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 **September 30, 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 ☐

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 November 16, 2015, the registrant had 23,679,256 shares of $0.001 par value common stock outstanding.

CELL SOURCE, INC. AND SUBSIDIARY

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015

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CELL SOURCE, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2015 (Unaudited)	December 31, 2014
Assets		
Current Assets:		
Cash	$ 5,866	$ 19,480
Prepaid expenses	103,457	75,424
Current portion of deferred financing costs	80,000	-
Other current assets	100,754	26,074
Total Current Assets	290,077	120,978
Deferred financing costs, net of current portion	20,000	-
Property and equipment, net	1,482	2,127
Total Assets	$ 311,559	$ 123,105
Liabilities and Stockholders' Deficiency		
Current Liabilities:		
Accounts payable and accrued expenses	$ 484,473	$ 233,869
Accounts payable and accrued expenses - related parties	283,147	285,415
Accrued compensation	934,832	968,849
Derivative liabilities	2,773,100	2,318,700
Notes payable, net of debt discount of $136,275 at September 30, 2015	758,725	-
Notes payable - related party, net of debt discount of $28,000 at September 30, 2015	172,000	100,000
Advances payable	450,000	-
Total Current Liabilities	5,856,277	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 September 30, 2015 and December 31, 2014	-	-
Common stock, $0.001 par value; 200,000,000 shares authorized; 23,679,256 and 23,579,256 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	23,679	23,579
Additional paid-in capital	4,231,083	4,191,183
Accumulated deficit	(9,799,480)	(7,998,490)
Total Stockholders' Deficiency	(5,544,718)	(3,783,728)
Total Liabilities and Stockholders' Deficiency	$ 311,559	$ 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 September 30,		For the Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
Revenues	$ -	$ -	$ -	$ -
Operating Expenses				
Research and development	118,551	129,959	295,770	675,371
Research and development - related party	200,000	183,965	600,000	795,168
Selling, general and administrative	230,587	401,374	807,365	1,034,679
Total Operating Expenses	549,138	715,298	1,703,135	2,505,218
Loss From Operations	(549,138)	(715,298)	(1,703,135)	(2,505,218)
Other Income (Expense)				
Change in fair value of derivative liabilities	3,200	28,800	115,900	12,400
Interest expense	(9,074)	-	(15,830)	-
Amortization of debt discount	(118,425)	-	(197,925)	-
Total Other (Expense) Income	(124,299)	28,800	(97,855)	12,400
Net Loss	$ (673,437)	$ (686,498)	$ (1,800,990)	$ (2,492,818)
Net Loss Per Share				
- Basic and Diluted	$ (0.03)	$ (0.03)	$ (0.07)	$ (0.12)
Weighted Average Number of Common Shares Outstanding				
- Basic and Diluted	25,670,917	25,470,917	25,639,208	21,031,339

See Notes to the Condensed Consolidated Financial Statements

CELL SOURCE, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIENCY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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)
Stock-based compensation:					
- common stock	100,000	100	39,900	-	40,000
Net loss	-	-	-	(1,800,990)	(1,800,990)
Balance - September 30, 2015	23,679,256	$ 23,679	$ 4,231,083	$ (9,799,480)	$ (5,544,718)

See Notes to the Condensed Consolidated Financial Statements

CELL SOURCE, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For The Nine Months Ended September 30, 2015	For The Nine Months Ended September 30, 2014
Cash Flows From Operating Activities		
Net loss	$ (1,800,990)	$ (2,492,818)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of derivative liabilities	(115,900)	(12,400)
Amortization of debt discount	197,925	-
Depreciation	645	240
Stock-based compensation:		
Fair value of common stock issued	40,000	43,000
Fair value of warrant issued	36,700	-
Change in fair value of accrued compensation	(19,941)	-
Changes in operating assets and liabilities:		
Prepaid expenses	(28,033)	(92,720)
Other current assets	(74,680)	(10,511)
Accounts payable and accrued expenses	305,660	(369,846)
Net Cash Used in Operating Activities	(1,458,614)	(2,935,055)
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(2,582)
Net Cash Used in Investing Activities	-	(2,582)
Cash Flows From Financing Activities		
Proceeds from issuance of notes payable	995,000	-
Proceeds from issuance of common stock and warrants, net [1]	-	3,012,846
Proceeds from cash advances	450,000	-
Net Cash Provided by Financing Activities	1,445,000	3,012,846
Net (Decrease) Increase In Cash	(13,614)	75,209
Cash - Beginning	19,480	28,878
Cash - Ending	$ 5,866	$ 104,087
Supplemental Disclosures of Cash Flow Information:		
Non-cash investing and financing transactions:		
Reclassification of warrants to derivative liabilities	$ -	$ 1,499,000
Warrants and conversion options issued in connection with issuance of notes payable	$ 362,200	$ -
Reclassification of derivative liability to equity	$ -	$ 144,439
Deferred financing costs	$ 100,000	$ -

[1] Net of $55,150 of issuance costs.

See Notes to the Condensed Consolidated Financial Statements

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 September 30, 2015 and the condensed consolidated results of its operations and cash flows for the nine months ended September 30, 2015 and 2014. The results of operations for the three and nine months ended September 30, 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 September 30, 2015 of approximately $5,566,000, and used cash in operations of approximately $1,459,000 and $2,935,000 for the nine months ended September 30, 2015 and 2014, respectively. In addition, as of September 30, 2015, the Company had an accumulated deficit of approximately $9,799,000. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

Subsequent to September 30, 2015, the Company has raised an aggregate of $252,500 through debt financing. See Note 11 – Subsequent Events – Convertible Note Offering for additional details.

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 and nine months ended September 30, 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:

	September 30,	
	2015	2014
Warrants	8,674,324	6,459,324
Convertible notes	193,333	-
Total	8,867,657	6,459,324

Deferred Financing Costs

The Company has recorded deferred financing costs as a result of fees incurred by the Company in conjunction with its debt financing activities. These costs are amortized using the interest method over the shorter of (a) the term of the related debt or (b) the expected conversion date of the debt into equity instruments. As of September 30, 2015, the Company capitalized $100,000 of costs in the accompanying condensed consolidated balance sheet.

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 evaluated 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 September 30, 2015 and December 31, 2014, and, as of those dates, the carrying value of all amounts approximates fair value. The Company estimated the fair value of its common stock during the three and nine months ended September 30, 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 September 30, 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	$ 709,959	$ -	$ -	$ 709,959
Derivative liability	2,773,100	-	-	2,773,100
Balance - September 30, 2015	$ 3,483,059	$ -	$ -	$ 3,483,059
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, warrants deemed to be derivative liabilities according to the Company's sequencing policy in accordance with ASC 815-40-35-12, the conversion option of convertible notes payable and an accrued obligation to issue warrants to certain founders of Cell Source Limited, which such warrants were not issued as of September 30, 2015.

Note 4 - Fair Value – Continued

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
Risk-free interest rate	0.33% - 1.53%	1.43% - 1.68%	0.33% - 1.71%	1.43% - 1.73%
Expected term (years)	0.25 - 5.00	4.08 - 4.84	0.25 - 5.00	4.08 - 5.00
Expected volatility	166%	164%	166% - 172%	164% - 168%
Expected dividends	0.00%	0.00%	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 nine months ended September 30, 2015:

	Accrued Compensation	Derivative Liability	Total
Balance - December 31, 2014	$ 901,300	$ 2,318,700	$ 3,220,000
Change in fair value	(46,600)	(115,900)	(162,500)
Issuance of warrants and conversion options	26,659	398,900	425,559
Reclassification to derivative liability	(171,400)	171,400	-
Balance - September 30, 2015	$ 709,959	$ 2,773,100	$ 3,483,059

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, of which, 600,000 were issued during the three months ended September 30, 2015, such that, as of September 30, 2015, the Company had a remaining obligation to issue warrants to purchase an aggregate of 2,400,000 shares of common stock. The Company reclassified the value of the issued warrant to purchase 600,000 shares of common stock to derivative liabilities. See Note 11 – Subsequent Events for additional details.

The Company recorded the value of the warrant obligation, which, using the Black Scholes option pricing model, was determined to be an aggregate of $683,300 and $901,300, respectively, which was a component of accrued compensation in the condensed consolidated balance sheets as of September 30, 2015 and December 31, 2014, respectively. During the three and nine months ended September 30, 2015, the Company recorded a credit of $13,200 and $46,600, respectively, to stock-based compensation related to the change in value of the warrant obligation. As of September 30, 2015, warrants to purchase an aggregate of 2,400,000 shares of common stock are not included in the summary of warrant activity in Note 10 – Stockholders' Deficiency – Stock Warrants.

Note 4 - Fair Value – Continued

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 September 30, 2015 and December 31, 2014, derivative liabilities valued at $2,773,100 and $2,318,700, respectively, were comprised of warrants to purchase an aggregate of 8,154,324 and 6,459,324 shares of common stock, respectively, and conversion options which, as of December 31, 2014, were convertible into an aggregate of 193,333 shares of common stock.

See Note 6 – Notes Payable and Note 9 – Commitments and Contingencies 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:

	September 30, 2015 (unaudited)	December 31, 2014
Accrued research and development	$ 122,829	$ 79,155
Accrued legal fees	165,686	75,200
Accrued other professional fees	100,015	34,839
Accrued director compensation	25,000	9,000
Accrued interest	11,343	-
Other accrued expenses	59,600	35,675
Total	$ 484,473	$ 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. The effective annual interest rate of the notes is 35%.

On May 15, 2015, the Company issued a four-month note payable in the principal amount of $250,000. The note bears interest at a rate of 12% per annum. In consideration of the loan, a four-year warrant to purchase 250,000 shares of common stock at an exercise price of $0.75 per share, with an issuance date fair value of $88,600, was issued by the Company to the purchaser of the note payable and was recorded as a debt discount under the residual value method. In connection with the Company's sequencing policy, the warrant was determined to be a derivative liability. See Note 4 – Fair Value for additional details. Subsequent to September 30, 2015, the Company entered into a letter agreement with the lender to extend the maturity date of the note to December 31, 2015.

Prior to the expiration date, the Company shall have the option to redeem all of the above discussed 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 6 – Notes Payable – Continued

On July 20, 2015, the Company issued a one-year note payable in the principal amount of $100,000 to a member of the Board of Directors of the Company. The note is non-interest bearing. The note 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 loan, a four-year warrant to purchase 100,000 shares of common stock at an exercise price of $0.75 per share, with an issuance date fair value of $34,900, was issued by the Company to the purchaser of the note payable and was recorded as a debt discount under the residual value method. In connection with the Company's sequencing policy, the warrant was determined to be a derivative liability. See Note 4 – Fair Value for additional details. The warrant contains an exercise limitation such that at no time may the warrant be exercised if the shares of common stock to be issued upon such exercise would exceed, when aggregated with all other shares of common stock owned by the holder (or his permitted successors or assigns), 4.99% of the issued and outstanding shares of the common stock of the Company. In the event the principal amount of the note is not paid by the Company on or before July 20, 2016, the Company shall (i) pay to the lender a one-time cash penalty payment of five percent (5%) of the principal amount of the note due and unpaid on such date, and (ii) issue to the lender a warrant to purchase, at an exercise price of $0.75 per share, the number of shares the Company's common stock equal to the product of (a) the principal amount of the note due and unpaid on July 20, 2015 and (b) ten percent (10%).

On July 24, 2015, the Company issued one-year convertible promissory notes with an aggregate principal amount of $145,000. In consideration of the loans, four-year warrants to purchase an aggregate of 145,000 shares of common stock at an exercise price of $0.75 per share, was issued by the Company to the purchasers of the notes payable and was recorded as a debt discount under the residual value method. In connection with the Company's sequencing policy, the $61,500 aggregate issuance date fair value of the warrants and conversion options of the notes were determined to be derivative liabilities. See Note 4 – Fair Value for additional details. The notes shall not bear interest for the initial ninety (90) days from issuance, but beginning on the ninety-first (91st) day, each note shall bear interest at ten percent (10%) per annum, which interest will accrue on a daily simple interest basis and be due and payable on the maturity date. Each note contains a mandatory prepayment provision that the principal and accrued but unpaid interest must be prepaid, without premium or penalty, in whole, from the proceeds of any closing occurring after the original issuance date, of any offering or offerings of the securities of the Company pursuant to which the aggregate gross proceeds received by the Company is greater than or equal to $3,000,000. On or after the sixteenth (16th) day following the maturity date, the holder of each note will have the option to convert all or part of the outstanding principal and accrued but unpaid interest into shares of common stock, at a conversion price equal to the lesser of (i) $0.75; or (ii) seventy percent (70%) of the average daily volume weighted average price ("VWAP") of common stock for the twenty (20) trading days prior to the maturity date. However, the Company shall not effect any conversion of a note to the extent that after giving effect to such conversion, an investor would beneficially own in excess of 4.99% of the issued and outstanding shares of common stock of the Company. Prior to the expiration date of the warrants, the Company has the option to redeem all warrants outstanding for a $0.01 per share upon not less than thirty (30) days notice nor more than sixty (60) days notice to the holder of the warrant, provided that at the time of delivery of such notice (i) there is an effective registration statement covering the resale of the Warrant Shares, and (ii) the average trading price of the Company's common stock, or shares into which the common stock have been exchanged, for each of the twenty (20) consecutive trading days prior to the date of the notice of redemption is at least $2.50, as proportionately adjusted to reflect any stock splits, stock dividends, combination of shares or like events, with an average daily trading volume during such period of no less than 100,000 shares. The Company shall not effect any exercise of a Warrant to the extent that after giving effect to such exercise, an Investor would beneficially own in excess of 4.99% of the issued and outstanding shares of Common Stock of the Company.

See Note 8 – Related Parties for details of an extension of notes payable.

During the three and nine months ended September 30, 2015, the Company recorded amortization of debt discount of $118,425 and $197,925, respectively.

Note 7 – Advances Payable

During the nine months ended September 30, 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 September 30, 2015. These advances were included in other current liabilities on the condensed consolidated balance sheet as of September 30, 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 and nine months ended September 30, 2015, the Company recorded a charge to operations of approximately $200,000 and $600,000, respectively, related to its research and license agreement with Yeda. For the three and nine months ended September 30, 2014, the Company recorded a charge to operations of approximately $184,000 and $795,000, respectively, related to its research and license agreement with Yeda. As of September 30, 2015 and December 31, 2014, approximately $278,000 and $285,000 has been accrued and is payable to Yeda, respectively.

On June 1, 2015, the Company entered into a letter agreement with the Company's Chief Executive Officer to extend the maturity dates of two promissory notes with an aggregate principal balance of $100,000 from May 2015 to October 30, 2015. Subsequent to September 30, 2015, the Company entered into a letter agreement with the Company's Chief Executive Officer to extend the maturity dates of the two promissory notes with an aggregate principal balance of $100,000 to April 30, 2016.

Note 9 – Commitments and Contingencies

Scientific Advisory Board

On June 4, 2015, the Company entered into an agreement, effective May 21, 2015, with a consultant to serve as Chairman of the Company's Scientific Advisory Board (the "SAB"). Unless terminated earlier at the option of the Company, the agreement terminates on May 21, 2017. Pursuant to the agreement, the Company agreed to compensation consisting of (i) quarterly payments to the consultant of $3,000; (ii) issuance of a five-year warrant to purchase 120,000 shares of the Company's common stock at an exercise price of $0.75 that vests quarterly over two years; and (iii) payments of $1,000 per day for each symposium meeting attended, with travel expenses to be reimbursed by the Company.

During the nine months ended September 30, 2015, the Company entered into agreements with four consultants to serve as members of the Company's SAB. Unless terminated earlier at the option of the Company, the agreements terminate between June and July 2017. Pursuant to the agreement, the Company agreed to compensation consisting of (i) quarterly payments to each consultant of $2,500; (ii) issuance of five-year warrants to purchase an aggregate of 400,000 shares (100,000 shares per consultant) of the Company's common stock at an exercise price of $0.75 per share that vest quarterly over two years; and (iii) payments of $1,000 per day to each consultant for each symposium meeting attended, with travel expenses to be reimbursed by the Company.

The warrants to purchase an aggregate of 520,000 shares of common stock issued to members of the Company's SAB during the nine months ending September 30, 2015 had an aggregate issuance date fair value of $190,900 ($0.37 per share) which will be recognized ratably over the vesting period.

Consulting Agreement

On August 17, 2015, the Company entered into a one-year agreement with a consultant to provide controller services for the Company. In exchange for services provided by the consultant during the term, the Company agreed to (i) pay a fee of $5,000 per month (compensation commences on September 1, 2015 but payment is deferred until the Company raises at least $1,000,000), (ii) issue 100,000 shares of immediately vested common stock, valued at $40,000 which was recorded as stock-based compensation expense and (iii) issue an immediately vested five-year warrant to purchase 100,000 shares of common stock at an exercise price of $0.75 per share, valued at $36,700 which was recorded as stock-based compensation expense. In connection with the Company's sequencing policy, the warrant was determined to be a derivative liability. See Note 4 – Fair Value for additional details.

Note 10 – Stockholders' Deficiency

Stock Warrants

See Note 4 – Fair Value, Note 6 – Notes Payable and Note 9 – Commitments and Contingencies for additional details associated with warrants.

A summary of the warrant activity during the nine months ended September 30, 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	2,215,000	0.75		
Exercised	-	-		
Forfeited	-	-		
Outstanding, September 30, 2015	10,718,159	$ 0.61	4.0	$ 815,490
Exercisable, September 30, 2015	8,154,324	$ 0.75	3.6	$ -

The following table presents information related to stock warrants at September 30, 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	8,674,324	3.6	8,154,324
	10,718,159	3.6	8,154,324

Note 11 – 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.

Issuance of Founder Warrants

On November 8, 2015, the Company issued warrants to purchase an aggregate of 2,400,000 shares of common stock at an exercise price of $0.75 per share to certain founders of Cell Source Limited. The warrants expire on November 10, 2019.

Note 11 – Subsequent Events – Continued

Convertible Note Offering

Subsequent to September 30, 2015, the Company closed on an aggregate of $252,500 in principal amount of 10% convertible notes (the "10% Convertible Notes") to investors. The 10% Convertible Notes bear interest at a rate of 10% per annum and are payable eighteen (18) months from the date of issuance (the "Maturity Date").

The 10% Convertible Notes shall be automatically converted into shares of the Company's common stock upon the earlier of (i) the closing of an offering of equity securities pursuant to which the Company receives an aggregate of at least $5,000,000 in gross proceeds ("Qualified Financing"); (ii) the closing of a strategic transaction (including but not limited to the Company's entry into a joint venture or partnership agreement or the sublicensing of the Company's intellectual property) pursuant to which the Company, directly or indirectly, receives, or expects to receive within eighteen months, cash, assets or other consideration with a total aggregate value of at least $4,000,000 ("Strategic Transaction"); or (iii) the Maturity Date of the 10% Convertible Notes.

In the event the 10% Convertible Notes are converted upon the occurrence of a Qualified Financing (the "QF Conversion Shares"), the conversion price of the 10% Convertible Notes shall be the lesser of (i) seventy percent (70%) of the price per share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which the Company sells its securities in a Qualified Financing; or (ii) $0.75. The QF Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) months from the date of the closing on which the Company generates aggregate gross proceeds under the Qualified Financing of at least $5,000,000. In the event the 10% Convertible Notes are converted upon the occurrence of a Strategic Transaction (the "ST Conversion Shares"), the conversion price of the 10% Convertible Notes shall be equal to $0.75. In addition, upon conversion of the 10% Convertible Notes following the occurrence of a Qualified Financing or a Strategic Transaction, each holder of a 10% Convertible Note shall automatically receive five-year warrants to purchase that number of shares of common stock into which the 10% Convertible Notes are convertible and such warrants shall have an exercise price equal to one hundred ten percent (110%) of the per-share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which the Company sells its securities in a Qualified Financing or $0.825 in the case of a Strategic Transaction, as applicable. The ST Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) months from the date of the closing of a Strategic Transaction. In the event the 10% Convertible Notes are automatically converted upon the Maturity Date, the conversion price of the 10% Convertible Notes shall be equal to the quotient obtained by dividing $15 million by the aggregate number of outstanding shares of the common stock, measured on a fully-diluted basis, excluding certain shares, on the date immediately preceding the Maturity Date (the "Maturity Conversion Price"). In addition, in the event of an automatic conversion of the 10% Convertible Notes upon the Maturity Date, the holder shall automatically receive five-year warrants to purchase that number of common stock into which the 10% Convertible Notes are convertible and such warrants shall have an exercise price equal to the Maturity Conversion Price.

The Company intends to use the net proceeds from the sale of the 10% Convertible Notes for general corporate purposes.

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 September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015and 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 Limited 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 of Science in Israel, from whose commercial arm, Yeda Research and Development Limited, we license patented and patent pending technology. Our exclusive, world-wide license provides us with access to certain discoveries, inventions and other intellectual property generated by Professor Yair Reisner, formerly Head of the Immunology Department at the Weizmann Institute, together with others. Professor 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 have recently constituted a Scientific Advisory Board chaired by Dr. Terry Strom of Harvard Medical School and also including Dr. Herman Waldmann of Oxford Medical School, Dr. Robert Negrin of Stanford University, Dr. Hermann Einsele of the Julius Maximillian University of Wurzburg, Germany and Dr. Steven Burakoff of Mount Sinai Medical Center, leading figures in the fields of bone marrow transplantation, organ transplantation and cancer treatment through immunotherapy.

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.

Cell Source, under its exclusive license with Yeda Research & Development Ltd., commercial arm of the Weizmann Institute of Science, has recently filed two new provisional patent applications that extend the usage of Veto Cell technology as a critical enabler for other cell therapy treatments. One patent application highlights, based on preclinical data, the ability of Veto Cells to accompany other cell therapy treatments and help them overcome rejection and avoid Graft vs. Host Disease (GvHD) in an allogeneic (using a third party donor) treatment setting. The other patent application involves a genetically modified Veto Cell that can have sustained survival in the patient's body while avoiding rejection and GvHD. This second application holds the potential to make CAR-T cells, which to date been effective primarily in an autologous (patient's own cells) setting, succeed in an allogeneic setting.

Cell Source plans to actively explore collaborations with larger biopharmaceutical firms where Veto Cell technology can significantly enhance the efficacy of cell therapy treatments for a variety of indications. This may allow Cell Source to complement the development of its own treatment candidates with parallel development with partners, thus multiplying the potential impact of this technology in the clinic.

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. The hospital has successfully treated a cancer patient using the Megadose Drug Combination technology that Cell Source exclusively licenses from Yeda Research & Development Ltd., commercial arm of the Weizmann Institute of Science. While Cell Source is not a sponsor of the trial, the results provide a positive initial indication with respect to the technology. The patient received a bone marrow transplantation from a haploidentical or "mismatched" donor under a reduced intensity conditioning regimen (i.e., a relatively low level of immune suppression treatment). There was successful initial engraftment of the transplantation and, thus far, no sign of GVHD. Successful treatment of other patients would demonstrate that mismatched bone marrow transplantation under reduced intensity conditioning can be made safer using the Megadose Drug Combination.

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

Advances Payable

During the nine months ended September 30, 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 September 30, 2015.

Notes Payable

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.

On May 15, 2015, we issued a four-month note payable in the principal amount of $250,000. The note bears interest at a rate of 12% per annum. In consideration of the loan, a four-year warrant to purchase 250,000 shares of common stock at an exercise price of $0.75 per share, with an issuance date value of $88,600, was issued by us to the purchaser of the note payable. Subsequent to September 30, 2015, we entered into a letter agreement with the lender to extend the maturity date of the note to December 31, 2015.

On July 20, 2015, we issued a one-year note payable in the principal amount of $100,000 to a member of our Board of Directors. The note is non-interest bearing. The note 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 loan, a four-year warrant to purchase 100,000 shares of common stock at an exercise price of $0.75 per share was issued by us to the purchaser of the note payable.

On July 24, 2015, we issued one-year convertible promissory notes with an aggregate principal amount of $145,000 and four-year warrants to purchase an aggregate of 145,000 shares of common stock at an exercise price of $0.75 per share. The notes shall not bear interest for the initial ninety (90) days from issuance, but beginning on the ninety-first (91st) day, each note shall bear interest at ten percent (10%) per annum, which interest will accrue on a daily simple interest basis and be due and payable on the maturity date. Each note contains a mandatory prepayment provision that the principal and accrued but unpaid interest must be prepaid, without premium or penalty, in whole, from the proceeds of any closing occurring after the original issuance date, of any offering or offerings of the our securities pursuant to which the aggregate gross proceeds received by us is greater than or equal to $3,000,000. On or after the sixteenth (16th) day following the maturity date, the holder of each note will have the option to convert all or part of the outstanding principal and accrued but unpaid interest into shares of common stock, at a conversion price equal to the lesser of (i) $0.75; or (ii) seventy percent (70%) of the average daily volume weighted average price ("VWAP") of common stock for the twenty (20) trading days prior to the maturity date.

Subsequent to September 30, 2015, we entered into a letter agreement with our Chief Executive Officer to extend the maturity dates of the two promissory notes with an aggregate principal balance of $100,000 to April 30, 2016.

Convertible Note Offering

Subsequent to September 30, 2015, we closed on an aggregate of $252,500 in principal amount of 10% convertible notes (the "10% Convertible Notes") to investors. The 10% Convertible Notes bear interest at a rate of 10% per annum and are payable eighteen (18) months from the date of issuance (the "Maturity Date").

The 10% Convertible Notes shall be automatically converted into shares of our common stock upon the earlier of (i) the closing of an offering of equity securities pursuant to which we receive an aggregate of at least $5,000,000 in gross proceeds ("Qualified Financing"); (ii) the closing of a strategic transaction (including but not limited to our entry into a joint venture or partnership agreement or the sublicensing of our intellectual property) pursuant to which we, directly or indirectly, receive, or expect to receive within eighteen months, cash, assets or other consideration with a total aggregate value of at least $4,000,000 ("Strategic Transaction"); or (iii) the Maturity Date of the 10% Convertible Notes.

In the event the 10% Convertible Notes are converted upon the occurrence of a Qualified Financing (the "QF Conversion Shares"), the conversion price of the 10% Convertible Notes shall be the lesser of (i) seventy percent (70%) of the price per share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which we sell our securities in a Qualified Financing; or (ii) $0.75. The QF Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) months from the date of the closing on which we generate aggregate gross proceeds under the Qualified Financing of at least $5,000,000. In the event the 10% Convertible Notes are converted upon the occurrence of a Strategic Transaction (the "ST Conversion Shares"), the conversion price of the 10% Convertible Notes shall be equal to $0.75. In addition, upon conversion of the 10% Convertible Notes following the occurrence of a Qualified Financing or a Strategic Transaction, each holder of a 10% Convertible Note shall automatically receive five-year warrants to purchase that number of shares of common stock into which the 10% Convertible Notes are convertible and such warrants shall have an exercise price equal to one hundred ten percent (110%) of the per-share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which we sell our securities in a Qualified Financing or $0.825 in the case of a Strategic Transaction, as applicable. The ST Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) months from the date of the closing of a Strategic Transaction. In the event the 10% Convertible Notes are automatically converted upon the Maturity Date, the conversion price of the 10% Convertible Notes shall be equal to the quotient obtained by dividing $15 million by the aggregate number of outstanding shares of the common stock, measured on a fully-diluted basis, excluding certain shares, on the date immediately preceding the Maturity Date (the "Maturity Conversion Price"). In addition, in the event of an automatic conversion of the 10% Convertible Notes upon the Maturity Date, the holder shall automatically receive five-year warrants to purchase that number of common stock into which the 10% Convertible Notes are convertible and such warrants shall have an exercise price equal to the Maturity Conversion Price.

We intend to use the net proceeds from the sale of the 10% Convertible Notes for general corporate purposes.

Consolidated Results of Operations

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

The following table presents selected items in our unaudited condensed consolidated statements of operations for the three months ended September 30, 2015 and 2014, respectively:

	For The Three Months Ended September 30,	
	2015	**2014**
Revenues	$ -	$ -
Operating Expenses		
Research and development	118,551	129,959
Research and development - related party	200,000	183,965
Selling, general and administrative	230,587	401,374
Total Operating Expenses	549,138	715,298
Loss From Operations	(549,138)	(715,298)
Other Income (Expense)		
Change in fair value of derivative liabilities	3,200	28,800
Interest Expense	(9,074)	-
Amortization of debt discount	(118,425)	-
Total Other (Expense) Income	(124,299)	28,800
Net Loss	$ (673,437)	$ (686,498)

Research and Development

Research and development expense was $318,551 and $313,924 for the three months ended September 30, 2015 and 2014, respectively, an increase of $4,627 or 1%.

Selling, General and Administrative

Selling, general and administrative expense was $230,587 and $401,374 for the three months ended September 30, 2015 and 2014, respectively, a decrease of $170,787, or 43%, primarily as a result of legal and professional fees associated with our Share Exchange transaction, which was prepared for and closed in the 2014 period.

Change in Fair Value of Derivative Liability

The change in fair value of derivative liability for the three months ended September 30, 2015 and 2014, was a gain of $3,200 and $28,800, respectively, which represents the change in fair value of the warrants that were deemed to be derivative liabilities during the respective periods.

Interest Expense

Interest expense was $9,074 and $0 for the three months ended September 30, 2015 and 2014, respectively, associated with notes payable.

Amortization of Debt Discount

Amortization of debt discount was $118,425 and $0 for the three months ended September 30, 2015 and 2014, respectively, which is associated with warrants and conversion options issued in connection with notes payable.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

The following table presents selected items in our unaudited condensed consolidated statements of operations for the nine months ended September 30, 2015 and 2014, respectively:

	For The Nine Months Ended September 30,	
	2015	**2014**
Revenues	$ -	$ -
Operating Expenses		
Research and development	295,770	675,371
Research and development - related party	600,000	795,168
Selling, general and administrative	807,365	1,034,679
Total Operating Expenses	1,703,135	2,505,218
Loss From Operations	(1,703,135)	(2,505,218)
Other Income (Expense)		
Change in fair value of derivative liabilities	115,900	12,400
Interest expense	(15,830)	-
Amortization of debt discount	(197,925)	-
Total Other (Expense) Income	(97,855)	12,400
Net Loss	$ (1,800,990)	$ (2,492,818)

Research and Development

Research and development expense was $895,770 and $1,470,539 for the nine months ended September 30, 2015 and 2014, respectively, a decrease of $574,769, or 39%, primarily because the proceeds from our 2014 equity financing permitted us to expand our research and development expenses, including expenses associated with key patents entering the National Phase in a number of countries around the world, whereas we are currently cash constrained due to our limited funds.

Selling, General and Administrative

Selling, general and administrative expense was $807,365 and $1,034,679 for the nine months ended September 30, 2015 and 2014, respectively, a decrease of $227,314, or 22%, primarily as a result of legal and professional fees associated with our Share Exchange transaction, which was prepared for and closed in the 2014 period.

Change in Fair Value of Derivative Liability

The change in fair value of derivative liability for the nine months ended September 30, 2015 and 2014, was a gain of $115,900 and $12,400, respectively, which represents the change in fair value of the warrants that were deemed to be derivative liabilities during the respective periods.

Interest Expense

Interest expense was $15,830 and $0 for the nine months ended September 30, 2015 and 2014, respectively, associated with notes payable.

Amortization of Debt Discount

Amortization of debt discount was $197,925 and $0 for the nine months ended September 30, 2015 and 2014, respectively, which is associated with warrants and conversion options issued in connection with notes payable.

Liquidity and Going Concern

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

	September 30, 2015 (unaudited)	December 31, 2014
Cash	$ 5,866	$ 19,480
Working capital deficiency	$ (5,566,200)	$ (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 September 30, 2015 of approximately $5,566,000 and we have used cash in operations of approximately $1,459,000 and $2,935,000 during the nine months ended September 30, 2015 and 2014, respectively. Subsequent to September 30, 2015, we have raised an aggregate of $252,500 through debt financing. 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 nine months ended September 30, 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 nine months ended September 30, 2015 and 2014 in the amounts of $1,458,614 and $2,935,055, respectively. The net cash used in operating activities for the nine months ended September 30, 2015 was primarily due to cash used to fund a net loss of $1,800,990, adjusted for net non-cash expenses in the aggregate amount of $139,429 partially offset by $202,947 of net cash provided due to changes in the levels of operating assets and liabilities, primarily as a result of increases in accounts payable and accrued expenses, due to cash constraints during the period. The net cash used in operating activities for the nine months ended September 30, 2014 was primarily due to cash used to fund a net loss of $2,492,818, adjusted for non-cash expenses in the aggregate amount of $30,840, and $473,077 of 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 Used in Investing Activities

Net cash used in investing activities was $2,582 for the nine months ended September 30, 2014, which was related to purchases of property and equipment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2015 and 2014 was $1,445,000 and $3,012,846, respectively. The net cash provided by financing activities during the nine months ended September 30, 2015 was attributable to $995,000 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 nine months ended September 30, 2014 was attributable to $3,012,846 of net proceeds from the issuance of common stock and warrants (gross proceeds of $3,067,996 less $55,150 of issuance costs).

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 evaluated 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 September 30, 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 September 30, 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.

On July 20, 2015, we issued a one-year note payable in the principal amount of $100,000 to a member of our Board of Directors. The note is non-interest bearing. The note 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 loan, a four-year warrant to purchase 100,000 shares of common stock at an exercise price of $0.75 per share was issued by us to the purchaser of the note payable.

On July 24, 2015, we issued one-year convertible promissory notes with an aggregate principal amount of $145,000 and four-year warrants to purchase an aggregate of 145,000 shares of common stock at an exercise price of $0.75 per share. The notes shall not bear interest for the initial ninety (90) days from issuance, but beginning on the ninety-first (91st) day, each note shall bear interest at ten percent (10%) per annum, which interest will accrue on a daily simple interest basis and be due and payable on the maturity date. Each note contains a mandatory prepayment provision that the principal and accrued but unpaid interest must be prepaid, without premium or penalty, in whole, from the proceeds of any closing occurring after the original issuance date, of any offering or offerings of the our securities pursuant to which the aggregate gross proceeds received by us is greater than or equal to $3,000,000. On or after the sixteenth (16th) day following the maturity date, the holder of each note will have the option to convert all or part of the outstanding principal and accrued but unpaid interest into shares of common stock, at a conversion price equal to the lesser of (i) $0.75; or (ii) seventy percent (70%) of the average daily volume weighted average price (“VWAP”) of common stock for the twenty (20) trading days prior to the maturity date.

We relied on the exemption from registration provided by section 4(a)(2) of the Securities Act of 1933, as amended.

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
4.1	*	Form of Agreement
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

* 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: November 16, 2015

By: /s/ Itamar Shimrat
Name: Itamar Shimrat
Title: Chief Executive Officer and
Chief Financial Officer
(Principal Executive, Financial and
Accounting Officer)

Exhibit 4.1

November 12, 2015

Cell Source, Inc.
65 Yigal Alon Street
Tel Aviv, Israel

Ladies and Gentlemen:

Reference is made to the Promissory Note in the original principal amount of $________ (the “Note”), dated __________, issued to me by Cell Source, Inc. (the “Company”). Pursuant to the Note, the Company was to pay the amounts owed under the Note on or before ___________ (the “Maturity Date”). It is hereby acknowledged and agreed that any failure of the Company to pay the amounts owed under the Note shall not constitute and event of default (the “Waiver”) and that this Waiver is effective as of the Maturity Date.

It is further agreed that Note shall be amended hereby such that the new Maturity Date under the Note shall be ____________.

Except as modified by this letter agreement, each term and condition of the Note shall remain in full force and effect. Each party hereto acknowledges and agrees to the terms set forth in this letter agreement, as evidenced by such party’s execution of this letter agreement.

Very truly yours,

____

Agreed and Accepted:

By: ______________________
Name: ______________________
Title: ______________________
Cell Source, Inc. ______________________

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: November 16, 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: November 16, 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 September 30, 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: November 16, 2015

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