

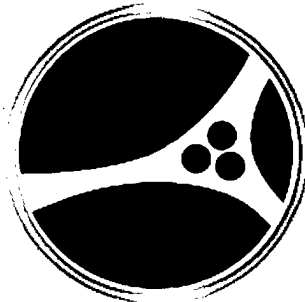
Cell Therapy Limited



Registered number

06970743

Cell Therapy Limited
Directors' report and financial statements
for the year ended
31 July 2014



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CELLTHERAPY
REGENERATIVE MEDICINE FOR LIFE

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Directors' report

The directors present their report and financial statements for the year ended 31 July 2014.

Principal activities

The principal activity of the company is the research and development of pharmaceutical products. Research expenditure amounted to £462,501 (2013: £163,165) and the entity achieved a profit of £382,669 (2013: loss £429,218).

Directors

The directors who served in the year were as follows:

Professor Sir Martin Evans
Mr Ajan Reginald
Mr Mubasher Sheikh (appointed 1st August 2012)
Mr Rhodri Morgan (appointed 1st January 2013)

The following directors were appointed since the accounting year end.

Lord Digby Jones of Birmingham (appointed 23 November 2014)
Mr Anthony Bird (appointed 23 November 2014)
Mr Mark Hughes (appointed 20 January 2015)
Mr David Preston (appointed 20 January 2015)
Dr Sabena Sultan (appointed 20 January 2015)

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2013: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Results and dividends

The profit for the year after taxation was £382,669 (2013 restated: loss 429,218). This profit was after a taxation charge of £Nil (2013: £116,253). The directors do not propose that a final dividend for the year be paid (2013: £Nil).

Cell Therapy Limited



Auditor

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

Financial Instruments

See note 13 for information on financial instruments.

Small company special provisions

The report of the directors has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

This report was approved by the board on 30 April 2015, taking advantage of special exemptions available to small companies.

Adoption of International Financial Reporting Standards

The financial statements have adopted International Financial Reporting Standards as adopted by the EU ("IFRS") for the first time. There is no material difference in the results caused by the adoption of IFRS. There has however been an increase in the number of notes and disclosures as a result of this change. Further information is contained in Note 21

Restatement

A review of the 2013 and prior accounts has revealed a need for a restatement of prior period accounts. Full details of this restatement are set out in note 2 and its sub paragraphs 2.1 to 2.5

Going concern

Since the year end the directors have raised funds from various sources, most recently from crowdfunding, see note 20 for detail of amounts raised. As at the date of this report, the Company has cash balances of approximately £575,000 and based on current forecasts the Directors' are satisfied that this enables the Company to continue as a going concern for at least 12 months from the date of approval of these financial statements.

Signed on behalf of the board of directors

Ajan Reginald
Director

A large, stylized handwritten signature in black ink, appearing to read "Ajan Reginald".

Cardiff Gate Business Park
Malthouse Avenue
Cardiff
CF23 8RU

30 April 2015
Company Number: 06970743

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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

- select suitable accounting policies in accordance with IFRS as adopted by the EU and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



Independent auditor's report to the members of Cell Therapy Limited

We have audited the financial statements of Cell Therapy Limited for the year ended 31 July 2014, set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other matter – Prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

Independent auditor's report to the members of Cell Therapy Limited (continued)

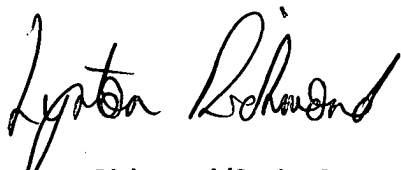
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Lynton Richmond (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

30 April 2015

Cell Therapy Limited

Statement of comprehensive income

		2014	2013
			Restated (unaudited)
		£	£
Operating and administrative expenses		(779,863)	(470,719)
Other operating income	8	1,162,532	157,754
Profit/(loss) before taxation	5	382,669	(312,965)
Taxation	9	-	(116,253)
Profit/(loss) for the year		382,669	(429,218)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		382,669	(429,218)

All results arise from continuing operations.

The notes on pages 10 to 24 form part of these financial statements.



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Cell Therapy Limited**Statement of financial position**

		31 July 2014	31 July 2013	1 August 2012
			Restated	Restated
			(unaudited)	(unaudited)
	Notes	£	£	£
Non-current assets				
Equipment	10	22,439	7,952	1,754
Intangible assets	11	98,609	62,271	46,081
Investments	12	-	-	-
		121,048	70,223	47,835
Current assets				
Trade and other receivables	13	150,363	143,133	37,436
Cash at bank and in hand		52,874	779,287	168,987
		203,237	922,420	206,423
Total assets		324,285	992,643	254,258
Non-current liabilities				
Other payables	14	(6,160)	(111,760)	(75,580)
Current liabilities				
Trade and other payables	14	(237,694)	(1,183,121)	(87,018)
Total liabilities		(243,854)	(1,294,881)	(162,598)
Net assets/(liabilities)		80,431	(302,238)	91,660
Equity				
Share capital	15	16,955	16,955	16,600
Share premium		379,255	379,255	344,290
Accumulated loss		(315,779)	(698,448)	(269,230)
Total equity		80,431	(302,238)	91,660

The notes on pages 10 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 30 April 2015 and were signed on its behalf by:

Ajan Reginald
Director

Company Number: 06970743

30 April 2015
Cardiff Gate Business Park
Malthouse Avenue
Cardiff CF23 8RU



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Cell Therapy Limited

Statement of changes in equity

	Note	Called up share capital £	Share premium account £	Accumulated loss £	Restated Total eq- uity £
Balance 1 August 2012 (Restated, unaudited)	2	16,600	344,290	(269,230)	91,660
Issue of shares (net of issue costs)		355	34,965	-	35,320
Total comprehensive loss for the year (Restated, unaudited)		-	-	(429,218)	(429,218)
Balance 31 July 2013 (Restated, unaudited)		16,955	379,255	(698,448)	(302,238)
Total comprehensive income for the year		-	-	382,669	382,669
Balance 31 July 2014		16,955	379,255	(315,779)	80,431



CELLTHERAPY
REGENERATIVE MEDICINE FOR LIFE

Cell Therapy Limited

Cash flow statement

		2014	2013
			(Restated unaudited)
	Note	£	£
Cash flows from operating activities			
Profit/(loss) for the year		382,669	(429,218)
Depreciation of equipment	10	3,390	2,045
Increase in receivables		(7,230)	(105,697)
(Decrease)/increase in trade and other payables		(945,427)	1,096,103
(Decrease)/increase in non-current liabilities		(105,600)	36,180
Net cash (utilised in)/generated from operating activities		<u>(672,198)</u>	<u>599,413</u>
Cash flows from investing activities			
Purchases of equipment	10	(17,877)	(8,243)
Purchase of intangible assets	11	(36,338)	(16,190)
Net cash outflow from investing activities		<u>(54,215)</u>	<u>(24,433)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	35,320
Net cash (outflow)/ inflow from financing activities		<u>-</u>	<u>35,320</u>
Net (decrease)/increase in cash and cash equivalents		(726,413)	610,300
Cash and cash equivalents at 1 August		<u>779,287</u>	<u>168,987</u>
Cash and cash equivalents at 31 July		<u>52,874</u>	<u>779,287</u>

Cell Therapy Limited

Notes to the financial statements



1. Accounting policies

1.1 Basis of preparation

Cell Therapy Limited (the "Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s402 subject to the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS Statement of financial position at 1 August 2012 for the purposes of the transition to Adopted IFRSs. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 21.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

1.2 Going concern

The Company's financial statements show a profit after tax for the year of £382,669 (2013: *restated loss* £429,218) and a net asset position of £80,431 (2013: *restated net liabilities* £302,738).

The directors have considered the factors that impact the Company's future development, performance, cash flows and financial position along with Company's current liquidity in forming their opinion on the going concern basis.

Since the year end, the Company has raised £1.1 million and at the date of approval of these financial statements, the Company held approximately £0.6m of cash. The Directors are actively engaged in a new round of fundraising, with the assistance of professional advisors, with a view to expanding the activities and scale of the Company and to allow it to develop the intellectual property derived from its research and development activities. However, they have also prepared 'downside' projections which demonstrate that with careful management, the cash currently held by the Company, will be sufficient, without further fundraising, to allow the Company to continue as a going concern for at least 12 months from the date of approval of these accounts until May 2016 although its activities could be restricted to maintaining a low level of research and continuing to fundraise for the Company's expansion.

Cell Therapy Limited

Notes to the financial statements



1. Accounting policies (continued)

1.2 Going concern (continued)

Based on the progress in the current round of fundraising and the ability of the directors to manage the Company's existing cash resources prudently, the directors consider that preparation of accounts on a going concern basis is appropriate.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, which is for at least 12 months from the date of approval of these financial statements.

1.3 Foreign currencies

Transactions denominated in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

1.4 Government grants

Government grants are recognised in the profit and loss account once the conditions for their receipt have been complied with, there is reasonable assurance that the grant will be received, and so as to match the income with the related expenditure towards which they are intended to contribute.

1.5 Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

1.6 Financing income and expenses

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1. Accounting policies (continued)

1.7 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

1.8 Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of equipment. The estimated useful lives are as follows:

Office and laboratory equipment: 5 years

1.9 Intangible assets

Intangible assets represent costs relating to the Company's patent applications. These costs are carried at cost until the respective patents are granted, following which they will be amortised over the remaining life of the patents, or if not granted, the costs will be fully impaired immediately.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities

1. Accounting policies (continued)

1.9 Intangible assets (continued)

involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

1.10 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

1.11 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Cell Therapy Limited

Notes to the financial statements



1. Accounting policies (continued)

1.12 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

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

Trade and other payables

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

Investments in equity securities,

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.13 Adopted IFRS not yet applied

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

- IFRS 15 Revenue from Contract with Customers (Effective 1 January 2017);
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (Effective 1 January 2016); and
- Annual Improvements to IFRSs – 2012-2014 Cycle (Effective 1 January 2016).

1.14 Prior period restatements

Prior period adjustments are accounted for by restating comparative figures for the preceding period and adjusting the opening balance of reserves for the cumulative effect.

2. Prior period restatements

The prior year comparatives in these financial statements have been restated to reflect the following:

2.1 Income from the grant of a licence

During the year ended 31 July 2012, the Company granted a licence to a Chinese partner for the exclusive use of certain of its technologies in the Chinese market, in respect of which it received an initial payment totalling £1,046,279 (US\$1,869,324 less withholding tax of \$186,932). In the year ended 31 July 2013, the Company utilised amounts totalling £352,864 from these proceeds to fund its ongoing operations, the costs relating to which were included in the profit and loss account for that period with this amount of expenditure originally shown as being funded from shareholders' loans as shown as at 31 July 2013.

The licence agreement contained performance conditions that, if not fulfilled, could have resulted in amounts potentially being repayable to the licensee. Accordingly none of the proceeds were recognised as income in the year to 31 July 2013 as the performance conditions had not been met.

The 2013 comparatives in these financial statements have been restated to include the full amount of the proceeds (£1,162,532, including withholding tax), including the element previously included in shareholder loans, within creditors falling due within one year, and the unutilised proceeds as at 31 July 2013 within cash at bank. None of the above adjustments has any impact on net assets as at 31 July 2013 or the loss for the year then ended.

During the year ended 31 July 2014, the performance conditions referred to above were met and, accordingly, the initial payment received has been recognised in full in the profit and loss account in this current year as part of other operating income.

2.2 Recognition of gains on translation of foreign currency balances

The proceeds from the grant of the licence as described above were received in US dollars. Conversion of the relevant US dollar amounts as at 31 July 2013 give rise to a gain on translation of £53,644 as at that date. This gain was not recognised in the original 2013 financial statements and therefore the 2013 comparatives in these financial statements have been restated accordingly to recognise this gain within other operating income.

2.3 Changes to recognition of income from government grants

A government grant, previously recognised in full in the year ended 31 July 2013 of £141,546, partially related to costs incurred in the previous financial year. In line with the Company's current accounting policy for government grants, the relevant proportion of grant income of

Cell Therapy Limited
Notes to the financial statements



2. Prior period restatements (continued)

£37,436 has been reclassified as income in that earlier year. In addition, the amount of grant actually received, which was confirmed in October 2014, was for an amount £11,310 less than the £141,546 previously expected which has also been reflected in the restated comparatives for the year ended 31 July 2013.

2.4 Reclassification of shareholder loans as equity

Amounts of £160,000 wrongly classified as shareholder loans in the original financial statements at 31 July 2013 have been correctly reclassified as equity.

2.5 Summary of restatements

The impact of the above restatements on previously reported amounts is summarised below:

	Net liabilities at 31 July	Loss for the year ended 31 July	Net assets at 31 July
	2013	2013	2012
	£	£	£
Previously stated amounts	(376,025)	(305,069)	53,724
2.1 Withholding tax	(116,253)	(116,253)	-
2.2 Recognition of foreign currency translation gains	53,644	53,644	-
2.3 Changes to recognition of income from government grants	(11,310)	(48,746)	37,436
2.4 Reclassification of debt as equity	160,000	-	-
Other adjustments	(12,294)	(12,794)	500
Restated amounts	(302,238)	(429,218)	91,660

3. Critical accounting judgments and key sources of estimation uncertainty

In application of the Company's accounting policies above, the Directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities. These estimates and assumptions are based on historical experience and other factors considered relevant. Actual results may differ from estimates.

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

3 Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of intangible assets

Determining whether an intangible asset is impaired requires an estimation of the value in use of the asset. It also assumes that patents will be accepted and registered. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. There was no impairment of intangible assets during the year.

Principle risks

The Directors consider the principal risks of the business to relate to the successful development, testing and subsequent commercialisation of the stem cell technology which the Company is engaged in exploiting. The nature of this type of scientific work means there are inherent uncertainties attaching to it and therefore, there can be no guarantee of commercial success. The carrying cost of patent applications included in intangible assets may also not be recoverable.

In respect of the licence agreement entered into with Alliances, the risk is that either the technology cannot be sufficiently developed for approval and release into the Chinese market or that the cost of achieving approval and release proves to be uncommercial.

During the research, development and commercialisation phases, significant funding is required to meet the costs associated with these activities. In the event that existing funding is fully utilised and no new funding becomes available, the Company would be obliged to curtail its operations.

4. Segment analysis

This is currently a small company. For management purposes it is organised as a single business unit with the chief operating decision maker being the Board of Directors.

Cell Therapy Limited
Notes to the financial statements



5. Notes to the profit/(loss) for the year

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2014	2013 Restated (unaudited)
	£	£
Depreciation on fixed assets (note 10)	3,390	2,045
Hire of premises - operating leases (note 17)	6,232	4,821
Research and development expenditure	462,501	163,165
Foreign exchange losses/(gains)	68,938	(53,644)
	<u>68,938</u>	<u>(53,644)</u>

Auditor's remuneration:

	2014	2013 Restated (unaudited)
	£	£
Audit of these financial statements	25,000	-
Amounts receivable by the company's auditor and its associates in respect of:		
Tax compliance services	2,000	-
	<u>2,000</u>	<u>-</u>

6. Staff numbers and costs

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

	Number of employees	
	2014	2013 (unaudited)
Research	7	2
Administrative	3	1
	<u>10</u>	<u>3</u>

The aggregate payroll costs of these persons were as follows:

	2014	2013 (unaudited)
	£	£
Wages and salaries	212,334	84,788
Social security costs	15,314	8,668
	<u>227,648</u>	<u>93,456</u>

Cell Therapy Limited
Notes to the financial statements



7. Directors' remuneration

	2014			2013		
	Basic Pay	Benefits	Total	Basic Pay	Benefits	Total
<i>Executive</i>						
Ajan Reginald	68,440	709	69,149	77,000	18,000	95,000
<i>Non-Executive</i>						
Rhodri Morgan	6,000	-	6,000	2,375	-	2,375
Total	74,440	709	75,149	79,375	18,000	97,375

8. Other operating income

Other operating income in the year to 31 July 2014 comprises recognition of the initial fee for the licence granted by the Company to Alliances Bioscience Co. Ltd (as described in note 19) following certain performance conditions having been met.

In the prior year, other operating income comprises the final instalment of a grant of £104,110 from the Welsh Government and foreign exchange gains of £53,644.

9. Taxation

Recognised in the income statement

	2014	2013
	£	Restated (unaudited) £
Withholding tax expense	-	116,253

Reconciliation of effective tax rate

	2014	2013
	£	Restated (unaudited) £
Profit/(loss) for the year	382,669	(312,965)
Tax using the UK corporation tax rate of 21% (2013: 23.25%)	(80,361)	72,764
Current year losses for which no deferred tax asset was recognised	-	(72,764)
Utilisation of previously unrecognised tax losses	80,361	-
Withholding tax	-	(116,253)
Total tax expense	-	(116,253)

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The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 21 per cent for the financial year commencing 1 April 2014; and, 20 per cent for the financial year commencing 1 April 2015. A reduction in the rate from 25% to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012, and further reductions to 23% (effective from 1 April 2013) and 21% (effective from 1 April 2014) were substantively enacted on 3 July 2012 and 18 July 2013 respectively. This will reduce the company's future current tax charge accordingly.

Estimated tax losses for which no deferred tax asset has been recognised amount to approximately £315,000 (2013: £698,000).

10. Equipment

	Office and laboratory equipment		
	2014	2013 Restated (unaudited)	2012 Restated (unaudited)
Cost	£	£	£
At 1 August	10,266	2,023	1,316
Additions	17,877	8,243	707
At 31 July	28,143	10,266	2,023
Depreciation			
At 1 August	2,314	269	69
Additions	3,390	2,045	200
At 31 July	5,704	2,314	269
Net book value			
At 1 August	7,952	1,754	1,247
At 31 July	22,439	7,952	1,754

11. Intangible assets

	2014	2013 Restated (unaudited)	2012 Restated (unaudited)
	£	£	£
Cost and net book value			
At 1 January	62,271	46,081	35,000
Additions	36,338	16,190	11,081
At 31 December	98,609	62,271	46,081

Intangible assets represent the costs associated with obtaining Patents. They will be amortised over the term of the patent, starting from the grant date.

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12. Investments in subsidiaries

The Company has the following investments in subsidiaries:

	Country of incorporation	Class of shares held	2014	2013
Myocardion Limited	UK	Ordinary	100%	-%

On 7 April 2014 the Company purchased the whole of the allotted share capital of Myocardion Limited from Ajan Reginald at its net asset value of £100. This company was and remains dormant and the investment has been fully impaired.

13. Trade and other receivables

	2014	2013	2012
		Restated	Restated
		(unaudited)	(unaudited)
	£	£	£
Prepayments	3,333	-	-
Other debtors	147,030	143,133	37,436
	150,363	143,133	37,436

Included within Other receivables is £130,236 (2013: £130,236; 2012: £37,436) relating to a grant receivable which was collected subsequent to the reporting date.

14. Trade and other payables

	2014	2013	2012
		Restated	Restated
		(unaudited)	(unaudited)
	£	£	£
Current			
Trade payables	114,721	5,491	38,700
Directors' loans	56,411	-	-
Non-trade payables and accrued expenses	66,562	1,177,630	48,318
	237,694	1,183,121	87,018
Non-current			
Directors' loans	-	95,246	48,968
Cardiff Council loan	6,160	16,514	26,612
	6,160	111,760	75,580

These balances will not be repaid or transferred to current liabilities before 31 July 2015.

Directors' loans are non-interest bearing and have no fixed terms of repayment.

Cardiff Council loan is being repaid at £887 per month, including interest at 2% above the Bank of England base rate, with the final payment due in February 2016.

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15. Called up share capital

	2014	2013	2012
		Restated	Restated
		(unaudited)	(unaudited)
	£	£	£
Allotted, called up and fully paid			
1,695,500 (2012: 1,660,000) Ordinary shares of 1p each	16,955	16,955	16,600

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

16. Financial instruments: information on financial risk

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. There is currently no bank debt in the business. Thus there is no exposure to any risk from changes in interest rates.

Financial risk management objectives

The main risk to which the Company is exposed is liquidity risk. The Company monitors this risk and will take appropriate action to minimise any exposure.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and by continually monitoring forecast and actual cash flows. See note 14 for aging profile of liabilities.

17. Operating lease

Non-cancellable operating lease rentals for land and buildings are payable as follows:

	2014	2013
		(unaudited)
	£	£
Less than one year	10,683	-
Between one and five years	8,789	-
More than five years	-	-
	19,472	-

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During the year £6,232 was recognised as an expense in the income statement in respect of operating leases (2013: £4,281).

18. Related parties

At the reporting date, an amount of £56,911 was owing to Mr Reginald, a director of the Company.

Transactions with key management personnel

Directors of the Company and their immediate relatives control 89 per cent of the voting shares of the Company.

The compensation of key management personnel (including the directors) is as follows:

	2014	2013
	£	£
Key management emoluments including social security costs	75,149	99,375

Other related party transactions

On 7 April 2014, the Company purchased the whole of the allotted share capital of Myocardion Limited from Mr Reginald at its net asset value of £100.

Additional amounts totaling £39,730 (2013: £50,549) were paid to Mr Reginald during the year, including reimbursed business expenses of £1,094 (2013: £50,549) and repayments against his directors' loan account of £38,636 (2013: nil).

19. Licence granted by CTL to Alliancells Bioscience Co. Ltd

On 20 December 2012, the Company (CTL) granted an exclusive licence to Alliancells Bioscience Co. Ltd for the use of CTL's autologous mesodermal stromal cell technology in greater China.

The term of the licence is 11 years commencing 1 April 2013 and the initial licence fee instalment, paid in December 2012, was \$1,682,392 (\$1,869,324 less Chinese withholding tax \$186,932) [£1,046,279 (£1,162,532 less £116,253)]. A second licence fee instalment of \$6,000,000 is payable if and when market admittance is granted. Therefore, due to the conditionality attaching to the second instalment, no income in respect of this is recognised in these financial statements.

20. Events after the reporting date

Between the reporting date and the date on which these financial statements have been approved, the Company has allotted additional ordinary shares in the Company as follows:

Class of share	Number	Value
		£
A ordinary shares of 1p each	51,154	486,098
B ordinary shares of 1p each	17,560	649,720
Total	68,714	1,135,818

B shares are a new class of share with the same rights as A shares, except that they do not have pre-emption rights and they are non-voting.

21. Transition to adopted IFRSs

As stated in note 1, these are the Company's first financial statements prepared in accordance with IFRSs as adopted by the EU.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 July 2014, the comparative information presented in these financial statements for the year ended 31 July 2013 and in the preparation of an opening IFRS Statement of financial position at 1 August 2012 (the Company's date of transition).

In preparing its opening IFRS Statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). There is no material impact of these changes.