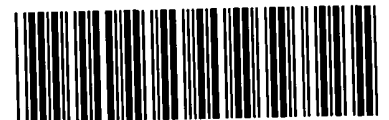


REGISTERED NUMBER: 08859577 (England and Wales)

**Report of the Directors and
Financial Statements
for the Year Ended
31 December 2016
for
TRACR Hematology Limited**

FRIDAY



A6C3EMMX

A26

04/08/2017

#372

COMPANIES HOUSE

TRACR Hematology Limited

**Contents of the Financial Statements
for the Year Ended 31 December 2016**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Income Statement	6
Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10
Profit and Loss Account	13

TRACR Hematology Limited
Company Information
for the Year Ended 31 December 2016

DIRECTORS:

Prof. R Novak
T Dylan-Hyde
J Jones

REGISTERED OFFICE:

The Old Bakehouse
Course Road
Ascot
Berkshire
SL5 7HL

REGISTERED NUMBER:

08859577 (England and Wales)

AUDITORS:

Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

TRACR Hematology Limited
Report of the Directors
for the Year Ended 31 December 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

REVIEW OF BUSINESS

TRACR Hematology Ltd, is a biopharmaceutical company and is part of a group that is focused on translating CRISPR-Cas9 gene-editing technology into transformative medicines for serious human diseases. The company currently does not trade although it has incurred costs in the period for licenses relating to the use of CRISPR-Cas9 for the treatment of hemoglobinopathies.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

Prof. R Novak
T Dylan-Hyde
J Jones

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 relevant audit information and to establish that the company's auditors are aware of that information.

TRACR Hematology Limited

**Report of the Directors
for the Year Ended 31 December 2016**

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

ON BEHALF OF THE BOARD:


.....
Jonathan Jones - Director

Date: 26 July 2017

Report of the Independent Auditors to the Members of TRACR Hematology Limited

We have audited the financial statements of TRACR Hematology Limited for the year ended 31 December 2016, which comprise Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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

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 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. In addition, we read all the financial and non-financial information in the Report of the Directors 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.

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 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS102 "The Financial Reporting standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
TRACR Hematology Limited**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Ernst & Young LLP

John Dervley (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: *28 July 2017*

TRACR Hematology Limited
Income Statement
for the Year Ended 31 December 2016

	Notes	31.12.16 £	31.12.15 £
TURNOVER		-	-
Administrative expenses		<u>167,119</u>	<u>210,648</u>
OPERATING LOSS and LOSS BEFORE TAXATION	3	(167,119)	(210,648)
Tax on loss		<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(167,119)</u>	<u>(210,648)</u>

The notes form part of these financial statements

TRACR Hematology Limited

**Other Comprehensive Income
for the Year Ended 31 December 2016**

	Notes	31.12.16 £	31.12.15 £
LOSS FOR THE YEAR		(167,119)	(210,648)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(167,119)</u>	<u>(210,648)</u>

The notes form part of these financial statements

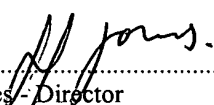
TRACR Hematology Limited (Registered number: 08859577)

Statement of Financial Position
31 December 2016

	Notes	31.12.16 £	£	31.12.15 £	£
FIXED ASSETS					
Intangible assets	4		1		1
CURRENT ASSETS					
Debtors	5	6		6	
CREDITORS					
Amounts falling due within one year	6	<u>567,226</u>		<u>400,107</u>	
NET CURRENT LIABILITIES			<u>(567,220)</u>		<u>(400,101)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(567,219)</u>		<u>(400,100)</u>
CAPITAL AND RESERVES					
Called up share capital	7		6		6
Retained earnings	8		<u>(567,225)</u>		<u>(400,106)</u>
SHAREHOLDERS' FUNDS			<u>(567,219)</u>		<u>(400,100)</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 26 July 2017 and were signed on its behalf by:


Jonathan Jones - Director

The notes form part of these financial statements

TRACR Hematology Limited

**Statement of Changes in Equity
for the Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	6	(189,458)	(189,452)
Changes in equity			
Issue of share capital	-	-	-
Total comprehensive income	-	(210,648)	(210,648)
Balance at 31 December 2015	<u>6</u>	<u>(400,106)</u>	<u>(400,100)</u>
Changes in equity			
Total comprehensive income	-	(167,119)	(167,119)
Balance at 31 December 2016	<u>6</u>	<u>(567,225)</u>	<u>(567,219)</u>

The notes form part of these financial statements

TRACR Hematology Limited
Notes to the Financial Statements
for the Year Ended 31 December 2016

1. STATUTORY INFORMATION

TRACR Hematology Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Intangible fixed assets

Intangible fixed assets are costs incurred with a licence to perform research and development and are capitalised at cost. After initial recognition, intangible assets are measured at cost less any accumulated impairment losses. The carrying value of intangibles are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable, and then written down to their recoverable amount. The recoverable amount is the higher of its fair value less cost to sell and its value in use.

Intangible assets comprise of patent and licence costs. They are capitalised at cost. However, given the nature and uncertainty of these assets, the directors believe that both value in use and fair value less cost to sell are close to zero, so immediately impair to a nominal holding of £1.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The presentational currency of the financial statements is Pounds Sterling, rounded to the nearest £.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2015. Details of how FRS 102 has affected the reported financial position and financial performance are given in note 11.

Going concern

At the year end, the Balance Sheet had total liabilities of £567,219. The directors consider that the company can continue as a going concern, as the majority shareholder, CRISPR Therapeutics AG, has sufficient funds to provide financial support to the company from 12 months of the date of signing of the accounts.

TRACR Hematology Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

3. OPERATING LOSS

The operating loss is stated after charging:

	31.12.16	31.12.15
	£	£
Patents and licences amortisation	29,039	75,514
Auditors' remuneration	5,000	6,300
Foreign exchange differences	<u>51,039</u>	<u>6,762</u>

The directors' services to the company do not occupy a significant amount of their time. As such, these directors do not consider that they have received remuneration for their incidental services to the company.

4. EMPLOYEES AND DIRECTORS

There were no employees during the year.

5. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2016	108,635
Additions	<u>29,039</u>
At 31 December 2016	<u>137,674</u>
AMORTISATION	
At 1 January 2016	108,634
Amortisation for year	<u>29,039</u>
At 31 December 2016	<u>137,673</u>
NET BOOK VALUE	
At 31 December 2016	<u>1</u>
At 31 December 2015	<u>1</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.12.15
	£	£
Called up share capital not paid	<u>6</u>	<u>6</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.12.15
	£	£
Trade creditors	2,272	25,664
Amounts owed to group undertakings – CRISPR Therapeutics AG	488,837	322,412
Accrued expenses	<u>76,117</u>	<u>52,031</u>
	<u>567,226</u>	<u>400,107</u>

TRACR Hematology Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2016

8. CALLED UP SHARE CAPITAL

Allotted and issued:		Nominal value:	31.12.16	31.12.15
Number:	Class:		£	£
5,600	Share capital 1	0.001	<u>6</u>	<u>6</u>

9. RESERVES

	Retained earnings £
At 1 January 2016	(400,106)
Deficit for the year	<u>(167,119)</u>
At 31 December 2016	<u>(567,225)</u>

10. PARENT COMPANY

CRISPR Therapeutics AG, a company incorporated in Switzerland, is the parent company, by virtue of holding 100% of the issued share capital of the company and is also the parent of the smallest group for which consolidated financial statements are drawn up, of which CRISPR Therapeutics Ltd is a member. CRISPR Therapeutics AG draws up the consolidated financial statements and its address is Aeschenvorstadt 36, CH-4051, Basel, Switzerland.

11. TRANSITION TO FRS 102

These are the first financial statements of the entity that comply with FRS 102. The date of transition was 1 January 2015. There were no changes in accounting policy of the Company as a result of the transition to FRS102. Accordingly, the equity at 1 January 2015 and 31 December 2015, as well as the profit for the year ended 31 December 2015 is the same as reported in accordance with the previous accounting framework.