UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2015**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **000-55413**

CELL SOURCE, INC.
(Exact name of registrant as specified in its charter)

Nevada	**32-0379665**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
65 Yigal Alon Street Tel Aviv, Israel	**67433**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code **011 972 3 562-1755**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Explanatory Note

As of April 1, 2015, Cell Source, Inc. is subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Cell Source, Inc. has filed all Exchange Act reports for the preceding 12 months.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 12, 2015, the registrant had 23,579,256 shares of $0.001 par value common stock outstanding.

CELL SOURCE, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2015

TABLE OF CONTENTS

CELL SOURCE, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Current Assets:		
Cash	$ 276,480	$ 19,480
Prepaid expenses	49,445	75,424
Other current assets	79,327	26,074
Total Current Assets	405,252	120,978
Property and equipment, net	1,912	2,127
Total Assets	$ 407,164	$ 123,105
Liabilities and Stockholders' Deficiency		
Current Liabilities:		
Accounts payable and accrued expenses	$ 188,009	$ 233,869
Accounts payable and accrued expenses - related parties	180,139	285,415
Accrued compensation	1,041,787	968,849
Derivative liabilities	2,462,400	2,318,700
Notes payable, net of debt discount of $174,800 at March 31, 2015	325,200	-
Notes payable - related party	100,000	100,000
Advances payable	450,000	-
Total Current Liabilities	4,747,535	3,906,833
Commitments and contingencies	-	-
Stockholders' Deficiency:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding at March 31, 2015 and December 31, 2014	-	-
Common stock, $0.001 par value; 200,000,000 shares authorized; 23,579,256 shares issued and outstanding at March 31, 2015 and December 31, 2014	23,579	23,579
Additional paid-in capital	4,191,183	4,191,183
Accumulated deficit	(8,555,133)	(7,998,490)
Total Stockholders' Deficiency	(4,340,371)	(3,783,728)
Total Liabilities and Stockholders' Deficiency	$ 407,164	$ 123,105

See Notes to the Condensed Consolidated Financial Statements

CELL SOURCE, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For The Three Months Ended March 31,	
	2015	**2014**
Revenues	$ -	$ -
Operating Expenses		
Research and development	52,747	324,417
Research and development - related party	200,000	212,358
Selling, general and administrative	334,996	235,967
Total Operating Expenses	587,743	772,742
Loss From Operations	(587,743)	(772,742)
Other Income (Expense)		
Change in fair value of derivative liabilities	33,500	(47,500)
Amortization of debt discount	(2,400)	-
Total Other Income (Expense)	31,100	(47,500)
Net Loss	$ (556,643)	$ (820,242)
Net Loss Per Share		
- Basic and Diluted	$ (0.02)	$ (0.05)
Weighted Average Number of Common Shares Outstanding		
- Basic and Diluted	25,623,091	17,304,524

See Notes to the Condensed Consolidated Financial Statements

CELL SOURCE, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIENCY
FOR THE THREE MONTHS ENDED MARCH 31, 2015

(Unaudited)

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance - December 31, 2014	23,579,256	$ 23,579	$ 4,191,183	$ (7,998,490)	$ (3,783,728)
Net loss	-	-	-	(556,643)	(556,643)
Balance - March 31, 2015	23,579,256	$ 23,579	$ 4,191,183	$ (8,555,133)	$ (4,340,371)

See Notes to the Condensed Consolidated Financial Statements

CELL SOURCE, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For The Three Months Ended March 31,	
	2015	**2014**
Cash Flows From Operating Activities		
Net loss	$ (556,643)	$ (820,242)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of derivative liabilities	(33,500)	47,500
Amortization of debt discount	2,400	-
Depreciation	215	-
Stock-based compensation	(9,900)	-
Changes in operating assets and liabilities:		
Prepaid expenses	25,979	(96,149)
Other current assets	(53,253)	(80,349)
Accounts payable and accrued expenses	(68,298)	(391,298)
Net Cash Used in Operating Activities	(693,000)	(1,340,538)
Cash Flows From Financing Activities		
Proceeds from issuance of notes payable	500,000	-
Proceeds from issuance of common stock and warrants	-	2,247,746
Proceeds from cash advances	450,000	-
Net Cash Provided by Financing Activities	950,000	2,247,746
Net Increase In Cash	257,000	907,208
Cash - Beginning	19,480	28,878
Cash - Ending	$ 276,480	$ 936,086
Supplemental Disclosures of Cash Flow Information:		
Non-cash investing and financing transactions:		
Reclassification of warrants to derivative liabilities	$ -	$ 1,097,800
Warrants issued in connection with issuance of notes payable	$ 177,200	$ -

See Notes to the Condensed Consolidated Financial Statements

CELL SOURCE, INC. & SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 – Organization, Operations and Basis of Presentation

Organization and Operations

Cell Source, Inc. (“CSI” or the “Company”) is a Nevada corporation formed on June 6, 2012 that is the parent company of Cell Source Limited, which was founded in Israel in 2011 in order to commercialize a suite of inventions relating to certain cancer treatments. Cell Source Limited’s target indications include treatment of lymphoma, multiple myeloma and B-cell chronic lymphocytic leukemia (“BCLL”) (which is a common form of leukemia), facilitating transplantation acceptance (initially bone marrow transplantation and subsequently organ transplantation) and ultimately treating a variety of non-malignant diseases. Cell Source Limited’s lead prospective product is its patented Veto-Cell immune system management technology, which is an immune tolerance biotechnology that enables the selective blocking of immune responses. Cell Source Limited’s Veto-Cell immune system management technology is based on technologies patented, owned, and licensed to Cell Source Limited by Yeda Research and Development Company Limited, an Israeli corporation ("Yeda").

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the condensed consolidated financial position of the Company as of March 31, 2015 and the condensed consolidated results of its operations and cash flows for the three months ended March 31, 2015 and 2014. The results of operations for the three months ended March 31, 2015 are not necessarily indicative of the operating results for the full year. It is recommended that these condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and related disclosures of the Company as of December 31, 2014 and for the year then ended which were filed with the Securities and Exchange Commission (“SEC”) on Form 10-K on March 13, 2015.

Note 2 – Going Concern and Management Plans

The Company has not generated any revenues, has recurring net losses, a working capital deficiency as of March 31, 2015 of approximately $4,342,000, and used cash in operations of approximately $693,000 and $1,341,000 for the three months ended March 31, 2015 and 2014, respectively. In addition, as of March 31, 2015, the Company had an accumulated deficit of approximately $8,555,000. These conditions raise substantial doubt about the Company’s ability to continue as a going concern.

These unaudited condensed consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The ability of the Company to continue its operations is dependent on the execution of management’s plans, which include the raising of capital through the debt and/or equity markets, until such time that funds provided by operations are sufficient to fund working capital requirements. The Company may need to incur additional liabilities with certain related parties to sustain the Company’s existence. If the Company were not to continue as a going concern, it would likely not be able to realize its assets at values comparable to the carrying value or the fair value estimates reflected in the balances set out in the preparation of the condensed consolidated financial statements.

There can be no assurances that the Company will be successful in generating additional cash from the equity/debt markets or other sources to be used for operations. The condensed consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary. Based on the Company’s current resources, the Company will not be able to continue to operate without additional immediate funding. Should the Company not be successful in obtaining the necessary financing to fund its operations, the Company would need to curtail certain or all operational activities and/or contemplate the sale of its assets if necessary.

Note 3 – Summary of Significant Accounting Policies

Principles of Consolidation

For June 30, 2014 and forward, the Company's financial statements are consolidated and include the accounts of CSI and Cell Source Limited. All significant intercompany transactions have been eliminated in the consolidation. Prior to June 30, 2014, the financial statements presented are those of Cell Source Limited.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period.

Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The most significant estimates, among other things, are used in accounting for allowances for deferred income taxes, contingencies, as well as the recording and presentation of its common stock and related warrant issuances. Estimates and assumptions are periodically reviewed and the effects of any material revisions are reflected in the financial statements in the period that they are determined to be necessary. Actual results could differ from those estimates and assumptions.

Loss Per Share

The Company computes basic net loss per share by dividing net loss by the weighted average number of common shares outstanding for the period and excludes the effects of any potentially dilutive securities. Diluted earnings per share includes the dilution that would occur upon the exercise or conversion of all dilutive securities into common stock using the "treasury stock" and/or "if converted" methods, as applicable. Weighted average shares outstanding for the three months ended March 31, 2015 and 2014 includes the weighted average impact of warrants to purchase an aggregate of 2,043,835 shares of common stock because their exercise price was determined to be nominal.

The following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	March 31,	
	2015	**2014**
Warrants	6,959,324	5,809,494
Total	6,959,324	5,809,494

Note 3 – Summary of Significant Accounting Policies - Continued

Derivative Financial Instruments

The fair value of an embedded conversion option that is convertible into a variable amount of shares and warrants that include price protection reset provision features are deemed to be "down-round protection" and, therefore, do not meet the scope exception for treatment as a derivative under ASC 815 "Derivatives and Hedging", since "down-round protection" is not an input into the calculation of the fair value of the conversion option and warrants and cannot be considered "indexed to the Company's own stock" which is a requirement for the scope exception as outlined under ASC 815.

The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option and warrants at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, the Company has adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors.

The Black-Scholes option valuation model was used to estimate the fair value of the warrants and conversion options. The model includes subjective input assumptions that can materially affect the fair value estimates. The Company determined the fair value of the Binomial Lattice Model and the Black-Scholes Valuation Model to be materially the same. The expected volatility is estimated based on the most recent historical period of time equal to the weighted average life of the warrants.

Conversion options are recorded as debt discount and are amortized as interest expense over the life of the underlying debt instrument.

Reclassifications

Certain prior period amounts have been reclassified for comparative purposes to conform to the fiscal 2015 presentation. These reclassifications have no impact on the previously reported net loss.

Recent Accounting Standards

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). ASU 2015-03 amends the existing guidance to require that debt issuance costs be presented in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as a deferred charge. ASU 2015-03 is effective on a retrospective basis for annual and interim reporting periods beginning after December 15, 2015, but early adoption is permitted. The Company does not anticipate that the adoption of this standard will have a material impact on its condensed consolidated financial statements.

The Company has implemented all new accounting standards that are in effect and may impact its condensed consolidated financial statements and does not believe that there are any other new accounting standards that have been issued that might have a material impact on its financial position or results of operations.

Note 4 - Fair Value

The Company determines the estimated fair value of amounts presented in these condensed consolidated financial statements using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current exchange between buyer and seller. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. These fair value estimates were based upon pertinent information available as of March 31, 2015 and December 31, 2014, and, as of those dates, the carrying value of all amounts approximates fair value. The Company performed valuations to estimate the fair value of its common stock during the three months ended March 31, 2015. To determine the value of its common stock, the Company considered the following three possible valuation methods (1) the income approach, (2) the market approach and the (3) cost approach to estimate its enterprise value.

Note 4 - Fair Value – Continued

The Company has categorized its assets and liabilities at fair value based upon the following fair value hierarchy:

Level 1 - Inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 - Inputs use directly or indirectly observable inputs. These inputs include quoted prices for similar assets and liabilities in active markets as well as other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company's assessment of the significance of particular inputs to these fair measurements requires judgment and considers factors specific to each asset or liability.

Both observable and unobservable inputs may be used to determine the fair value of positions that are classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category presented in the tables below may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in historical company data) inputs.

The following table summarizes the valuation of the Company's derivatives by the above fair value hierarchy levels as of March 31, 2015 and December 31, 2014 using quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3):

	Total	Quoted Prices In Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Accrued compensation	$ 891,400	$ -	$ -	$ 891,400
Derivative liability	2,462,400	-	-	2,462,400
Balance - March 31, 2015	$ 3,353,800	$ -	$ -	$ 3,353,800
Accrued compensation	$ 901,300	$ -	$ -	$ 901,300
Derivative liability	2,318,700	-	-	2,318,700
Balance - December 31, 2014	$ 3,220,000	$ -	$ -	$ 3,220,000

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. The Company's Level 3 liabilities shown in the above table consist of warrants with "down-round protection", as the Company is unable to determine if it will have sufficient authorized common stock to settle such arrangements, and an accrued obligation to issue warrants to certain founders of Cell Source Limited, which such warrants were not issued as of March 31, 2015.

Note 4 - Fair Value – Continued

Assumptions utilized in the valuation of Level 3 liabilities are described as follows:

	For the Three Months Ended March 31,	
	2015	2014
Risk-free interest rate	1.13% - 1.37%	1.46% - 1.73%
Expected term (years)	3.58 - 4.62	5.00
Expected volatility	172%	165% - 169%
Expected dividends	0.00%	0.00%

The expected term used is the contractual life of the instrument being valued. Since the Company's stock has not been publicly traded for a sufficiently long period of time, the Company is utilizing an expected volatility based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

The following table provides a summary of the changes in fair value, including net transfers in and/or out, of all Level 3 liabilities measured at fair value on a recurring basis using unobservable inputs during the three months ended March 31, 2015:

	Accrued Compensation	Derivative Liability	Total
Balance - December 31, 2014	$ 901,300	$ 2,318,700	$ 3,220,000
Change in fair value	(9,900)	(33,500)	(43,400)
Value of warrants exercised	-	-	-
Issuance of derivative liability	-	177,200	177,200
Balance - March 31, 2015	$ 891,400	$ 2,462,400	$ 3,353,800

The Company's significant financial instruments such as cash, other current assets, accounts payable, accrued expenses and notes payable were deemed to approximate fair value due to their short term nature.

On November 10, 2014, five-year warrants to purchase an aggregate of 3,000,000 shares of common stock at an exercise price of $0.75 per share were earned by certain founders of Cell Source Limited (half of which are employees thereof) but had not been issued as of March 31, 2015. As a result, the Company accrued for the value of the warrant obligation, which, using the Black Scholes option pricing model, was determined to be an aggregate of $891,400 and $901,300, respectively, which was a component of accrued compensation in the condensed consolidated balance sheets as of March 31, 2015 and December 31, 2014, respectively. During the three months ended March 31, 2015, the Company recorded a credit of $9,900 to stock-based compensation expense related to the change in value of the warrant obligation. As of March 31, 2015, the Board has neither approved a stock option plan nor has it issued the warrants, such that the warrants are not included in the summary of warrant activity in Note 9 – Stockholders' Deficiency – Stock Warrants.

On October 28, 2013, as a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, the Company has adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby these and all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors. As of March 31, 2015 and December 31, 2014, derivative liabilities valued at $2,462,400 and $2,318,700, respectively, were comprised of warrants to purchase an aggregate of 6,959,324 and 6,459,324 shares of common stock, respectively, and were deemed to be derivative liabilities.

Note 4 - Fair Value – Continued

See Note 6 – Notes Payable for additional details associated with the issuance of warrants which were deemed to be derivative liabilities.

Note 5 – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	March 31, 2015 (unaudited)	December 31, 2014
Accrued research and development	$ 24,386	$ 79,155
Accrued legal fees	38,089	75,200
Accrued professional fees	80,999	34,839
Accrued director compensation	12,000	9,000
Other accrued expenses	32,535	35,675
Total	$ 188,009	$ 233,869

Note 6 – Notes Payable

On March 26, 2015, the Company issued one-year notes payable in the aggregate principal amount of $500,000. The notes are non-interest bearing. The notes must be prepaid in whole from the proceeds of any closing after the issuance date, of any offering or offerings pursuant to which the Company receives aggregate gross proceeds greater than or equal to $3,000,000.

In consideration of the loans, four-year warrants to purchase an aggregate of 500,000 shares of common stock at an exercise price of $0.75 per share, with an aggregate issuance date value of $177,200, were issued by the Company to the purchasers of the notes payable and were recorded as a debt discount under the residual value method. In connection with the Company's sequencing policy, the warrants were determined to be derivative liabilities. See Note 4 – Fair Value for additional details. During the three months ended March 31, 2015, the Company recorded amortization of debt discount of $2,400. The effective annual interest rate of the notes is 35%.

Prior to the expiration date, the Company shall have the option to redeem all of the warrants then outstanding upon not less than thirty (30) days' nor more than (60) days' notice to the applicable purchaser, at a redemption price of $0.01 per share, subject to the conditions that: (i) there is an effective registration statement covering the resale of the underlying shares of common stock and (ii) the common stock has traded for twenty (20) consecutive days with a closing price of at least $2.50 per share with an average trading volume of 100,000 shares per day.

Note 7 – Advances Payable

During the three months ended March 31, 2015, the Company received an aggregate of $450,000 from investors in connection with a future offering of convertible notes that had not closed as of March 31, 2015. These advances were included in other current liabilities on the condensed consolidated balance sheet as of March 31, 2015. Upon closing of the offering, the Company will evaluate and record the impact of the conversion feature.

Note 8 – Related Parties

For the three months ended March 31, 2015 and 2014, the Company recorded a charge to operations of approximately $200,000 and $212,000, respectively, related to its research and license agreement with Yeda. As of March 31, 2015 and December 31, 2014, approximately $178,000 and $285,000 has been accrued and is payable to Yeda, respectively.

Note 9 – Stockholders' Deficiency

Stock Warrants

See Note 4 – Fair Value and Note 6 – Notes Payable for additional details associated with warrants.

A summary of the warrant activity during the three months ended March 31, 2015 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Intrinsic Value
Outstanding, December 31, 2014	8,503,159	$ 0.57		
Granted	500,000	0.75		
Exercised	-	-		
Forfeited	-	-		
Outstanding, March 31, 2015	9,003,159	$ 0.58	4.3	$ 815,490
Exercisable, March 31, 2015	6,959,324	$ 0.75	3.9	$ -

The following table presents information related to stock warrants at March 31, 2015:

Warrants Outstanding			Warrants Exercisable	
Exercise Price	Outstanding Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants	
$ 0.001	2,043,835	-	-	
$ 0.750	6,959,324	3.9	6,959,324	
	9,003,159	3.9	6,959,324	

Note 10 – Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the condensed consolidated financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would require adjustment or disclosure in the condensed consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of the consolidated results of operations and financial condition of Cell Source, Inc. ("CSI", "Cell Source" or the "Company") as of March 31, 2015 and December 31, 2014 and for the three months ended March 31, 2015 and 2014 should be read in conjunction with our condensed consolidated financial statements and the notes thereto that are included elsewhere in this Quarterly Report on Form 10-Q. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "us," "we," "our," and similar terms refer to CSI. This Quarterly Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions, are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risks and uncertainties discussed in Item 1A ("Risk Factors") of our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission (the "SEC") on March 13, 2015.

Overview

Our wholly-owned subsidiary, Cell Source Israel was founded in 2011 as a privately held company located in Tel Aviv, Israel. Our business is based on over ten (10) years of prominent research at the Weizmann Institute, the commercial arm of Yeda, from whom we license patented technology. Our exclusive, world-wide license provides us with access to certain discoveries, inventions and other intellectual property generated by Dr. Reisner, formerly Head of the Immunology Department at the Weizmann Institute, together with others. Dr. Reisner leads a team at the Weizmann Institute to continue the development of these technologies in order to facilitate the transition of those technologies from the laboratory to clinical trials. We also collaborate with Dr. Herman Einsele and Dr. Franco Aversa, leading figures in bone marrow transplantation for cancer treatment and research, both of whom plan to serve on our Scientific Advisory Board and will oversee our initial clinical trials which, when started, will focus on addressing cancer through cell therapy accompanied by bone marrow transplants.

Our lead prospective product is our patented Veto-Cell immune system management technology, which is an immune tolerance biotechnology that enables the selective blocking of immune responses. The Company's target indications include: lymphoma, multiple myeloma and BCLL (a form of leukemia treatment), facilitating transplantation acceptance (initially bone -marrow transplantation and subsequently organ transplantation), and ultimately treating a variety of non-malignant diseases.

Prior to commercializing its products, the Company must conduct human clinical trials and obtain FDA approval and/or approvals from comparable foreign regulatory authorities.

Generally speaking, as a preclinical biotechnology firm, Cell Source needs to go through several necessary steps in order to commercialize its products and commence revenue generation. These steps are per product, but can run in parallel for multiple products, which are each in different stages of the development "pipeline", so that, for example, when a certain product is already in a human clinical trial, another product may still be in preclinical development and a third may be awaiting regulatory approval to commence human trials. These can also take place in parallel, and varied stages, for the same product in different geographic jurisdictions. The typical steps per product (and range of time frame for each) are:

1. Complete development of human treatment protocol (2-5 years)
2. Apply for and receive approval to commence human trials (9-18 months)
3. Recruit patients (1-6 months)
4. Conduct Phase I trials showing safety of product (1-2 years)
5. Apply for and receive approval to conduct trials showing product efficacy (6-12 months)
6. Data collecting and analysis (6-12 months)
7. Conduct Phase II efficacy trials (2-3 years)
8. Data collecting and analysis (6-12 months)
9. Apply for and receive approval to conduct trials showing efficacy in larger numbers of patients (6-12 months)
10. Conduct Phase III efficacy trials with larger numbers of patients (2-4 years)
11. Data collecting and analysis (6-12 months)
12. Apply for and receive approval for production scale manufacturing facilities (6-12 months)
13. Contract third party or establish own production facilities (6-30 months)
14. Contract third party or establish own distribution platform (6-18 months)
15. Commence manufacturing and distribution (6-12 months)

Please note that steps 12-15 can be conducted in parallel with some of the steps above. In the case of Cell Source and other firms that treat terminal patients with either rare diseases or those for which there is currently no effective treatment, or where preclinical studies indicate a reasonable expectation to increase life expectancy and survival rates by a substantive margin, several of these steps can be combined and or shortened, subject to regulatory discretion. For example, Phase I and II (safety and efficacy) can be combined in a single concurrent step; approvals for subsequent steps can be accelerated; in some countries patients can already be treated commercially after the end of Phase II, foregoing the requirement for Phase III data.

Although we have provided estimated timeframes for each step above, no assurances can be made that such timeframes are accurate or that they would not be delayed for one or more reasons. At any stage of human clinical trial, there could be problems with either safety or efficacy of treatment. In these instances the Company could be required to reformulate the treatment and proceed with additional patients, which could involve a delay of months or years, depending on whether we would have to seek approval from the very beginning of the approval process. There can also be a delay of up to 1 to 2 years between phases of human clinical trial, as the regulator may wish to take additional time to review the approval of a subsequent stage. Furthermore, if a significant modification to the treatment is required, the application process begins again from the very first stage. If the treatment is not effective at all or if it's harmful to patients, even after modifications are made, it is possible that the trials may be halted completely and the product candidates permanently withdrawn. While the timescales presented here are representative of the typical experience, there is no assurance that there will not be significant delays at any stage or step in the process or a complete failure of trials.

The specific detailed next steps the company must take to get the treatments or products to market include the following:

We have not submitted any drug applications to the FDA and do not have anything pending for approval with the FDA. Cell Source itself has not had any contact with any regulator anywhere regarding treatment approvals or clinical trials associated with regulatory approvals. We are aware that a hospital in Italy in May, 2014 independently requested and in September, 2014 received approval to conduct a trial with the same protocol that we plan to use, but we are not mentioned in the application nor in the approval. However, we may indirectly benefit from the outcome of the trial, if successful, although we are not the sponsor of this trial. There are no written or verbal agreements between the hospital and Cell Source regarding the use of the technology. That said, Cell Source is aware and in favor of the hospital plans to use the technology and would of course find a positive initial outcome encouraging. Since the treatment is being done on compassionate grounds as a non-commercial clinical trial, there is no legal requirement for the hospital to obtain approval to use the treatment protocol.

Cell Source then plans to commence a follow-on full Phase I/II study in Parma, Italy that is meant to demonstrate safety and efficacy and is anticipated to last between 2 and 3 years. The local regulator will then determine whether the product will then be made available for sale, or whether it will require a Phase III study. Since the product involves treatments that are already in the clinic but in combination in a new way, and since Cell Source aspires to demonstrate a significant increase in survival rates, this treatment may conceivably be made available commercially on a "compassionate grounds" basis immediately following the conclusion of Phase I/II, which could be in 2019. In the event that a full Phase III study is required, a further 2-3 years may be required.

For the Veto-Cell applications for reducing rejection in Bone Marrow Transplants and for eradicating lymphoma cells, Cell Source expects to commence a Phase I/II human clinical study in Italy, and subsequently in Germany, starting sometime in 2016. Since this technology does not involve elements that are already in clinical use, Cell Source anticipates that Phase I/II studies will last until 2018 or 2019. These would be followed by completion of Phase II and Phase III, which would last another 2-3 years each, so that full approval, if successful, would be expected sometime in 2024. In Germany there is a possibility of approval for commercial use on a "compassionate grounds" basis at the end of Phase II, which could take place by 2022. In the US, Cell Source may or may not be permitted by the FDA to submit European trial results as "supporting data". If not, Cell Source would have to go through the full FDA approval process, which, commencing in 2015, would last until between 2021 and 2023 for the Megadose Drug Combination. For the Veto-Cell this would commence in 2016 or 2017 and could last until 2024 to 2025. It is possible that Cell Source treatments could qualify for any or all of Fast Track, Breakthrough Therapy, Accelerated Approval and Priority Review designation under the FDA, which would hasten their approval if successful.

The costs for each step of development, in terms of clinical trials, are delineated below:

Cell Source estimates the cost of clinical trials alone to be up to $5 million over the coming two years and another $25-50 million in order to reach commercialization for both the Megadose Drug Combination and the Veto-Cell products. This would mean that Cell Source will need to secure one or more significant capital infusions in order to reach the point that meaningful revenues could be generated.

Cell Source will require additional financing for any and all of the steps described above.

Recent Developments

During the three months ended March 31, 2015, we received an aggregate of $450,000 from investors in connection with a future offering of convertible notes that had not closed as of March 31, 2015.

On March 26, 2015, we issued one-year notes payable in the aggregate principal amount of $500,000. The notes are non-interest bearing. The notes must be prepaid in whole from the proceeds of any closing after the issuance date, of any offering or offerings pursuant to which we receive aggregate gross proceeds greater than or equal to $3,000,000. In consideration of the loans, four-year warrants to purchase an aggregate of 500,000 shares of common stock at an exercise price of $0.75 per share, with an aggregate issuance date value of $177,200, were issued by us to the purchasers of the notes payable.

Consolidated Results of Operations

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014

The following table presents selected items in our unaudited condensed consolidated statements of operations for the three months ended March 31, 2015 and 2014, respectively:

	For The Three Months Ended March 31,	
	2015	**2014**
Revenues	$ -	$ -
Operating Expenses		
Research and development	52,747	324,417
Research and development - related party	200,000	212,358
Selling, general and administrative	334,996	235,967
Total Operating Expenses	587,743	772,742
Loss From Operations	(587,743)	(772,742)
Other Income (Expense)		
Change in fair value of derivative liabilities	33,500	(47,500)
Amortization of debt discount	(2,400)	-
Total Other Income (Expense)	31,100	(47,500)
Net Loss	$ (556,643)	$ (820,242)

Research and Development

Research and development expense was $252,747 and $536,775 for the three months ended March 31, 2015 and 2014, respectively, a decrease of $284,028, or 53%, primarily attributable to higher legal fees associated with patent activity during the 2014 period.

Selling, General and Administrative

Selling, general and administrative expense was $334,996 and $235,967 for the three months ended March 31, 2015 and 2014, respectively, an increase of $99,029, or 42%, primarily as a result of increased professional fees associated with being a public company.

Change in Fair Value of Derivative Liability

The change in fair value of derivative liability for the three months ended March 31, 2015 and 2014, was a gain of $33,500 and a loss of $47,500, respectively, which represents the change in fair value of the warrants that were deemed to be derivative liabilities during the respective periods.

Amortization of Debt Discount

Amortization of debt discount was $2,400 and $0 for the three months ended March 31, 2015 and 2014, respectively, which is associated with the warrants issued on March 26, 2015 in connection with notes payable.

Liquidity and Going Concern

We measure our liquidity in a number of ways, including the following:

	March 31, 2015 (unaudited)	December 31, 2014
Cash	$ 276,480	$ 19,480
Working capital deficiency	$ (4,342,283)	$ (3,785,855)

We have not generated any revenues since our inception, we have recurring net losses, we have a working capital deficiency as of March 31, 2015 of approximately $4,342,000 and we have used cash in operations of approximately $693,000 and $1,341,000 during the three months ended March 31, 2015 and 2014, respectively. These conditions raise substantial doubt about our ability to continue as a going concern. Based on our current resources, we will not be able to continue to operate without additional immediate funding.

Our ability to continue our operations is dependent on the execution of management's plans, which include the raising of capital through the debt and/or equity markets, until such time that funds provided by operations are sufficient to fund working capital requirements. We may need to incur additional liabilities with certain related parties to sustain our existence. If we were not to continue as a going concern, we would likely not be able to realize our assets at values comparable to the carrying value or the fair value estimates reflected in the balances set out in the preparation of our financial statements.

There can be no assurances that we will be successful in generating additional cash from equity or debt financings or other sources to be used for operations. Should we not be successful in obtaining the necessary financing to fund our operations, we would need to curtail certain or all operational activities and/or contemplate the sale of our assets, if necessary.

During the three months ended March 31, 2015 and 2014, our sources and uses of cash were as follows:

Net Cash Used in Operating Activities

We experienced negative cash flows from operating activities for the three months ended March 31, 2015 and 2014 in the amounts of $693,000 and $1,340,538, respectively. The net cash used in operating activities for the three months ended March 31, 2015 was primarily due to cash used to fund a net loss of $556,643, adjusted for net non-cash credits in the aggregate amount of $40,785, and $95,572 of net cash used to fund changes in the levels of operating assets and liabilities, primarily as a result of payments to vendors due to improved cash availability. The net cash used in operating activities for the three months ended March 31, 2014 was primarily due to cash used to fund a net loss of $820,242, adjusted for non-cash expenses in the aggregate amount of $47,500, and $567,796 of net cash used to fund changes in the levels of operating assets and liabilities, primarily as a result of payments to vendors due to improved cash availability.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2015 and 2014 was $950,000 and $2,247,746, respectively. The net cash provided by financing activities during the three months ended March 31, 2015 was attributable to $500,000 of proceeds from the issuance of notes payable and $450,000 of proceeds received in connection with a convertible note offering prior to closing. The net cash provided by financing activities during the three months ended March 31, 2014 was attributable to $2,247,746 of net proceeds from the issuance of common stock and warrants.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

There are no material changes from the critical accounting policies set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K which was filed with the SEC on March 13, 2015. Please refer to that document for disclosures regarding the critical accounting policies related to our business.

Recent Accounting Standards

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). ASU 2015-03 amends the existing guidance to require that debt issuance costs be presented in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as a deferred charge. ASU 2015-03 is effective on a retrospective basis for annual and interim reporting periods beginning after December 15, 2015, but early adoption is permitted. We do not anticipate that the adoption of this standard will have a material impact on our condensed consolidated financial statements.

We have implemented all new accounting standards that are in effect and may impact our financial statements and do not believe that there are any other new accounting standards that have been issued that might have a material impact on our financial position or results of operations.

Item 3. Quantitative And Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), such as this Quarterly Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Principal Executive and Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized, recorded and reported; and (2) our assets are safeguarded against unauthorized or improper use, to permit the preparation of our condensed consolidated financial statements in conformity with United States generally accepted accounting principles.

In connection with the preparation of this Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, management, with the participation of our Principal Executive and Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Principal Executive and Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 under the Exchange Act that occurred during the quarter ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations of the Effectiveness of Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations of any control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently a party to any material legal proceedings.

Item 1A. Risk Factors.

There have been no material changes to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K which was filed with the SEC on March 13, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number		Description
10.1	(1)	Form of Promissory Notes
10.2	(1)	Form of Warrants
31.1	*	Certificate of the Chief Executive Officer
31.2	*	Certificate of the Chief Financial Officer
32	**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	*	XBRL Instance Document
101.SCH	*	XBRL Schema Document
101.CAL	*	XBRL Calculation Linkbase Document
101.DEF	*	XBRL Definition Linkbase Document
101.LAB	*	XBRL Label Linkbase Document
101.PRE	*	XBRL Presentation Linkbase Document

(1) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2015

* Filed herewith

** This certification is being furnished and shall not be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise be subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CELL SOURCE, INC.

Dated: May 13, 2015

By: /s/ Itamar Shimrat

Name: Itamar Shimrat

Title: Chief Executive Officer and Chief Financial Officer (Principal Executive, Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATIONS UNDER SECTION 302

I, Itamar Shimrat, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cell Source, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2015

/s/ Itamar Shimrat
Itamar Shimrat
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS UNDER SECTION 302

I, Itamar Shimrat, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cell Source, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2015

/s/ Itamar Shimrat
Itamar Shimrat
Chief Executive Officer and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATIONS UNDER SECTION 906

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Cell Source, Inc., a Nevada corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the quarter ended March 31, 2015 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2015

By: /s/ Itamar Shimrat
Itamar Shimrat
Chief Executive Officer and Chief Financial Officer
(Principal Executive and Financial Officer)