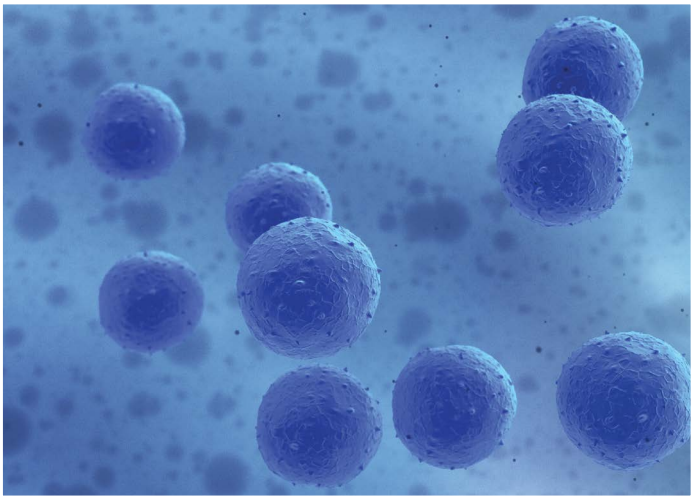
ReNeuron

pioneering stem cell therapeutics

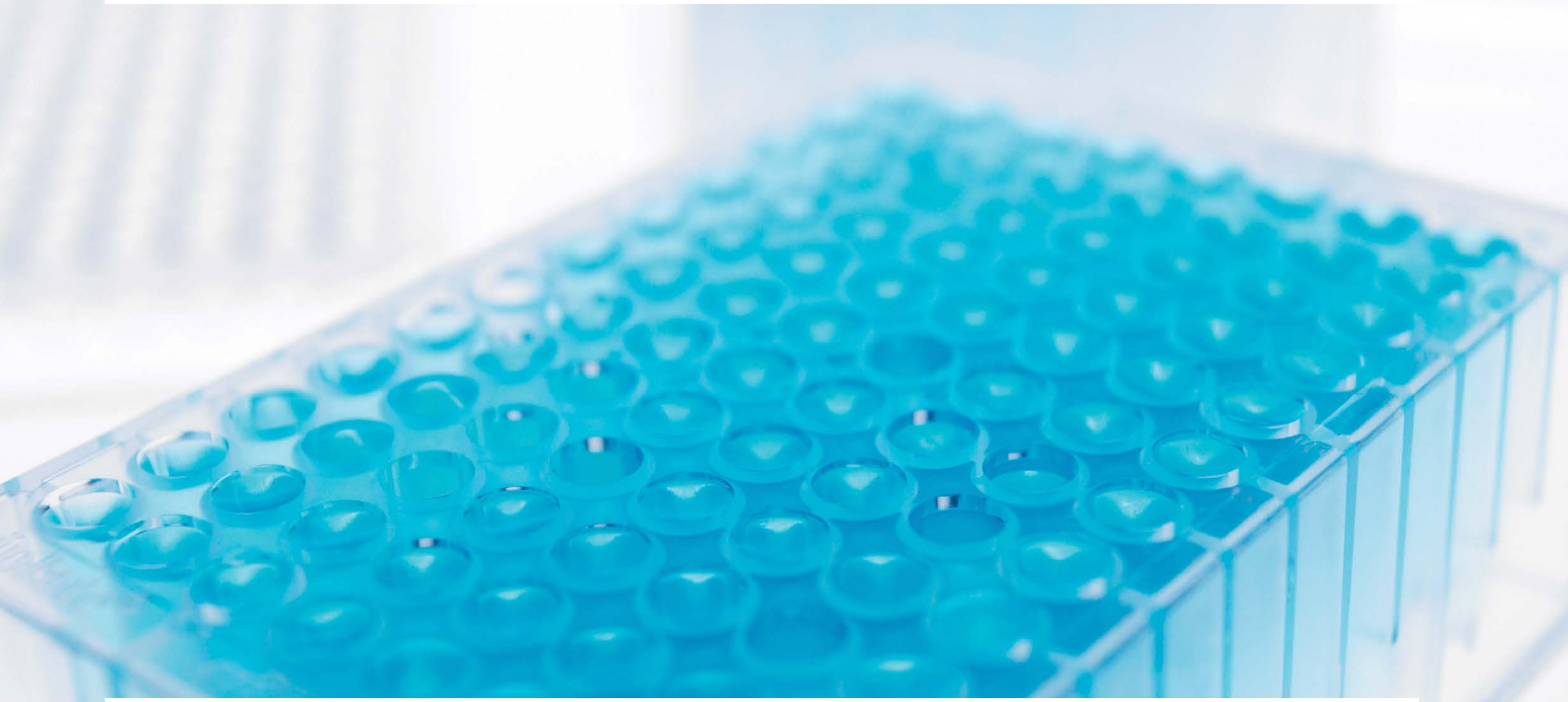


ANNUAL REPORT & ACCOUNTS 2015

ReNeuron Group plc

WHO WE ARE

We are a leading, clinical-stage stem cell business. Our primary objective is the development of novel stem cell therapies targeting areas of significant unmet or poorly met medical need.



CTX cells for Stroke Disability

Our lead therapeutic candidate is our CTX stem cell therapy for the treatment of patients left disabled by the effects of a stroke. This treatment is currently in mid-stage clinical development.

Go to **page 12** to read more >

CTX cells for Critical Limb Ischaemia

Our second CTX stem cell candidate is for the treatment of critical limb ischaemia, a serious and common side effect of diabetes. This treatment is in early-stage clinical development.

Go to **page 12** to read more >

hRPCs for Retinitis Pigmentosa

Our hRPC stem cell candidate is for the treatment of retinitis pigmentosa, a blindness-causing disease of the retina. This treatment is about to enter early-stage clinical development.

Go to **page 13** to read more >

CTX-derived Exosomes

Exosomes are nanoparticles released by cells containing a number of active proteins and microRNAs. Our exosomes nanomedicine platform is generating promising early pre-clinical data in cancer.

Go to **page 12** to read more >

Head to **reneuron.com/products/products-technologies** to read more on our products and technologies >

STRATEGIC REPORT/

Highlights

CTX stem cell therapy candidate for stroke:

- Long term Phase I data presented confirming good safety profile and sustained improvements in neurological status and limb function
- Phase II clinical trial ongoing – data expected during H1 2016
- Phase II/III clinical trial planned to commence in H2 2016

CTX stem cell therapy candidate for critical limb ischaemia:

- Phase I clinical trial ongoing – data expected during H1 2016
- Phase II clinical trial planned to commence in mid 2016

hRPC stem cell therapy candidate for retinitis pigmentosa:

- Orphan Drug Designation granted in both Europe and the US
- Fast Track Designation granted in the US
- Regulatory approval obtained to commence Phase I/II clinical trial in the US
- Phase II/III clinical trial planned to commence in 2017

Exosome nanomedicine platform generating promising early pre-clinical data in cancer and research collaboration extended with Benitic Biopharma to utilise exosomes as delivery system for gene therapy targeting cancer

Olav Hellebø appointed as CEO bringing substantial pharmaceutical commercial and business development experience

Strengthening of senior management team with appointments of a Chief Medical Officer, Head of Regulatory Affairs, Head of Research and VP Development & General Manager, Wales

Placing approved to raise £68.4m, before expenses, funding lead therapeutic programmes through late-stage clinical development over next three years

Loss for the year of £8.91m (2014: £7.07m); cash outflow from operating activities of £8.25m (2014: £6.00m); cash, cash equivalents and bank deposits at 31 March 2015 of £12.38m (2014: £20.92m)

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STRATEGIC REPORT/

Chairman and Chief Executive Officer's Joint Statement

In the past year we have commenced the treatment of patients in two new clinical trials with our CTX stem cell line and gained approval to commence our first clinical trial in the US with our hRPC stem cell line.

John Berriman
Chairman

Olav Hellebø
Chief Executive Officer

Overview

During the year under review, we have commenced dosing of patients in two new clinical trials in stroke disability and critical limb ischaemia, representing further significant milestones in the clinical development of ReNeuron's CTX cell therapy candidates. Importantly, we have since gained regulatory approval to commence our first clinical trial in the US, a Phase I/II clinical trial of our hRPC cell therapy candidate for retinitis pigmentosa. We are also encouraged by the early pre-clinical data generated with our exosome nanomedicine platform, targeting cancer.

As the business continues to progress its therapeutic programmes towards commercialisation, we have greatly expanded senior management capability within the business to meet future operational needs. In this regard, we also look forward to the relocation of the business to our new, world-class cell manufacturing and research facility in South Wales early next year.

Finally, as a result of the recent fundraising, the business benefits from a very strong balance sheet, the backing of high calibre institutional investors and an experienced management team focused on the delivery of clinical data and associated value generation across all of the Company's therapeutic programmes over the next three years. We continue to look forward to the future with high confidence.

Review of programmes

CTX for stroke disability

In April 2015, the clinical team from Glasgow's Southern General Hospital presented long term follow-up data from the PISCES Phase I clinical trial with our CTX stem cell therapy candidate for stroke at the 2015 European Stroke Organisation Conference. There continued to be no cell-related or immunological adverse events reported in any of the eleven patients treated in the study out to at least 24 months post-treatment. The improvements in neurological status and limb function compared to pre-treatment baseline performance that were observed within three months of treatment were maintained throughout long term follow-up. These data are now being compiled for publication in a leading peer-reviewed scientific journal.

During the period, we commenced dosing in a UK multi-site Phase II clinical trial (PISCES II) to examine the efficacy of CTX in patients disabled by an ischaemic stroke. As a result of observed good safety profile of the treatment, the highest cell dose, 20 million cells, from the PISCES study is being used in the ongoing Phase II study. As with the PISCES study, the Phase II clinical trial involves a single injection of CTX cells into the brain, adjacent to the area damaged by the stroke.

Following a recent change to the study protocol and discussions with key opinion leaders in the field, we intend to curtail this study after the first patient cohort, where dosing is expected to have completed by the end of the year with a read out in the first half of 2016. At this point, and based on an overall assessment of the collective data from the Phase I and Phase II studies, we are planning to file an application to commence a controlled, pivotal Phase II/III clinical trial in the target stroke patient population.

hRPC for retinitis pigmentosa

In May 2015, we obtained regulatory approval from the US FDA to commence a Phase I/II clinical trial in the US with our Human Retinal Progenitor Cell (hRPC) therapy candidate for retinitis pigmentosa (RP). RP is a group of hereditary diseases of the eye that lead to progressive loss of sight due to cells in the retina becoming damaged and eventually dying. Pre-clinical studies carried out in disease models by our academic collaborators have demonstrated that, when transplanted into the retina, our hRPCs have the potential to preserve pre-existing photoreceptors, potentially reducing or halting further deterioration of vision. In addition, some of the hRPCs had both matured into apparently functional photoreceptors and engrafted into the photoreceptor layer, raising the possibility of a degree of reversal of the decline in vision associated with RP.

Shortly after the Phase I/II clinical trial approval, the FDA granted Fast Track designation to our hRPC programme targeting RP. Fast Track designation is an FDA programme intended to expedite the development and review of new drugs or biological products targeting unmet medical need where the diseases concerned are serious or life threatening. This, together with the Orphan Drug Designation already granted for the programme in both the US and Europe, provides accelerated clinical development and marketing authorisation review processes for our RP therapy as well as the potential for a significant period of market exclusivity once approved in these major territories.

The Phase I/II clinical trial will be conducted at Massachusetts Eye and Ear Infirmary in Boston, a world-renowned clinical centre for the treatment of retinal diseases. The trial design is an open-label, dose escalation study to evaluate the safety, tolerability and preliminary efficacy of our hRPC stem cell therapy candidate in 15 patients with advanced RP. We expect to be able to commence the study before the end of this year. Subject to the outcome of the Phase I/II study, we are planning to file an application to commence a pivotal Phase II/III clinical trial with our therapy for RP in 2017. This trial is expected to be the basis for subsequent marketing authorisation filings in both the US and Europe.

CTX for critical limb ischaemia

During the year under review, we also commenced dosing in a Phase I clinical trial of our CTX cell therapy candidate for critical limb ischaemia (CLI), a condition resulting in loss of blood flow to the lower limb which is common in diabetics and which can ultimately lead to amputation. This Phase I clinical trial is a single centre dose escalation safety study in nine patients with lower limb ischaemia and is being conducted at Ninewells Hospital, Dundee, Scotland. Published pre-clinical studies have demonstrated the dose-dependent positive effects of our CTX cells in restoring microvasculature and blood flow to the limb extremities in animal models of lower limb ischaemia. Based on a recent review of our clinical development strategy for this indication, we intend to curtail this study at the middle dose level of 50 million cells and focus our resources on initiating a Phase II placebo-controlled clinical trial. The Phase I study is expected to have completed dosing by the end of this year and we expect to commence the Phase II study towards the middle of 2016.

Exosome nanomedicine platform

During the period, we continued to advance our exosome nanomedicine programme. The field of nanomedicine is growing rapidly and ReNeuron is a first-mover in the field of exosome-based therapeutics. Exosomes are lipid-based nanoparticles secreted from all cells and which are believed to play a key role in the transfer of beneficial proteins and particularly non-coding RNAs from one cell to another. We aim to exploit the therapeutic potential of exosomes derived from our own proprietary stem cell lines and we have filed multiple patent applications covering the composition, manufacture and therapeutic use of our exosome nanomedicine platform.

We have identified a novel mechanism by which exosomes from our CTX stem cells may inhibit the growth and migration of cancer cells in pre-clinical models of the disease. Studies suggest that the most highly expressed microRNA found within CTX-derived exosomes may play a key role in the suppression of cancer cells by promoting cell differentiation into benign cell types, as well as cell cycle arrest.

Early pre-clinical data using our exosome nanomedicine platform to target cancer is encouraging.

STRATEGIC REPORT/

Chairman and Chief Executive Officer's Joint Statement
continued

The Company is well placed to progress its therapeutic programmes towards commercialisation and associated value generation.

Based upon these promising preliminary findings, we aim to further investigate the mechanism of action and utility of our exosome nanomedicine platform in a range of potential cancer indications. Subject to further success with the pre-clinical development of this new therapeutic platform, we expect to be able to submit an application to commence an initial clinical trial with our first exosome nanomedicine candidate towards the end of 2016.

In June of this year, we extended our research collaboration with Australia-based Benitec Biopharma, a leader in the field of therapeutics focused on gene silencing. Following positive results in early studies, the collaboration is investigating the potential of our CTX-derived exosomes as a delivery system for Benitec's proprietary gene silencing technology, targeting lung cancer and other drug resistant cancers.

Other activities

During the year, work commenced on the fit-out of our state-of-the-art cell manufacturing and research facility at Pencoed, near Cardiff in South Wales. This facility will incorporate robotic cell culture technology and, when fully licensed, will give us control over the supply of our CTX cell-based therapies, meeting late stage clinical trial and in-market demand for drug product at low cost of goods. As such, the Welsh facility represents a key value driver in ReNeuron's commercial development strategy. We expect to be able to commence the phased relocation of the business to the new facility early next year. Our current outsourced cell manufacturing capacity remains sufficient for our clinical trial requirements until the Welsh facility comes on-stream.

In order to manage the increasing breadth of the Company's clinical, operational and commercial activities, we commenced a phased restructuring and broadening of the Company's executive and non-executive management during the period. In September 2014, Olav Hellebø, a highly experienced pharmaceutical executive, was appointed as the Company's new Chief Executive Officer. Olav has broad commercial experience gained at both major pharmaceutical and small biotechnology companies, with particular experience of the clinical development, out-licensing, commercialisation and marketing of new therapeutics. Michael Hunt, who held the position of Chief Executive Officer since the Company's flotation in July 2005, remains on ReNeuron's Board as Chief Financial Officer, with responsibilities covering finance, public and investor relations and overall commercial and financial strategy.

As announced in April 2015, Bryan Morton, having served on the Board of the Company as a non-executive Director since 2008 and as Chairman since 2011, stepped down from the Board and was replaced as Chairman by John Berriman, a non-executive Director of the Company since 2011. Mark Docherty, a non-executive Director of the business since the Company's flotation in 2005, will step down from the Board at the Annual General Meeting of the Company in September of this year. Dr John Sinden, Chief Scientific Officer, a co-founder of ReNeuron and a Board member since the inception of the business, will also step down from the Board at the Annual General Meeting. His continuing role as Chief Scientific Officer at ReNeuron will focus on the Company's third party research collaborations and other externally facing activities.

During the year, and subsequently, we have significantly strengthened the senior management of the business, with the appointment of highly experienced executives into the positions of Chief Medical Officer, Head of Regulatory Affairs, Head of Research and VP Development & General Manager, Wales.

Funding

On 10 July 2015, the Company announced a Placing to raise £68.4 million, before expenses. This financing, the largest ever secured by the Company, provides funding for the business for at least the next three years. It will enable us to take all of our current programmes into early or mid-stage clinical development and, subject to future clinical data and regulatory approvals, will enable us to take our therapeutic programmes in stroke and retinitis pigmentosa through late-stage clinical development to the point of first application for marketing authorisation.

Our Strategy

Our aim is to develop best-in-class stem cell therapies in our areas of therapeutic focus.

Our principal strategy is to gain early clinical validation for our stem cell therapy programmes via well-designed clinical trials in well-regulated territories. Ultimately, we expect to realise value for our technologies and therapeutic programmes via out-license or sale to commercial development partners at the appropriate points in their development.

Financial summary

Cash outflow from operating activities was £8.25 million (2014: £6.00 million), largely reflecting the operating costs incurred during the period, less tax credits received. Capital expenditure was £0.38 million (2014: £0.12 million). Cash, cash equivalents and bank deposits totalled £12.38 million at the year-end (2014: £20.92 million).

Revenues in the year amounted to £30k (2014: £22k), being royalties from non-therapeutic licensing activities. Grant income of £0.52 million (2014: £0.66 million) was also recognised.

Mainly as a consequence of increases in research and development and general and administrative costs, the total comprehensive loss for the year increased to £8.91 million (2014: £7.07 million) in line with both internal and consensus analyst forecasts.

Summary and outlook

During the period under review, we have commenced dosing of patients in two new clinical trials in stroke disability and critical limb ischaemia, representing further significant milestones in the clinical development of ReNeuron's CTX cell therapy candidates. Importantly, we have since gained regulatory approval to commence our first clinical trial in the US, a Phase I/II clinical trial of our hRPC cell therapy candidate for retinitis pigmentosa. We are also encouraged by the early pre-clinical data generated with our exosome nanomedicine platform targeting cancer.

As the business continues to progress its therapeutic programmes towards commercialisation, we have also expanded senior management capability within the business to meet future operational needs. In this regard, we look forward to the relocation of the business to our new, world-class cell manufacturing and research facility in South Wales early next year. As a prospective centre of excellence in automated cell therapy manufacture, we believe this facility will become a major element of ReNeuron's overall value proposition.

On page 54 of this report is the Notice of the 2015 Annual General Meeting (the AGM) to be held at 10.30 a.m. on the 24 September 2015. A short explanation of the resolutions to be proposed at the AGM is set out on page 56. The Directors recommend that you vote in favour of the resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial holdings of ordinary shares.

Finally, as a result of the recent fundraising, the business benefits from a very strong balance sheet, the backing of high calibre institutional investors and an experienced management team focused on the delivery of clinical data and associated value generation across all of the Company's therapeutic programmes over the next three years. We continue to look forward to the future with high confidence.

John Berriman
Chairman

Olav Hellebø
Chief Executive Officer

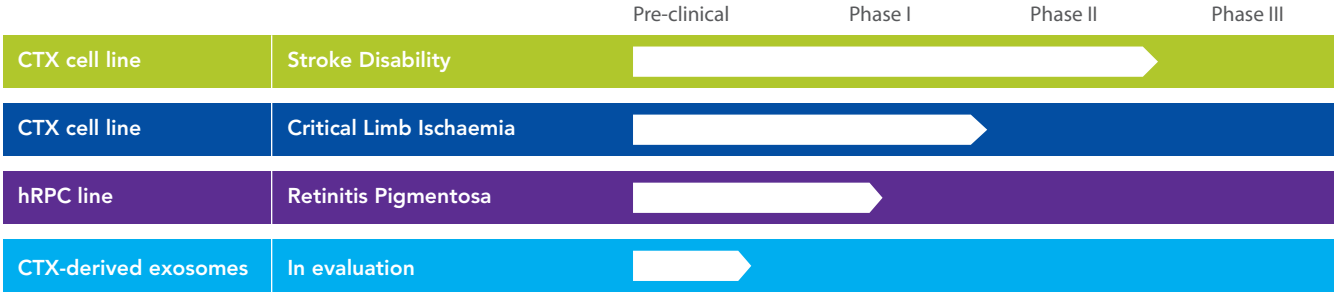
24 August 2015

Our Products and Technologies

We have used our unique stem cell technologies to develop cell-based therapies for significant disease conditions where the cells can be readily administered "off-the-shelf" to any eligible patient without the need for additional drug treatments.

Our product pipeline

Using our unique and scalable stem cell technologies, we have created a pipeline of commercially focused stem cell therapy candidates addressing significant areas of unmet medical need. These therapeutic candidates are based around two core stem cell assets, our CTX neural cell line and our human retinal progenitor cells (hRPCs). Our exosome platform is yielding encouraging early pre-clinical data in cancer.



ReNeuron's stem cell products are allogeneic, enabling the treatment of many patients from the same cell bank in an off-the-shelf manner. Our programmes have been built around our unique and highly efficient stem cell expansion technologies enabling, from a single tissue sample, the growth of selected human stem cells into banks of quality-assured stem cell lines. ReNeuron has developed a product variant of the CTX stem cell line which can be shipped to clinical sites and stored there in a cryopreserved form. This provides us with major commercial and competitive advantages in terms of the availability of a genuine off-the-shelf, low cost-of-goods cell-based treatment with a shelf life enabling shipping to, and storage at, clinical sites on a global basis.

CTX

CTX is an immortalised neural cell line which has been generated using our proprietary cell expansion and cell selection technology and then taken through a full manufacturing scale-up and quality-testing process. As CTX is derived from a single donor, there should be complete consistency between cell banks and no risk of the variability which can arise when multiple donors are needed for cell supply.

All cells used in CTX-based treatments can simply be expanded from the existing banked and tested product. There will therefore be no need to re-derive and test new CTX cell lines for subsequent clinical trials or for the market.

We have developed a proprietary, cryopreserved variant of our lead CTX stem cell line enabling an extended shelf-life, (designated CTXcryo), to be used in all current and future CTX-based clinical trials and for eventual in-market use.

Human retinal progenitor cells (hRPCs)

hRPCs are cells that differentiate into components of the retina. These cells are used allogeneically and are grown using a patented low-oxygen cell expansion technology licensed from the Schepens Eye Research Institute at Harvard Medical School. Through our collaboration with Schepens we have developed the ability to scale hRPCs using this technology and we have established GMP-compliant hRPC cell banks to provide future drug product.

CTX-derived exosomes

Cells often communicate via exosomes, nano-sized packages of information released by the cell for absorption by other cells in close proximity. These packages of information contain a variety of proteins, genetic material and other cargo which have the ability to induce functional changes in recipient cells. Under certain conditions, exosomes produced by stem cells initiate repair and regeneration. However depending on the state of the cell and its environmental stimuli, stem cells have the ability to communicate different information and induce different functional changes. We have therefore developed a technology by which a permanent stem cell line, already in clinical trials as a stem cell therapy, can be cultured under different environments to produce therapy specific agents and can be harvested at a commercially relevant scale. The ability to produce a commercially valuable therapeutic product from stem cell derived exosomes demands a standardised stem cell producer line appropriately sourced and isolated, manufactured to GMP, grown in serum-free conditions and (ideally) already having demonstrated patient safety. In the stem cell field, our CTX cell line uniquely meets all these conditions.

Product overview

CTX cells for Stroke Disability

Indication: Stroke disability

A stroke occurs when blood flow leading to, or in, the brain is blocked (ischaemic stroke) or a blood vessel in the brain ruptures (haemorrhagic stroke), which can result in damage to the nerve cells in the brain and a loss of bodily functions. Stroke is the single largest cause of adult disability in the developed world. Over 150,000 people suffer a stroke each year in the UK, and circa 800,000 people in the US. Approximately 80% of these strokes are ischaemic in nature.

Our product: CTX stem cell therapy candidate

Our CTX stem cell therapy candidate for stroke disability comprises cells derived from our CTX neural stem cell line. As such, it is a standardised, clinical and commercial-grade cell therapy product capable of treating all eligible patients presenting.

Our CTX stem cell therapy candidate has been shown to reverse the functional deficits associated with stroke disability when administered several weeks after the stroke event in relevant pre-clinical models. Long term data from our Phase I PISCES trial confirmed a good safety profile and evidence of sustained improvements in neurological status and limb function.

A phase II clinical trial is ongoing and involves a single injection of CTX cells into the brain, adjacent to the area damaged by the stroke.

CTX cells for Critical Limb Ischaemia

Indication: Critical limb ischaemia (CLI)

Critical limb ischaemia is the severe 'end stage' manifestation of peripheral arterial disease and is caused by chronic lack of blood supply to the lower leg due to obstruction of blood flow in the peripheral arteries. It is common in diabetics and can ultimately lead to amputation, with 160,000 legs amputated p.a. due to CLI in the US alone.

Our product: CTX stem cell therapy candidate

The CTX stem cell therapy candidate for CLI also comprises cells derived from our CTX neural stem cell line. Published pre-clinical studies have demonstrated the dose-dependent positive effects of our CTX cells in restoring microvasculature and blood flow to the limb extremities in animal models of lower limb ischaemia.

Our CTX stem cells are administered via straightforward intramuscular injection. We have commenced dosing in a 9-patient Phase I dose escalation study in patients with lower limb ischaemia at a clinical site in Dundee, Scotland ahead of a larger placebo-controlled Phase II efficacy study planned for 2016.

hRPCs for Retinitis Pigmentosa

Indication: Retinitis pigmentosa (RP)

Retinitis pigmentosa is an inherited, degenerative eye disease which causes severe vision impairment and often blindness due to loss of the photoreceptor cells found in the retina. The incidence of RP is 1:4000 in the US with an estimated treatment population of 275,000 in the US and EU.

Our product: hRPC stem cell therapy candidate

Our hRPC stem cell therapy candidate for RP has been developed in collaboration with the Schepens Eye Research Institute (an affiliate of Harvard Medical School in Boston, USA), the Institute for Ophthalmology, University College London and the Foundation Fighting Blindness (USA). Pre-clinical studies have demonstrated that, when transplanted into the retina, our hRPCs have the potential to preserve pre-existing photoreceptors, potentially reducing or halting further deterioration of vision. In addition, some of the hRPCs had both matured into apparently functional photoreceptors and engrafted into the photoreceptor layer, raising the possibility of a degree of reversal of the decline in vision associated with RP.

Our hRPCs have been granted Orphan Drug designation in the US and Europe and has just been granted Fast Track designation by the US FDA. Regulatory approval has been obtained from the FDA to commence a Phase I/II clinical trial in the US. This trial is expected to start before the end of 2015.

CTX-derived Exosomes

Indication: Potential cancer indications

We aim to further investigate the mechanism of action and utility of our exosome nanomedicine platform in a range of potential cancer indications.

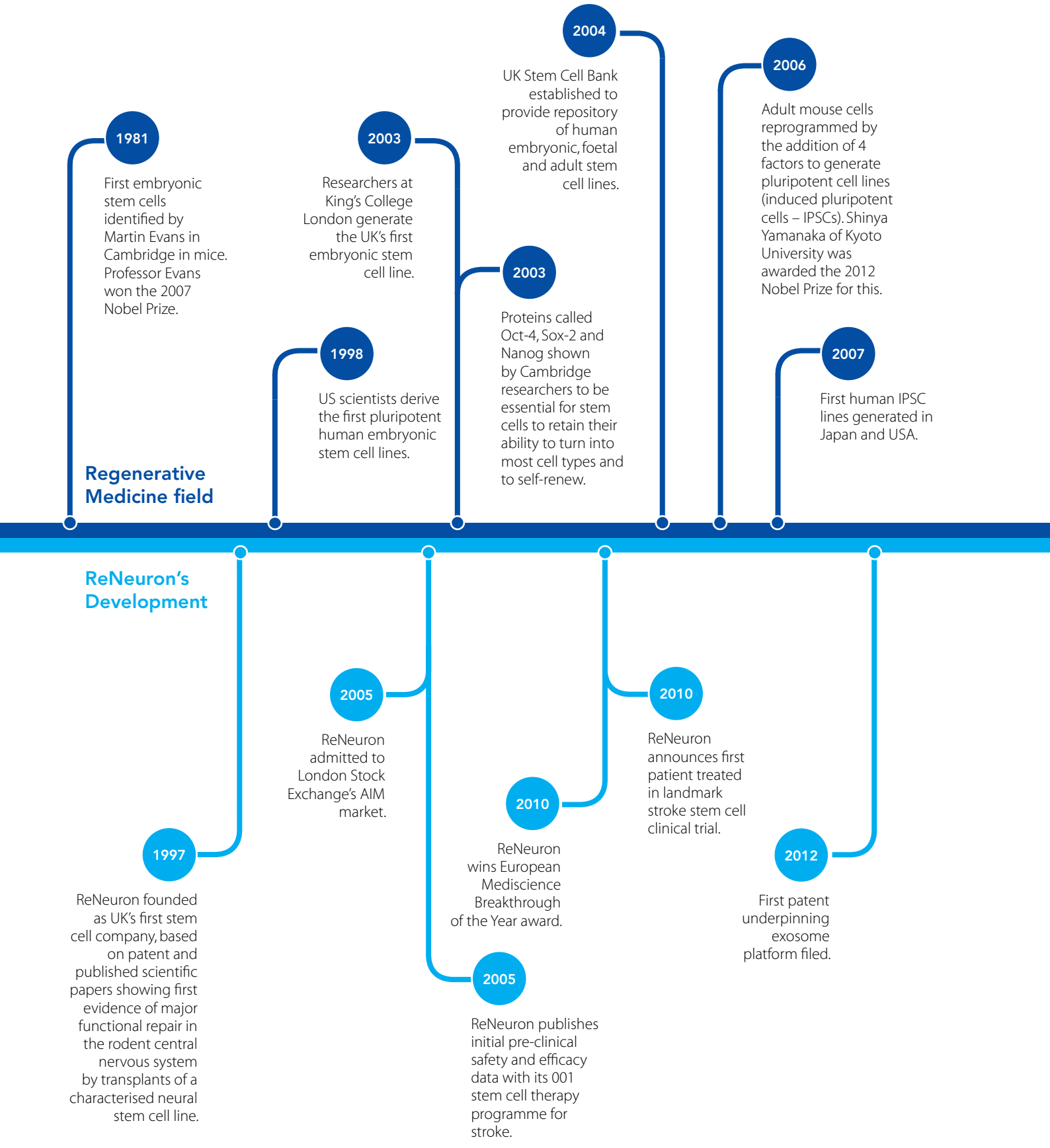
Our product: CTX-derived exosomes

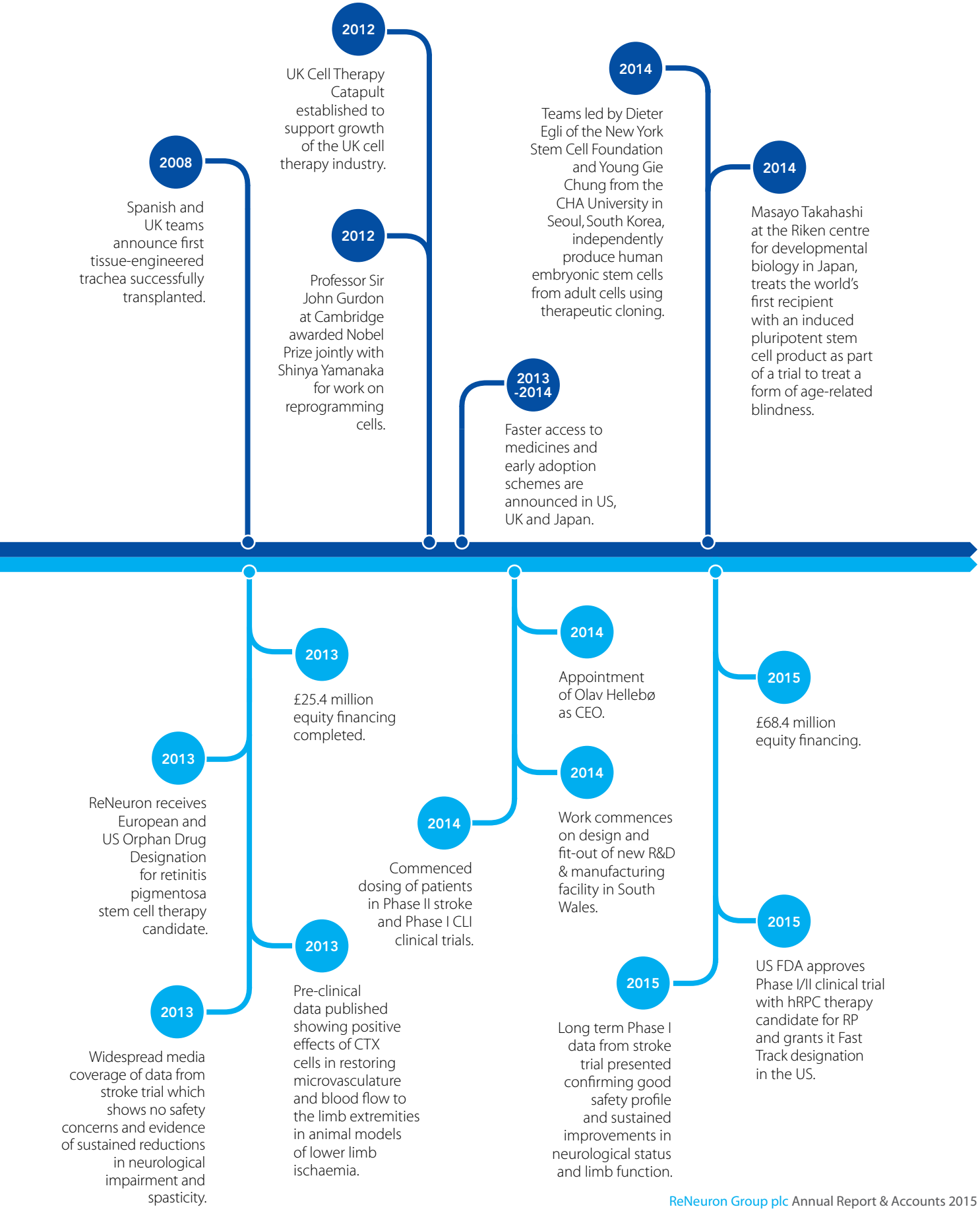
Exosomes are nanoparticles, released by cells, and contain a number of active proteins and microRNAs. They are believed to play a key role in cell-to-cell communication, modulate cellular immunity and promote the activation of regenerative or repair programs in diseased or injured cells. Our CTX cells release large amounts of exosomes when grown in the laboratory enabling us to purify and characterise them. We aim to use the CTX technology and exosome platform to expand our pipeline and we have filed a number of patents around composition, characterisation, manufacturing and therapeutic uses of the exosome platform. We are exploring the potential of our CTX cell-derived exosome platform and its role in targeting a range of cancers.

Head to **reneuron.com/products/products-technologies** to read more on our products and technologies >

STRATEGIC REPORT/

ReNeuron and the Development of Regenerative Medicine




2008
Spanish and UK teams announce first tissue-engineered trachea successfully transplanted.
2012
UK Cell Therapy Catapult established to support growth of the UK cell therapy industry.
2012
Professor Sir John Gurdon at Cambridge awarded Nobel Prize jointly with Shinya Yamanaka for work on reprogramming cells.
2013 -2014
Faster access to medicines and early adoption schemes are announced in US, UK and Japan.
2014
Teams led by Dieter Egli of the New York Stem Cell Foundation and Young Gie Chung from the CHA University in Seoul, South Korea, independently produce human embryonic stem cells from adult cells using therapeutic cloning.
2014
Masayo Takahashi at the Riken centre for developmental biology in Japan, treats the world's first recipient with an induced pluripotent stem cell product as part of a trial to treat a form of age-related blindness.
2013
£25.4 million equity financing completed.
2013
ReNeuron receives European and US Orphan Drug Designation for retinitis pigmentosa stem cell therapy candidate.
2013
Widespread media coverage of data from stroke trial which shows no safety concerns and evidence of sustained reductions in neurological impairment and spasticity.
2013
Pre-clinical data published showing positive effects of CTX cells in restoring microvasculature and blood flow to the limb extremities in animal models of lower limb ischaemia.
2014
Commenced dosing of patients in Phase II stroke and Phase I CLI clinical trials.
2014
Appointment of Olav Hellebø as CEO.
2014
Work commences on design and fit-out of new R&D & manufacturing facility in South Wales.
2015
Long term Phase I data from stroke trial presented confirming good safety profile and sustained improvements in neurological status and limb function.
2015
£68.4 million equity financing.
2015
US FDA approves Phase I/II clinical trial with hRPC therapy candidate for RP and grants it Fast Track designation in the US.

Developments in Regenerative Medicine and Advanced Therapies

The Regenerative Medicine and Advanced Therapies fields, comprising cell therapies, tissue engineering, gene and gene-modified cell therapies and genome editing, are rapidly maturing. The industry, comprising over 500 companies world-wide, has reached critical mass while regulators are supporting the sector across the globe.

1,000,000+

blood stem cell transplants performed worldwide.

$5.6bn

In 2013-2014, cell and gene therapy companies raised over $5.6 billion in funding.

Currently, the vast majority of treatments for chronic and/or life-threatening diseases are palliative. Others delay disease progression and the onset of complications associated with the underlying illness. The result is a healthcare system burdened by costly treatments for an ageing population.

Regenerative Medicine and Advanced Therapies offer the prospect of curing or significantly changing the course of chronic diseases and thus significantly improving the economics of current healthcare.

Recognising the potential for developing fields such as Regenerative Medicine to play a major role in addressing the healthcare cost implications of an increasingly elderly population, Governments and their regulatory agencies are taking steps to support expedited approvals of regenerative medicine products:

- In the UK, the Medicines and Health care products Regulatory Agency (MHRA) introduced the "Early Access to Medicines Scheme (EAMS)" in April 2014. This is designed to allow patients with life-threatening or severely debilitating conditions with high unmet need to access medicines that do not yet have marketing authorisation. MHRA will evaluate early clinical data and may designate a promising therapy "Promising innovative medicine (PIM)". With this designation, on completion of Phase III trials (or Phase II trials in exceptional circumstances), a scientific review by MHRA will result in an EAMS opinion and the product may be made available to patients in need prior to marketing authorisation.
- The European Medicines Agency (EMA) has introduced the concept of 'Adaptive Licensing', also known as staggered approval or progressive licensing. This involves planned early marketing authorisation in a restricted population followed by evidence gathering and later expansion of this authorisation across broader patient populations. Although several procedures already exist to aid EU early marketing (e.g. conditional marketing authorisation, centralised compassionate use), an Adaptive Licensing Pilot project is underway in which EMA will support companies with promising therapies to find the quickest way to supply medicines to those in need.
- In the US the Food and Drug Administration (FDA) has introduced 'Breakthrough Therapy Designation', for product candidates treating a serious or life threatening disease or condition. It may be granted when preliminary clinical evidence indicates that a therapy has substantial improvement on clinical endpoints over existing therapies. If a drug is designated as a breakthrough therapy, FDA will expedite the development and review of the drug.

- In Japan, infrastructure changes include radical amendments to both regulation and reimbursement that will significantly benefit stem cell therapy commercialisation in Japan. New laws were introduced in November 2014 to allow provisional marketing authorisation (with conditions) once clinical studies can confirm probable benefit and safety in a small patient population. This will bring promising medicines to patients whilst more comprehensive clinical data is being generated to achieve a full marketing authorisation.

Meanwhile, the commercial potential of Regenerative Medicine and Advanced Therapies has become clear. A significant number of regenerative medicine products are already commercially and clinically successful. In 2013-2014, cell and gene therapy companies raised over $5.6 billion in funding, with 378 products in clinical development and 66 therapies now approved.

Visit **reneuron.com/news** to read our latest news >

(Source of data – Alliance for Regenerative Medicine)

Bringing together ReNeuron's world class research and development activities

25,000 sq ft

The ground floor of the new facility will provide the Company with more than 25,000 square feet of state-of-the-art research and development laboratories.

During the year, work commenced on the fit-out of our new state-of-the-art cell manufacturing and research facility at Pencoed Technology Park, near Cardiff in South Wales.

This facility will incorporate robotic cell culture technology and, when fully licensed, will give us full control over the manufacture and supply of our CTX cell-based therapies, meeting late stage clinical trial and in-market demand for drug product at low cost of goods. As such, the Welsh facility represents a key value driver in ReNeuron's commercial development strategy.

ReNeuron plans to commence the phased relocation of its operations to the new facility in early 2016, when the conversion of the existing building is expected to be complete. The ground floor of the facility will provide the Company with more than 25,000 square feet of state-of-the-art research and development laboratories, GMP clean rooms designed for automated cell culture, and office accommodation, with scope to expand further if required in the future.

STRATEGIC REPORT/

Business Review

CTX cells for Stroke Disability

Stroke, caused by a disruption in the flow of blood to the brain, is the third most deadly disease in the developed world and the leading cause of serious disability – approximately 150,000 people suffer a stroke in the UK each year and approximately 800,000 in the US.

Ischaemic stroke accounts for about 80% of strokes and results from an inadequate supply of blood and oxygen to the brain due to blockage of an artery, such as by a blood clot. The lack of treatment options represents an enormous gap in medical care given its high incidence and severity, and approximately one half of all stroke survivors are left with permanent disabilities as a result of the damage caused to brain tissue arising from the stroke.

The market

Between 2012 and 2030, total stroke-related costs in the US are projected to triple, from $71.6 billion to $184.1 billion. Treatments for stroke are currently limited to the acute phase, three to four hours after a stroke event. Our CTX stem cell therapy candidate for stroke (CTX) is aimed at the post-stroke rehabilitation period for which there are currently no therapies available, with the target of improving recovery and functional abilities such that patients can lead a more productive life.

We have undertaken a detailed health economics analysis to identify the stroke sub-population where administration of CTX could be justified in terms of both clinical and cost effectiveness.

This analysis indicates a potential market in the US of $1.1 – $2.3 billion and a similar amount in Europe.

Progress to date

Long term data from the PISCES Phase I trial in stroke patients were reported at the European Stroke Association in Glasgow in April 2015. The treatment continued to show a good safety profile and sustained reductions in neurological impairment and spasticity lasting out to two years post treatment. In August 2014 we commenced a Phase II clinical trial in sites across the UK. The trial will recruit disabled patients between 2 and 12 months after their stroke. Patients will be monitored on a number of validated stroke efficacy measures up to six months post-treatment.

CTX cells for Critical Limb Ischaemia (CLI)

Peripheral arterial disease (PAD) is one of the most common vascular diseases, affecting one in three people over the age of 70. CLI is the most severe end-stage form of PAD.

Changes in arterial vessels disturb the normal flow of blood. Such changes include atherosclerosis, or the hardening of the arteries, which is caused by the build-up of fat and cholesterol depositions on their inside walls. This build up narrows the vessels and causes ischaemia, the inadequate blood (and thus oxygen) flow to the body's tissues. CLI is the most severe form of PAD, caused by chronic inflammatory processes associated with atherosclerosis.

It is a common side-effect of diabetes, as well as strokes and obesity. There are estimated to be over 1 million people in the US with CLI. The condition is characterised by pain at rest and lesions of the leg. There are no effective therapies and as many as 50% of CLI patients currently have no treatment option other than limb amputation.

The market

There are approximately 160,000 amputations as a result of PAD and the estimated costs per patient are >US$90,000 over 2 years and >US$0.5 million over a patient's lifetime. There are no treatments other than surgery for CLI patients and 20-50% are ineligible for this.

Available data shows that, in 2008, the total cost of inpatient treatment specifically for PAD in the USA was $14.3 billion, of which 71% related to the treatment of CLI.

Progress to date

A number of pre-clinical studies have shown the dose-dependent positive effects of our CTX cells in restoring microvasculature and blood flow to the limb extremities in animal models of lower limb ischaemia. A Phase I dose escalation clinical trial is ongoing in Scotland in which CTX cells are administered via straightforward intramuscular injection into the affected lower limb of patients with PAD. Progression into a larger placebo-controlled Phase II efficacy study is planned during 2016, assuming the Phase I primary safety end-point is met.

Exosomes

Exosomes are nano-sized (30-100nm) vesicles, secreted by cells in response to stimuli. They play a key role in cell-to-cell communication, modulate cellular immunity and promote the activation of regenerative or repair processes in diseased or injured cells through the delivery and transfer of their cargo.

Our researchers have identified two distinct exosome populations from the CTX clinical product. Each population characterised by a unique composition of bioactive nucleic acids and proteins. Evaluation of each product has demonstrated *in vitro* and *in vivo* effects that suggest therapeutic benefit in cancer.

Our CTX stem cell line is a potent producer of exosomes and we have therefore generated a strong intellectual property portfolio relating to this process.

Exosome-based therapies also offer a number of advantages over cell-based therapies for some indications. They are easier to manufacture, less immunogenic and can be standardised and tested in terms of dose and biological activity in a similar manner to conventional bio-pharmacological products. As such, they may be more readily developed as 'off the shelf' therapeutic products.

Progress to date

The bench-to-clinic translation of CTX cell-derived exosome products is well underway. Having generated promising early pre-clinical results in *in vitro* and *in vivo* models of cancer, we are currently conducting pre-clinical studies in a range of further cancer models as well as conducting good manufacturing practice (GMP) manufacturing optimisation work. We expect to be able to apply for approval to commence a first-in-man clinical study by the end of 2016.

hRPCs for Retinitis Pigmentosa (RP)

Retinitis pigmentosa is a group of inherited diseases of the retina that all lead to a gradual and progressive reduction in vision caused by the death of photoreceptor cells.

It is the most common inherited cause of blindness in people between the ages of 20 and 60. RP is typically diagnosed in adolescents and young adults and most sufferers will be legally blind by the age of 40.

The market

Retinitis pigmentosa affects approximately 1 in 3,000 to 4,000 people, with an estimated 1.5 million patients worldwide, including more than 100,000 patients in the United States and approximately 180,000 patients in the EU.

There are no treatments currently available for RP, and two of the few approaches in development only target a small subpopulation of the RP patient population with specific genetic mutations. Our human retinal progenitor cell (hRPC) programme is expected to be applicable to the broad, heterogeneous RP patient population.

hRPCs also represent an alternative and potentially highly advantageous cell therapy approach to other degenerative conditions of the retina, such as age-related macular degeneration (AMD) and diabetic retinopathy, where the unmet medical need also remains high. AMD is the leading cause of blindness in people over 60 in the US. Our hRPC based therapy for RP has been granted Orphan Drug Designation in both Europe and the US, providing the potential for 10 and 7 year market exclusivity post-approval of the therapy in these territories, respectively.

Progress to date

Pre-clinical studies carried out in disease models by our academic collaborators demonstrated that, when transplanted into the retina, our hRPCs help to preserve pre-existing photoreceptors, potentially reducing or halting further deterioration of vision. In addition, some of the hRPCs had both matured into apparently functional photoreceptors and engrafted into the photoreceptive layer, raising the possibility of a degree of reversal of the decline in vision associated with RP.

In April 2015 the Company filed an Investigational New Drug (IND) application with the US FDA to commence a Phase I/II clinical trial with hRPCs in patients with RP. The IND was approved in May 2015 and the clinical trial is expected to commence at Massachusetts Eye and Ear in Boston later this year. The FDA has also awarded Fast Track designation to the programme. This designation is intended to expedite the development and review of new drugs or biological products targeting unmet medical need where the diseases concerned are serious or life threatening. Massachusetts Eye and Ear is a world-renowned clinical centre for the treatment of retinal diseases and the Phase I/II clinical study will be conducted with leading retinal clinicians Dr Eric Pierce, PI and Dr Dean Elliot, surgeon.

1.5m

There are an estimated 1.5 million patients affected with retinitis pigmentosa worldwide.

STRATEGIC REPORT/

Risks and Uncertainties

A number of specific committees exist in the Group which meet regularly to review progress and agree actions encompassing research activities, development programmes, and wider business and commercial issues. Through these committees, and through formal Board meetings, the Directors are able to continuously monitor, evaluate and mitigate the potential impact of the principal risks facing the Group as it develops.

Description of Risk	
Clinical and regulatory risk	There are significant inherent risks in developing stem cell therapies for commercialisation due to the long and complex development process. Any therapy which we wish to offer commercially to the public must be put through extensive research, pre-clinical and clinical development all of which takes several years and is extremely costly. We may fail to develop a drug candidate successfully because we cannot demonstrate in clinical trials that it is safe and efficacious. In addition, the complexity and multijurisdictional nature of the regulatory processes could result in either delays in achieving regulatory approval or non-approval. If a product is approved, the regulators may impose additional requirements, for example, restrictions on the therapy's indicated uses or the levels of reimbursement receivable, that could impact on its commercial viability. Once approved, the product and its manufacture will continue to be reviewed by the regulators and may be withdrawn or restricted.
Competition and intellectual property	Intellectual property protection remains fundamental to our strategy of developing novel drug candidates. Our ability to stop others making a drug, using it or selling the invention or proprietary rights by obtaining and maintaining protection is critical to our success. We manage a portfolio of patents and patent applications which underpin our research and development programmes. We invest significantly in maintaining and protecting this intellectual property to reduce the risks over the validity and enforceability of our patents. However, the patent position is always uncertain and often involves complex legal issues. Therefore, there is a risk that intellectual property may become invalid or expire before, or soon after, commercialisation of a drug product and we may be blocked by other companies' patents and intellectual property.
Manufacturing risk	Our ability to successfully scale-up production processes to viable clinical trial or commercial levels is vital to the commercial viability of any product. Availability of raw materials is extremely important to ensure that manufacturing campaigns are performed on schedule and therefore dual sourcing is used where possible. Product manufacture is subject to continual regulatory control and products must be manufactured in accordance with good manufacturing practice. Any changes to the approved process may require further regulatory approval which may incur substantial cost and delays. These potential issues could adversely impact on the results from operations and our cash liquidity.
Financial risk	The financial risks faced by the Group include foreign currency risk, liquidity risk and risk associated with cash held on deposit with financial institutions. The Board reviews and agrees policies for managing each of these risks. The Group's main objectives in using financial instruments are the maximisation of returns from funds held on deposit, balanced with the need to safeguard the assets of the business. The Group does not enter into forward currency contracts. The Group holds currency in US dollars and Euros to cover immediate and medium term expenses in those currencies.

In addition, and in common with other small biotechnology companies, the Group is subject to a number of other risks and uncertainties, which include:

- the early stage of development of the business;
- availability and terms of capital needed to sustain operations, and failure to secure partnerships that will fund late stage trials and commercial exploitation;
- competition from other companies and market acceptance of its products;
- its reliance on consultants, contractors and personnel at third-party research institutions; and
- the ability to attract and retain qualified personnel, in particular during the planned relocation to the new facility in South Wales.

Financial Review

The business benefits from a very strong balance sheet and the backing of high calibre institutional investors with funding for at least the next three years.

Michael Hunt
Chief Financial Officer

Revenues

Revenues in the year amounted to £30k (2014: £22k), being royalties from non-therapeutic licensing activities. Grant income of £0.52 million (2014: £0.66 million) was also recognised.

Operating expenses

Research and development costs increased to £7.25 million (2014: £5.83 million) and accounted for 66% of net operating expenses (2014: 67%). Research and development costs include staff costs for personnel engaged on research and development activities; sub-contracted clinical research costs; clinical trial and regulatory affairs costs, and the costs of cell manufacturing, quality assurance, quality control and shipping activities. The increase of £1.42 million during the period was as a result of increased clinical trial costs, manufacturing process development costs and cell manufacturing costs. Pre-clinical research costs reduced in the period, reflecting the further progression of the Company's therapeutic programmes into their clinical development phase.

General and administrative expenses increased to £3.69 million (2014: £2.82 million) primarily due to the Board reconfiguration, increased staff recruitment activity and project management costs associated with the prospective relocation of the business to South Wales. These costs include staff costs for executive, administrative and finance employees, facilities and occupancy costs and legal, accounting and professional fees. Increases in the dilapidation and redundancy provisions ahead of relocation to the South Wales facility amounted to £0.24 million (2014: £0.21 million).

The Company continues to increase its permanent staff headcount to conduct the increasing scale of its research and clinical development activities and to provide managerial support to those activities. Non-cash charges arising from share-based payments under IFRS 2 were £0.47 million (2014: £0.44 million).

Finance income

Finance income, which represents income received from the Group's cash and investments was £0.09 million (2014: £0.15 million). This income reduced in line with the reduction in average cash balances.

Taxation

The total tax credit for the period was £1.40 million, composed of an accrual of £1.27 million for a research and development tax credit for the period (2014: £0.75 million) and a further credit of £0.13 million agreed for the year to 31 March 2014.

Outcome

As a result of the above, the total comprehensive loss for the year increased to £8.91 million (2014: £7.07 million) in line with both internal and consensus analyst forecasts.

Cashflow

Cash outflow from operating activities was £8.25 million (2014: £6.00 million), largely reflecting the operating costs incurred during the period, less tax credits received. Capital expenditure was £0.38 million (2014: £0.12 million). Cash, cash equivalents and bank deposits totalled £12.38 million at the year-end (2014: £20.92 million).

Subsequent to the financial year end, and as mentioned in the Chairman and Chief Executive Officer's Joint Statement, the Company announced that it expected to raise £68.4 million, before expenses, by means of a Placing to shareholders. Following completion of the Placing, the Directors expect that the Group's financial resources will be sufficient to support operations for at least the next three years. Consequently, the going concern basis has been adopted in the preparation of these financial statements.

Michael Hunt
Chief Financial Officer

24 August 2015

GOVERNANCE/

Board of Directors

John Berriman BSc MSc
Non-executive Chairman

John Berriman was appointed to the Board in July 2011 and became Chairman in March 2015. He is the Chairman of Autifony Therapeutics Ltd and past Chairman of Heptares Therapeutics Ltd (sold to Sosei in February 2015) and Algeta ASA (sold to Bayer AG in 2014 and previously listed on the Oslo stock exchange). He is also a non-executive Director of Cytos AG (listed on the SIX Swiss exchange). Until its sale to Amgen in the spring of 2012 he was a Director of Micromet Inc. (listed on NASDAQ). Previously he was a Director of Abingworth Management, an international healthcare venture capital firm.

Olav Hellebø BBA MBA
Chief Executive Officer

Olav Hellebø was appointed as Chief Executive Officer in September 2014. Prior to ReNeuron, he held the role of CEO at Clavis Pharma ASA, a Norwegian, oncology focused, listed biotechnology company. At Clavis, he built a multi-national leadership team, taking the company's lead programme through Phase III clinical development as well as completing substantial fundraising and out-licensing transactions for the business. Prior to Clavis, he headed up the global biologics franchise at UCB Pharma and was head of the UK commercial operations of Novartis.

Michael Hunt BSc ACA
Chief Financial Officer

Michael Hunt joined ReNeuron in 2001. Between 2005 and 2014 he served as CEO, leading the business through its early development to its current position as one of the global, clinical stage leaders in the regenerative medicine field. He was appointed as Chief Financial Officer in 2014. Prior to ReNeuron, he spent six years at Biocompatibles International plc (sold to BTG plc) where he held a number of senior financial and general management positions. His early industrial career was spent at Bunzl plc. He is a founding member and co-chair of the European Section of the Alliance for Regenerative Medicine and sits on the BioIndustry Association's Cell Therapy and Regenerative Medicine Advisory Committee and its Finance and Tax Advisory Committee. He is also a member of the Cell Therapy Catapult's Advisory Panel.

Dr John Sinden BA MA Ph.D
Chief Scientific Officer

Dr. Sinden is a scientific co-founder of ReNeuron and joined as Chief Scientific Officer in October 1998. Prior to ReNeuron, he was Reader in Neurobiology of Behaviour at the Institute of Psychiatry at Kings College London. He graduated in Psychology from the University of Sydney and completed a Ph.D. in Neuroscience from the University of Paris at the College de France. He subsequently held post-doctoral appointments at Oxford University and the Institute of Psychiatry prior to joining the permanent staff of the Institute in 1987.

Simon Cartmell BSc MSc
Non-executive Director

Simon Cartmell was appointed to the Board in July 2011. He was, until June 2010, Chief Executive Officer of ApaTech Ltd, which he built into a world leader in orthobiologics. Its sale to Baxter International Inc was completed in March 2010. Prior to ApaTech he was Chief Executive Officer of Celltech Pharmaceuticals and a Director of Celltech Group plc before which he was Chief Operating Officer of Vanguard Medica plc. His early career was spent at Glaxo plc in multiple senior UK and global commercial strategy, product development, supply chain, marketing, sales and business development roles.

Dr Tim Corn MSc FFPM FRCPsych
Non-executive Director

Dr Tim Corn was appointed to the Board in June 2012. He is Chief Medical Officer at EUSA Pharma International, a division of Jazz Pharmaceuticals, and was formally Chief Medical Officer at EUSA Pharma Inc., until its acquisition by Jazz in 2012, and Chief Medical Officer at Zeneus Pharma, which was acquired by Cephalon Inc in 2006. In addition, he serves as Chair of the Board of Trustees of the Neuro Foundation, and non-executive Director on the Board of Circassia Pharmaceuticals.

Mark Docherty BEng FCA
Non-executive Director

Mark Docherty was appointed to the Board in March 2003. He is Finance and Corporate Director of FKD Therapies Oy, a Finnish based gene therapy company whose lead product for bladder cancer is in clinical development. He is Director of FinvectorVision Therapies Limited, a specialist gene therapy manufacturer and Geschäftsführer of DHP Private Equity GmbH a specialist private equity house. He was a founding Director of Merlin Biosciences Limited (now Excalibur Fund Managers Limited) and was actively involved in the structuring and financing of many of the Merlin portfolio companies including ReNeuron.

Professor Sir Chris Evans OBE
Non-executive Director

Professor Sir Chris Evans OBE was appointed to the Board in August 2013. Sir Chris was the Founder and Chairman of Excalibur Group, and is a highly successful scientist and entrepreneur, having built over 50 medical companies and created over $5 billion of value for investors with $3 billion of cash exits. He is the Founder of Chiroscience, Celsis, Biovex, Merlin, Vectura and Piramed. He has also raised $2 billion for cancer research projects. More recently, he has established Arthurian Life Sciences Ltd to provide management services to the Wales Life Sciences Investment Fund.

Dr Paul Harper BSc Ph.D
Non-executive Director

Dr Paul Harper was appointed to the Board in August 2005. He initially pursued a career in drug discovery and development with Glaxo Group Research as Head of Antimicrobial Chemotherapy, Johnson & Johnson Limited as Director of Research & Development and with Unipath plc. This was followed by work in a number of start-up companies and SMEs as Chief Executive Officer or adviser. These included, as Chief Executive Officer, preparing Cambridge Antibody Technology Ltd for flotation on the London Stock Exchange and founding Provensis Limited to develop a drug device product.

Senior Management

Randolph Corteling Ph.D
Head of Research

Dr Randolph Corteling joined ReNeuron in 2007 and was appointed Head of Research in April 2015. He received his first degree (BSc Pharmacology (Hons)) from the University of East London in 1997. He then spent 3 years as a Research associate at Novartis pharmaceuticals in West Sussex, before undertaking a PhD in Medical and Surgical Sciences under the supervision of Prof. Ian Hall at Nottingham University. He then subsequently spent 3 years as a Heart and Stroke Foundation postdoctoral fellow at the University of Calgary, Canada before joining ReNeuron as a senior member of the research team in 2007.

Sharon Grimster FSB AFIChemE BSc DMS
VP Development & General Manager, Wales

Sharon Grimster joined ReNeuron in 2013 and was appointed as VP Development & General Manager, Wales in April 2015. She has significant experience in pharmaceutical development and she has a particular expertise in biologics manufacturing. Prior to working at ReNeuron, she held senior team roles at F-star and Antisoma, where she was responsible for a range of development functions, including project management, regulatory affairs, manufacturing, quality and general operations. She started her pharmaceutical career at Celltech, where she led teams in project management, manufacturing and research.

Olav Hellebø BBA MBA
Chief Executive Officer

Michael Hunt BSc ACA
Chief Financial Officer

Dr John Sinden BA MA Ph.D
Chief Scientific Officer

See opposite page for biography.

Dr Julian Howell MBBS FRCS FFPM MBA
Chief Medical Officer

Dr Julian Howell has held a number of leadership roles in clinical development during the last 15 years, bringing small molecules and biological products through all phases of clinical development in Europe and the US. He joins ReNeuron from Shield Therapeutics, where he held the role of Group Medical Director. Prior to that, he led the clinical team at ProStrakan, contributing to multiple US and EU new product approvals in oncology supportive care, GI and pain treatments. He gained medical and surgical qualifications in the UK and worked in the UK health service before completing an MBA at Cranfield University and joining the pharmaceutical industry, initially at SmithKlineBeecham and subsequently in senior clinical and medical affairs roles at Roche, Chiron and Pharmion.

Shaun Stapleton BSc (Hons) MTOPRA
Head of Regulatory Affairs

Shaun Stapleton joins ReNeuron from RRG (a Voisin Consulting Life Sciences Company) where he was a Director and Vice President of Regulatory Science. He supported clients on a number of global development and registration projects, including advanced therapies and orphan drugs. Having graduated in Biochemistry from Imperial College, London, he began his career in research with the Imperial Cancer Research Fund, before moving into the pharmaceutical industry. He held positions of increasing responsibility in regulatory affairs at Sterling Winthrop, Eli Lilly and Boehringer Ingelheim before becoming Senior Director of Regulatory Affairs at Ipsen, where he managed regulatory input into development programmes globally, securing new product approvals in the US, EU and internationally in the neurology, endocrinology and oncology therapeutic areas.

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Directors' Report for the year ended 31 March 2015

The Directors present their report and the audited consolidated financial statements of the Company for the year ended 31 March 2015.

Presentation of financial statements

The Group accounts include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2015.

Results and dividends

The results for the year are given in the Group Statement of Comprehensive Income set out on page 30. The Directors do not recommend the payment of a dividend (2014: £nil).

Post balance sheet event

On 10 July 2015, the Company announced a Placing to raise £68.4 million, before expenses (see note 23 of the financial statements for details).

Research and development

During the year the Group incurred research and development costs of £7,250,000 (2014: £5,829,000) all charged to the Statement of Comprehensive Income.

Directors and Directors' interests

The Directors who held office during the year and up to the signing of the financial statements are listed below:

John Berriman, Non–executive Chairman
Olav Hellebø, Chief Executive Officer (appointed 8 September 2014)
Michael Hunt, Chief Financial Officer
Dr John Sinden, Chief Scientific Officer
Simon Cartmell, Non–executive Director
Dr Tim Corn, Non-executive Director
Mark Docherty, Non-executive Director
Professor Sir Chris Evans, Non-executive Director
Dr Paul Harper, Non-executive Director
Bryan Morton, Non-executive Chairman (resigned 31 March 2015)

Directors' emoluments

	Salaries and fees £'000	Bonuses £'000	Benefits in kind £'000	**2015 Total £'000**	**2015 Pension contributions £'000**	2014 Total £'000	2014 Pension contributions £'000
John Berriman	31	–	–	**31**	**–**	29	–
Olav Hellebø	164	61	1	**226**	**16**	–	–
Michael Hunt	205	93	2	**300**	**19**	265	19
Dr John Sinden	182	45	3	**230**	**19**	231	18
Simon Cartmell	30	–	–	**30**	**–**	29	–
Dr Tim Corn	26	–	–	**26**	**–**	26	–
Mark Docherty	18	–	–	**18**	**–**	18	–
Professor Sir Chris Evans	25	–	–	**25**	**–**	17	–
Dr Paul Harper	24	–	–	**24**	**–**	24	–
Bryan Morton	43	–	–	**43**	**–**	34	–
Total	748	199	6	**953**	**54**	673	37

Benefits in kind are private medical insurance and professional subscriptions.

Directors' emoluments include amounts payable to third parties in respect of fees as described in note 29 of the financial statements.

The emoluments of Bryan Morton include £8,000 in respect of payments made in lieu of notice.

Directors' emoluments continued

The Directors held the following interests in the Ordinary shares of the Company:

	Ordinary shares of 1p each		Warrants (see below)	
	2015 Number	2014 Number	**2015 Number**	2014 Number
John Berriman	**725,000**	725,000	**–**	125,000
Olav Hellebø	**322,778**	–	**–**	–
Michael Hunt	**1,508,471**	1,253,023	**–**	125,000
Dr John Sinden	**2,305,794**	2,211,902	**–**	125,000
Simon Cartmell	**787,500**	787,500	**–**	187,500
Dr Tim Corn	**200,000**	200,000	**–**	–
Mark Docherty	**944,854**	944,854	**–**	125,000
Professor Sir Chris Evans	**24,010,525**	24,010,525	**–**	–
Dr Paul Harper	**451,709**	451,709	**–**	50,000
Bryan Morton	**1,015,909**	1,015,909	**–**	125,000

The Warrants of the Company entitled the holder to subscribe for Ordinary shares at a price of 6.0 pence per share up to 20 April 2014. The Warrants expired on that date with none having been exercised.

The Directors held the following interests in options over shares of the Company:

John Berriman

	Note	At 1 April 2014 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2015 Number**	Exercise price	Exercise period*
Options – unapproved	8	480,073	–	–	**480,073**	3.75p	September 2014 – September 2021
Options – unapproved	10	575,249	–	–	**575,249**	2.87p	September 2015 – September 2022
Options – unapproved	12	600,000	–	–	**600,000**	3.6p	September 2016 – September 2023
Options – unapproved	14	–	–	600,000	**600,000**	3.45p	September 2017 – September 2024
		1,655,322	–	600,000	**2,255,322**		

Olav Hellebø

	Note	At 1 April 2014 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2015 Number**	Exercise price	Exercise period*
Options – approved	15	–	–	7,246,376	**7,246,376**	1.0p	September 2017 – September 2024
Options – unapproved	15	–	–	8,309,180	**8,309,180**	1.0p	September 2017 – September 2024
		–	–	15,555,556	**15,555,556**		

Directors' emoluments continued
Michael Hunt

	Note	At 1 April 2014 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2015 Number**	Exercise price	Exercise period*
Options – approved	1	927,727	(927,727)	–	**–**	4.4p	August 2005 – July 2014
Options – unapproved	1	1,117,928	(1,117,928)	–	**–**	4.4p	August 2006 – July 2014
Options – unapproved	2	2,272,950	–	–	**2,272,950**	11.0p	August 2008 – August 2015
Options – unapproved	2	567,586	–	–	**567,586**	4.4p	August 2009 – August 2016
Options – unapproved	2	567,586	–	–	**567,586**	6.61p	August 2010 – August 2016
Options – unapproved	3	989,806	–	–	**989,806**	10.61p	August 2010 – August 2017
Options – unapproved	3	989,806	–	–	**989,806**	18.94p	August 2010 – August 2017
Options – approved	5	347,808	–	–	**347,808**	1.0p	August 2011 – August 2019
Options – unapproved	5	1,095,079	–	–	**1,095,079**	1.0p	August 2011 – August 2020
Options – unapproved	6	1,772,728	–	–	**1,772,728**	1.0p	August 2012 – August 2019
Options – unapproved	7	2,071,066	–	–	**2,071,066**	1.0p	August 2013 – August 2020
Options – unapproved	9	2,916,667	–	–	**2,916,667**	1.0p	September 2014 – September 2021
Options – approved	11	3,181,818	–	–	**3,181,818**	1.0p	September 2015 – September 2022
Options – approved	13	694,500	–	–	**694,500**	1.0p	September 2016 – September 2023
Options – unapproved	13	3,263,833	–	–	**3,263,833**	1.0p	September 2016 – September 2023
Options – approved	15	–	–	1,715,333	**1,715,333**	1.0p	September 2017 – September 2024
Options – unapproved	15	–	–	2,347,167	**2,347,167**	1.0p	September 2017 – September 2024
		22,776,888	(2,045,655)	4,062,500	**24,793,733**		

Directors' emoluments continued

John Sinden

	Note	At 1 April 2014 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2015 Number**	Exercise price	Exercise period*
Options – approved	1	927,727	(927,727)	–	**–**	4.4p	August 2005 – July 2014
Options – unapproved	1	1,110,382	(1,110,382)	–	**–**	4.4p	August 2006 – July 2014
Options – unapproved	2	2,272,950	–	–	**2,272,950**	11.0p	August 2008 – August 2015
Options – unapproved	2	567,586	–	–	**567,586**	4.4p	August 2009 – August 2016
Options – unapproved	2	567,586	–	–	**567,586**	4.4p	August 2010 – August 2016
Options – unapproved	3	989,806	–	–	**989,806**	10.61p	August 2010 – August 2017
Options – unapproved	3	989,806	–	–	**989,806**	18.94p	August 2010 – August 2017
Options – approved	5	347,808	–	–	**347,808**	1.0p	August 2011 – August 2019
Options – unapproved	5	1,216,834	–	–	**1,216,834**	1.0p	August 2011 – August 2020
Options – unapproved	6	1,713,637	–	–	**1,713,637**	1.0p	August 2012 – August 2019
Options – unapproved	7	1,918,782	–	–	**1,918,782**	1.0p	August 2013 – August 2020
Options – unapproved	9	2,336,389	–	–	**2,336,389**	1.0p	September 2014 – September 2021
Options – approved	11	2,450,758	–	–	**2,450,758**	1.0p	September 2015 – September 2022
Options – approved	13	1,364,638	–	–	**1,364,638**	1.0p	September 2016 – September 2023
Options – unapproved	13	961,751	–	–	**961,751**	1.0p	September 2016 – September 2023
Options – approved	15	–	–	1,715,333	**1,715,333**	1.0p	September 2017 – September 2024
Options – unapproved	15	–	–	659,667	**659,667**	1.0p	September 2017 – September 2024
		19,736,440	(2,038,109)	2,375,000	**20,073,331**		

Simon Cartmell

	Note	At 1 April 2014 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2015 Number**	Exercise price	Exercise period*
Options – unapproved	8	480,073	–	–	**480,073**	3.75p	September 2014 – September 2021
Options – unapproved	10	575,249	–	–	**575,249**	2.87p	September 2015 – September 2022
Options – unapproved	12	600,000	–	–	**600,000**	3.6p	September 2016 – September 2023
Options – unapproved	14	–	–	600,000	**600,000**	3.45p	September 2017 – September 2024
		1,655,322	–	600,000	**2,255,322**		

Directors' emoluments continued

Dr Tim Corn

	Note	At 1 April 2014 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2015 Number**	Exercise price	Exercise period*
Options – unapproved	10	575,249	–	–	**575,249**	2.87p	September 2015 – September 2022
Options – unapproved	12	500,000	–	–	**500,000**	3.6p	September 2016 – September 2023
Options – unapproved	14	–	–	500,000	**500,000**	3.45p	September 2017 – September 2024
		1,075,249	–	500,000	**1,575,249**		

Mark Docherty

	Note	At 1 April 2014 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2015 Number**	Exercise price	Exercise period**
Options – unapproved	3	296,942	–	–	**296,942**	10.61p	August 2010 – August 2017
Options – unapproved	4	260,797	–	–	**260,797**	4.22p	August 2012 – August 2019
Options – unapproved	4	319,605	–	–	**319,605**	3.85p	August 2013 – August 2020
Options – unapproved	8	480,073	–	–	**480,073**	3.75p	September 2014 – September 2021
Options – unapproved	10	575,249	–	–	**575,249**	2.87p	September 2015 – September 2022
Options – unapproved	12	500,000	–	–	**500,000**	3.6p	September 2016 – September 2023
Options – unapproved	14	–	–	500,000	**500,000**	3.45p	September 2017 – September 2024
		2,432,666	–	500,000	**2,932,666**		

Professor Sir Chris Evans

	Note	At 1 April 2014 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2015 Number**	Exercise price	Exercise period*
Options - unapproved	12	500,000	–	–	**500,000**	3.6p	September 2016 – September 2023
Options - unapproved	14	–	–	500,000	**500,000**	3.45p	September 2017 – September 2024
		500,000	–	500,000	**1,000,000**		

Directors' emoluments continued

Dr Paul Harper

	Note	At 1 April 2014 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2015 Number**	Exercise price	Exercise period*
Options – unapproved	2	113,648	–	–	**113,648**	11.0p	August 2008 – August 2015
Options – unapproved	2	113,517	–	–	**113,517**	4.4p	August 2009 – August 2016
Options – unapproved	3	296,942	–	–	**296,942**	10.61p	August 2010 – August 2017
Options – unapproved	4	260,797	–	–	**260,797**	4.22p	August 2012 – August 2019
Options – unapproved	4	319,605	–	–	**319,605**	3.85p	August 2013 – August 2020
Options – unapproved	8	480,073	–	–	**480,073**	3.75p	September 2014 – September 2021
Options – unapproved	10	575,249	–	–	**575,249**	2.87p	September 2015 – September 2022
Options – unapproved	12	500,000	–	–	**500,000**	3.6p	September 2016 – September 2023
Options – unapproved	14	–	–	500,000	**500,000**	3.45p	September 2017 – September 2024
		2,659,831	–	500,000	**3,159,831**		

Bryan Morton

	Note	At 1 April 2014 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2015 Number**	Exercise price	Exercise period***
Options – unapproved	4	260,797	–	–	**260,797**	4.22p	August 2012 – August 2019
Options – unapproved	4	319,605	–	–	**319,605**	3.85p	August 2013 – August 2020
Options – unapproved	8	480,073	–	–	**480,073**	3.75p	September 2014 – September 2021
Options – unapproved	10	575,249	–	–	**575,249**	2.87p	September 2015 – September 2022
Options – unapproved	12	700,000	–	–	**700,000**	3.6p	September 2016 – September 2023
Options – unapproved	14	–	–	700,000	**700,000**	3.45p	September 2017 – September 2024
		2,335,724	–	700,000	**3,035,724**		

* The exercise periods indicate the earliest dates for which the options are exercisable subject to meeting the performance conditions disclosed overleaf.

** Mark Docherty's share options will become exercisable when he steps down from the Board at the Annual General Meeting (where not already exercisable at that date) and must be exercised within 9 months of his resignation.

*** Bryan Morton's share options became exercisable on his resignation (where not already exercisable at that date) and must be exercised within 9 months of his resignation.

Directors' emoluments continued

Note 1:
These options were issued following the Group's Admission to the AIM market. They replaced an earlier award which had been conditional on the successful Admission; at 31 March 2015 these options were exercisable.

Note 2:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in Phase I/II trials; at 31 March 2015 these options were exercisable.

Note 3:
These options were issued subject to a performance condition, being the successful completion of an initial clinical trial of a ReNeuron cell therapy; at 31 March 2015 these options were exercisable.

Note 4:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a second clinical trial; at 31 March 2015 these options were exercisable.

Note 5:
These options have been issued in accordance with the Group's Deferred Share-based Bonus Plan in respect of corporate and personal objectives achieved in the financial year ending 31 March 2009 and carry no further performance conditions; at 31 March 2015 these options were exercisable.

Note 6:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a second clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the FTSE All-Share Pharmaceutical and Biotechnology Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 7:
These options were issued subject to the performance conditions below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a second clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the AIM Healthcare Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 8:
These options were issued subject a performance condition, being the first patient administered with a ReNeuron cell therapy in a third clinical trial; at 31 March 2015 these options were exercisable.

Note 9:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a third clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the AIM Healthcare Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Directors' emoluments continued

Note 10:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fourth clinical trial; at 31 March 2015 these options were not exercisable.

Note 11:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a fourth clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the AIM Healthcare Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 12:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fifth clinical trial; at 31 March 2015 these options were not exercisable.

Note 13:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a fifth clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the AIM Healthcare Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 14:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a sixth clinical trial; at 31 March 2015 these options were not exercisable.

Note 15:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a sixth clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the AIM Healthcare Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Qualifying third party indemnity

Certain Directors benefited from qualifying third party indemnity provisions in place during the year and at the date of this report.

Policy and practice on payment of creditors

It is the Group's policy to agree payment terms with all suppliers in advance of the supply of goods and services and to adhere to those payment terms. Trade payables of the Group at the year-end as a proportion of amounts invoiced by suppliers during the year represent 56 days (2014: 73 days).

The Company had no trade payables at the year-end (2014: nil).

Corporate Governance

As an AIM-listed Company, ReNeuron is not required to comply with the UK Corporate Governance Code (2012), the set of recommended corporate governance principles for UK public companies issued by the Financial Reporting Council. However, the Directors support high standards of Corporate Governance and have established a set of corporate governance principles which they regard as appropriate for the stage of development of the Group. For example, the Company has adopted a share dealing code for Directors and senior employees on substantially the same terms as AIM's model code on Directors' dealings in Company shares.

The Board has established an Audit Committee, Remuneration Committee and Nominations Committee with formally delegated duties and responsibilities. Dr Paul Harper chairs the Audit Committee, Simon Cartmell chairs the Remuneration Committee and John Berriman chairs the Nominations Committee.

Dr Harper is not regarded as independent due to his length of tenure as a Director of the Parent Company. However, the Board believes Dr Harper's specific skills and experience makes him the best choice for the role of Audit Committee Chairman.

The Audit Committee normally meets twice a year and has responsibility for, amongst other things, planning and reviewing the annual report and accounts and interim statements and involving, where appropriate, the external auditors. The Committee also approves external auditors' fees and ensures the auditors' independence as well as focusing on compliance with legal requirements and accounting standards.

It is also responsible for ensuring that an effective system of internal controls is maintained. The ultimate responsibility for reviewing and approving the annual financial statements and interim statements remains with the Board.

The Remuneration Committee, which meets as required, but at least once a year, has responsibility for making recommendations to the Board on the compensation of senior executives and determining, within agreed terms of reference, the specific remuneration packages for each of the executive Directors. It also supervises the Share Option Scheme and sets performance conditions for options granted under the Share Option Scheme.

The Nominations Committee, which meets as required, but at least once a year, has responsibility for reviewing the size and composition of the Board, the appointment of replacement or additional Directors and making appropriate recommendations to the Board.

Communications

The Group places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Group's activities are clear, fair and accurate. The Group maintains a regularly updated website. Users can register to be alerted when announcements or details of presentations and events are posted onto the website.

Beyond the Annual General Meeting, the Chief Executive Officer and Chief Financial Officer meet regularly with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group.

Health and safety and the environment

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility in this area. The Group operates a Health and Safety Committee which meets monthly to monitor, review and make decisions concerning health and safety matters. The Group's health and safety policies and procedures are enshrined in the Group's documented quality systems, which encompass all aspects of the Group's day-to-day operations.

The Group is aware of its corporate responsibilities concerning the impact of its activities on the environment, and seeks to minimise this impact wherever possible. Through the various procedures and systems it operates, the Group ensures full compliance with health and safety and environmental legislation relevant to its activities.

Directors' responsibilities statement

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 financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the Group website www.reneuron.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement on disclosure of information to auditors

In accordance with Section 418 of the Companies Act, in the case of each of the persons who are Directors at the time when the report is approved, the following applies:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held at the offices of Covington & Burling LLP, 265 Strand, London, WC2R 1BH on 24 September 2015 at 10.30 a.m. The Notice of the Annual General Meeting is enclosed on page 54 of this document.

By order of the Board

Michael Hunt
Director

Independent Auditors' Report to the Members of ReNeuron Group plc

Report on the financial statements

Our opinion

In our opinion:

- ReNeuron Group plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2015 and of the Group's loss and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

ReNeuron Group plc's financial statements comprise:

- the Group and Parent Company Statements of Financial Position as at 31 March 2015;
- the Group Statement of Comprehensive Income for the year then ended;
- the Group and Parent Company Statements of Cash Flows for the year then ended;
- the Group and Parent Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 27, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

24 August 2015

Group Statement of Comprehensive Income for the year ended 31 March 2015

	Note	**2015 £'000**	2014 £'000
Revenue: royalty income	5	**30**	22
Other income: grants		**519**	662
Research and development costs	6	**(7,250)**	(5,829)
General and administrative costs	6	**(3,693)**	(2,824)
Operating loss		**(10,394)**	(7,969)
Finance income	7	**91**	149
Loss before income tax		**(10,303)**	(7,820)
Income tax credit	10	**1,397**	754
Loss and total comprehensive loss for the year		**(8,906)**	(7,066)
Loss and total comprehensive loss attributable to equity owners of the Company		**(8,906)**	(7,066)
Basic and diluted loss per ordinary share	12	**(0.5p)**	(0.5p)

Group and Parent Company Statements of Financial Position as at 31 March 2015

	Note	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Assets					
Non-current assets					
Property, plant and equipment	13	**161**	225	**–**	–
Intangible assets	14	**1,591**	1,272	**–**	–
Investment in subsidiaries	15	**–**	–	**68,415**	64,524
Trade and other receivables	16	**281**	275	**–**	–
		2,033	1,772	**68,415**	64,524
Current assets					
Trade and other receivables	16	**400**	676	**–**	3
Income tax receivable		**1,272**	754	**–**	–
Investments – bank deposit	17	**–**	6,000	**–**	–
Cash and cash equivalents	18	**12,382**	14,917	**4,956**	9,425
		14,054	22,347	**4,956**	9,428
Total assets		**16,087**	24,119	**73,371**	73,952
Equity					
Equity attributable to owners of the Company					
Share capital	23	**17,888**	17,888	**17,888**	17,888
Share premium account		**46,267**	46,267	**46,267**	46,267
Capital redemption reserve		**8,964**	8,964	**8,964**	8,964
Merger reserve		**2,223**	2,223	**1,858**	1,858
Accumulated losses		**(62,206)**	(53,625)	**(7,096)**	(6,512)
Total equity		**13,136**	21,717	**67,881**	68,465
Liabilities					
Non-current liabilities					
Provisions	20	**605**	364	**–**	–
Financial liabilities: finance leases	21	**1**	2	**–**	–
		606	366	**–**	–
Current liabilities					
Trade and other payables	19	**2,344**	2,035	**5,490**	5,487
Financial liabilities: finance leases	21	**1**	1	**–**	–
		2,345	2,036	**5,490**	5,487
Total liabilities		**2,951**	2,402	**5,490**	5,487
Total equity and liabilities		**16,087**	24,119	**73,371**	73,952

The financial statements on pages 30 to 52 were approved by the Board of Directors on 24 August 2015 and were signed on their behalf by:

Michael Hunt
Director

Company Registered Number 05474163

Group and Parent Company Statements of Changes in Equity as at 31 March 2015

Group	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total equity £'000
As at 1 April 2013	**7,748**	**32,972**	**8,964**	**2,223**	**(46,999)**	**4,908**
Issue of Ordinary shares	10,140	15,210	–	–	–	25,350
Costs of share issue	–	(1,915)	–	–	–	(1,915)
Credit on share-based payment	–	–	–	–	440	440
Loss for the year and total comprehensive loss	–	–	–	–	(7,066)	(7,066)
As at 31 March 2014	**17,888**	**46,267**	**8,964**	**2,223**	**(53,625)**	**21,717**
Credit on share-based payment	–	–	–	–	325	325
Loss for the year and total comprehensive loss	–	–	–	–	(8,906)	(8,906)
As at 31 March 2015	**17,888**	**46,267**	**8,964**	**2,223**	**(62,206)**	**13,136**

Company	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total equity £'000
As at 1 April 2013	**7,748**	**32,972**	**8,964**	**1,858**	**(6,147)**	**45,395**
Issue of Ordinary shares	10,140	15,210	–	–	–	25,350
Costs of share issue	–	(1,915)	–	–	–	(1,915)
Credit on share-based payment	–	–	–	–	440	440
Loss for the year and total comprehensive loss	–	–	–	–	(805)	(805)
As at 31 March 2014	**17,888**	**46,267**	**8,964**	**1,858**	**(6,512)**	**68,465**
Credit on share-based payment	–	–	–	–	325	325
Loss for the year and total comprehensive loss	–	–	–	–	(909)	(909)
As at 31 March 2015	**17,888**	**46,267**	**8,964**	**1,858**	**(7,096)**	**67,881**

Group and Parent Company Statements of Cash Flows for the year ended 31 March 2015

		Group		Company	
		2015	2014	**2015**	2014
	Note	**£'000**	£'000	**£'000**	£'000
Cash used in operating activities	26	**(9,124)**	(6,718)	**(795)**	(593)
Income tax credit received		**879**	714	**–**	–
Cash used in operating activities		**(8,245)**	(6,004)	**(795)**	(593)
Cash flows from investing activities					
Capital expenditure		**(61)**	(121)	**–**	–
Purchase of intangible asset		**(319)**	–	**–**	–
Loans provided to subsidiaries		**–**	–	**(3,702)**	(16,344)
Interest received		**91**	61	**28**	50
Net cash used in investing activities		**(289)**	(60)	**(3,674)**	(16,294)
Cash flows from financing activities					
Finance lease principal payments		**(1)**	(1)	**–**	–
Proceeds from issuance of Ordinary shares		**–**	25,350	**–**	25,350
Costs of share issue		**–**	(1,915)	**–**	(1,915)
Bank deposit matured/(placed)		**6,000**	(6,000)	**–**	–
Net cash generated from financing activities		**5,999**	17,434	**–**	23,435
Net (decrease)/increase in cash and cash equivalents		**(2,535)**	11,370	**(4,469)**	6,548
Cash and cash equivalents at the start of year		**14,917**	3,547	**9,425**	2,877
Cash and cash equivalents at the end of year		**12,382**	14,917	**4,956**	9,425

1. General information

ReNeuron Group plc (the "Company") and its subsidiaries (together "the Group") research and develop therapies using stem cells. The Company is a public limited company incorporated and domiciled in England with registered number 05474163 and its shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

2. Accounting policies and basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the financial years presented for both the Group and the Company. The accounting policies relate to the Group unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the interpretations of International Financial Reporting Interpretations Committee (IFRIC) and the Companies Act 2006 applicable to companies reporting under IFRS.

These financial statements have been prepared on a historical cost basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2015.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group elected not to apply IFRS 3 'Business combinations' retrospectively to business combinations which took place prior to 1 April 2006 that have been accounted for by the merger accounting method.

Significant accounting judgements, estimates and assumptions

The key areas that require management to make difficult, subjective or complex judgements about matters that are inherently uncertain are:

a) Going concern

The financial statements have been prepared on a going concern basis, which assumes that sufficient funds will be available for the Company and Group to continue in operational existence for the foreseeable future. More details are set out in note 3.

b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. These indicators include the progress towards and outcome of clinical trials and the Group's funding position.

2. Accounting policies and basis of preparation continued

Foreign currency translation

The consolidated financial statements are presented in pounds sterling (£), which is the Company's functional and presentational currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income in the year in which they occur.

Revenue

Revenue represents income received from royalties arising from collaborations with third parties and is recognised when they fall due to the Group.

Research and development expenditure

Capitalisation of expenditure on product development commences from the point at which technical feasibility and commercial viability of the product can be demonstrated and the Group is satisfied that it is probable that future economic benefits will result from the product once completed. No such costs have been capitalised to date, given the early stage of the Company's intellectual property.

Expenditure on research and development activities that do not meet the above criteria, including ongoing costs associated with acquired intellectual property rights and intellectual property rights generated internally by the Group, is charged to the Statement of Comprehensive Income as incurred.

Pension benefits

The Group operates a defined contribution pension scheme. Contributions payable for the year are charged to the Statement of Comprehensive Income. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position. The Group has no further payment obligations once the contributions have been paid.

Leases

Leasing arrangements which transfer to the Group substantially all the benefits and risks of ownership of assets are treated as finance leases, as if the asset had been purchased outright. The assets are included within the relevant category of property, plant and equipment and the capital elements of the leasing commitments are shown as obligations under finance leases. Assets held under finance leases are depreciated over the lower of their useful life and the terms of the lease. The interest element of the lease rental is included in the Group Statement of Comprehensive Income.

All other leases are considered operating leases, the costs of which are charged to the Group Statement of Comprehensive Income on a straight-line basis over the lease term. Benefits such as rent-free periods, and amounts received or receivable as incentives to take on operating leases, are spread on a straight-line basis over the lease term.

Government and other grants

Revenue grants are credited to other operating income within the Group's Statement of Comprehensive Income, assessed by the level of expenditure incurred on the specific grant project, when it is reasonably certain that amounts will not need to be repaid.

2. Accounting policies and basis of preparation continued

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans. The fair value of share-based payments under such schemes is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of market-based vesting conditions. Vesting periods are estimated to be two years for options issued under the deferred bonus and four years for other schemes.

The fair value calculation of share-based payments requires several assumptions and estimates as disclosed in note 25. The calculation uses the Black-Scholes model. At each balance sheet date, the Group reviews its estimate of the number of options that are expected to vest and recognises any revision to original estimates in the Statement of Comprehensive Income, with a corresponding adjustment to equity.

For equity-settled share based payments where employees of subsidiary undertakings are rewarded with shares issued by the Parent Company, a capital contribution is recorded in the subsidiary, with a corresponding increase in the investment in the Parent Company.

Warrants

Where warrants have been issued together with Ordinary shares, the proportion of the proceeds received that relates to the warrants is credited to reserves.

Where warrants have been issued as recompense for services supplied, the fair value of warrants is charged to the Statement of Comprehensive Income over the period the services are received and a corresponding credit is made to reserves.

Intangible assets

Intangible assets relating to intellectual property rights acquired through licensing or assigning patents and know-how are carried at historical cost less accumulated amortisation and any provision for impairment. Milestone payments associated with these rights are capitalised when incurred. Where a finite useful life of the acquired intangible asset cannot be determined, the asset is not subject to amortisation but is tested for impairment annually or more frequently whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No amortisation other than historical impairment has been charged to date as the products underpinned by the intellectual property rights are not yet available for commercial use.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual periods used for this purpose are:

Leasehold improvements	Term of the lease
Plant and equipment	3-8 years
Computer equipment	3-5 years

Investments in subsidiaries

Investments in subsidiaries are shown at cost less any provision for impairment. Any monies paid to subsidiaries are deemed to be a capital contribution.

Current income tax

The credit for current income tax is based on the results for the year, adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantially enacted at the financial year end.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. Accounting policies and basis of preparation continued

Bank deposits, cash and cash equivalents

Cash and cash equivalents in the cash flow statement and the Statements of Financial Position include cash in hand and deposits held on call with banks with original maturities of three months or less. Bank deposits with original maturities in excess of three months are classed as investments and are stated at cost.

Trade payables

Trade payables are recorded at fair value when goods or services have been received from a supplier.

Capital redemption reserve

S733 Companies Act 2006 provides that where shares of a company are redeemed or purchased wholly out of the Company's profits, or by a fresh issue, the amount by which the Company's issued share capital is diminished on cancellation of the shares shall be transferred to a reserve called the 'capital redemption reserve'. It also provides that the reduction of the Company's share capital shall be treated as if the capital redemption reserve were paid-up capital of the Company.

Provisions

Provisions are recognised when the Group has an obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Contractual milestone payments

The Group is expected to incur future contractual milestone payments linked to the future development of its therapeutic programmes. These costs will be recognised as and when a contractual milestone is expected to have been achieved.

Accounting developments

The following new standards, new interpretations and amendments to standards and interpretations are applicable for the first time for the financial year ended 31 March 2015. None of them has any impact on the financial statements of the Group:

- Amendment to IAS 1 "Financial Statement Presentation";
- IFRS 10, "Consolidated Financial Statements";
- IFRS 11, "Joint Arrangements";
- IFRS 12, "Disclosures of Interests in Other Entities";
- IAS 27 (Revised 2011), "Separate Financial Statements";;
- IAS 28 (Revised 2011), "Associates and Joint Ventures";
- Amendments to IFRS 10, 11 and 12 on transition guidance;
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities;
- Amendment to IAS 39, "Financial instruments: Recognition and measurement", on novation of derivatives and hedge accounting.

There are a number of new standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group. The future introduction of these standards is not expected to have a material impact on the financial statements of the Group.

3. Going concern

The Group is expected to incur significant further costs as it continues to develop its therapies and technologies through clinical development and as it establishes a cell manufacturing and development facility in South Wales.

Subsequent to the financial year end the Company has announced that it has raised £68.4 million, before expenses, by means of a Placing to shareholders. Following completion of the Placing, the Directors expect that the Group's financial resources will be sufficient to support operations until 2019. Consequently, the going concern basis has been adopted in the preparation of these financial statements.

4. Segment analysis

The Group has identified the Chief Executive Officer as the Chief Operating Decision Maker (CODM). The CODM manages the business as one segment, the development of cell-based therapies and all activities and assets are based in the UK. Since this is the only reporting segment, no further information is included. The information used internally by the CODM is the same as that disclosed in the financial statements.

5. Revenue

Revenue represents income received from royalties arising from collaborations with third parties. The Group's revenue derives wholly from assets in the United Kingdom. All revenue is derived from customers in the United States of America.

6. Operating expenses

	2015 £'000	2014 £'000
Loss before income tax is stated after charging:		
Research and development costs:		
Employee benefits (note 9)	**2,260**	1,513
Depreciation of property, plant and equipment (note 13)	**35**	83
Other expenses	**4,955**	4,233
Total research and development costs	**7,250**	5,829
General and administrative costs:		
Employee benefits (note 9)	**1,263**	1,074
Legal and professional fees	**399**	366
Depreciation of property, plant and equipment (note 13)	**90**	29
Operating lease charges:		
– land and buildings	**264**	243
Dilapidations provision (note 20)	**100**	100
Redundancy provision (note 20)	**141**	114
Other expenses	**1,436**	898
Total general and administrative costs	**3,693**	2,824
Total research and development costs and general and administrative costs	**10,943**	8,653

During the year the Group obtained services from the Group's auditors and its associates as detailed below:

Services provided by the Group's auditors	**2015 £'000**	2014 £'000
Fees payable to the Group's auditors:		
– for the audit of the Parent Company and consolidated financial statements	**19**	18
– for the audit of the Company's subsidiaries pursuant to legislation	**21**	21
Total	**40**	39

7. Finance income

	2015 £'000	2014 £'000
Finance income on short-term bank deposits	**91**	61
Unwind of discount on deposit (note 16)	**–**	88
Total	**91**	149

8. Directors' emoluments

The Directors of the Company have authority and responsibility for planning, directing and controlling the activities of the Group and they therefore comprise key management personnel as defined by IAS 24, Related Party Disclosures.

	2015 £'000	2014 £'000
Aggregate emoluments of Directors:		
Salaries and other short-term employee benefits	**945**	673
Pension contributions	**54**	37
	999	710
Share-based payments	**334**	267
Directors' emoluments including share-based payments	**1,333**	977

Two Directors (2014: two) had retirement benefits accruing to them under defined contribution pension schemes in respect of qualifying services.

None of the Directors exercised share options during the year (2014: none).

Directors' emoluments include amounts payable to third parties as described in note 29.

9. Employee information

The monthly average number of persons (including executive Directors) employed by the Group during the year was:

	2015 Number	2014 Number
By activity:		
Research and development	**27**	21
Administration	**6**	6
	33	27

Group	**2015 £'000**	2014 £'000
Staff costs:		
Wages and salaries	**2,600**	1,795
Social security costs	**315**	246
Share-based payment charge	**473**	440
Pension costs	**135**	106
	3,523	2,587

The Group operates defined contribution pension schemes for UK employees and Directors. The assets of the schemes are held in separate funds and are administered independently of the Group. The total pension cost during the year was £135,000 (2014: £106,000). There were no prepaid or accrued contributions to the scheme at the year-end (2014: nil).

10. Income tax credit on loss on ordinary activities

	2015 £'000	2014 £'000
United Kingdom research and development tax credit at 14.5% (2014: 11.0%)	**1,397**	754

No corporation tax liability arises on the results for the year due to the loss incurred.

As a loss-making Small and Medium-sized Enterprise, the Group is entitled to research and development tax credits at 14.5% (2014: 11.0%) on 225% of qualifying expenditure for the year to 31 March 2015.

The tax credit compares with the loss for the year as follows:

	2015 £'000	2014 £'000
Loss before income tax	**10,303**	7,820
Loss before income tax multiplied by the UK small profits rate of tax for small companies of 20% (2014: 20%)	**2,061**	1,564
Effects of:		
– difference between depreciation and capital allowances	**27**	(32)
– other short term timing differences	**(48)**	–
– expenses not deductible for tax purposes	**(1)**	(56)
– losses not recognised	**(517)**	(722)
– adjustments In respect of prior year	**(125)**	–
Tax credit	**1,397**	754

No deferred tax asset has been recognised by the Group or Company as there are currently no foreseeable trading profits.

The potential deferred tax assets/(liabilities) of the Group are as follows:

	Amount not recognised 2015 £'000	Amount not recognised 2014 £'000
Tax effect of timing differences because of:		
Accelerated capital allowances	**(126)**	(79)
Short term timing differences not recognised	**121**	122
Losses carried forward	**11,303**	10,325
	11,298	10,368

The potential deferred tax assets of the Company are as follows:

	Amount not recognised 2015 £'000	Amount not recognised 2014 £'000
Tax effect of timing differences because of:		
Losses carried forward	**716**	534

11. Loss for the financial year

As permitted by Section 408 of the Companies Act 2006 the Parent Company's Statement of Comprehensive Income for the current year has not been presented in these financial statements. The Parent Company's loss and total comprehensive loss for the financial year was £909,000 (2014: £805,000).

12. Basic and diluted loss per Ordinary share

The basic and diluted loss per share is calculated by dividing the loss for the financial year of £8,906,000 (2014: £7,066,000) by 1,788,827,700 shares (2014: 1,424,978,475 shares), being the weighted average number of 1p Ordinary shares in issue during the year.

Potential Ordinary shares are not treated as dilutive as the entity is loss making.

13. Property, plant and equipment

Group	Leasehold improvements £'000	Plant and equipment £'000	Computer equipment £'000	Total £'000
Cost:				
At 1 April 2013	1,635	893	120	2,648
Additions	–	78	46	124
Disposals	–	(50)	–	(50)
At 31 March 2014	**1,635**	**921**	**166**	**2,722**
Accumulated depreciation				
At 1 April 2013	1,514	811	110	2,435
Charge for the year	62	26	24	112
Disposals	–	(50)	–	(50)
At 31 March 2014	**1,576**	**787**	**134**	**2,497**
Net book amount:				
At 31 March 2014	**59**	**134**	**32**	**225**
Cost:				
At 1 April 2014	1,635	921	166	2,722
Additions	–	50	11	61
Disposals	–	(229)	(64)	(293)
At 31 March 2015	**1,635**	**742**	**113**	**2,490**
Accumulated depreciation				
At 1 April 2014	1,576	787	134	2,497
Charge for the year	59	37	29	125
Disposals	–	(229)	(64)	(293)
At 31 March 2015	**1,635**	**595**	**99**	**2,329**
Net book amount:				
At 31 March 2015	**–**	**147**	**14**	**161**

The figures stated above include plant and equipment held under finance leases at cost of £3,000 (2014:£3,000), depreciation of £1,000 (2014: £nil) and net book value of £2,000 (2014: £3,000).

The Company had no property, plant or equipment at 31 March 2015 (2014: £nil).

14. Intangible assets

	Licence fees £'000	Intellectual property rights not amortised £'000	Total £'000
At 1 April 2013 and 31 March 2014:			
Cost	1,884	5,824	7,708
Accumulated amortisation and impairment	1,884	4,552	6,436
Net book amount at 1 April 2013 and 31 March 2014	–	1,272	1,272
Additions	–	319	319
Net book amount at 31 March 2015	**–**	**1,591**	**1,591**

As at 31 March 2015, the carrying amount of intangible assets relates to in-licensed intellectual property including key patents concerning the use of neural stem cells in certain therapeutic areas targeted by the Group. These cells are currently in use in both the clinical and pre-clinical programmes undertaken by the Group. As the products are not ready for commercial use they do not have a finite useful life, therefore it is not appropriate to amortise them.

14. Intangible assets continued

The carrying amount of the intangible assets has been reviewed for impairment by considering the fair value less costs to sell. It is not appropriate to perform a discounted cash flow calculation to assess its value in use given they are not ready for commercial use. The carrying value of the asset is considered appropriate based on the current market capitalisation value of the business. The market capitalisation of the business was c.£91.8 million at 30 June 2015.

The addition in current year relates to a milestone payment made in respect to the intellectual property acquired by way of a cross-licence from a third party in 2005.

The Company holds no intangible assets.

15. Investments in subsidiaries

Company

Net book amount	**2015 £'000**	2014 £'000
At start of the year	**64,524**	48,006
Investment in subsidiary	**3,702**	16,344
Capital contribution arising from share-based payments	**189**	174
Net book amount at 31 March	**68,415**	64,524

The Company has invested in ReNeuron Limited to allow it to carry on the trade of the Group. A capital contribution arises where share-based payments are provided to employees of subsidiary undertakings settled with equity to be issued by the Company.

Taking into account the market capitalisation of the Group, the prospect of its therapies and the investor appetite for this sector, there has been no impairment to investments in subsidiaries in the year.

The Company's investments comprise interests in Group undertakings, details of which are shown below:

Name of undertaking	ReNeuron Holdings Limited	ReNeuron Limited		ReNeuron (UK) Limited	ReNeuron, Inc.
Country of incorporation	England and Wales	England and Wales		England and Wales	Delaware USA
Description of shares held	£0.10 Ordinary shares	£0.001 Ordinary shares	£0.10 Ordinary shares	£0.10 Ordinary shares	$0.001 Common stock
Proportion of nominal value of shares held by the Company	100%	100%	100%	100%	100%

ReNeuron Limited is the principal trading company in the Group. The other subsidiaries are dormant.

ReNeuron Limited, ReNeuron Holdings Limited and ReNeuron, Inc., are held directly by ReNeuron Group plc. ReNeuron (UK) Limited is held directly by ReNeuron Holdings Limited.

16. Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Current:				
Receivables	**208**	386	**–**	3
Prepayments and accrued income	**192**	290	**–**	–
	400	676	**–**	3
Non-current:				
Lease deposit repayable in 2016 at current value	**229**	223	**–**	–
Other receivables	**52**	52	**–**	–
	281	275	**–**	–
Total trade and other receivables	**681**	951	**–**	3

The classes within trade and other receivables do not include impaired assets.

17. Current asset investments

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Bank deposit matured February 2015	**–**	6,000	**–**	–

18. Cash and cash equivalents

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Cash at bank and in hand	**12,382**	14,917	**4,956**	9,425

19. Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Trade payables	**1,059**	1,159	**3**	3
Taxation and social security	**91**	75	**–**	–
Accruals	**1,194**	801	**–**	–
Amounts owed to Group undertakings	**–**	–	**5,487**	5,484
Total payables falling due within one year	**2,344**	2,035	**5,490**	5,487

Amounts owed by the Company to Group undertakings are not interest bearing and have no fixed repayment date.

20. Provisions

	Group	
	2015	2014
	£'000	£'000
Balance as at 1 April	**364**	150
Charged to the Statement of Comprehensive Income	**241**	214
Balance as at 31 March	**605**	364
Building dilapidations	**350**	250
Restructuring	**255**	114
	605	364
Due within one year	**595**	–
Due after more than one year	**10**	364
	605	364

The provision in respect of building dilapidations is expected to be utilised on exit of the premises in Guildford in early 2016.

The Group intends to relocate its business from Guildford to Pencoed, South Wales in early 2016. Existing employees of the business have been offered terms to incentivise their relocation with the business. However, it is expected that some employees will leave when the Guildford office closes. The financial statements include a provision of £255,000 (2014: £114,000) being the estimated cost of restructuring payments to be made on closure to those staff employed by the Company at 31 March 2015.

The Company had no provisions at 31 March 2015 (2014: nil).

21. Finance leases

Future minimum payments under finance leases:

	Group	
	2015	2014
	£'000	£'000
Within one year	**1**	1
In more than one year but not more than five years	**1**	2
Total gross payments	**2**	3
Less finance charges included above	**–**	–
Present value of payments	**2**	3

22. Financial risk management

Capital management

The Group's key objective in managing its capital is to safeguard its ability to continue as a going concern. In particular it has sought and obtained equity funding alongside non-dilutive grant support and collaborations to pursue its programmes. The Group strives to optimise the balance of cash spend between research and development and general and administrative expenses and, in so doing, maximise progress for all pipeline products.

Risk

The financial risks faced by the Group include liquidity and credit risk, interest rate risk and foreign currency risk.

Liquidity and credit risk

The Group seeks to maximise the returns from funds held on deposit balanced with the need to safeguard the assets of the business. All cash balances and short-term investments are held at leading banking institutions. Barclays Bank plc in the UK is rated A-2 for short-term deposits by S&P and BlackRock Institutional Cash Series plc in Ireland is rated AAAm by S&P.

At 31 March 2015 and 31 March 2014 no current asset receivables were aged over three months. No receivables were impaired. The lease deposit is discounted; other receivables are not discounted.

Interest rate risk

A portion of the Company's cash resources had been placed on fixed deposit, originally for a period of one year, to secure a fixed and immediately higher interest rate. This deposit matured in February 2015. The Directors do not currently consider it necessary to use derivative financial instruments to hedge the Group's exposure to fluctuations in interest rates.

Foreign currency risk

The Group holds part of its cash resources in US dollars and euros to cover payments committed in the immediate future. At 31 March 2015 cash of £894,000 (2014: £286,000) was held in these currencies. Creditors of the Group include £208,000 denominated in US dollars and £147,000 denominated in euro. All of the Group's receivables are denominated in pounds sterling.

At 31 March 2015, if pounds sterling had weakened/strengthened by 5% against the US dollar with all other variables held constant, the recalculated post-tax loss for the year would have been £15,000 (2014: £4,000) higher/lower.

At 31 March 2015, if pounds sterling had weakened/strengthened by 5% against the euro with all other variables held constant, the recalculated post-tax loss for the year would have been £10,000 (2014: £3,000) higher/lower.

The Group has not entered into forward currency contracts.

Ageing profile of the Group's financial liabilities

The Group's financial liabilities consist of:

	Group	
	2015	2014
	£'000	£'000
Finance leases – due in more than one year	**1**	2
Finance leases – due in one year or less	**1**	1
Trade and other payables	**2,253**	1,960
	2,255	1,963

Currency profile of the Group's cash and cash equivalents

	Group	
	2015	2014
Currency	**£'000**	£'000
Pounds Sterling	**11,488**	14,631
United States Dollar	**528**	158
Euro	**366**	128
	12,382	14,917

22. Financial risk management continued

Fair values of financial assets and financial liabilities

The following table provides a comparison by category of the carrying amounts and the fair value of the Group's financial assets and liabilities at 31 March 2015. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest.

	2015		2014	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
Investments – bank deposit	**–**	**–**	6,000	6,000
Cash at bank and in hand	**12,382**	**12,382**	14,917	14,917
Receivables: non-current	**281**	**281**	275	275
Receivables: current	**208**	**208**	386	386
(Trade and other payables)	**(2,253)**	**(2,253)**	(1,960)	(1,960)

23. Share capital

	2015 £'000	2014 £'000
Authorised	**Unlimited**	Unlimited
Issued and fully paid		
1,788,827,700 Ordinary shares of 1p each (2014: 1,788,827,700 of 1p each)	**17,888**	17,888

On 8 August 2013 the Company issued 29,033,000 Ordinary shares at 2.5p per share and on 9 August 2013 the Company issued 984,967,000 Ordinary shares at 2.5p per share. In total the Company raised £25,350,000.

On 21 August 2015 the Company issued 40,000,000 Ordinary shares at 5.0p per share and on 24 August 2015 the Company issued 1,327,411,939 Ordinary shares at 5.0p per share. In total the Company raised £68,371,000. Following these issues the total number of Ordinary shares of 1p each in ReNeuron in issue was 3,156,239,639.

24. Warrants

In April 2012 investors subscribing for Ordinary shares were issued with 134,037,500 Warrants to subscribe for further Ordinary shares at a price of 6 pence per share. Warrants were exercisable up to 20 April 2014. All of these warrants lapsed with no new shares having been issued.

Warrant instrument with Novavest Growth Fund Limited

Novavest Growth Fund Limited has the right to subscribe for 58,239 ReNeuron Limited Ordinary shares at a price of £17.16 per Ordinary share. Pursuant to a put/call agreement dated 6 November 2000, on exercise of such warrant, shares acquired by Novavest in ReNeuron Limited will be exchanged for 582,390 Ordinary shares of ReNeuron (UK) Limited. The Company intends in due course to enter into an agreement with Novavest whereby if the warrant is exercised, the ReNeuron Limited shares acquired by Novavest are exchanged directly for 582,390 Ordinary shares of the Company.

25. Share options

The Group operates share option schemes for Directors and employees of Group companies and specific consultants. Options have been issued through a combination of an Inland Revenue approved Enterprise Management Incentives (EMI) scheme and unapproved schemes.

The award of share options to executive Directors and employees of the Group are made in accordance with the Group's Deferred Share-based Bonus Plan and Long Term Incentive Plan.

Total options existing over 1p Ordinary shares in companies in the Group as at 31 March 2015 are summarised below. At 31 March 2015, the total outstanding options represented 6.1% of the total shares in issue.

Date of Grant	Number of options at 1 April 2014	Granted during the year	Lapsed during the year	**As at 31 March 2015**	Note	Exercise price	Date from which exercisable*	Date of expiry**
August 2005	5,220,238	–	(5,220,238)	**–**	1	4.4p	August 2005	July 2014
August 2005	6,136,966	–	(227,295)	**5,909,671**	2	11.0p	August 2008	August 2015
August 2006	2,349,807	–	(170,276)	**2,179,531**	2	4.41p	August 2009	August 2016
August 2006	1,135,172	–	–	**1,135,172**	2	6.61p	August 2009	August 2016
August 2007	4,295,756	–	(207,859)	**4,087,897**	3	10.6p	August 2010	August 2017
August 2007	1,979,612	–	–	**1,979,612**	3	18.94p	August 2010	August 2017
August 2009	2,894,845	–	(404,235)	**2,490,610**	4	4.22p	August 2012	August 2019
August 2009	2,236,933	–	–	**2,236,933**	5	1.0p	August 2011	August 2019
August 2009	3,486,365	–	–	**3,486,365**	6	1.0p	August 2012	August 2019
August 2010	3,093,772	–	(671,169)	**2,422,603**	3	3.85p	August 2013	August 2020
August 2010	1,723,185	–	–	**1,723,185**	5	1.0p	August 2012	August 2020
August 2010	5,777,665	–	(787,817)	**4,989,848**	7	1.0p	August 2013	August 2020
September 2011	5,160,784	–	(990,150)	**4,170,634**	8	3.75p	September 2014	September 2021
September 2011	8,001,944	–	(777,777)	**7,224,167**	9	1.0p	September 2014	September 2021
September 2012	7,771,618	–	(1,127,489)	**6,644,129**	10	2.87p	September 2015	September 2022
September 2012	7,708,030	–	(931,818)	**6,776,212**	11	1.0p	September 2015	September 2022
September 2013	8,595,000	–	(1,200,000)	**7,395,000**	12	3.6p	September 2016	September 2023
September 2013	8,670,139	–	(722,222)	**7,947,917**	13	1.0p	September 2016	September 2023
September 2014	–	10,675,000	(250,000)	**10,425,000**	14	3.45p	September 2017	September 2024
September 2014	–	25,134,723	–	**25,134,723**	15	1.0p	September 2017	September 2024
Total	**86,237,831**	**35,809,723**	**(13,688,345)**	**108,359,209**				

* The exercise periods indicate the earliest dates for which the options are exercisable subject to meeting the performance conditions disclosed below.
** All options lapse in full if they are not exercised by the date of expiry.

25. Share options continued

Note 1:
These options were issued following the Group's Admission to the AIM market. They replaced an earlier award which had been conditional on the successful Admission; at 31 March 2015 these options were exercisable.

Note 2:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in Phase I/II trials; at 31 March 2015 these options were exercisable.

Note 3:
These options were issued subject to a performance condition, being the successful completion of an initial clinical trial of a ReNeuron cell therapy; at 31 March 2015 these options were exercisable.

Note 4:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a second clinical trial; at 31 March 2015 these options were exercisable.

Note 5:
These options have been issued in accordance with the Group's Deferred Share-based Bonus Plan in respect of corporate and personal objectives achieved in the financial year ending 31 March 2009 and carry no further performance conditions; at 31 March 2015 these options were exercisable.

Note 6:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a second clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the FTSE All-Share Pharmaceutical and Biotechnology Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 7:
These options were issued subject to the performance conditions below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a second clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the AIM Healthcare Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 8:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a third clinical trial; at 31 March 2015 these options were exercisable.

Note 9:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a third clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the AIM Healthcare Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

25. Share options continued

Note 10:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fourth clinical trial; at 31 March 2015 these options were not exercisable.

Note 11:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a fourth clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the AIM Healthcare Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 12:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fifth clinical trial; at 31 March 2015 these options were not exercisable.

Note 13:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a fifth clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the AIM Healthcare Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 14:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a sixth clinical trial; at 31 March 2015 these options were not exercisable.

Note 15:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2015 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a sixth clinical trial;
ii) The Total Shareholder Return (TSR) of the Company must exceed that of the AIM Healthcare Index in any given three year period from date of grant. Where the TSR ranks between median and upper quartile of the index over the three year period, the options will vest pro-rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

25. Share options continued

Fair value charge

Fair value charges for share options have been prepared based on a Black-Scholes model with the following key assumptions:

Date of grant	Exercise price Pence	Share price at date of grant Pence	Risk free rate %	Assumed time to exercise Years	Assumed volatility %	Fair value per option Pence
August 2011	4.310	4.500	2.41	5	104.6	3.470
August 2011	1.000	4.500	2.41	5	104.6	4.080
September 2012	3.300	3.300	1.65	5	98.7	3.510
September 2012	1.000	3.300	1.65	5	98.7	4.020
September 2013	3.600	3.600	2.94	5	83.8	2.420
September 2013	1.000	3.600	2.94	5	83.8	3.050
September 2014	3.450	3.450	2.54	5	61.3	1.850
September 2014	1.000	3.600	2.54	5	61.3	2.740

The risk free rate is taken from the average yields on government gilt edged stock. No dividends are assumed. The assumed vesting period is 4 years. No lapses are assumed until they take place. Assumed volatility is based on historical experience up to the date of the grant.

The weighted average exercise prices for options were as follows:

	2015		2014	
	Number of options '000	**Weighted average exercise price Pence**	Number of options '000	Weighted average exercise price Pence
Outstanding at 1 April	**86,238**	**3.78**	63,985	4.46
Adjusted	**–**	**–**	5,275	–
Granted	**35,809**	**1.73**	17,415	2.31
Lapsed	**(13,688)**	**3.51**	(437)	3.12
Outstanding at 31 March	**108,359**	**3.13**	86,238	3.78
Exercisable at 31 March	**28,336**	**7.14**	28,171	7.36

The share price on 31 March 2015 was 3.6 pence (2014: 3.1p).

The pattern of exercise price and life is shown below:

	2015				2014			
Range of exercise prices	**Weighted average exercise price**	**Number of options**	**Weighted average remaining life (years) Expected**	**Contractual**	Weighted average exercise price	Number of options	Weighted average remaining life (years) Expected	Contractual
1p	**1p**	**59,519,349**	**2.07**	**7.82**	1p	37,604,261	2.56	7.62
Up to 10p	**3.6p**	**36,862,679**	**2.46**	**7.25**	3.8p	36,221,236	2.42	6.40
10p to 20p	**12.2p**	**11,977,180**	**1.43**	**1.43**	12.1p	12,412,334	2.43	2.43
Total		**108,359,208**				86,237,831		

26. Cash used in operating activities

	Group		Company	
	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000	**Year ended 31 March 2015 £'000**	Year ended 31 March 2014 £'000
Loss before income tax	**(10,303)**	(7,820)	**(908)**	(805)
Adjustment for:				
Interest received	**(91)**	(149)	**(28)**	(50)
Depreciation of property, plant and equipment	**125**	112	**–**	–
Provisions movement	**241**	214	**–**	–
Share-based payment charges	**325**	440	**135**	266
Changes in working capital:				
Receivables	**270**	(387)	**3**	(2)
Payables	**309**	872	**3**	(2)
Cash used in operating activities	**(9,124)**	(6,718)	**(795)**	(593)

27. Financial commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2015 £'000	2014 £'000
Not later than one year	**60**	241
Total lease commitments	**60**	241

The operating lease commitment is in respect of the lease of offices and laboratories in Guildford.

On 31 March 2014 the Company signed an Agreement for Lease with the Welsh Ministers. Pursuant to this agreement the Company has committed to enter into a 10 year lease over circa 25,700 square foot for premises in South Wales for a rent of £12.50 per square foot with the initial rent being reduced over 3 years to provide a reduction equivalent to 15 months rent. The lease will take effect when the construction and fit out of offices, laboratories and a GMP production facility has been completed at the premises.

The Company had no financial commitments at 31 March 2015 (2014: £nil).

The Group is expected to incur future contractual milestone payments linked to the future development of its therapeutic programmes. These costs will be recognised when each contractual milestone has been achieved.

28. Contingent liabilities

The Group had no contingent liabilities as at 31 March 2015 (2014: £nil).

29. Related party disclosures

Aesclepius Consulting Limited charged fees of £19,000 (2014: £19,000) in respect of services provided by Dr Tim Corn.

Arthurian Life Sciences Limited charged fees of £nil (2014: £500,000) for strategic assistance and £25,000 (2014 : £16,667) in respect of services provided by Professor Sir Chris Evans.

Biomedicon Limited charged fees of £17,000 (2014: £17,000) in respect of services provided by Dr Paul Harper.

Bryan Morton Limited charged fees of £33,125 (2014: £26,500) in respect of services provided by Bryan Morton.

XKE Capital Llp charged fees of £18,496 (2014: £18,083) in respect of services provided by Mark Docherty.

Parent Company and subsidiaries

The Parent Company is responsible for financing and setting Group strategy. ReNeuron Limited carries out the Group strategy, employs all staff including the Directors and owns and manages all of the Group's intellectual property. The proceeds of the issue of shares by the Parent Company are passed when required to ReNeuron Limited as a loan. ReNeuron Limited makes payments including the expenses of the Parent Company.

Company: transactions with subsidiaries	**2015 £'000**	2014 £'000
Purchases and staff:		
Parent Company expenses paid by subsidiary	**798**	591
Transactions involving Parent Company shares:		
Share options	**189**	174
Cash management:		
Loans to subsidiary	**3,702**	16,344

Company	**2015 £'000**	2014 £'000
Year-end balance of loan to subsidiary	**60,082**	56,380

Glossary of Scientific Terms

Cell banking
A process for the controlled preparation of a cell therapy product, resulting in a large number of vials of frozen cells.

Cell line
Cells that can be sustained or grown in a laboratory culture medium. Cell lines may comprise a family of cells isolated from a single tissue or organ or may be clonally derived from a single ancestor cell.

Cell therapy
A process by which healthy cells are introduced into a tissue or an organ to reconstruct or promote regeneration in order to treat disease.

Critical limb ischaemia
Critical limb ischaemia is the end-stage of peripheral arterial disease, where a progressive decrease in blood flow to limbs can lead to gangrene and amputation.

Cryopreservation
A process where cells, whole tissues, or any other substances susceptible to damage caused by chemical reactivity or time, are preserved by cooling to sub-zero temperatures.

Diabetes
A disease characterised by absolute or relative insulin insufficiency and high blood sugar.

Differentiation
The maturation of a stem cell into a functional cell.

Exosomes
Cell-derived vesicles (typically between 30-100nm in diameter) that contain a number of active proteins and/or microRNAs.

Immortalised cell line
A population of cells from a multicellular organism which would normally not proliferate indefinitely but, due to mutation, have evaded normal cellular senescence and instead can keep undergoing division. The cells can therefore be grown for prolonged periods *in vitro*.

Indication
The use for which a drug or therapy is intended.

Ischaemic stroke
The most common type of stroke (over 80% of cases) which happens when a clot blocks an artery that carries blood to the brain.

MicroRNAs
Small non-coding RNA molecules (21-25 nucleotides in length), which function in RNA silencing and post-transcriptional regulation of gene expression.

Nanoparticles
Particles between 1-100nm in size. A particle being a small object that behaves like a whole unit with respect to its transport and properties.

Neural stem cells
Cells within the brain which can both make more of themselves and also mature into neurons, oligodendrocytes and glia (supporting cells).

Neurodegenerative
A varied assortment of CNS disorders characterised by gradual and progressive loss of neural tissue.

Neurons
A nervous system cell able to conduct electrical impulses.

Peripheral arterial disease
A condition in which reduced blood supply to the limbs causes cramping, chronic pain, and in extreme cases loss of limb.

Phase I clinical trial
The assessment of the safety of a biologically active substance in patients or healthy volunteers.

Phase II clinical trial
A clinical trial designed to evaluate the efficacy of a treatment or drug for the condition it is intended to treat.

Phase III clinical trial
A large scale clinical trial of a treatment or drug that in Phase I and Phase II has been shown to be both efficacious and safe.

Photoreceptors
Sensory cells found in the eye which respond to light.

Regenerative medicine
A newer approach in medicine aimed at restoring function to damaged body organs and tissues.

Retinal disease
A general term which describes any damage to the light sensing membrane in the eye that can affect vision.

Retinitis pigmentosa
The name given to a group of inherited diseases of the retina that all lead to a gradual progressive reduction in vision.

Stem cell
A cell that is both able to reproduce itself and, depending on its stage of development, to generate all or certain other cell types within the body or within the organ from which it is derived.

Stroke
Damage to a group of nerve cells in the brain due to interrupted blood flow, caused by a blood clot or blood vessel bursting. Depending on the area of the brain that is damaged, a stroke can cause coma, paralysis, speech problems and dementia.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that, the Annual General Meeting of ReNeuron Group plc (incorporated and registered in England and Wales with registered no. 5474163) (the "Company") will be held at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH on 24 September 2015 at 10.30 a.m. to consider, and if thought fit, pass the following resolutions, of which Resolutions 1 to 6 will be proposed as ordinary resolutions and Resolution 7 will be proposed as a special resolution.

ORDINARY BUSINESS

1. To receive and adopt the Company's Annual Report and Accounts for the financial year ended 31 March 2015 and the Directors' Report, and the Independent Auditors' Report on those accounts.
2. To reappoint as a Director, Michael Hunt, who is retiring by rotation in accordance with Article 122 of the Company's Articles of Association and who, being eligible, is offering himself for reappointment.
3. To reappoint as a Director, Dr Tim Corn, who is retiring by rotation in accordance with Article 122 of the Company's Articles of Association and who, being eligible, is offering himself for reappointment.
4. To reappoint as a Director, Olav Hellebø, who having been appointed since the previous annual general meeting is retiring in accordance with Article 114 of the Company's Articles of Association and who being eligible is offering himself for reappointment.
5. To reappoint PricewaterhouseCoopers LLP as auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next annual general meeting of the Company at which accounts are laid and to authorise the Directors to determine the remuneration of the auditors.

SPECIAL BUSINESS

6. That the Directors of the Company be and are hereby generally and unconditionally authorised, pursuant to section 551 of the Companies Act 2006 (the "2006 Act") to:

   (a) allot Ordinary shares and to grant rights to subscribe for or to convert any security into Ordinary shares, in the Company (all of which shares and rights are hereafter referred to as "Relevant Securities") representing up to £10,520,798 in nominal value in aggregate of shares; and

   (b) allot Relevant Securities (other than pursuant to paragraph (a) above) representing up to £10,520,798 in nominal value in aggregate of shares in connection with a rights issue, open offer, scrip dividend, scheme or other pre-emptive offer to holders of Ordinary shares where such issue, offer, dividend, scheme or other allotment is proportionate (as nearly as may be) to the respective number of Ordinary shares held by them on a fixed record date (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems under the laws of any overseas territory, the requirements of any regulatory body or any stock exchange in any territory, in relation to fractional entitlements, or any other matter which the Directors consider merits any such exclusion or other arrangements),

   provided that in each case such authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) 15 months after the date of the passing of this resolution or at the conclusion of the next annual general meeting of the Company following the passing of this resolution, whichever occurs first, save that the Company may before such expiry, variation or revocation make an offer or agreement which would or might require such relevant securities to be allotted after such expiry, variation or revocation and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired or been varied or revoked.

7. That the Directors are hereby empowered pursuant to section 570 of the 2006 Act:

   (a) subject to and conditionally upon the passing of Resolution 6 to allot equity securities (as defined by section 560 of the 2006 Act) for cash pursuant to the authority conferred by Resolution 6 as if section 561 of the 2006 Act did not apply to such allotment; and

   (b) to sell Ordinary shares if, immediately before such sale, such shares are held as treasury shares (within the meaning of section 724 of the 2006 Act) as if section 561 of the 2006 Act did not apply to such sale,

   provided that such powers:

   (1) shall be limited to:
      (i) the allotment of equity securities (or sale of Ordinary shares) representing up to £10,520,798 in nominal value in aggregate of shares pursuant to the authority conferred by paragraph (b) of Resolution 6;

(ii) the allotment of equity securities (or sale of Ordinary shares) representing up to £3,156,239 in nominal value in aggregate of shares in connection with the grant of options (or other rights to acquire Ordinary shares) in accordance with the rules of the Company's share options schemes (as varied from time to time) or otherwise to employees, consultants and/or Directors of the Company and/or any of its subsidiaries; and

(iii) the allotment of equity securities (or sale of Ordinary shares), otherwise than pursuant to sub-paragraphs (i) and (ii) (inclusive) above, representing up to £3,156,239 in nominal value in aggregate of shares; and

(2) shall expire 15 months after the passing of this resolution or at the conclusion of the next annual general meeting of the Company following the passing of this resolution, whichever occurs first, but so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted (or Ordinary shares to be sold) after such expiry, revocation or variation and the Directors may allot equity securities (or sell Ordinary shares) in pursuance of such offer or agreement as if such powers had not expired or been revoked or varied.

24 August 2015
By Order of the Board

Michael Hunt
Company Secretary

Registered office
10 Nugent Road
Surrey Research Park
Guildford
Surrey GU2 7AF

NOTES

(1) In this Notice "Ordinary shares" shall mean Ordinary shares in the capital of the Company, having a nominal value of 1 pence per share.

(2) A shareholder entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote on a show of hands and on a poll instead of him or her. A proxy need not be a member of the Company. Where a shareholder appoints more than one proxy, each proxy must be appointed in respect of different shares comprised in his or her shareholding which must be identified on the proxy form. Each such proxy will have the right to vote on a poll in respect of the number of votes attaching to the number of shares in respect of which the proxy has been appointed. Where more than one joint shareholder purports to appoint a proxy in respect of the same shares, only the appointment by the most senior shareholder will be accepted as determined by the order in which their names appear in the Company's register of members. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the chairman of the meeting and give your instructions to that proxy.

(3) A corporation which is a shareholder may appoint one or more corporate representatives who have one vote each on a show of hands and otherwise may exercise on behalf of the shareholder all of its powers as a shareholder provided that they do not do so in different ways in respect of the same shares.

(4) To be effective, an instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the offices of Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, at not later than 10.30 a.m. on 22 September 2015 except that should the meeting be adjourned, such deposit may be made not later than 48 hours before the time of the adjourned meeting, provided that the Directors may in their discretion determine that in calculating any such period no account shall be taken at any day that is not a working day. A Form of Proxy is enclosed with this notice. Shareholders who intend to appoint more than one proxy may photocopy the Form of Proxy prior to completion. Alternatively, additional Forms of Proxy may be obtained by contacting Computershare Investor Services PLC on 0370 707 1272. The Forms of Proxy should be returned in the same envelope and each should indicate that it is one of more than one appointments being made. Completion and return of the Form of Proxy will not preclude shareholders from attending and voting in person at the meeting.

(5) A "Vote Withheld" option has been included on the Form of Proxy. The legal effect of choosing the "Vote Withheld" option on any resolution is that the shareholder concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

(6) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at the close of business on the day which is two working days before the day of the meeting shall be entitled to attend, or vote (whether in person or by proxy) at the meeting in respect of the number of shares registered in their names at the relevant time. Changes after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.

Explanatory Notes to the Business of the Annual General Meeting

Resolution 1
The Company's Annual Report and Accounts for the financial year ended on 31 March 2015 and the Directors' Report and the Independent Auditors' Report on those accounts will be presented to shareholders for approval.

Resolutions 2 and 3
Article 122 of the Company's Articles of Association requires that at every annual general meeting of the Company at least one third of the Directors for the time being retire from office by rotation and that all Directors holding office at the start of business on the date of this Notice of Annual General Meeting and who also held office at the time of both of the two immediately preceding annual general meetings and did not retire at either such meeting, shall retire from office and shall be counted in the number required to retire at the Annual General Meeting. Having so retired by rotation in accordance with Article 122, each of the following Directors is standing for reappointment by the shareholders at the Annual General Meeting:

- Michael Hunt, who is a Director of the Company; and
- Dr Tim Corn, who is a Non-executive Director of the Company.

It is noted that each of Mark Docherty and Dr John Sinden have confirmed to the Company that they wish to retire at the meeting and not offer themselves for re-election and these retirements which shall take effect from the conclusion of the meeting, have been included for the purposes of calculating the number of the Directors who are to retire by rotation in accordance with Article 122 of the Company's Articles of Association.

Resolution 4
In accordance with Article 114 of the Company's Articles of Association, every Director who has been appointed since the last annual general meeting of the Company is required to retire from office. Olav Hellebø, having been appointed as a Director since the last annual general meeting therefore retires and, being eligible, offers himself for reappointment by the shareholders at the Annual General Meeting.

Resolution 5
At every annual general meeting at which accounts are presented to shareholders, the Company is required to appoint an auditor to serve until the next such annual general meeting. PricewaterhouseCoopers LLP have confirmed that they are willing to continue as the Company's auditors for the next financial year. The Company's shareholders are asked to reappoint them and to authorise the Directors to determine their remuneration, which will, in accordance with the Company's practice concerning good corporate governance, be subject to the recommendation of the Audit Committee.

Resolution 6
This resolution seeks to authorise the Directors to allot shares, subject to the normal pre-emption rights reserved to shareholders contained in the 2006 Act. The Investment Association (IA) regards as routine a request by a company seeking an annual authority to allot new shares in an amount of up to a third of the existing issued share capital. In addition, the IA will also regard as routine a request for authority to allot up to a further third of the existing issued share capital provided such additional third is reserved for fully pre-emptive rights issues. Resolution 6 seeks to reflect the spirit of the IA's recommendations, though sub-paragraph (b) of Resolution 6 covers a broader range of offers, issues and allotments. The limits imposed under sub-paragraphs (a) and (b) of Resolution 6 each represent one third of the existing issued share capital of the Company.

Resolution 7
Pursuant to section 561 of the 2006 Act existing shareholders of the Company have a right of pre-emption in relation to future issues of shares. Sub-paragraph (1)(i) of Resolution 7 allows the disapplication of pre-emption rights to allow the issue of shares to existing shareholders, for example, by way of a rights issue or open offer. The limit imposed in respect of the grant of options pursuant to sub-paragraph 1(ii) of Resolution 7 represents 10 per cent. of the existing issued share capital of the Company. The limit imposed in respect of the general disapplication pursuant to sub-paragraph 1(iii) of Resolution 7 represents 10 per cent. of the existing issued share capital of the Company. The Directors consider it important that they have the authorities set out in sub-paragraphs (1)(ii) and (1)(iii), which would allow them to grant options and issue shares to incentivise employees, Directors and consultants and to issue shares generally for other purposes.

ckd

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