

THERAPY CELLS, INC.**Balance Sheets****(Unaudited)****ASSETS**

	June 30, 2014	December 31, 2013
CURRENT ASSETS		
Cash	\$ 1,722	\$ 25
Accounts receivable	46,255	39,255
Total Current Assets	<u>47,977</u>	<u>39,280</u>
OTHER ASSETS		
Property and equipment, net	466	1,122
Investments	15,000	15,000
Minority interest	930	930
TOTAL ASSETS	<u><u>\$ 64,373</u></u>	<u><u>\$ 56,332</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)**CURRENT LIABILITIES**

Bank overdraft	\$ -	\$ -
Related party payables	76,976	76,976
Accounts payable and accrued expenses	564,042	559,709
Accrued interest payable	68,798	64,658
Convertible notes payable, related party	187,660	331,250
Total Current Liabilities	<u>897,476</u>	<u>1,032,593</u>
TOTAL LIABILITIES	<u>897,476</u>	<u>1,032,593</u>

STOCKHOLDERS' EQUITY (DEFICIT)

Series A Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, 900,010 shares issued and outstanding.	90	90
Series B Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, no shares issued or outstanding.	-	-
Series C Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding.	-	-
Series D Preferred stock, \$0.0001 par value, 30,000,000 shares authorized, no shares issued and outstanding, respectively	-	-
Series E Preferred stock, \$0.0001 par value, 30,000,000 shares authorized, 1,893,747 shares issued and none outstanding, respectively	189	190
Series F Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding, respectively	-	-
Common stock, \$0.0001 par value, 500,000,000 shares authorized, 479,741,545 shares issued and outstanding.	47,974	11,055
Additional paid-in capital	2,454,259	2,327,587
Accumulated other comprehensive income (loss)	(11,557)	(11,557)
Accumulated deficit	(3,324,058)	(3,303,626)
Total Stockholders' Equity (Deficit)	<u>(833,103)</u>	<u>(976,261)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u><u>\$ 64,373</u></u>	<u><u>\$ 56,332</u></u>

The accompanying notes are an integral part of these financial statements.

THERAPY CELLS, INC.
Statements of Operations
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
REVENUE	-	-	-	-
OPERATING EXPENSES				
General and administrative expenses	13,304	13,604	15,636	28,879
Depreciation expense	328	82	656	342
Total Operating Expenses	<u>13,632</u>	<u>13,686</u>	<u>16,292</u>	<u>29,221</u>
LOSS FROM OPERATIONS	<u>(13,632)</u>	<u>(13,686)</u>	<u>(16,292)</u>	<u>(29,221)</u>
OTHER INCOME (EXPENSES)				
Interest expense	<u>(2,070)</u>	<u>(325)</u>	<u>(4,140)</u>	<u>(675)</u>
Total Other Income (Expenses)	<u>(2,070)</u>	<u>(325)</u>	<u>(4,140)</u>	<u>(675)</u>
LOSS BEFORE INCOME TAXES	<u>(15,702)</u>	<u>(14,011)</u>	<u>(20,432)</u>	<u>(29,896)</u>
Provision for income taxes	-	-	-	-
NET LOSS	<u>(15,702)</u>	<u>(14,011)</u>	<u>(20,432)</u>	<u>(29,896)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign currency translation adjustments	-	-	-	-
TOTAL COMPREHENSIVE LOSS	<u>\$ (15,702)</u>	<u>\$ (14,011)</u>	<u>\$ (20,432)</u>	<u>\$ (29,896)</u>
NET LOSS PER COMMON SHARE				
- BASIC AND DILUTED	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
WEIGHTED AVERAGE NUMBER				
OF COMMON SHARES				
OUTSTANDING	295,479,041	93,597,359	210,635,816	93,597,359

The accompanying notes are an integral part of these financial statements.

THERAPY CELLS, INC.
Statements of Cash Flows
(Unaudited)

For the Six Months Ended

June 30,

2014 2013

CASH FLOWS FROM OPERATING

ACTIVITIES:

Net loss	\$ (20,432)	\$ (29,896)
Adjustments to reconcile net loss to net used by operating activities:		
Depreciation, impairment and loss on disposals	656	342
Changes in operating assets and liabilities		
Accounts receivable	(7,000)	-
Accounts payable and accrued expenses	8,472	28,675
Net Cash Provided by Operating Activities	<u>(18,304)</u>	<u>(879)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Disposal of assets	<u>-</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>-</u>	<u>-</u>

CASH FLOWS FROM FINANCING

ACTIVITIES:

Changes in related party loans	-	970
Changes in related party convertible notes	(143,590)	(16,300)
Changes in common stock	36,919	1,630
Changes in additional paid-in capital	126,672	14,670
Net Cash Used in Financing Activities	<u>20,001</u>	<u>970</u>

NET INCREASE (DECREASE) IN CASH

CASH AT BEGINNING OF PERIOD

CASH AT END OF PERIOD

	<u>1,697</u>	<u>91</u>
	<u>25</u>	<u>(39)</u>
	<u>\$ 1,722</u>	<u>\$ 52</u>

SUPPLEMENTAL DISCLOSURES OF

CASH FLOW INFORMATION:

CASH PAID FOR:

Interest	\$ 4,140	\$ 675
Income Taxes	-	-

The accompanying notes are an integral part of these financial statements.

THERAPY CELLS, INC.
Notes to Condensed Financial Statements
(Unaudited)

NOTE 1 - NATURE OF BUSINESS

The Company's business operations consist of doing business in the cell repair and cell replacement for Equine stock at present, but we are pursuing FDA approval for existing and modified products to be used for the repair of the Human Body. Its products have been successfully utilized for the repair of horses tendons and have the added bonus of being patented in the name of the Company. In October 2013 we had to cease trialing the process due to lack of available and sustainable funds. The new initiative to generate investment into the company will allow us to recommence these trials and move towards selling the product on the open market. As a result, the Company is still in development and approval stage.

NOTE 2 - CONDENSED FINANCIAL STATEMENTS

The accompanying financial statements and related notes include the activity of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The financial statements have been prepared by the Company without an audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at June 30, 2014 and for all periods presented herein, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2013 unaudited financial statements. The results of operations for the period ended June 30, 2014 is not necessarily indicative of the operating results for the full year.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The Company's financial statements are prepared using the accrual method of accounting. The Company has elected an December 31 year-end.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

The Company has evaluated recent accounting pronouncements and their adoption has not had, or is not expected to have, a material impact on the Company's financial position, or statements.

NOTE 4 - PROPERTY AND EQUIPMENT

	Cost	Accumulated Depreciation	Book Value
June 30, 2014			
Office furniture and equipment	45,247	45,247	-
Transportation equipment	6,837	6,371	466
	<u>52,084</u>	<u>51,618</u>	<u>466</u>
December 31, 2013			
Office furniture and equipment	45,247	45,059	188
Transportation equipment	6,837	5,903	934
	<u>52,084</u>	<u>50,962</u>	<u>1,122</u>

NOTE 5 - CONTINGENCIES AND LITIGATION

At the report date, the company had no material unrecorded contingencies.

THERAPY CELLS, INC.
Notes to Condensed Financial Statements (continued)
(Unaudited)

NOTE 6– EQUITY ACTIVITY

The Company issued 326,535,956 shares of common stock in return for redeeming Convertible Loan notes to the value of \$58,420 on April 01, 14, 18, 22 and 24, May 06, 07, 08, 09, 19, 21, 23 and 28 and June 03, 09, 10, 12, 18, 25 and 26, 2014.

	<i>Common Stock</i>	<i>Preference Stock</i>	<i>Additional Paid-in Capital</i>	<i>Retained Earnings</i>
Balance at January 1, 2014	11,055	280	2,327,587	(3,303,626)
Conversion of Convertible Notes into Common Stock	35,919		127,671 *	
Conversion of trade debt into Common Stock	1,000	(1)	(999)	
Net Deficit				(20,432)
Balance at June 30, 2014	<u>47,974</u>	<u>279</u>	<u>2,454,259</u>	<u>(3,324,058)</u>
Balance at January 1, 2013	7,730	280	2,297,662	(3,207,373)
Conversion of Convertible Notes into Common Stock	3,310		28,440	
Conversion of trade debt into Common Stock	15		1,485	
Net Deficit				(96,253)
Balance at December 31, 2013	<u>11,055</u>	<u>280</u>	<u>2,327,587</u>	<u>(3,303,626)</u>

* Adjusted for over-statement of Additional Paid-in Capital in quarter ending March 31, 2014.

NOTE 7 – GROUP STRUCTURE

The Therapy Cells, Inc group comprises the following companies:

Company	Country of Origin	Holding	
Therapy Cells, Inc	USA	Holding Company	
Serengeti, Inc	USA	100%	Acquired May 17, 2010
Therapy Cells Ltd	New Zealand	90.9%	Acquired August 26, 2011

NOTE 8 - MANAGEMENT

Directors (and their percentage stockholdings) who have served throughout the current and previous reporting periods are as follows:

Name	Position	Common Stock	Preferred Stock
Susan Allwork	Director	0%	15%
John Meredith	Director and CFO	0%	0%

Management salaries paid or accrued and employee numbers for the current period are as follows:

	Six Months to June 30, 2014		Year to December 31, 2013	
	No	\$	No	\$
Directors	2	-	2	-
Employees	-	-	-	-
Total	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

Dr P Casey, formerly a Director of the Company, is a party to the worldwide patent (Note 10) and is currently our chief scientific consultant.

NOTE 9 – SUBSEQUENT EVENTS

In accordance with ASC 855 the Company's management reviewed all material events through the date of this report. The Company has continued the financing process and from July 01 to August 07 a further conversion of 103,608,456 Common Stock has been issued from converting Convertible Loan Notes. On July 1, 2014, the Board of Directors of the Company approved an increase in the authorized capital stock to 1,600,000,000 shares consisting of 1,500,000,000 shares of common stock, par value \$0.0001, and 100,000,000 shares of preferred stock, par value \$0.0001.

THERAPY CELLS, INC.

Notes to Condensed Financial Statements (continued)
(Unaudited)

NOTE 6– INTELLECTUAL PROPERTY RIGHTS

Therapy Cells Inc announced in 2013 that on 12 February 2013, US patent 8,372,644 was awarded Dr P Casey, et al. The Assignee under that patent number is Transplantation Ltd, a company registered in New Zealand. Transplantation Ltd has exclusively invested in Therapy Cells Inc a licence for the use of the process for equine and human applications. Due to funding constraints we have been unable to progress the approval process from the US Food and Drug Administration (FDA) for human applications. Our funding activity has increased significantly over the last quarter and we are close to finalising a long-term funding arrangement that will allow us to fast-track the FDA process.