leadership position in the TCR space and the continued expansion of our intellectual property portfolio.

It is anticipated that the Board will meet in the first quarter of 2018 to assess the performance of the Chief Executive Officer for the year ended 31 December 2017 against the 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 2017. As the specific 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.

PART II - DIRECTORS' REMUNERATION POLICY

We have set forth below a summary of the remuneration policy for the Executive Directors and for our Non-Executive Directors.

The full 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 is available in the Investors section of our website: http://www.adaptimmune.com

Summary of remuneration policy – Executive Directors

As Adaptimmune Therapeutics plc is a U.K. incorporated company listed on NASDAQ, the Committee considers it appropriate to examine and be informed by compensation practices in both the U.K. and U.S., particularly in the matter of equity-based incentives. The Committee considers that the last approved Directors' Remuneration Policy 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 Group is determined by the Committee.

In 2016, the Committee retained an independent remuneration consultant, Willis Towers Watson, 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 2017. Willis Towers Watson 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

Under the last approved Directors' Remuneration policy, 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. As anticipated in the Report on Remuneration for the period ended 31 December 2015, we revised our remuneration arrangements for Non-Executive Directors during 2016 to comprise an award of a fixed number of share options, plus an additional number of share options or cash payment at the Director's election. The option awards and cash payments were established at competitive levels taking into account peer data from comparable companies provided in a benchmarking survey undertaken by Radford consultants and are compliant with the last approved Directors' Remuneration policy.

Our 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, all Non-Executive Directors (except for Barbara Duncan, Giles Kerr and Tal Zaks) were granted an annual award of share options on 11 August 2016. Ms Duncan, Mr Kerr and Dr Taks were awarded share options on joining the Board and relevant committees during 2016. Each Non-Executive Director is entitled to receive an annual award of share options, with such number to be determined by the Board.

In determining option awards, the Board works within benchmarking guidelines provided by remuneration consultants. All options are granted with an exercise price that is no lower than the fair market value on the trading date prior to the date of grant and options awarded to new Directors become exercisable over three years while options awarded annually are exercisable on the first anniversary of the date of grant. Expected values are calculated in accordance with generally accepted methodologies based on Black-Scholes models.

Approval

This report was approved by the Board of Directors on 10 March 2017 and signed on its behalf by:

David M Mott
Director

10 March 2017

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 U.K. Accounting Standards and applicable law (U.K. 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 U.K. 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

We have audited the financial statements of Adaptimmune Therapeutics plc for the year ended 31 December 2016 set out on pages 38 to 70. 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 U.K. Accounting Standards (U.K. 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 35, 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 (U.K. 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 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with U.K. 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 is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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
13 March 2017

ADAPTIMMUNE THERAPEUTICS PLC
CONSOLIDATED INCOME STATEMENT

For the	Note	**Year ended 31 December 2016 $'000**	Six months ended 31 December 2015 $'000
Revenue	*2*	**14,198**	8,403
Research & development expenses	*3*	**(68,514)**	(26,342)
Administrative expenses	*3*	**(23,805)**	(9,917)
Other income	*6*	**1,921**	1,384
Operating loss		**(76,200)**	(26,472)
Finance income	*7*	**2,424**	13,441
Loss before tax		**(73,776)**	(13,031)
Taxation credit	*8*	**4,977**	1,883
Loss for the period		**(68,799)**	(11,148)
Basic and diluted loss per share		**(0.16)**	(0.03)
Weighted average number of shares used to calculate basic and diluted loss per share		**424,713,997**	424,711,900

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the	**Year ended 31 December 2016 $'000**	Six months ended 31 December 2015 $'000
Loss for the period	**(68,799)**	(11,148)
Other comprehensive loss for the period, net of income tax		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences	**(6,943)**	(14,727)
Total comprehensive loss for the period	**(75,742)**	(25,875)

All of the above figures relate to continuing operations.

The notes on pages 44 to 70 form part of these financial statements

As of	*Note*	**31 December 2016**	31 December 2015
Assets		**$'000**	$'000
Non-current assets			
Property, plant & equipment	*9*	**27,899**	13,225
Intangibles	*10*	**5,893**	2,769
Other non-current assets	*12*	**2,580**	4,736
Restricted cash	*14*	**4,017**	4,508
Total non-current assets		**40,389**	25,238
Current assets			
Other current assets	*12*	**1,193**	298
Trade and other receivables	*15*	**9,838**	13,243
Tax receivable		**6,247**	4,320
Short-term deposits	*16*	**22,694**	54,620
Cash and cash equivalents	*17*	**158,779**	194,263
Total current assets		**198,751**	266,744
Total assets		**239,140**	291,982
Equity & liabilities			
Equity			
Share capital	*20*	**683**	682
Share premium		**175,901**	175,885
Other reserve		**131,013**	131,013
Foreign exchange reserve		**(22,024)**	(15,081)
Retained losses		**(114,806)**	(55,051)
Total Equity		**170,767**	237,448
Non-Current liabilities			
Trade and other payables	*18*	**28,103**	26,645
Total Non-Current liabilities		**28,103**	26,645
Current liabilities			
Trade and other payables	*19*	**39,539**	27,889
Tax payable		**731**	-
Total current liabilities		**40,270**	27,889
Total equity & liabilities		**239,140**	291,982

The notes on pages 44 to 70 form part of these Financial Statements

The financial statements on pages 38 to 70 were approved by the Board of Directors on 10 March 2017 and are signed on its behalf by:

James J Noble
Director

10 March 2017

COMPANY STATEMENT OF FINANCIAL POSITION

Company Number 09338148

As of	Note	31 December 2016 $'000	31 December 2015 $'000
Assets			
Non-current assets			
Investments in subsidiaries	*11*	**97,660**	90,352
Other receivables	*13*	**166,635**	-
Total non-current assets		**264,295**	90,352
Current assets			
Trade and other receivables	*15*	**597**	167,806
Cash and cash equivalents		**634**	142
Total current assets		**1,231**	167,948
Total assets		**265,526**	258,300
Equity & liabilities			
Equity			
Share capital	*20*	**683**	682
Share premium		**175,901**	175,885
Other reserves		**79,990**	79,990
Retained earnings		**8,345**	690
Total Equity		**264,919**	257,247
Current liabilities			
Trade and other payables	*19*	**607**	1,053
Total equity & liabilities		**265,526**	258,300

The notes on pages 44 to 70 form part of these Financial Statements

The financial statements on pages 38 to 70 were approved by the Board of Directors on 10 March 2017 and are signed on its behalf by:

James J Noble
Director

10 March 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital $'000	Share Premium $'000	Other reserve $'000	Exchange reserve $'000	Retained Losses $'000	Total equity $'000
Balance at 1 July 2015	682	175,885	131,013	(354)	(47,636)	259,589
Total comprehensive loss for the period:						
Loss for the period	-	-	-	-	(11,148)	(11,148)
Other comprehensive loss for the period	-	-	-	(14,727)	-	(14,727)
Transactions with owners, recorded directly in equity:						
Equity-settled share based payment expense	-	-	-	-	3,733	3,733
Balance at 31 December 2015	**682**	**175,885**	**131,013**	**(15,081)**	**(55,051)**	**237,448**
Balance at 1 January 2016	682	175,885	131,013	(15,081)	(55,051)	237,448
Total comprehensive loss for the year:						
Loss for the year	-	-	-	-	(68,799)	(68,799)
Other comprehensive loss for the year	-	-	-	(6,943)	-	(6,943)
Transactions with owners, recorded directly in equity:						
Shares issued upon exercise of stock options	1	16	-	-	-	17
Equity-settled share based payment expense	-	-	-	-	9,044	9,044
Balance at 31 December 2016	683	175,901	131,013	(22,024)	(114,806)	170,767

The notes on pages 44 to 70 form part of these Financial Statements

ADAPTIMMUNE THERAPEUTICS PLC
COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital $'000	Share Premium $'000	Other Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 July 2015	682	175,885	89,779	(3,293)	263,053
Total comprehensive income for the period:					
Profit for the period	-	-	-	250	250
Other comprehensive income for the year	-	-	(9,789)	-	(9,789)
Transactions with owners, recorded directly in equity:					
Equity-settled share based payment expense	-	-	-	3,733	3,733
Balance at 31 December 2015	**682**	**175,885**	**79,990**	**690**	**257,247**
Balance at 1 January 2016	682	175,885	79,990	690	257,247
Total comprehensive loss for the year:				(1,389)	(1,389)
Loss for the year	-	-	-	-	-
Transactions with owners, recorded directly in equity:					
Shares issued upon exercise of stock options	1	16	-	-	17
Equity-settled share based payment expense	-	-	-	9,044	9,044
Balance at 31 December 2016	683	175,901	79,990	8,345	264,919

The notes on pages 44 to 70 form part of these Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the	Note	Year ended 31 December 2016 $'000		Six months ended 31 December 2015 $'000	
Cash flows from operating activities					
Loss for the period before tax		**(73,776)**		(13,031)	
Adjustments for:					
Depreciation	*9*	**3,126**		1,176	
Amortisation	*10*	**160**		69	
Loss on disposal		**122**		-	
Equity-settled share based payment expense	*23*	**9,044**		3,733	
Unrealized foreign exchange gains		**(1,314)**		(12,952)	
Bank interest income		**(1,110)**		(489)	
Decrease/(increase) in other current and other non-current assets		**4,067**		(5,033)	
Increase in trade and other receivables		**(6,533)**		(6,936)	
Increase in trade and other payables		**16,077**		16,321	
Foreign exchange translation differences on consolidation		**-**		(8)	
Cash used in operations		**(50,137)**		(17,150)	
Net taxes received		**3,781**		1,278	
Interest received		**1,191**		326	
Net cash used in operating activities			**(45,165)**		(15,546)
Cash flows from investing activities					
Acquisition of property, plant & equipment		**(11,506)**		(9,628)	
Acquisition of intangibles		**(4,274)**		(2,719)	
Investment in short-term deposits		**(42,837)**		(16,645)	
Maturity of short-term deposits		**73,377**		16,645	
Investment in restricted cash		**-**		(4,666)	
Net cash generated by/(used in) investing activities			**14,760**		(17,013)
Net cash from financing activities					
Proceeds from exercise of share options		**17**		-	
Net cash generated by financing activities			**17**		-
Net decrease in cash and cash equivalents			**(30,388)**		(32,559)
Unrealized foreign exchange gain in cash and cash equivalents			**(5,096)**		(2,224)
Cash and cash equivalents at start of period			**194,263**		229,046
Cash and cash equivalents at period end	*17*		**158,779**		194,263

The notes on pages 44 to 70 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 programmes 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 2016, the Group had retained losses of approximately $114.8 million.

Statement of Compliance

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU 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. 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 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 the year ended 31 December 2016. The reporting date of Adaptimmune Therapeutics plc and its subsidiaries changed from 30 June to 31 December in the previous period and therefore the comparative financial statements, presented herein, are for the six months to 31 December 2015. As such the comparative financial statements presented in these consolidated financial statements for the six months ended 31 December 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.

Functional and Presentational Currency

In 2016, management determined that the functional currency of Adaptimmune Therapeutics plc had changed from pounds sterling to U.S. dollars. This determination resulted from a change in the denomination of an intercompany loan, increased expenditure in U.S. dollars, the likelihood that our future financing will be in U.S. dollars and the decision to change internal reporting to U.S. dollars. As we do not foresee a reversal of this trend, we transitioned the functional currency to the U.S. dollar effective 1 January 2016. The change in functional currency has been accounted for prospectively from 1 January 2016.

The presentational currency has also been changed to U.S. dollars for all periods presented consistent with the change in the functional currency. The exchange rate was £1.00 to $1.233 and £1.00 to $1.4825 at 31 December 2016 and 2015, respectively.

1 ACCOUNTING POLICIES (CONTINUED)

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 10-24. 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, note 21 includes 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.

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, pounds sterling, 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.

1 ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment

Property, plant and equipment are stated at their purchase cost, together with any incidental expenses of acquisition, 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 and ready for its intended use.

The following table shows the generally applicable expected useful economic life for each category of asset:

Computer equipment	3 to 5 years
Laboratory equipment	5 years
Office equipment	5 years
Leasehold improvements	the shorter of the estimated useful life and the expected duration of the lease

Intangibles

Research and development

Expenditure on research activities is recognized in the income statement as incurred. Development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established. When making this determination the Group considers:

- 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.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

If the development costs do not meet the criteria for capitalization, the costs are recognized in the income statement as incurred.

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

Acquired in-process research and development

Acquired research and development intangible assets, which are still under development, such in-licensed or acquired compounds, are recognized as In-Process Research & Development (IPR&D). IPR&D assets are stated at their purchase cost, together 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".

Software licenses

Acquired computer software licences are capitalised as intangibles assets and stated at costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

1 ACCOUNTING POLICIES (CONTINUED)

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.

Clinical Materials

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.

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.

1 ACCOUNTING POLICIES (CONTINUED)

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 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. In prior periods this has not resulted in a significant impact on revenue recognized. However, in June and December 2016, the estimate of the period over which the revenue was increased due to a change in facts and circumstances. These changes in estimate resulted in a decrease in revenue of $5,615,000 in the year ended 31 December 2016. The changes in estimate will also result in a decrease in revenue of $2,237,000 in the year ended 31 December 2017 and an increase in revenue of $939,000, $900,000 and $6,053,000 in the years ended 31 December 2018, 2019 and 2020, respectively, compared to the revenue that would have been recognized based on previous estimates.

Operating Leases

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

Research and Development Expenditure

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

Pension Costs

The Group operates a defined contribution pension scheme for its 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. The Group has analysed historic forfeiture rates for share options and determined approximately 2% of options granted are not expected to vest due to forfeitures.

1 ACCOUNTING POLICIES (CONTINUED)

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the current or prior years, using tax rates enacted or substantively enacted at the balance sheet date.

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 U.K. R&D tax credits regime, such as R&D expenditure incurred on research projects for which we receive income, may be reimbursed under the U.K. R&D expenditure credit ("RDEC") scheme. Receipts under the U.K. 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 45.9 million *(Period ended 31 December 2015: 31.3 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.

Reclassifications

In the year ended 31 December 2016, the Group has reclassified property and insurance costs relating to research and development facilities from administrative expenses to research and development expenses and legal costs relating to patent from research and development expenses to administrative expenses. In the six months ended 31 December 2015, the Group has reclassified property and insurance costs relating to research and development facilities of $1,377,000 and legal expenses for patent applications of $149,000 to conform the presentation to the current period.

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.

- 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 year ended 31 December 2016 and the six months ended 31 December 2015 revenue was derived from one customer and the Directors believe that there is only one operating segment.

For the	**Year ended 31 December 2016 $'000**	Six months ended 31 December 2015 $'000
Revenue	**14,198**	8,403

Under the GSK Collaboration and License Agreement, GSK funds the development of, and option to obtain an exclusive license to, the Group's NY-ESO SPEAR T-cells, and the development of, and option to obtain an exclusive license to a second target, PRAME. In addition, GSK also has the right to nominate three additional target peptides, excluding those where the Group has already initiated development of a SPEAR T-cell candidate. When, and if, GSK exercises its option to obtain an exclusive license to a target, an option exercise fee will be payable and the Group will be entitled to further development and commercialization milestone payments based on achievement of specified milestones by GSK.

The Group received an upfront payment of $42.1 million in June 2014 and has achieved various development milestones totalling $39.0 million, of which $17.4 million related to milestones achieved during the year ended 31 December 2016. 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 milestones, 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 as of 31 December 2016. 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 programme-by-collaboration programme basis by GSK for lack of feasibility or inability to meet certain agreed requirements. Both parties have rights to terminate the agreement for material breach upon 60 days' written notice or immediately upon insolvency of the other party. GSK has additional rights to terminate either the agreement or any specific license or collaboration programme 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.

In February 2016, the terms of the GSK Collaboration and License Agreement were expanded to accelerate the development of the Group's NY-ESO SPEAR T-cells towards registrational trials in synovial sarcoma, as well as the exploration of development of NY-ESO SPEAR T-cells in myxoid round-cell liposarcoma. The amendment also provides the opportunity for up to eight combination studies using NY-ESO SPEAR T-cells and increases the potential development milestones that the Group is eligible to receive. These development milestones will be allocated to the separate standalone deliverables within the arrangement once the milestone is achieved.

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 $14.2 million of revenue during the year ended 31 December 2016.

2 REVENUE & SEGMENTAL REPORTING (CONTINUED)

Geographic information

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

	31 December 2016	31 December 2015
	$'000	$'000
U.K.	**15,719**	12,124
U.S.	**14,760**	5,837
	30,479	17,961

All revenues for the year ended 31 December 2016 and the six months ended 31 December 2015 originated in the U.K.

3 EXPENSES AND AUDITOR'S REMUNERATION

Group

For the	**Year ended 31 December 2016 $'000**	Six months ended 31 December 2015 $'000
Operating loss is stated after charging/(crediting):		
Operating lease charges:		
Plant & machinery	**-**	11
Other than Plant & Machinery	**2,255**	830
Realized foreign exchange losses	**312**	125
Depreciation of owned property, plant and equipment (note 9)	**3,126**	1,176
Amortisation of intangibles (note 10)	**160**	69
Loss on disposal of assets	**122**	-
Other expenses include amounts receivable by the Group's auditor and its associates in respect of:		
Audit of the annual financial statements	**360**	145
Audited-related fees	**352**	15
Tax fees	**-**	-
All other fees	**-**	3

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	**Year ended 31 December 2016**	Six months ended 31 December 2015
Research & Development	**210**	137
Management & Administration	**56**	36
	266	173

4 STAFF NUMBERS AND COSTS (CONTINUED)

The aggregate staff costs of these persons were as follows:

For the	**Year ended 31 December 2016**	Six months ended 31 December 2015
	$'000	$'000
Wages and salaries	**26,265**	10,269
Social security costs	**2,228**	981
Share based payment – fair value of employee services (note 23)	**9,044**	3,733
Pension costs – defined contribution (note 22)	**976**	122
	38,513	15,105

5 DIRECTORS' REMUNERATION

Group

For the	**Year ended 31 December 2016**	**Six months ended 31 December 2015**
	$'000	$'000
Directors' emoluments	**662**	601

Directors' emoluments include employer social security contributions of $79,000 *(For the period ended 31 December 2015: $52,000)*.

Total Directors' pension contributions for the period were $5,000 *(Period ended 31 December 2015: $11,500).*
No retirement benefits are accruing to Directors (*Period ended 31 December 2015: none*) under the Group's pension schemes. No Directors (*Period ended 31 December 2015: none*) exercised share options in the parent company during the period.

For the period ended	**Year ended 31 December 2016**	Six months ended 31 December 2015
	$'000	$'000
Highest paid Director		
Aggregate emoluments and benefits	**629**	601

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

The highest paid Director's pension contributions for the year ended 31 December 2016 were $5,000 *(Period ended 31 December 2015: $11,500).* The highest paid Director exercised no share options in the period (*Period ended 31 December 2015: nil*)

6 OTHER INCOME

Group

For the period ended	**31 December 2016**	31 December 2015
	$'000	$'000
Income from government grants	**414**	905
U.K. research and development expenditure credit	**1,022**	465
Reimbursement of certain equity issuance costs	**485**	-
Income from related parties (see also note 25)	**-**	15
	1,921	1,384

7 FINANCE INCOME

Group

Recognised in the income statement:

For the period ended	**31 December 2016**	31 December 2015
	$'000	$'000
Net unrealized foreign exchange gains	**1,314**	12,952
Bank interest on cash and deposits	**1,110**	489
	2,424	13,441

8 TAXATION CREDIT

Group

Recognised in the income statement:

For the period ended	**31 December 2016**	31 December 2015
	$'000	$'000
Current tax income:		
U.K. R&D tax credit	**5,869**	1,877
U.S. corporation tax	**(892)**	(57)
Adjustments in respect of prior periods	**-**	63
Total tax credit recognized in income statement	**4,977**	1,883

8 TAXATION CREDIT (cont.)

Reconciliation of Effective Tax Rate

The total tax credit is lower (*Six months ended 31 December 2015: lower*) than the standard rate of corporation tax in the U.K. The differences are explained below:

For the period ended	**31 December 2016**	**31 December 2015**
	$'000	$'000
Loss before tax	**73,776**	13,031
Tax at the U.K. corporation tax rate of 20% (*2015: 20%*)	**14,755**	2,606
Non-deductible expenses	**(144)**	(666)
Deferred taxes not recognised	**(10,439)**	(897)
Difference in tax rates	**(1,870)**	-
Additional allowance in respect of enhanced R&D relief	**4,714**	1,518
Surrender of tax losses for R&D tax credit refund	**(2,410)**	(738)
Other	**371**	60
	4,977	1,883

After accounting for tax credits receivable there are accumulated tax losses for carry forward in the U.K. amounting to $85,961,000 (*31 December 2015: $42,755,000*). 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.

The effective U.K. corporate tax rate for the year ended December 31, 2016 and six months ended December 31, 2015 was 20%. Reductions to the U.K. corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

9 PROPERTY, PLANT & EQUIPMENT

Group

	Computer Equipment $'000	Office Equipment $'000	Laboratory Equipment $'000	Leasehold Improvements $'000	Total $'000
Cost					
At 1 July 2015	649	192	3,547	1,926	6,314
Additions	573	78	7,970	1,007	9,628
Effect of foreign currency translation	(40)	(12)	(501)	(155)	(708)
At 31 December 2015	**1,182**	**258**	**11,016**	**2,778**	**15,234**
Additions	876	48	2,448	16,844	20,216
Disposals	-	-	-	(173)	(173)
Effect of foreign currency translation	(154)	(41)	(2,041)	(619)	(2,855)
At 31 December 2016	**1,904**	**265**	**11,423**	**18,830**	**32,422**
Depreciation					
At 1 July 2015	95	24	744	58	921
Charge for period	139	28	835	174	1,176
Effect of foreign currency translation	(8)	(3)	(66)	(11)	(88)
At 31 December 2015	**226**	**49**	**1,513**	**221**	**2,009**
Charge for period	434	42	2,241	409	3,126
Disposals	-	-	-	(51)	(51)
Effect of foreign currency translation	(55)	(10)	(436)	(60)	(561)
At 31 December 2016	**605**	**81**	**3,318**	**519**	**4,523**
Carrying value					
At 1 July 2015	554	168	2,803	1,868	5,393
At 31 December 2015	956	209	9,503	2,557	13,225
At 31 December 2016	**1,299**	**184**	**8,105**	**18,311**	**27,899**

Leasehold improvement includes $14.3 million (31 December 2015: $1.2 million) of assets under construction.

10 INTANGIBLES

Group

	Licensed technology $'000	In-process R&D $'000	Computer Software $'000	Total $'000
Cost				
At 1 July 2015	-	-	208	208
Additions	-	2,509	210	2,719
Effect of foreign currency translation	-	(45)	(19)	(64)
At 31 December 2015	**-**	**2,464**	**399**	**2,863**
Additions	195	2,995	1,084	4,274
Effect of foreign currency translation	(12)	(834)	(173)	(1,019)
At 31 December 2016	**183**	**4,625**	**1,310**	**6,118**
Amortization				
At 1 July 2015	-	-	30	30
Charge for period	-	-	69	69
Effect of foreign currency translation	-	-	(5)	(5)
At 31 December 2015	**-**	**-**	**94**	**94**
Charge for period	**11**	**-**	149	160
Effect of foreign currency translation	**-**	**-**	(29)	(29)
At 31 December 2016	**11**	**-**	**214**	**225**
Carrying value				
At 1 July 2015	-	-	178	178
At 31 December 2015	-	2,464	305	2,769
At 31 December 2016	**172**	**4,625**	**1,096**	**5,893**

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 $2.5 million to Universal Cells for in-process R&D and a start-up fee of $3.0 million in February 2016. The Group 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.

11 INVESTMENTS IN SUBSIDIARIES

Company

	$'000
Cost and carrying value	
At 1 January 2016	90,352
Capital contributions in respect of share-based payment transactions	7,308
At 31 December 2016	**97,660**

11 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company has the following interest in subsidiary undertakings:

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

12 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.

13 OTHER NON-CURRENT RECEIVABLES

Company

As of	**31 December 2016**	31 December 2015
Amounts owed from group undertakings	**166,635**	-

Amounts owed from group undertakings arise due to a five year U.S. dollar denominated unsecured loan, which accrues interest at a rate of 2.38% per annum.

14 RESTRICTED CASH

Group

As of 31 December 2016, the Group had restricted cash of $4,017,000 relating to security deposits for letters of credit relating to leased properties.

15 TRADE & OTHER RECEIVABLES

Group

As of	**31 December 2016**	31 December 2015
	$'000	$'000
Trade receivables	**1,480**	4,450
Prepayments and accrued income	**7,610**	5,805
Other receivables	**748**	2,988
	9,838	13,243

15 TRADE & OTHER RECEIVABLES (CONTINUED)

Company

As of	**31 December 2016**	31 December 2015
	$'000	$'000
Prepayments and accrued income	**197**	179
Amounts owed from group undertakings	**378**	167,627
Other debtors	**22**	
Shown within Current assets	**597**	167,806

Amounts owed from group undertakings are trading balances, which are unsecured and have no fixed date of repayment.

16 SHORT TERM DEPOSITS

Group

As of	**31 December 2016**	31 December 2015
	$'000	$'000
Deposits held in pounds sterling	**3,082**	11,119
Deposits held in U.S. dollars	**19,612**	43,501
	22,694	54,620

17 CASH AND CASH EQUIVALENTS

Group

As of	**31 December 2016**	31 December 2015
	$'000	$'000
Cash and cash equivalents held in pounds sterling	**35,020**	30,348
Cash and cash equivalents held in U.S. dollars	**123,759**	163,915
	158,779	194,263

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 2016**	31 December 2015
	$'000	$'000
Deferred income	**24,962**	26,645
Accruals	**3,141**	-
	28,103	26,645

19 CURRENT TRADE AND OTHER PAYABLES

Group

As of	**31 December 2016**	31 December 2015
	$'000	$'000
Trade payables	**11,698**	7,883
Other taxation and social security	**2,380**	1,111
Deferred income	**11,392**	12,487
Accruals	**14,069**	6,408
	39,539	27,889

Company

As of	**31 December 2016**	31 December 2015
	$'000	$'000
Trade payables	**219**	55
Accruals	**388**	301
Amounts owed to group undertakings	**-**	697
	607	1,053

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 2016**	31 December 2015
	$'000	$'000
Allotted, called up and fully paid		
424,775,092 *(As of 31 December 2015:424,711,900)* Ordinary shares of 0.1p each	**683**	682

Ordinary shares

Each holder of ordinary shares is entitled to one vote per share, on a show of hands or on a poll, at general meetings of the Company. On the winding up of the Company the following priorities applies to payments from the Liquidation surplus:

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

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

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. During the year ended 31 December 2016, 63,192 shares were issued upon the exercise of stock options. Therefore, the remaining authority to allot new shares is £149,937.

20 CAPITAL AND RESERVES (CONTINUED)

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 proceeds of $98,872,000 after the deduction of fees of $4,949,000. Prior to the Company's IPO, the Preferred Shares were convertible into ordinary shares at an initial rate of 1:1 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'.

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 ($104,000) for proceeds of $175,989,000, net of issuance costs of $13,387,000 which were incurred and offset against the share premium account.

Dividends

No dividends were paid or declared in the year ended 31 December 2016 and the six months ended 31 December 2015.

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.

20 CAPITAL AND RESERVES (CONTINUED)

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.

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 2016**		31 December 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
Financial assets not measured at fair value:				
Receivables				
Trade receivables	**1,480**	**1,480**	4,450	4,450
Tax receivable	**7,610**	**7,610**	4,320	4,320
Other receivables	**748**	**748**	2,988	2,988
	9,838	**9,838**	11,758	11,758
Short-term deposits	**22,694**	**22,694**	54,620	54,620
Cash and cash equivalents	**158,779**	**158,779**	194,263	194,263

As of	**31 December 2016**		31 December 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
Financial liabilities not measured at fair value:				
Trade payables	**11,698**	**11,698**	7,883	7,883
Other taxation and social security	**2,380**	**2,380**	1,111	1,111
Accruals	**14,069**	**14,069**	6,408	6,408
Tax payable	**731**	**731**	-	-
	28,878	**28,878**	15,402	15,402

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.

21 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

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

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

As of	**31 December 2016**		
	Carrying amount	**Contractual cash flows**	**1 year or less**
	$'000	**$'000**	**$'000**
Financial liabilities at amortised cost			
Trade payables	**11,698**	**11,698**	**11,698**
Other taxation and social security	**2,380**	**2,380**	**2,380**
Accruals	**14,069**	**14,069**	**14,069**
Tax payable	**731**	**731**	**731**
	28,878	**28,878**	**28,878**

As of	**31 December 2015**		
	Carrying amount	**Contractual cash flows**	**1 year or less**
	$'000	**$'000**	**$'000**
Financial liabilities at amortised cost			
Trade payables	7,883	7,883	7,883
Other taxation and social security	1,111	1,111	1,111
Accruals	6,408	6,408	6,408
	15,402	15,402	15,402

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 2016**	31 December 2015
	Carrying amount	Carrying amount
	$'000	$'000
Financial assets:		
Short-term deposits	19,612	43,501
Cash and cash equivalents	123,758	163,916
Financial liabilities:		
Trade payables	4,650	6,406

A 1% increase in exchange rates would reduce the carrying value of net financial assets and liabilities in foreign currencies at 31 December 2016 by $1,388,000 (At 31 December 2015: $1,994,000).

21 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

Trade receivables at 31 December 2016 of $1.5 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 since 2014, during which time no impairment losses have been recognized. There are no amounts which are past due at 31 December 2016.

The Group held cash and cash equivalents of $158,779,000 and short-term deposits of $22,694,000 at 31 December 2016. 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 2016**	31 December 2015
	Carrying amount	Carrying amount
	$'000	$'000
Cash and cash equivalents	158,779	186,057

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 2016 by $794,000 (31 December 2015: $931,000).

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 2016 were $191,000 (31 December 2015: $74,000). The pension cost charge for the year ended 31 December 2016 was $976,000 (for the six months ended 31 December 2015: $122,000).

23 SHARE BASED PAYMENTS

Group

The Company grants options over ordinary shares in Adaptimmune Therapeutics plc under the following option plans: (i) the Adaptimmune Therapeutics plc 2015 Share Option Scheme (adopted on 16 March 2015); (ii) the Adaptimmune Therapeutics plc Company Share Option Plan (adopted on 16 March 2015) and (iii) the Adaptimmune Therapeutics plc Employee Share Option Scheme (adopted on 14 January 2016)

The Adaptimmune Therapeutics plc Company Share Option Plan is a tax efficient option scheme intended to comply with the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 of the United Kingdom, which provides for the grant of company share option plan ("CSOP") options. Grants may not exceed the maximum value of £30,000 per participant for the shares under the option, which is a CSOP compliance requirement.

23 SHARE BASED PAYMENTS (CONTINUED)

Generally, the vesting dates for the options granted under these plans are 25% on the first anniversary of the grant date and 75% in monthly instalments over the following three years. However, the options granted to non-executive directors under the Adaptimmune Therapeutics plc 2015 Share Option Scheme vest and become exercisable as follows:

Options granted to non-executive directors on 11 May 2015:	Immediately on grant date
Options granted to a non-executive director on 23 June 2016:	25% on the first anniversary of the grant date and 75% in monthly instalments over the following two years
Options granted to non-executive directors on 11 August 2016:	100% on the first anniversary of the grant date
Options granted to non-executive directors on 28 November 2016:	25% on the first anniversary of the grant date and 75% in monthly instalments over the following two years

Options granted under these plans are not subject to performance conditions. The contractual term of options granted under these plans is ten years.

The maximum aggregate number of options which may be granted under these plans and any incentive plans adopted by the Company cannot exceed a scheme limit that equates to 8% of the initial fully diluted share capital of the Company immediately following our IPO plus an automatic annual increase of an amount equivalent to 4% of the issued share capital on each 30 June (or such lower number as the Board, or an appropriate committee of the Board, may determine). The automatic increase is effective from 1 July 2016.

Prior to 31 December 2014, the Group granted options to purchase ordinary shares in Adaptimmune Limited under three option schemes:

(i) The Adaptimmune Limited Share Option Scheme was adopted on 30 May 2008. Under this scheme Enterprise Management Incentive ("EMI") options (which are potentially tax-advantaged in the United Kingdom) have been granted (subject to the relevant conditions being met) to our employees who are eligible to receive EMI options under applicable U.K. tax law and unapproved options (which do not attract tax advantages) have been granted to our employees who are not eligible to receive EMI options, and to our directors and consultants. In May 2014, the Company no longer qualified for EMI status and since that date, no further EMI options were granted under this scheme; however, unapproved options have been under granted under this scheme since that date.

(ii) The Adaptimmune Limited 2014 Share Option Scheme was adopted on 11 April 2014. EMI options were granted (subject to the relevant conditions being met) under this scheme to our employees who are eligible to receive EMI options under applicable U.K. tax law. Unapproved options were granted to our employees who are not eligible to receive EMI options and to directors. In May 2014, the Company no longer qualified for EMI status and since that date, no further EMI options were granted under this scheme; however, unapproved options have been under granted under this scheme since that date.

(iii) The Adaptimmune Limited Company Share Option Plan was adopted on 16 December 2014. This scheme allowed the grant of options to our eligible employees prior to the corporate reorganization. This scheme is a tax efficient option scheme and options were granted on 19 December 2014 and on 31 December 2014 to our part-time and full-time employees.

As part of the corporate reorganization in connection with our IPO, the holders of options granted under these schemes over ordinary shares of Adaptimmune Limited were granted equivalent options on substantially the same terms over ordinary shares of Adaptimmune Therapeutics plc ("Replacement Options") in exchange for the release of these options. The Company does not intend to grant any further options under these schemes.

23 SHARE BASED PAYMENTS (CONTINUED)

Generally, the vesting dates for the Replacement Options under the Adaptimmune Limited schemes are:

Options granted in 2009:	100% on the third anniversary of the grant date
Options granted in 2011, 2012, 2013 and April 2014:	25% on the first anniversary of the grant date and 75% in annual instalments over the following three years
Options granted in December 2014:	25% on the first anniversary of the grant date and 75% in monthly instalments over the following three years

The contractual life of options granted under these schemes is ten years.

The number and weighted average exercise prices of share options (including grant in the year) are as follows:

For the	**Year ended 31 December 2016**		Six months ended 31 December 2015	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at start of year	**31,203,477**	**£0.41**	31,473,477	£0.41
Granted	**19,404,373**	**£0.89**	-	-
Forfeited	**(1,307,368)**	**£1.04**	(270,000)	£0.37
Exercised	**(63,192)**	**£0.22**	-	-
Outstanding at the end of the period	**49,237,290**	**£0.58**	31,203,477	£0.41
Exercisable at the end of the period	**17,167,347**	**£0.41**	7,785,415	£0.38

There were 19,404,373 options granted in the year ended 31 December 2016 with a weighted average fair value of $0.74. There were no options granted in the six months ended 31 December 2015.

There were 63,192 share options exercised in the year ended 31 December 2016. No share options were exercised in the six months ended 31 December 2015. In the year ended 31 December 2016 the total intrinsic value of stock options exercised was $40,000 and the cash received from exercise of stock options was $17,000. The Group satisfies the exercise of stock options through newly issued shares.

For options outstanding at 31 December 2016, the range of exercise prices and weighted average remaining contractual life are as follows:

	Outstanding			**Exercisable**	
Exercise Price	**Total Share Options**	**Weighted-Average Remaining Contractual Life**	**Weighted-Average Exercise Price**	**Total Share Options**	**Weighted-Average Exercise Price**
£0 – £0.25	9,858,104	6.6	£ 0.11	6,482,204	£ 0.11
£0.26 – £0.50	19,156,064	8.1	0.42	8,975,893	0.42
£0.51 – £0.75	1,646,000	9.9	0.58	-	-
£0.76 – £1.00	15,493,264	9.5	0.93	559,049	0.89
£1.01 – £1.50	1,498,243	9.4	1.06	-	-
£1.51 – £2.00	1,585,615	8.4	1.82	1,105,607	1.82
Total	**49,237,290**	**8.2**	**£ 0.58**	**17,167,747**	**£ 0.41**

The total charge for the year relating to share based payment plans was $9,044,000 (six months ended 31 December 2015: $3,733,000), 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 assumptions used in the fair value calculation for options granted in the year are as follows:

	31 December 2016
Expected volatility	68-73%
Expected life (years)	5 years
Risk free rate	0.17-1.07%
Expected dividend yield	0%

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. Share-based payment expense is recognized for options, which are expected to vest. The Group has analysed historic forfeiture rates for share options and determined approximately 2% of options granted are expected to be forfeited.

24 CAPITAL COMMITMENTS AND CONTINGENCIES

Group

As of	**31 December 2016**	31 December 2015
	$'000	$'000
Future capital expenditure contracted but not provided for	8,093	20,651

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, U.K. and Philadelphia, U.S.

Other commitments

Purchase commitments for clinical materials, clinical trials and contract manufacturing

At 31 December 2016, the Group had non-cancellable commitments for purchase of clinical materials, executing and administering clinical trials, and for contract manufacturing of $57,190,000, of which the Group expects to pay $40,382,000 within one year, $8,443,000 in one to three years, $6,796,000 in three to five years, and $1,569,000 after five years. The timing of these payments vary depending on the rate of progress of development and clinical trial enrolment rates. Our subcontracted costs for clinical trials and contract manufacturing were $23,560,000, $8,585,000, $8,818,000 and $5,886,000 for the year ended 31 December 2016, six months ended 31 December 2015 and years ending 30 June 2015 and 2014, respectively.

Bellicum Pharmaceuticals Inc., Co-Development and Co-Commercialisation Agreement

On 16 December 2016, the Group entered into a Co-Development and Co-Commercialisation Agreement with Bellicum Pharmaceuticals, Inc. ("Bellicum") in order to facilitate a staged collaboration to evaluate, develop and commercialize next generation T-cell therapies.

Under the agreement, the Group will evaluate Bellicum's GoTCR technology (inducible MyD88/CD40 co-stimulation, or iMC) with our SPEAR T-cells for the potential to create enhanced T-cell therapeutics. Depending on results of the initial preclinical proof-of-concept phase, the agreement may progress to a two-target co-development and co-commercialization phase. To the extent necessary, and in furtherance of the parties' proof-of-concept and co-development efforts, the parties granted each other a royalty-free, non-transferable, non-exclusive license covering their respective technologies for purposes of facilitating such proof–of-concept and co-development efforts. In addition, as to covered therapies developed under the agreement, the parties granted each other a reciprocal exclusive license for the commercialization of such therapies.

24 CAPITAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

Bellicum Pharmaceuticals Inc., Co-Development and Co-Commercialisation Agreement (continued)

With respect to any joint commercialization of a covered therapy, the parties agreed to negotiate in good faith the commercially reasonable terms of a co-commercialization agreement. The parties also agreed that any such agreement shall provide for, among other things, equal sharing of the costs of any such joint commercialization and the calculation of profit shares as set forth in the agreement.

The agreement will expire on a country-by-country basis once the parties cease commercialization of the T-cell therapies covered by the agreement, unless earlier terminated by either party for material breach, non-performance or cessation of development, bankruptcy/insolvency, or failure to progress to co-development phase.

Merck Combination Agreement

On 27 October 2016, the Group entered into a clinical trial collaboration agreement with Merck (known as MSD outside the United States and Canada), for the assessment of our NY-ESO SPEAR T-cell therapy in combination with Merck's PD-1 inhibitor, KEYTRUDA® (pembrolizumab), in patients with multiple myeloma. Under the terms of the agreement, each of Merck and the Group will manufacture and supply its relevant compound for use in the combination study. The agreement will last until the earlier of delivery of the final study report or study completion. Either party may terminate the agreement for material breach, patient safety, regulatory action preventing supply of compound or withdrawal of regulatory approval for one of the combination study compounds. Merck may also terminate the agreement where it believes its compound is being used in an unsafe manner.

MD Anderson Strategic Alliance

On 26 September 2016, the Group announced that it had entered into a multi-year strategic alliance with The University of Texas MD Anderson Cancer Center ("MD Anderson") designed to expedite the development of T-cell therapies for multiple types of cancer. The Group and MD Anderson will collaborate in a number of studies including clinical and preclinical development of the Group's SPEAR T-cell therapies targeting NY-ESO, MAGE-A10 and future clinical stage first and second generation SPEAR T-cell therapies such as MAGE-A4 across a number of cancers, including bladder, lung, ovarian, head and neck, melanoma, sarcoma, oesophageal and gastric cancers. Under the terms of the alliance agreement, the Group has committed funding of at least $19,644,000 to fund studies under the alliance agreement. Payment of this funding is contingent on mutual agreement to study orders for any study to be included under the alliance and performance of set milestones by MD Anderson.The Group will make payments to MD Anderson as certain milestones are achieved and these costs will be expensed to research and development as MD Anderson renders the services under the strategic alliance. The timing and amount of these payments is uncertain.

The alliance agreement may be terminated by either party for material breach by the other party. Individual studies may be terminated inter alia for material breach, health and safety concerns or where the institutional review board, the review board at the clinical site with oversight of the clinical study, requests termination of any study. Where any legal or regulatory authorization is finally withdrawn or terminated, the relevant study will also terminate automatically.

Universal Cells Research, Collaboration and License Agreement

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 and start-up fee of $2.5 million to Universal Cells in November 2015 and a milestone payment of $3.0 million in February 2016. Further milestone payments of up to $44 million are payable 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. The upfront and start-up fee are included within intangible assets.

24 CAPITAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

ThermoFisher License Agreement

In 2012, the Group entered into a series of license and sub-license agreements with Life Technologies Corporation, part of ThermoFisher that provide the Group with a field-based exclusive license under certain intellectual property rights owned or controlled by ThermoFisher. The Group paid upfront license fees of $1.0 million relating to the license and sublicense agreements and has an obligation to pay minimum annual royalties (in the tens of thousands of U.S. dollars prior to licensed product approval and thereafter at a level of 50% of running royalties in the previous year), milestone payments and a low single-digit running royalty payable on the net selling price of each licensed product. The upfront payment made in 2012 was expensed to research and development when incurred. Subsequent milestone payments have been recognized as an intangible asset. The minimum annual royalties have been expensed as incurred.

On 16 June 2016, the Group entered into a supply agreement with ThermoFisher for the supply of the Dynabeads® CD3/CD28 technology. The Dynabeads® CD3/CD28 technology is designed to isolate, activate and expand human T-cells, and is being used in the manufacturing of the Group's affinity enhanced T-cell therapies. The supply agreement runs until 31 December 2025. Under the supply agreement the Group is required to purchase its requirements for CD3/CD28 magnetic bead product exclusively from ThermoFisher for a period of 5 years and there are also minimum purchasing obligations, which are included within 'Purchase commitments for clinical materials, clinical trials and contract manufacturing' set forth above. ThermoFisher has the right to terminate the supply agreement for material breach or insolvency.

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 2016**		31 December 2015	
	Land and buildings	**Other**	Land and buildings	Other
	$'000	**$'000**	$'000	$'000
Within one year	**2,112**	**-**	1,596	-
Within two to five years	**12,491**	**-**	14,018	-
Over five years	**17,983**	**-**	22,963	-
	32,586	**-**	38,577	-

The annual charge in the income statement for operating leases was $2,255,000 for the year ended 31 December 2016 (*Six months ended 31 December 2015: $841,000*).

The leases refer to laboratory and office property in Oxfordshire, U.K. and Philadelphia, U.S.

25 RELATED PARTIES

Group

During the periods presented, 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 2016 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	8	2,074	-	365
New Enterprise Associates	-	49	-	-
OrbiMed Advisors LLC	-	-	-	-

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	44	1,589	2	288
New Enterprise Associates	-	32	-	-
OrbiMed Advisors LLC	-	32	-	-

*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.

Immunocore Limited ("Immunocore")

Adaptimmune and Immunocore have a shared history, some overlap in board membership (which ceased on 31 December 2016) and substantial overlap in shareholder base. The Group has entered into several agreements with Immunocore regarding the shared use of certain services including licensing and research collaboration.

During the periods presented Immunocore and the Group have invoiced each other in respect of a transitional services agreement (under which certain staff resources and other administration services are supplied by each company to the other company for a transitional period). Additionally, during the periods presented Immunocore has invoiced the Group in respect of services provided under a target collaboration agreement (under which certain target identification services were provided by Immunocore), costs related to joint patents and in respect of property rent.

The target collaboration agreement between Immunocore and the Group was terminated by mutual consent, effective 1 March 2017. The companies entered into the target collaboration agreement in January 2015, to facilitate joint target identification activities and specific T-cell cloning work, and jointly create a target database of peptides. Both companies will continue to have access to the target database and associated target information after termination of the target collaboration agreement. The Group now has its own dedicated target identification capability and as a result has no requirement for ongoing target collaboration with Immunocore. The companies' decision to end the target collaboration agreement has no impact on other agreements between them. In particular, the companies will continue to co-own the patents, patent applications and know-how relating to the underlying core TCR technology under a previously executed and irrevocable assignment and license agreement.

New Enterprise Associates

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

25 RELATED PARTIES (CONTINUED)

OrbiMed Advisors LLC

During the periods presented, 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 (excluding non-executive directors), 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	**Year ended 31 December 2016**	**Six months ended 31 December 2015**
	$'000	$'000
Short-term employee benefits	2,733	2,020
Share-based payments	5,173	2,690
	7,906	4,710

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