ImmuPharma

ImmuPharma plc

Report and Consolidated Financial Statements
For the Year Ended 31 December 2015

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Chairman's Report

Chairman's Report

2015 was a year predominantly dedicated to the progress of our lead programme, Lupuzor™ (a breakthrough treatment for the auto-immune disease Lupus), into its pivotal Phase III trial and to initiating the strengthening of our financial position. We achieved both. Our first Lupus patients have been recruited in the USA and Europe, and we completed a successful placing and subscription raising £8.4 million (before expenses) shortly after the year end. Top-line results for this pivotal trial are expected to be available in late 2017.

Lupuzor™ : progress through 2015

In January 2015, ImmuPharma finalised an agreement with Simbec-Orion, an international clinical research organisation to undertake the crucial Phase III clinical trial for Lupuzor™. Simbec-Orion specialises in rare and orphan conditions and has previous direct experience in Lupus trials. This is a pivotal study designed to demonstrate the safety and efficacy of Lupuzor™ and is the last step prior to filing for approval.

Lupuzor™ received approval from the US Food and Drug Administration (FDA) to start Phase III with a Special Protocol Assessment (SPA) as well as having received Fast Track designation. Under the SPA, the necessary number of patients for the Phase III programme is much lower than other Lupus development candidates in previous clinical trials and underpins the significant efficacy and safety profile shown by Lupuzor™ in its clinical development programme to date. Importantly, this means that the total cost and time to completion of Phase III is significantly reduced.

Lupuzor™ Phase III Trial

A number of important operational and regulatory milestones were reached throughout 2015 in conjunction with our partner, Simbec-Orion, in order to allow the recruitment of the first patients into the study in December.

As background to the study, recruitment will occur in up to 45 investigator sites. 10 sites in United States and 35 in Europe to ensure the screening of 270 potential patients, in order to recruit the required 200 patients for the trial. The Phase III trial is a double-blind, randomised, placebo-controlled trial. The study will involve patients dosing for one year, receiving 0.2mg once every month subcutaneously. The recruitment phase is processing well, and the first US sites that opened in December 2015 have now commenced dosing patients. Progress on the trial can be seen at: www.ClincialTrials.gov/lupuzor.

In the United States the trial has been approved by a major central Institutional Review Board (IRB) which is allowing several sites to participate through a single IRB. In Europe the study is approved through the centralised Voluntary Harmonisation Procedure (VHP). The EU VHP has confirmed that the study will take place in the United Kingdom, Germany, France, Italy, Czech Republic, Hungary and Poland.

Lupuzor™ Investigator Meeting : December 2015, Paris

As an integral milestone of the study, the 'Investigator Meeting' was held in Paris in December 2015. The key objective of the event was to bring together key specialists in the field of Lupus who will be actively involved as clinical investigators in ImmuPharma's Phase III Lupuzor™ pivotal trial and to brief them about the protocol and the complicated but required procedures to assess efficacy in the Lupus trial.

The event was jointly organised by ImmuPharma and Simbec-Orion and assisted by ImmuPharma's collaboration partner, the Centre National de la Recherché Scientifique ("CNRS") the largest basic research organisation in Europe. The meeting was attended by over 70 investigators and senior coordinators from the USA and Europe involved in the trial.

The meeting was introduced by Dr Robert Zimmer, President and Chief Scientific Officer of ImmuPharma. Presenters included Dr Daniel Wallace, Associate Director, Rheumatology Fellowship Program, Cedars-Sinai Medical Center, Los Angeles, a member of ImmuPharma's Scientific Advisory Board and a Principal Investigator for Lupuzor™'s Phase III trial. Prof. Sylviane Muller, the inventor of Lupuzor™ and Research Director at the CNRS presented Lupuzor's origins, its unique mechanism of action with supportive data of the compound's strong safety and efficacy profile.

A summary video of the event including interviews with Prof. Sylviane Muller, key ImmuPharma, Simbec-Orion and Principal Investigator personnel is available on the Company's website : www.immupharma.org/interviews.

Lupus Market

There are an estimated five million people globally suffering from Lupus, with approximately 1.5 million patients in the US, Europe and Japan (Source: Lupus Foundation of America). Current 'standard of care' treatments, including steroids and immunosuppressants, can potentially have either serious side effects for patients or limited effectiveness, with over 60 per cent. of patients not adequately treated. GSK's Benlysta is the first Lupus drug approved in over 50 years and paves the path to market for Lupuzor™. Based on conservative estimates, and taking into account that Benlysta is priced currently at approximately $35,000 per patient per year, Lupuzor™ would be entering a market with the potential for multi-billion dollar sales.

Chairman's Report (continued)

Lupuzor™ has the potential to be a novel specific first-line drug therapy for the treatment of Lupus by specifically modulating the immune system and halting disease progression in a substantial proportion of patients. Lupuzor™ has a unique mechanism of action that modulates the activity of CD4 T-cells which are involved in the cell-mediated immune response which leads to the Lupus disease. Lupuzor™, taken over the long term, as indicated in earlier stage clinical trials, has the potential to prevent the progression of Lupus rather than just treating its symptoms, with the rest of the immune system retaining the ability to work normally.

There will be a number of routes to market Lupuzor™ which are open for consideration upon receipt of approval by the FDA, which could be: a licensing deal; ImmuPharma partnering with regional distributors, globally or an outright sale of Lupuzor™ or the Company. The prime objective of any strategy would be to maximise shareholder return.

Centre National de la Recherché Scientifique (CNRS)

ImmuPharma continues to have important collaboration arrangements with the Centre National de la Recherché Scientifique (CNRS), the French National Council for Scientific Research and the largest basic research organisation in Europe, relating to the therapeutic use of peptides and peptide derivatives. This is where Lupuzor™ was invented by Prof. Sylviane Muller, Research Director at CNRS. This successful and longstanding relationship plays an important role in the progress of ImmuPharma's development pipeline.

Pipeline Overview

Forigerimod / P140 Auto-Immune Platform

Lupuzor™, is also known by its chemical name *'Forigerimod' or P140*.

ImmuPharma in conjunction with the CNRS is working hard on expanding the P140 auto immune pipeline, which is supported by Lupuzor™'s strong efficacy and safety profile and by its mechanism of action.

A new patent has been filed (co-owned with CNRS) to cover other autoimmune indications, outside of Lupus, some of which have the potential for Orphan Drug designation. Further preclinical work continues with the objective of further indications moving into the clinic in due course.

Nucant Platform

The Group's Cancer Nucant program, IPP-204106, is focused on combination therapy approaches. ImmuPharma announced in February 2015 that the Phase I/IIa dose-finding adaptive study where the Nucant was associated with chondroitin sulphate, demonstrated that the maximum tolerated dose was 9 mg/kg which was the primary objective of the study. ImmuPharma is now reviewing a number of options to further progress this program. A grant was awarded by the EU to ImmuPharma to develop the Nucants in combination with cytotoxic drugs linked to solid support. The concept has been validated in pre-clinical studies.

The Group has also been awarded grants to investigate its use in age-related macular degeneration diabetic retinopathy and other ophthalmological indications.

Peptide Platform

ImmuPharma's subsidiary 'Ureka' has also initiated the development of a novel and innovative peptide technology platform through the Company's collaboration with CNRS, thereby gaining access to pioneering research centred on novel peptide drugs at the University of Bordeaux and the Institut Européen de Chimie et Biologie (IECB). Jointly, ImmuPharma and CNRS have filed a new co-owned patent controlling this breakthrough peptide technology. The first therapeutic area being targeted is diabetes with glucagon-like peptide -1 agonists, a class of drugs for the treatment of diabetes, as well as initiating the development of novel peptides as glucagon antagonists - one of the novel approaches to treat Type I and Type II diabetes. ImmuPharma has received a non-refundable grant of approximately €600,000 to develop this technology over the last two years with

Chairman's Report (continued)

application to peptides used to treat diabetes as well as to peptides allowing the control of protein/protein interactions (cancer).

Post Reporting Period: £8.4 million Fund Raising and EIS/VCT Qualifying Status

In February and March 2016, we were delighted to complete an £8.4 million funding round. The funds raised will be used to principally progress the pivotal Phase III trial for Lupuzor™ as well as providing working capital requirements into 2018. Key participators in the fundraising included:

- Directors
- Simbec-Orion, our development partner
- Aviva, our longstanding major institutional investor
- New institutions including Lanstead Capital
- Longstanding private client shareholders

As part of the fundraising exercise, ImmuPharma also received confirmation of advance assurance from HM Revenue and Customs that it is a qualifying holding for the purposes of the Venture Capital Trust rules ("VCT Advance Assurance") and a qualifying company for the purposes of the Enterprise Investment Scheme ("EIS Advance Assurance"). These assurances were important for attracting a significant proportion of new shareholders into the recent fundraising.

Board Changes

Tim McCarthy was appointed as Non-Executive Chairman in September 2015 following the sad passing of Richard Warr, one of the three co-founding Executive Directors of ImmuPharma. The Board was also strengthened by the appointment of Dr Stephane Mery as a Non-Executive Director.

Awards

We were delighted to note that Prof. Sylviane Muller had been honoured by receiving 'The CNRS Medal of Innovation' for her discoveries made on the mechanism of action of Lupuzor™ and its applications to other autoimmune diseases.

Current Activities and Outlook

The Board continues to be excited by ImmuPharma's potential. We are focused on the late stage clinical development of Lupuzor™ through its pivotal Phase III trial through to its results. We are now also beginning to have dialogue with a number of Lupus Patient Groups, both in the UK and the USA, and we will increase our efforts within this important and powerful community throughout this year and beyond.

The key milestone this year is the completion of the recruitment of the 200 Lupus patients with top line results expected to be announced by the end of 2017.

ImmuPharma will also progress its other earlier stage pipeline candidates whilst exploring other opportunities around Lupuzor™'s mechanism of action and its applicability to other autoimmune conditions.

The Board would like to thank its shareholders, both long standing and those who participated in the recent fundraising for their support as well as its staff, corporate and scientific advisors including Simbec-Orion and the CNRS for their continued collaboration.

Tim McCarthy
Non-Executive Chairman

Financial Review

Financial Review

2015 was a year focused on progressing our lead program, Lupuzor™, in its pivotal Phase III trial with our first patients recruited in the USA and Europe. In addition, a successful £8.4 million placing and subscription (before expenses) was completed just after the year end, strengthening ImmuPharma's financial position.

Income Statement

The overall loss for the year ended 31 December 2015 was £3.9 million up from £2.9 million for the year ended 31 December 2014. The increase in overall loss was mainly attributable to increased expenditure on the Group's Lupuzor™ program. Research and development expenditure was up to £3.0 million from £2.3 million in 2014. Administrative expenses were up to £1.6 million from £1.3 million in the year ended 31 December 2014. This was primarily due to one-off payments arising from directorate changes during the year. Net finance income was £14,635 for 2015 including a gain on foreign exchange of £4,302. This contrasts with net finance income of £84,741 for 2014 including a gain on foreign exchange of £26,177. Total comprehensive loss for the year which includes exchange differences on translation of foreign operations was £4.0 million which was up from £3.1 million in 2014. Basic and diluted loss per share was 4.40p (2014: 3.43p). In accordance with the Group's loss making position, no dividend is proposed.

Balance Sheet

The Group has cash and cash equivalents as at 31 December 2015 of £0.8 million (2014: £5.4 million). Financial borrowings were £0.4 million (2014: £0.8 million). This balance is primarily the conditional advance from the French Government for use in the development of our cancer programme. No interest is payable. In February and March, 2016, ImmuPharma successfully completed a share placing and subscription, raising £8.4 million before expenses. Further details can be found below and in Note 23 of the accounts. A £50 million equity finance facility remains available with Darwin Strategic Limited.

£8.4 million Placing and Subscription: post reporting period

During February and March 2016, ImmuPharma successfully raised £8.4 million (before expenses) by way of the Placing of 16,137,479 new ordinary shares of 10 pence each in the Company ("Ordinary Shares") at the placing price of 26 pence per Ordinary Share (the "Placing"), combined with a subscription for 17,021,277 Ordinary Shares by Lanstead Capital ("Lanstead") at a price of 26 pence per Ordinary Share (the "Subscription"). The Subscription provided the Company with aggregate proceeds of £4,425,532 million, of which £663,830 (being 15 per cent of the Subscription) were retained by ImmuPharma and £3,761,702 are pledged to Lanstead under a Sharing Agreement under which Lanstead will then make, subject to the terms and conditions of that Sharing Agreement, monthly settlements (subject to adjustment upwards or downwards) to the Company over 18 months. As a result of entering into the Sharing Agreement, the aggregate amount received by ImmuPharma under the Subscription and the related Sharing Agreement may be more or less than £4,425,532. as further explained below. The terms of the Sharing Agreement were provided in a Circular to shareholders in February 2016 and which can be viewed on the Company's website (www.immupharma.org/aim-rule-26/circulars), and are summarised in the note 23. The terms of the Placing and Subscription were approved by shareholders at a General Meeting on 22 February 2016. The net proceeds of the Placing and Subscription received by the Company are being used to fund the pivotal Phase III clinical trial of Lupuzor™, the Company's lead programme for the potential breakthrough compound for Lupus. Simbec-Orion, a full service international CRO specialising in rare and orphan conditions and which has previous direct experience of Lupus trials, is conducting the trial.

VCT & EIS Assurance

As part of the fundraising exercise, ImmuPharma also received confirmation of advance assurance from HM Revenue and Customs that it is a qualifying holding for the purposes of the Venture Capital Trust rules and a qualifying company for the purposes of the Enterprise Investment Scheme. These assurances were important for attracting a significant proportion of new shareholders into the recent fundraising.

Financial Review (continued)

Financial Review (continued)

Treasury Policy

The policy continues to be that surplus funds of the Group are held in interest-bearing bank accounts on short or medium maturities, until commitments to future expenditure are made, when adequate funds are released to enable future expenditure to be incurred. The Group's Treasury Policy and controls are straightforward and approved by the Board.

Financial Strategy

The overall strategy is to maintain a tight control over cash resources whilst enabling continued progress of the Company's pivotal Phase III Lupuzor™ trial through to top line results expected by the end of 2017 and the progression of its other earlier stage pipeline candidates where cash reserves permit.

Tracy Weimar
Vice President, Operations and Finance

Strategic Report by Chief Executive Officer and Chief Scientific Officer

Strategic Report

Dimitri Dimitriou, Chief Executive Officer and Dr. Robert Zimmer, Chief Scientific Officer present their Strategic Report for the Group for the year ended 31 December 2015.

Business Objectives and Strategy

ImmuPharma plc is a drug discovery and development company headquartered in London and listed on the AIM market of the London Stock Exchange (LSE: IMM). Its research operations are in France. ImmuPharma is dedicated to the development of novel drugs, largely based on peptide therapeutics, to treat serious medical conditions such as autoimmune diseases characterised by:

- Blockbuster potential in niche markets;
- High unmet medical need;
- Ability to command high pricing;
- Low marketing costs; and
- Relatively lower development costs.

ImmuPharma's strategy and risk-averse business model is different from many of its peers, and its management team has extensive experience in senior positions in some of the world's leading pharmaceutical companies.

ImmuPharma has adopted an outsourcing model where development activities are assigned to contract research organisations ("CROs"), maintaining low costs. ImmuPharma continues to manage the development of its own assets up to commercialisation, but will also seek collaborative agreements with larger pharmaceutical companies at an earlier stage, where viable.

ImmuPharma is currently developing drug candidates within three technology programs each of which would represent a significant breakthrough in its field. Lupuzor™, a potential treatment for the autoimmune chronic inflammatory disease Lupus, is ImmuPharma's key product and most advanced drug, having commenced its pivotal Phase III trial in 2015, and which the Directors believe targets a highly unmet market due to the lack of safe and effective treatments currently available. Lupuzor™ was successfully licensed to a US speciality pharmaceutical company, Cephalon, in February, 2009 in a $500 million licensing deal. In late 2011, following the acquisition of Cephalon by Teva Pharmaceuticals, ImmuPharma regained all rights to Lupuzor™. The other two programs include candidates addressing cancer, and diabetes. ImmuPharma has approximately 70 patents.

Collaboration with Centre National de la Recherche Scientifique (CNRS)

ImmuPharma has important collaboration arrangements with the Centre National de la Recherché Scientifique (CNRS), the French National Council for Scientific Research and the largest basic research organisation in Europe. ImmuPharma also has links with the Institut National de la Sante et de la Recherche Medicale (INSERM), France's national institute for health and medical research.

Strategic Report (continued)
Business Overview and Prospects

As part of the collaboration arrangements, ImmuPharma has entered into a research agreement with CNRS which relates to the therapeutic use of peptides and peptide derivatives. ImmuPharma has been granted the worldwide exclusive rights to exploit all discoveries made pursuant to this agreement and will co-own the relevant intellectual property with the CNRS.

CNRS has granted additional exclusive worldwide licenses to ImmuPharma covering rights to discoveries made prior to this agreement but related to it. Applications for additional patents, to be jointly owned by CNRS and ImmuPharma, have already been made and are being filed. CNRS is entitled to a share of the revenue generated by ImmuPharma from the exploitation of CNRS' licensed and co-owned rights.

ImmuPharma focuses on developing pioneering and novel drugs in specialist therapeutic areas where there is a distinct lack of existing treatments, avoiding primary care (diseases treated by GPs) where many treatments exist. This is consistent with the trends in the pharmaceutical industry.

Since our foundation, our research strategy has been to work closely with the largest fundamental research organisation in Europe, the CNRS in France. This collaboration enables us to access innovative research with substantial embedded value at a relatively low cost, and to work with many leading scientists and doctors.

Our market strategy is to develop drug candidates to a point where further value can be added by licensing our assets to partners – primarily major pharmaceutical corporations - that are well-placed to further develop and/or commercialise them. Our corporate deal with Cephalon in 2009, for the worldwide rights of our lead drug candidate for the treatment of Lupus, Lupuzor™, is one example of this strategy in action.

ImmuPharma's principal business objective is to enhance shareholder value through the development and commercialisation of novel drugs. Its strategies for achieving this objective include:

- Pursuing a low cost model of accessing world class research through our collaboration with the CNRS in France
- Selecting specialist therapeutic areas where there are high unmet needs and the potential for high pricing
- Managing the clinical development of novel drug candidates
- Seeking collaborative agreements with partner companies to further the development and commercialisation of novel drug candidates
- Maintaining a small corporate infrastructure to minimise costs

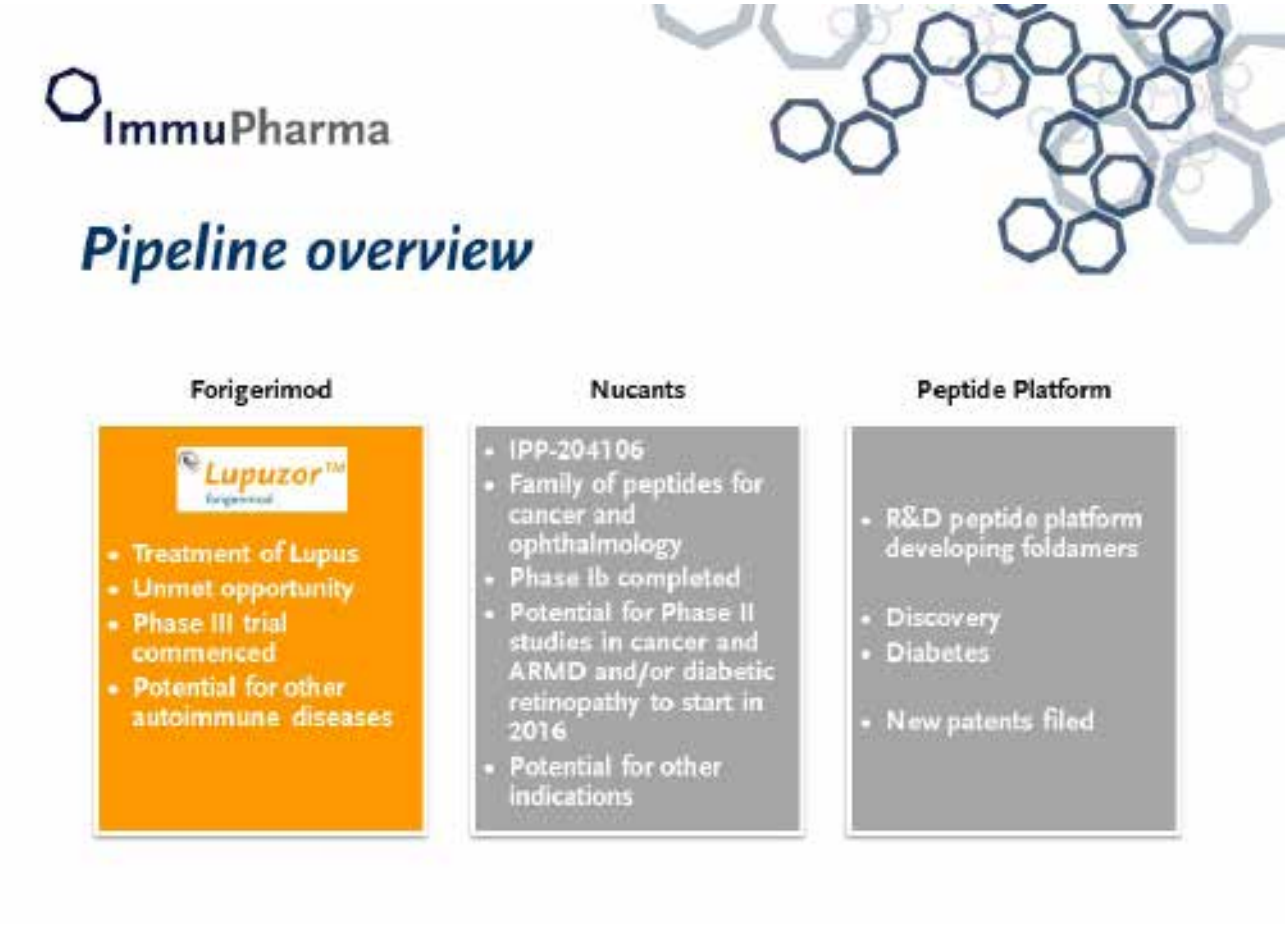
Strategic Report (continued)

Pipeline Overview

ImmuPharma currently has three product development programs covering:

- Forigerimod (Lupuzor™)
- Nucants
- Peptides

Each of these programs and respective drug candidates are proprietary and represent a novel approach to therapy. The Company believes each has significant sales potential if successfully developed.



Strategic Report (continued)
Product Pipeline

Forigerimod Program – Treatment of Lupus and other Autoimmune Diseases

ImmuPharma's lead product candidate, Lupuzor™, also known by its chemical name '*Forgerimod*', targets Lupus, an autoimmune disease for which there is currently no cure or specific treatment. Lupuzor™ was successfully licensed to Cephalon in February 2009, in which ImmuPharma received upfront payments totalling $45 million, with a $500 million cash milestone payment structure plus high royalties on future sales. In late 2011, following the acquisition of Cephalon by Teva Pharmaceuticals, ImmuPharma regained all product rights to Lupuzor™.

Lupus (frequently manifested as Systemic Lupus Erythematosus or SLE) is a chronic, life-threatening autoimmune, inflammatory disease with a pattern of flares and remission. Lupus can affect multiple organs such as skin, joints, kidneys, blood cells, heart and lungs. It can appear in a multitude of forms, making diagnosis difficult with patients presenting to several different specialists (mainly dermatologists, rheumatologists and nephrologists). Awareness of the disease has steadily increased in recent years and should continue to do so due to well-organised patient groups and increased research and development activity into new treatments. New diagnostic tools are now in place and are increasingly used by physicians, which coupled with greater awareness, should lead to an increase in diagnosis rates.

There are an estimated five million people globally suffering from Lupus, with approximately 1.5 million patients in the US, Europe and Japan (source: Lupus Foundation of America). Current 'standard of care' treatments, including steroids and immunosuppressants, can potentially have either serious side effects for patients or limited effectiveness, with over 60 percent of patients not adequately treated. GlaxoSmithKline's Benlysta is the first Lupus drug approved in over 50 years and paves the path to market for Lupuzor™. Based on conservative estimates, and taking into account that Benlysta is priced currently at approximately $35,000 per patient per year, Lupuzor™ would be entering a market with the potential for multi-billion dollar sales.

ImmuPharma believes that Lupuzor™, which was invented by Professor Sylviane Muller, Chair of Therapeutic Immunology at CNRS, has the potential to be a novel specific first-line drug therapy for the treatment of Lupus by specifically modulating the immune system and halting disease progression in a substantial proportion of patients. Lupuzor™, taken over the long term, is intended to prevent the progression of Lupus rather than just treating its symptoms. Lupuzor™ has a unique mechanism of action that modulates the activity of CD4 T cells which are involved in the cell-mediated immune response which leads to the Lupus disease. The Company has demonstrated that Lupuzor leaves the rest of the immune system working normally.

Lupuzor™ has successfully completed Phase IIb clinical trials demonstrating a response rate of 65% after 3 months treatment and has begun Phase III. Lupuzor™ has been given a Special Protocol Assessment (SPA) from the US Food and Drug Administration (FDA) to conduct Phase III trials with Fast Track Designation. In 2015, ImmuPharma signed an agreement with Simbec-Orion to complete the pivotal Phase III clinical study of Lupuzor™. Simbec-Orion is a full service international Clinical Research Organisation (CRO) specialising in rare and orphan conditions and has previous direct experience of Lupus trials.

Strategic Report (continued)
Product Pipeline (continued)

Nucant Program (IPP-204106) - Treatment of Cancer and Ophthalmology

The Nucant platform (IPP-204106) is a specific family of peptides designed to modulate angiogenesis with application in cancer (modifying the blood supply to the tumour) and ophthalmology (improving the vascularisation of the eye). The rights for this compound have been obtained through the Group's ongoing research collaboration with the CNRS.

Our Cancer Nucant program, IPP-204106, is focused on combination therapy approaches. We announced in February 2015 that the Phase I/IIa dose-finding adaptive study where the Nucant was associated with chondroitin sulphate, demonstrated that the maximum tolerated dose was 9 mg/kg. This was the primary objective of the study. ImmuPharma is now reviewing a number of options to further progress this program.

The Group has also been awarded grants to investigate its use in age-related macular degeneration diabetic retinopathy and other ophthalmological indications.

Peptide Technology Platform - Treatment of Diabetes

ImmuPharma has also initiated the development of a novel and innovative peptide technology platform through the collaboration with CNRS, thereby gaining access to pioneering research centred on novel peptide drugs at the University of Bordeaux and the Institut Européen de Chimie et Biologie (IECB). Jointly, ImmuPharma and CNRS have filed a new co-owned patent controlling this breakthrough peptide technology. The first therapeutic area being targeted is diabetes with glucagon-like peptide -1 agonists, a class of drugs for the treatment of Type II diabetes, as well as initiating the development of novel peptides as glucagon antagonists - one of the novel approaches to treat Type I and Type II diabetes. ImmuPharma has received a non-refundable grant of approx. €400,000 to develop this technology over the last two years and a further €200,000 for the next two years.

Other Compounds and the Discovery Pipeline

In addition to the three key programs above, ImmuPharma has other early stage pre-clinical development compounds and technologies including:

- IPP-201007 - Treatment of inflammatory/allergic conditions such as asthma and rheumatoid arthritis
- IPP-102199 - Treatment of moderate and severe pain
- IPP-203101 - Treatment of MRSA and other hospital-acquired infections

ImmuPharma has a promising proprietary discovery engine that should be able to sustain the generation of further novel compounds that either fit with ImmuPharma's strategic focus for internal development or allow substantial out-licensing opportunities.

Heterocyclic ureas scaffolds

ImmuPharma is co-owner with CNRS of a series of patents protecting a virtual library of heterocyclic urea molecules out of which 70 per cent are considered as "drug-like" based on their physiochemical characteristics. In comparison, commercially available libraries are generally considered to be 35-40 per cent "drug-like". Currently, it is estimated that up to 300,000 molecules may be able to be synthesised based on this core heterocyclic urea structure.

Strategic Report (continued)
Review of Group Activity

As a drug development company, ImmuPharma does not currently have steady revenues. Its primary focus is to develop drug candidates sufficiently to attract a license partner to further develop and commercialise them.

Key Performance Indicators

ImmuPharma plc is a drug discovery and development group. In keeping with organisations at a similar stage of development in the pharmaceutical and biotechnology sector, ImmuPharma's main activity involves incurring research and development expenditure. The overall strategy is to maintain a tight control over cash resources whilst enabling controlled development of the potential product portfolio.

Key objectives and performance

Objective	Key progress during the period
Successfully find a suitable partner for and/or sufficient funding for the clinical development of Lupuzor™	• Agreement signed in January 2015 with Simbec-Orion, a full service, international clinical research organisation to commence pivotal Phase III clinical trial • £8.4 million of funding before expenses secured in February 2016 through a share placement
Develop potential product portfolio	• Lupuzor™ began pivotal Phase III trial • Nucant programme, IPP-204106, continues with focus on combination therapies and ophthalmology • Collaboration with the University of Bordeaux and CNRS continues to develop the Group's peptide technology platform
Maintain strong cash position	• Consolidated cash balance at 31 December 2015 was £833,388 • Share placement successfully completed in February 2016 raised £8.4 million of gross proceeds into the Group to support the development of Lupuzor™ • Continued availability of £50 million Equity Finance Facility secured from Darwin Strategic • Continued tight financial control to ensure effective overall expenditure

Strategic Report (continued)
Principal Risks and Uncertainties

Investors and potential investors are reminded about the risks involved surrounding an investment in the Company.

An investment in the Company involves a high degree of risk. Investors should consider carefully the following risks, before deciding to buy any shares. Additional risks and uncertainties not currently known to the Directors or that they currently deem to be immaterial may also impair its business operations. Investors may lose all or a part of their investment.

Lack of continuity of profits
In common with most comparable businesses in the biotechnology/pharmaceutical sector, ImmuPharma expects to incur additional losses for the near future as its research and development efforts progress. To become consistently profitable, ImmuPharma must successfully develop drug candidates and enter into profitable agreements with other parties and its drug candidates must receive regulatory approval. ImmuPharma or these other parties must then successfully manufacture and market the drug candidates. It could be several years, if ever, before ImmuPharma receives royalties from any future licence agreements or revenues directly from product sales. If ImmuPharma fails to obtain additional financing, it may be unable to complete the development and commercialisation of its drug candidates or continue its research and development programmes.

Uncertainty of capital requirements and availability of funds
The Group's long-term capital requirements and the adequacy of available funds will depend upon many factors, including:

- the progress of its research, drug discovery and development programmes;
- changes in existing collaborative relationships;
- its ability to establish additional collaborative relationships;
- the magnitude and outcome of its research and development programmes;
- the scope and results of preclinical studies and clinical trials to identify drug candidates;
- competitive and technological advances;
- the time and costs involved in obtaining regulatory approvals;
- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims;
- its dependence on others for development and commercialisation of its drug candidates; and
- successful commercialisation of its products consistent with its licensing strategy.

Raising capital
The Group may need to raise additional capital to complete the development and commercialisation of ImmuPharma's current drug candidates. Additional funding, whether through additional sales of shares or collaborative or other arrangements with corporate partners or from other sources, may not be available when needed or on terms acceptable to it. The issuance of preferred or ordinary shares, or the borrowing of additional funds with terms and prices significantly more favourable than those of the currently available ordinary shares, could have the effect of diluting or adversely affecting the holdings or rights of existing shareholders. In addition, collaborative arrangements may require ImmuPharma to transfer certain material rights to such corporate partners. Insufficient funds may require it to delay, scale-back or eliminate certain of its research and development programmes.

Reliance on third parties
ImmuPharma relies heavily upon other parties (including contract research organisations) for many important stages of its drug development programmes, including execution of some Pre-Clinical studies and later-stage development for its compounds and drug candidates, management of its clinical trials, including medical monitoring and data management, management of its regulatory function, and manufacturing, sales, marketing and distribution of its drug candidates.

Development risk
If the clinical trials of any of ImmuPharma's drug candidates fail, that drug candidate will not be marketed, which would result in a complete absence of revenue from the failed product. The drug development process and achievement of regulatory approvals is complex and uncertain. Because of the cost and duration of clinical trials, the Directors may decide to discontinue development of drug candidates that are either unlikely to show good results in the trials or unlikely to help advance a product to the point of a meaningful collaboration. Positive results from pre-clinical studies and early clinical trials do not ensure positive results in clinical trials designed to permit application for regulatory approval.

Strategic Report (continued)
Principal Risks and Uncertainties (continued)

Competition
ImmuPharma's competitors include amongst others, major pharmaceutical, biotechnology and healthcare companies with substantially greater resources than those of the Group. The areas in which ImmuPharma has chosen to conduct its research and development are very attractive areas to all its competitors. There is no assurance that competitors will not succeed in developing products that are more effective or economical than those being developed by ImmuPharma or which would render its products obsolete and/or otherwise uncompetitive.

Furthermore, there is no guarantee that the drug candidates being developed by ImmuPharma have either a better safety profile, dosing profile and/or efficacy profile than products that are already marketed by its competitors and this may adversely affect the sales of any new products.

Health authorities
The ability of ImmuPharma and any of its licensees or collaborators to commercialise its products also depends on the extent to which reimbursement for the cost of such products and related treatments will be available from government health administration authorities, private health providers and other organisations. There is uncertainty as to the reimbursement status of newly approved healthcare products, and there is no assurance that adequate, or indeed any, health administration or third party coverage will be available to ImmuPharma or its partners to obtain satisfactory price levels.

Patents
The commercial success of ImmuPharma depends to a great extent upon its ability to obtain patent protection for its products in Europe, the US and other countries and to preserve the confidentiality of its know-how. The successful commercialisation of its products, whether by itself or by third parties, as licensees or collaborators, is largely dependent on the extent of the intellectual property protection obtained. No assurance is given that ImmuPharma will develop products that are patentable, or that patents will be sufficiently broad in their scope to provide protection for ImmuPharma's intellectual property rights and exclude competitors with similar technology. The commercial success of ImmuPharma is dependent, in part, on non-infringement of patents granted to third parties. Competitors or potential competitors may have filed applications, or may have been granted or may obtain patents that may relate to products competitive with those of ImmuPharma. If this is the case then ImmuPharma may have to obtain appropriate licences under these patents or cease and/or alter certain activities or processes, or develop or obtain alternative technology. There can be no assurance that, if any licences are required, ImmuPharma will be able to obtain any such licences on commercially favourable terms, if at all.

Liability risks
ImmuPharma's business exposes it to potential liability risks, which are inherent in research and development, manufacturing, marketing and use of human therapeutic products. There can be no assurance that future necessary insurance cover will be available to ImmuPharma at an acceptable cost, if at all, or that, in the event of any claim, the level of insurance carried by ImmuPharma now or in the future will be adequate or that a liability or other claim would not materially and adversely affect the business.

Reliance on key personnel
ImmuPharma is dependent on the principal members of its management and scientific staff. Recruiting and retaining qualified personnel, consultants and advisers will be important to its success. There can be no assurance that ImmuPharma will be able to recruit the new staff required in its business plan and retain its personnel on acceptable terms given the competition for such personnel from competing businesses. The loss of service of any of ImmuPharma's personnel could impede the achievement of its objectives.

Environmental hazards
ImmuPharma and its third party contractors are subject to laws, regulations and policies relating to environmental protection, disposal of hazardous or potentially hazardous substances, healthy and safe working conditions, manufacturing practices and fire hazard control. There can be no assurance that ImmuPharma or its collaborators will not be required to incur significant costs to comply with future laws, regulations and policies relating to these or similar matters. The risk of accidental contamination or injury from certain materials cannot be eliminated. In the event of such an accident, ImmuPharma could be held liable for any damage that results and any such liability could exceed its resources.

Regulation
Changes in government regulations or enforcement policies could impose more stringent requirements on ImmuPharma, compliance with which could adversely affect its business. Failure to comply with applicable regulatory requirements could result in enforcement action, including withdrawal of marketing authorisation, injunction, seizure of products and liability for civil and/or criminal penalties.

Share price and liquidity
The share price of publicly traded biotechnology and emerging pharmaceutical companies can be highly volatile. The price at which the Company's shares will be quoted and the price which investors may realise for their shares will be influenced by a large number of factors, which could include the performance of both ImmuPharma's and its competitor's research and development programmes, large purchases or sales of the Company's shares,

Strategic Report (continued)
Principal Risks and Uncertainties (continued)

legislative changes in the healthcare environment and general economic conditions. The volume of share trading on the AIM market of the London Stock Exchange can be limited and this may restrict the ability of shareholders to dispose of their shareholding at any particular time.

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies the shares of which are listed on the Official List. An investment in the Company's Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Company's shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

Forward looking statements

This document contains certain statements that are not historical facts and may be forward-looking statements that are subject to a variety of risks and uncertainties. There are a number of important factors that could cause actual results to differ materially from those projected or suggested in any forward-looking statement made herein.

These factors include, but are not limited to: (i) ImmuPharma's and/or ImmuPharma's partners' ability to successfully complete product research and development, including pre-clinical and clinical studies and commercialisation; (ii) ImmuPharma's and/or ImmuPharma's partners' ability to obtain required governmental approvals, including product and patent approvals, the impact of pharmaceutical industry regulation, the difficulty of predicting FDA and other regulatory authority approvals, the regulatory environment and changes in the health policies and structure of various countries; (iii) the acceptance and demand for new pharmaceutical products and new discovery-enabling technologies such as the use of cells and (iv) ImmuPharma's ability to attract and/or maintain manufacturing, sales, distribution and marketing partners; and (v) ImmuPharma's and/or ImmuPharma's partners' ability to develop and commercialise products before its competitors and the impact of competitive products and pricing, the availability and pricing of ingredients used in the manufacture of products, uncertainties regarding market acceptance of innovative products newly launched, currently being sold or in development. In addition, significant fluctuations in financial results may occur as a result of the timing of milestone payments and the timing of costs and expenses related to ImmuPharma's research and development programme.

Without limiting the generality of the foregoing, no assurance is given as to when ImmuPharma's products will be launched or licensed, or whether that launch or licensing will be commercially successful, and words such as "may", "will", "to", "expect", "plan", "believe", "anticipate", "intend", "could", "would", "estimate" or "continue" or the negative or other variations thereof or comparable terminology is intended to identify forward-looking statements.

If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or by applicable law, whether as a result of new information, future events or otherwise.

Dimitri Dimitriou
Chief Executive Officer

Dr. Robert Zimmer
Chief Scientific Officer

3 May 2016

Board of Directors

Board of Directors

Tim McCarthy, FCCA, MBA

Non-Executive Chairman (appointed September 2016)

Mr McCarthy has a 35 year international business career in high growth biotech, healthcare and technology companies. He is currently Chairman and Non-Executive Director for a number of biotech and healthcare related companies, including Incanthera, Harvard Healthcare and Expedeon Holdings. Mr McCarthy is also the former Chief Executive Officer and Finance Director of a number UK listed public and private companies, including Alizyme plc and Peptide Therapeutics Group plc, and has a core understanding of AIM and its regulatory processes. Co-founding a number of healthcare and biotechnology companies, Mr McCarthy has helped raise substantial amounts of equity capital and also advised and worked at Board level for a diverse range of companies internationally, in areas such as business strategy, mergers & acquisitions, due diligence and licensing.

Dimitri Dimitriou, MSc

Chief Executive Officer

Mr. Dimitriou has more than 25 years experience in the pharmaceutical and biotech industry. He was Senior Director, Worldwide Business Development at GlaxoSmithKline, where his responsibilities included corporate deals with pharmaceutical and biotech companies on a worldwide basis. He is also the founder and CEO of DyoDelta Biosciences Ltd, a company specialising in transactions between pharma and biotech companies. His other past positions included Senior Director of Business Development in Europe for Bristol-Myers Squibb, and a number of managerial positions in the pharmaceutical division of Procter & Gamble and marketing at Novartis. He received his first degree in Biochemistry from King's College prior to graduating in Pathology & Toxicology from the Royal Postgraduate Medical School (now Imperial College Medical School) in London in 1984.

Dr. Robert Zimmer, MD, PhD

President and Chief Scientific Officer

Dr. Robert Zimmer was the CEO and founder of ImmuPharma's operations in Switzerland and France. He is a physician and obtained his MD at Strasbourg Medical School and his PhD at the University of Aix-Marseille. He became a department director at the "Fondation de Recherche en Hormonologie" in Paris. He began his career in the industry in 1985 in Roche's headquarters in Basle, Switzerland responsible for numerous clinical studies. He was a Director and Head of R&D at SkyePharma plc. He was instrumental in the development of a substantial number of products for companies including Roche, GlaxoSmithKline, Abbott, Searle, Sanofi -Aventis and Lilly; some of which reached the market, such as Paxil CR (GSK), Xatral LP (Sanofi) and Madopar CR (Roche).

Dr. Franco Di Muzio

Non-Executive Director

Dr. Di Muzio has over 40 years experience in the pharmaceutical and other industries, encompassing international management experience in business development, strategic marketing, international finance, M&A and re-engineering businesses. After graduating in Economics and Business in 1963, Dr Di Muzio worked for Colgate Palmolive and Nestle before joining Squibb (now Bristol Myers Squibb) for 18 years. He then became Executive Vice President of BMS' medical equipment and products division, Weck International Inc., in charge of Europe, Asia, Middle East and Africa. In 1990, he joined Glaxo Wellcome plc (now GlaxoSmithkline plc) in London as Area Managing Director and Head of all GW's business in the Middle East, Africa and Turkey. Following early retirement from GW, in the beginning of 1998, he joined Alza International, the then world leader in drug delivery systems, as Managing Director, based in London, in charge of the company's business expansion in all markets outside of the US and remained there until the end of 2000.

Board of Directors (continued)

Board of Directors (continued)

Dr Stephane Mery, DVM, MBA (appointed April 2015)
Non-Executive Director

Dr Stéphane Méry has extensive experience in the Healthcare industry. He is currently CEO of Contronics Ltd, which designs and sells laboratory monitoring equipments, and until recently he was Partner at Beringea LLP, a $400m US/UK venture capital fund, where he was responsible for healthcare investments in Europe. Previously, he was the Fund Manager/CEO of the Bloomsbury Bioseed Fund, a Biotech and Medtech investment fund, which was behind the birth of successful companies such as Spirogen (sold to MedImmune), Abzema (listed on AIM), and Canbex, (recently sold to Ipsen). Prior to this, Stéphane was Associate Director, Worldwide Business Development, for SmithKline Beecham (GSK). Before GSK, he was involved in the start-up of Double Helix Development and worked with ZS Associates. Stéphane is a Doctor in Veterinary Medicine, and holds an MBA from INSEAD.

Company Secretary
Tracy Weimar, BA, MBA
Vice President and Operations and Finance

Ms Weimar has over 18 years of experience in the pharmaceutical industry. Her most recent position was Director of Worldwide Business Development at GlaxoSmithKline where she was involved in a number of corporate licensing deals. She also held a number of positions in health economics, strategy development, sales and marketing. Prior to joining GlaxoSmithKline, she spent five years at Arthur Andersen in San Francisco and London where she was responsible for a range of consulting and compliance projects. Ms Weimar holds an MBA from London Business School and a BA in Economics from the University of California, Berkeley.

Scientific Collaborators

Scientific Collaborators

Dr. Sylviane Muller, PhD

Co-founder of ImmuPharma France SA

Dr. Muller is Senior Research Director and Head of the Immunologie et Chimie Thérapeutiques unit of the Centre National de la Recherche Scientifique (CNRS), France's scientific research institution. Her field of expertise covers auto-immunity, immuno-peptides and synthetic vaccines. She has made 13 patented discoveries and is widely published. She was also founder of NeoMPS, a leading peptide development and manufacturing company. She is the key inventor of ImmuPharma's lead drug candidate for Lupus, LUPUZOR™, and has been working in this field for more than 10 years.

Dr. Gilles Guichard, PhD

Co-founder of ImmuPharma France SA

Dr. Guichard is Senior Researcher in the Chimie et Immunologie des Peptides-Medicaments unit of the Centre National de la Recherche Scientifique (CNRS), France's scientific research institution and is co-inventor of the heterocyclic ureas and oligoureas chemistry. He leads various research groups in the field of chemistry and peptide mimicry including one dedicated to the development and process improvement of the heterocyclic urea library. He received the CNRS bronze award for the excellence of his research activities and has made eight patented discoveries.

Dr. Jean-Paul Briand, PhD

Co-founder of ImmuPharma France SA

Dr. Briand is Research Director of the Immunologie et Chimie Therapeutiques unit of the Centre National de la Recherche Scientifique (CNRS), France's scientific research institution, and co-inventor of the heterocyclic ureas and oligoureas chemistry. He has extensive industry experience in peptide chemistry and synthesis in Peninsula, USA and was also a founder of NeoMPS, a leading peptide development and manufacturing company.

Dr. Jose Courty, PhD

Dr. Courty is CNRS Research Director and Head of the 'Croissance, Réparation et Régénération Tissulaires', a unit of both the Centre National de la Recherche Scientifique and the University Paris EST Créteil. He has been working for several years on tumour growth and angiogenesis and has good expertise in the field of growth factors and the regulation of their biological activities. He is a co-inventor of ImmuPharma's lead compound for the treatment of cancer IPP-204106 molecule also named Nucant.

Financial and Corporate Information

Officers and Professional Advisers

Directors
Mr Tim McCarthy – Non-Executive Chairman (appointed September 2015)
Dimitri Dimitriou – Chief Executive Officer
Dr Robert Henri Zimmer – President and Chief Scientific Officer
Dr Franco Di Muzio – Non-Executive Director
Dr Stephane Mery - Non-Executive Director (appointed April 2015)

Secretary
Tracy Weimar

Registered Office
50 Broadway
London
SW1H 0RG

Nominated Adviser & Broker
Panmure Gordon (UK) Limited
One New Change
London
EC4M 9AF

Auditor
Nexia Smith & Williamson
Chartered Accountants
25 Moorgate
London
EC2R 6AY

Solicitors
Bircham Dyson Bell
50 Broadway
London SW1H 0BL

Principal Bankers
Royal Bank of Scotland plc
62/63 Threadneedle Street
London EC2R 8LA

Registrars
Computershare Investor Services Plc
PO Box 82,
The Pavilions
Bridgwater Road
Bristol
BS99 7NH

Corporate Governance Report

The Directors continue to recognise the importance of sound corporate governance. At this stage of the Company's development the Directors consider that full compliance with the UK Corporate Governance Code would be too onerous, but nevertheless, the company acts with regard to its main provisions as far as is practicable and appropriate for a public company of its size. The Quoted Companies Alliance has published a Corporate Governance Code for Small and Mid-Size Quoted Companies (QCA Code). The Company has been working on incorporating its recommendations and guidelines.

In the table below, details of the Board of Directors are summarised:

Name	Title	Independent	Committee Memberships
Mr Tim McCarthy (appointed September 2015)	Non-Executive Chairman	X	
Mr Dimitri Dimitriou	Chief Executive Officer		
Dr Robert Zimmer	President and Chief Scientific Officer		
Dr Franco di Muzio	Senior Non-Executive Director	X	Audit, Remuneration
Dr Stephane Mery (appointed April 2015)	Non-Executive Director	X	Audit, Remuneration

Brief biographies of each director are set out on pages 21 to 22. The Company believes that the skills and experience of each director are of the appropriate mix to provide effective governance and management of the business. The Board is supported by the Company Secretary, Tracy Weimar, who is not a director.

The Board considers the non-executive directors to be independent and to represent the interests of shareholders and that they have considerable relevant experience to sufficiently question and hold the executive directors to account.

The Board meets regularly throughout the year with all decisions concerning the direction and control of the business made by a quorum of the Board. The Board met 18 times during 2015 with the attendance records of the directors as follows:

Mr Richard Warr, Executive Chairman (medical leave from April 2015, deceased July 2015) – 7/8

Mr Tim McCarthy, Non-Executive Chairman (appointed September 2015) – 3/3

Mr Dimitri Dimitriou, Chief Executive Officer – 18/18

Dr Robert Zimmer, President and Chief Scientific Officer – 17/18

Dr Franco di Muzio, Senior Non-Executive Director – 18/18

Dr Ajay Agrawal, Non-Executive Director (resigned October 2015) – 15/15

Dr Stephane Mery (appointed April 2015) – 8/9

The principal control mechanisms agreed by the Board are the Medium Term Business Plan and the Annual Budget for expenditure. These items are discussed by the Board on a regular basis.

Risk assessment is a priority for the Board. The major risks to the business are laid out in detail in pages 17 to 19. They concern mainly the control and timely progress of clinical trials and the obtaining of regulatory approval and profitable agreements with other parties, with adequate financial resources to achieve these objectives.

Corporate Governance Report (continued)

Although the Company's Articles of Association do not require Directors to submit themselves for re-election every three years, the Board has resolved to adopt this principle and appropriate resolutions will be placed before shareholders at future Annual General Meetings.

The Board seeks to promote efficient and effective shareholder communication. The Company meets with its institutional shareholders and analysts as appropriate and holds its Annual General Meeting to facilitate communication with shareholders. Information is provided in the form of the Annual Report and Accounts, the Interim Statement and its website.

An Audit Committee and a Remuneration Committee have been established with formally delegated duties and responsibilities. The members of both committees are the non-executive Directors.

Audit Committee

The Audit Committee which determines the engagement of the Company's auditors and, in consultation with them, the scope of their audit. The Audit Committee receives and reviews reports from management and the auditors relating to the interim and annual financial statements and the accounting and internal control systems in use by the company. It has unrestricted access to the auditors.

The Board and the Audit Committee review the need for an internal audit function on an annual basis and currently do not consider it to be necessary at this stage in the Company's development.

The Directors acknowledge their responsibilities for the Group's system of internal financial controls. They have not, during the year ended 31 December 2015, carried out a formal review of internal financial controls in view of the small size of the Board and employees. The Group's financial reporting arrangements are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The Committee has formal terms of reference and meets at least twice a year.

The Audit Committee met 2 times during 2015 with both members attending on each occasion.

Remuneration Committee

The Remuneration Committee reviews the scale and structure of the executive Directors' remuneration and benefits and the terms of their service contracts. The remuneration of the non-executive directors is determined by the Board as a whole.

The Committee has formal terms of reference and meets at least twice a year. It is the duty of the Committee, inter alia, to determine and agree with the Board the framework or broad policy for the remuneration of the Company's executive Board members. The remuneration packages are designed to motivate and retain Executive Directors to ensure the continuing development of the company and to reward them for enhancing value to shareholders. The Committee met 2 times during 2015 with both members attending on each occasion.

The Company operates a discretionary bonus scheme with bonuses to be awarded by the Remuneration Committee. No bonuses were paid to executive directors during 2015. The Company has an incentive scheme for key executives to encourage the successful partnering of Lupuzor™.

The Group has a patent incentive scheme which is open to all employees and is designed to encourage the creation of novel patents that will bring future economic benefits to the Group.

Further details of remuneration paid during the year to 31 December 2015 are shown in the Directors' Report and in the Notes to the Consolidated Financial Statements.

Directors' Report

Company Number: 3929567

The Directors present their report and the audited financial statements of ImmuPharma plc (the "Company", and collectively with the subsidiary companies, the "Group") for the year ended 31 December 2015.

Principal activities

The principal activity of the Group and Company in the year under review was that of pharmaceutical research and development.

Results and dividends

The consolidated income statement is set out on page 34. The Directors do not recommend the payment of a dividend.

Business review, research and development and future developments

The Strategic Report includes a review of the business, as well as a commentary regarding research and development, and future developments (see page 11). The principal risks and uncertainties facing the group are considered on pages 17 to 19.

Directors

The following directors of the Company have held office since 1 January 2015:

Mr Richard Leonard Warr (deceased July 2015)
Mr Tim McCarthy (appointed September 2015)
Mr Dimitri Dimitriou
Dr Robert Henri Zimmer
Dr Franco Di Muzio
Dr Stephane Mery (appointed April 2015)
Dr Ajay Agrawal (resigned October 2015)

Directors remuneration

The following amounts were payable to the directors of ImmuPharma plc across the Group in relation to the year ended 31 December 2015:

Director	Salary/Fees £	Compensation for loss of office £	Benefits £	Death in Service Benefit £	Total remuneration 2015 £	Total remuneration 2014 £
Richard Warr	138,600	-	34,650	237,600	410,850	297,000
Tim McCarthy	60,000	-	-	-	60,000	-
Dimitri Dimitriou	229,247	-	57,312	-	286,559	297,881
Robert Zimmer	332,463	-	83,116	-	415,579	456,126
Franco di Muzio	46,861	-	-	-	46,861	50,930
Stephane Mery	28,248	-	-	-	28,248	-
Ajay Agrawal	37,500	22,500	-	-	60,000	105,950
Total	872,919	22,500	175,078	237,600	1,308,097	1,207,887

Directors' Report (continued)

The following share options were outstanding to the directors of ImmuPharma plc in relation to the year ended 31 December 2015 (see note 19 for more detail). The share options outstanding at 31 December 2015 to the Estate of Richard Warr and to Ajay Agrawal have lapsed in the period since the year end. In addition, the 750,000 options granted to both Dimitri Dimitriou and Robert Zimmer have also lapsed since the year end.

Director	Options granted on 4 February 2009	Options granted on 31 July 2007	Options granted on 16 February 2006	Share options outstanding 2015	Share options outstanding 2014
Richard Warr	140,000	140,000	750,000	1,030,000	1,030,000
Dimitri Dimitriou	140,000	140,000	750,000	1,030,000	1,030,000
Robert Zimmer	150,000	150,000	750,000	1,050,000	1,050,000
Franco di Muzio	100,000	100,000	-	200,000	200,000
Ajay Agrawal	100,000	100,000	-	200,000	200,000
Total	630,000	630,000	2,250,000	3,510,000	3,510,000

The Company does not operate a pension plan, health plan or company car plan. Directors are paid a cash benefit and encouraged to make their own arrangements. There were no bonus payments to directors in 2015. No share options were granted to directors during 2015.

Third party indemnity provision for directors

Qualifying third party indemnity provision for the benefit for 5 directors was in force during the financial year and as at the date this report is approved.

Substantial shareholdings

Up to 31 March 2016, the Directors are not aware of any significant shareholders other than the persons noted below.

	Number of ordinary 10p shares	% of issued share capital	Options to acquire ordinary shares
Dr Robert Zimmer	24,287,371	19.94%	1,050,000
Lanstead Capital	17,744,821	14.57%	-
Aviva plc and subsidiaries	11,125,058	9.14%	-
Dimitri Dimitriou	3,567,430	2.93%	1,030,000
The Estate of Richard Warr	3,518,968	2.89%	1,030,000

Financial instruments and financial risk management

Information regarding the use of financial instruments and the approach to financial risk management is detailed in notes 1 and 2 of the financial statements.

Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved they have:

- taken all the necessary steps to make themselves aware of any information relevant to the audit and to establish that the auditor is aware of that information; and
- so far as they are aware, there is no relevant audit information of which the auditors have not been made aware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

A resolution to reappoint the auditor, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting.

On behalf of the Board
Tracy Weimar
Secretary
3 May 2016

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report
To the members of ImmuPharma plc

We have audited the financial statements of ImmuPharma plc for the year ended 31 December 2015 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Bond
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

3 May 2016

The maintenance and integrity of ImmuPharma plc's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Consolidated Income Statement

for the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Continuing operations			
Revenue	1 & 3	76,407	184,815
Research and development expenses		(2,993,717)	(2,269,349)
Administrative expenses		(1,645,799)	(1,340,366)
Operating loss	5	(4,563,109)	(3,424,900)
Finance costs	6	(1,208)	(14,195)
Finance income	7	15,843	98,936
Loss before taxation		(4,548,474)	(3,340,159)
Tax	8	650,977	468,679
Loss for the year		(3,897,497)	(2,871,480)
Attributable to:			
Equity holders of the parent company		(3,897,497)	(2,871,480)
Loss per ordinary share			
Basic	9	(4.40p)	(3.43p)
Diluted	9	(4.40p)	(3.43p)

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Loss for the financial year	(3,897,497)	(2,871,480)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(117,478)	(230,357)
Other comprehensive (loss)/income for the year, net of tax	(117,478)	(230,357)
Total comprehensive loss for the year	(4,014,975)	(3,101,837)

Consolidated Statement of Financial Position

as at 31 December 2015

	Notes	31 December 2015 £	31 December 2014 £
Non-current assets			
Intangible assets	10	522,462	560,537
Property, plant and equipment	11	280,127	366,363
Total non-current assets		802,589	926,900
Current assets			
Trade and other receivables	13	1,577,091	721,410
Cash and cash equivalents	14	833,388	5,424,033
Total current assets		2,410,479	6,145,443
Current liabilities			
Financial liabilities - borrowings	15	163,070	417,852
Trade and other payables	16	1,078,640	549,652
Provisions	17	-	23,468
Total current liabilities		1,241,710	990,972
Net current assets		1,168,769	5,154,471
Non-current liabilities			
Financial liabilities - borrowings	15	280,951	375,989
Net assets		1,690,407	5,705,382
EQUITY			
Ordinary shares	18	8,862,246	8,862,246
Share premium		10,490,920	10,490,920
Merger reserve		106,148	106,148
Other reserves		(3,764,673)	(3,647,195)
Retained earnings		(14,004,234)	(10,106,737)
Total equity		1,690,407	5,705,382

The financial statements were approved by the Board of Directors and authorised for issue on 3 May 2016
They were signed on its behalf by:

Robert Zimmer
Director

Dimitri Dimitriou
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

	Share capital £	Share premium £	Merger reserve £	Other reserves - Acquisition reserve £	Other reserves - Translation reserve £	Other reserves - Equity shares to be issued £	Retained earnings £	Total equity £
At 1 January 2014	8,228,246	7,764,720	106,148	(3,541,203)	(1,579,015)	1,660,105	(7,235,257)	5,403,744
Loss for the financial year	-	-	-	-	-	-	(2,871,480)	(2,871,480)
Exchange differences on translation of foreign operations	-	-	-	-	(230,357)	-	-	(230,357)
Share based payments	-	-	-	-	-	43,275	-	43,275
New issue of equity capital	634,000	2,726,200	-	-	-	-	-	3,360,200
At 31 December 2014	8,862,246	10,490,920	106,148	(3,541,203)	(1,809,372)	1,703,380	(10,106,737)	5,705,382
Loss for the financial year	-	-	-	-	-	-	(3,897,497)	(3,897,497)
Exchange differences on translation of foreign operations	-	-	-	-	(117,478)	-	-	(117,478)
At 31 December 2015	8,862,246	10,490,920	106,148	(3,541,203)	(1,926,850)	1,703,380	(14,004,234)	1,690,407
Attributable to:-								
Equity holders of the parent company	8,862,246	10,490,920	106,148	(3,541,203)	(1,926,850)	1,703,380	(14,004,234)	1,690,407

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Cash flows from operating activities			
Cash used in operations	20	(4,582,411)	(3,231,366)
Tax received		435,261	754,996
Interest paid	6	(1,208)	(14,195)
Net cash used in operating activities		(4,148,358)	(2,490,565)
Investing activities			
Purchase of property, plant and equipment		(20,761)	(342,275)
Purchase of intangibles		-	(5,656)
Interest received	7	11,541	72,759
Net cash used in investing activities		(9,220)	(275,172)
Financing activities			
Increase/(decrease) in bank overdraft		879	(146)
Loan repayments		(333,135)	(395,326)
Loan received		22,130	-
Net proceeds from issue of new share capital		-	3,360,200
Net cash (used in)/generated from financing activities		(310,126)	2,964,728
Net (decrease)/increase in cash and cash equivalents		(4,467,704)	198,991
Cash and cash equivalents at beginning of year	14	5,424,033	5,396,296
Effects of exchange rates on cash and cash equivalents		(122,941)	(171,254)
Cash and cash equivalents at end of year	14	833,388	5,424,033

Company Statement of Comprehensive Income

for the year ended 31 December 2015

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
(Loss)/profit for the financial year	(1,754,717)	(1,437,843)
Total comprehensive (loss)/income for the year	(1,754,717)	(1,437,843)

Company Statement of Financial Position

as at 31 December 2015

	Notes	31 December 2015 £	31 December 2014 £
Non-current assets			
Property, plant and equipment	11	**14,238**	4,325
Fixed asset investments	12	**35,288,665**	35,288,665
Total non-current assets		**35,302,903**	35,292,990
Current assets			
Trade and other receivables	13	**1,061,415**	767,171
Cash and cash equivalents	14	**450,442**	3,177,479
Total current assets		**1,511,857**	3,944,650
Current liabilities			
Trade and other payables	16	**331,253**	975,948
Provisions	17	**-**	23,468
Total current liabilities		**331,253**	999,416
Net current assets		**1,180,604**	2,945,234
Net assets		**36,483,507**	38,238,224
EQUITY			
Ordinary shares	18	**8,862,246**	8,862,246
Share premium		**10,490,920**	10,490,920
Merger reserve		**19,093,750**	19,093,750
Equity shares to be issued		**1,703,380**	1,703,380
Retained earnings		**(3,666,789)**	(1,912,072)
Total equity		**36,483,507**	38,238,224

The financial statements were approved by the Board of Directors and authorised for issue on 3 May 2016
They were signed on its behalf by:

Robert Zimmer
Director

Dimitri Dimitriou
Director

Company Statement of Changes in Equity

for the year ended 31 December 2015

	Share capital £	Share premium £	Merger reserve £	Equity shares to be issued £	Retained earnings £	Total equity £
At 1 January 2014	8,228,246	7,764,720	19,093,750	1,660,105	(474,229)	36,272,592
Loss for the financial year	-	-	-	-	(1,437,843)	(1,437,843)
Share based payments	-	-	-	43,275	-	43,275
New issue of equity capital	634,000	2,726,200	-	-	-	3,360,200
At 31 December 2014	8,862,246	10,490,920	19,093,750	1,703,380	(1,912,072)	38,238,224
Loss for the financial year	-	-	-	-	(1,754,717)	(1,754,717)
At 31 December 2015	8,862,246	10,490,920	19,093,750	1,703,380	(3,666,789)	36,483,507
Attributable to:-						
Equity holders of the parent company	8,862,246	10,490,920	19,093,750	1,703,380	(3,666,789)	36,483,507

Company Statement of Cash Flows

for the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Cash flows used in operating activities			
Cash used in operations	20	(1,515,433)	(1,750,193)
Investing activities			
Purchase of property, plant and equipment		(14,168)	(2,499)
Fixed asset investment additions		-	(1,649,000)
Finance income		1,945	1,562
Dividends received from subsidiary undertakings		-	1,664,004
Loans issued		(291,500)	-
Net cash (used in)/generated from investing activities		(303,723)	14,067
Financing activities			
Net proceeds from issue of share capital		-	3,360,200
Loan received		-	897,839
Loan repayments		(897,839)	-
Interest paid		(10,042)	-
Net cash (used in)/generated from financing activities		(907,881)	4,258,039
Net (decrease)/increase in cash and cash equivalents		(2,727,037)	2,521,913
Cash and cash equivalents at beginning of period	14	3,177,479	655,566
Cash and cash equivalents at end of period	14	450,442	3,177,479

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial years contained in these financial statements.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention and on a going concern basis. Further commentary on the Group's plan for the continuing funding of activities is provided in the Strategic Report.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual Income Statement and related notes.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting year.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Whenever events or changes in circumstances indicate that the carrying amount of an investment in a subsidiary undertaking may not be recoverable the investment is reviewed for impairment. An investment's carrying value is written down to its estimated recoverable amount if that is less than the investment's carrying amount.

New standards and interpretations

At the date of authorisation of these financial statements, the following new standards and interpretations have been issued but are not yet effective and have not been applied in these financial statements:-

- IFRS 9 - Financial Instruments *
- IFRS15 - Revenue from contracts with customers *

*Not yet endorsed by the European Union

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements. Certain of these standards and interpretations will require additional disclosures over and above those currently included in these financial statements in the period of application.

Basis of consolidation

Both the consolidated and the Company's financial statements are for the year ended 31 December 2015 and present comparative information for the year ended 31 December 2014. All intra-group transactions, balances, income and expenditure are eliminated upon consolidation.

The Group's financial statements incorporate the financial statements of ImmuPharma plc and other entities controlled by the Company ('the subsidiaries'). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of these other entities cease to be included in the Group financial statements from the date that control ceases.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

1 Accounting policies (continued)

Revenue

Grant income

Revenue relates to grants received by Ureka SARL and Elro Pharma SARL. In respect of certain grants, the proportion of the grant received recognised as revenue in the year is based upon the proportion of the relevant project costs actually incurred as at the year end, compared with the projected total costs over the life of that project. For other grants, the amount of grant receivable is based upon the costs of specific research staff and in respect of these grants, the amount recognised as revenue is matched to the cost incurred.

Foreign currency

i) Income statement

The presentational and functional currency of ImmuPharma plc is sterling (£). Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Any gains or losses arising on translation are taken to the income statement as finance income or costs.

ii) Translation reserve

The main functional currencies of the overseas subsidiaries are the Euro and the Swiss Franc. On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such cumulative translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Research and development expenses

Research and development expenses consist of costs directly attributable to pharmaceutical research and development activities, including administrative costs directly attributable to these activities.

During the year the Group has reviewed the classification of certain items of expenditure to ensure that they have been classified in accordance with this policy. The year ended 31 December 2014 expenditure analysis has been restated in order to present it on a consistent basis with that applied in the year ended 31 December 2015.

Taxation

The tax expense or credit represents the sum of the tax currently payable and any deferred tax less tax credits recognised in relation to research and development tax incentives.

The tax currently receivable is based on tax credits for the year. Taxable loss differs from net loss as reported in the Income Statement as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's receivable for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Intangible assets

Research expenditure is charged to administrative expenses within the income statement in the year in which it is incurred.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

1 Accounting policies (continued)

Intangible assets (continued)

An internally generated asset arising from the Group's development activities is only recognised if all of the following conditions are met:

- an asset is created that can be identified
- it is probable that the asset created will generate future economic benefits; and
- the development cost of an asset can be measured reliably.

In the case of development projects undertaken by the Group, regulatory and other uncertainties generally mean that such criteria are not met. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

In process research and development acquired as part of a business combination is recognised separately from goodwill where the associated project meets the definition of an intangible asset and its fair value can be measured reliably. In process research and development assets arising as a consequence of a business combination are amortised on a straight-line basis over their useful lives from the point in time at which the asset is available for use.

Patents are stated at purchase cost and are amortised on a straight-line basis over their estimated useful lives of 15 years from the date of patent registration.

Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and provision for any impairment. Depreciation is calculated to write off the cost of all tangible fixed assets to estimated residual value by equal annual instalments over their expected useful lives as follows:

Fixtures, fittings and equipment: 2 – 5 years

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is immediately recognised as an expense, in the Income Statement.

Share based payments

The Company issues equity-settled share based payments to certain employees and corporate entities. These are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Provisions

In respect of National Insurance contributions on share option gains, the Company provides in full for the employer's National Insurance liability estimated to arise on the future exercise of the unapproved share options granted. The amount of National Insurance payable will depend on the number of employees who remain with the Company and exercise their options, the market price of the Company's Ordinary shares at the time of exercise and the prevailing National Insurance rate at that time.

Equity

Share capital is determined using the nominal value of shares that have been issued.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

1 Accounting policies (continued)

Equity (continued)

The Merger reserve represents the difference between the nominal value and the market value at the date of issue of shares issued in connection with the acquisition by the Group of an interest in over 90% of the share capital of another company.

The Acquisition reserve includes those adjustments arising on reverse acquisition of the Company by ImmuPharma (UK) Limited.

Foreign currency translation differences are included in the Translation reserve.

Equity-settled share-based payments are credited to the Equity shares to be issued reserve as a component of equity until related options or warrants are exercised.

Retained earnings includes all current and prior period results as disclosed in the income statement.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities and when issued by the Group is recorded at the proceeds received, net of direct issue costs.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Non-interest bearing loans and overdrafts are initially recorded at fair value and are subsequently measured at amortised cost using the effective interest rate method.

2 Financial risk management

The Group uses a limited number of financial instruments, comprising cash, short-term deposits, loans and overdrafts and various items such as trade receivables and payables, which arise directly from operations. The Group does not trade in financial instruments.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Sterling, the Euro and the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

2 Financial risk management (continued)

Financial risk factors (continued)

The Group has certain investments in foreign operations, whose net assets are exposed to foreign exchange risks.

The Group did not enter into any arrangements to hedge this risk, as the Directors' did not consider this risk to be significant. The Directors will review this policy as appropriate in the future.

b) Credit risk
The Group has no significant concentrations of credit risk and has policies in place to ensure that sales are made to customers with an appropriate credit history.

c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed facilities. The Group ensures it has adequate cover through the availability of funding and facilities.

d) Cash flow and interest rate
The Group finances its operations through a mix of equity finance and borrowings. Borrowings are generally non-interest bearing.

3 Segment information

- Group

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance. In accordance with IFRS 8, the chief operating decision maker has been identified as the Board of Directors. They review the Group's internal reporting in order to assess performance and allocate resources. The Board of Directors consider that the business comprises a single activity, being the development and commercialisation of pharmaceutical products. Therefore, the Group is organised into one operating segment and there is one primary reporting segment. The segment information is the same as that set out in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows.

Revenue of £76,407 (2014: £184,815) originates in France. The loss before taxation of £2,332,195 (2014: £2,015,109) originates in France, with losses before taxation of £2,050,662 (2014: £1,327,049) and loss before taxation of £165,617 (2014: £1,999) originating in the United Kingdom and Switzerland respectively.

Total non-current assets of £788,351 (2014: £922,575) originates in France and £14,238 (2014: £4,325) from the United kingdom.

4 Staff costs

- Group

The average monthly number of employees of the Group (including executive directors) were:

	Year ended 31 December 2015 No.	Year ended 31 December 2014 No.
Drug research and development, and commercial operations	7	7
Administration and management	3	3
	10	10

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

4 Staff costs (continued)

- Group

The aggregate remuneration comprised:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Wages and salaries	1,758,412	1,658,477
Social security costs	131,809	112,993
Share-based payment	-	43,275
	1,890,221	1,814,745

Directors' emoluments

The following disclosures are in respect of emoluments payable across the Group to the directors of ImmuPharma plc:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Fees	195,109	156,880
Salaries and benefits	1,112,988	1,051,007
	1,308,097	1,207,887

Please refer to information in the Directors report on pages 30 to 31 in respect of amounts paid to individual directors.

Refer to note 21 for details of amounts paid to related parties in lieu of directors' fees and bonus payments.

The emoluments of the highest paid director, amounts included above are:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Salaries and benefits	415,579	456,126
	415,579	456,126

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. In the opinion of the Board, the Group's key management comprises the Executive and Non-executive Directors of ImmuPharma plc. Information regarding their emoluments is set out below.

The following disclosures are in respect of employee benefits payable to the directors of ImmuPharma plc across the Group and are stated in accordance with IFRS:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Short-term employee benefits (salaries and benefits)	1,308,097	1,207,887

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

5 Operating loss

- Group

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Operating loss is stated after charging/(crediting):		
Share based payments charge	-	43,275
Employers National Insurance provision in respect of share based payments charge	(23,468)	(33,132)
Depreciation of property, plant and equipment		
- owned	88,836	68,901
Amortisation of intangible assets		
- patents	32,913	30,715
Services provided by Company auditors:		
- Audit services	44,000	43,000
- Other services relating to tax compliance services	3,900	3,750
- Other services relating to taxation advisory services	6,610	5,750
- Other services – interim review	7,850	7,650
Audit services provided by other auditors	17,100	19,570

6 Finance costs

- Group

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Interest payable on loans and overdraft	1,208	14,195
	1,208	14,195

7 Finance income

- Group

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Bank interest receivable	11,541	72,759
Gain on foreign exchange	4,302	26,177
	15,843	98,936

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

8 Taxation

- Group

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Current tax:		
Corporation tax	(650,977)	(468,679)
Total current tax credit for the year	(650,977)	(468,679)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Loss before taxation	(4,548,474)	(3,340,159)
Tax on loss on ordinary activities (at the average rate 20.25%) (2014: 21.5%)	(921,066)	(718,134)
Effects of:		
Expenses not allowable for tax purposes	(39)	1,730
Capital allowances in excess of depreciation	24,654	16,101
Rate differences	337	69
Research and development tax credit	(650,977)	(469,178)
Current year losses carried forward	896,114	700,733
Current tax credit for year	(650,977)	(468,679)

The decrease in the applicable tax rate is as a result of a reduction in the UK tax rate from 21% to 20% that was effective from April 2015.

As at 31 December 2015, the Group has unused tax losses of £12,200,000 (2014: £7,800,000) available for offset against future profits in the jurisdiction in which the loss arises. No deferred tax asset has been recognised due to the unpredictability of future profit streams in the relevant jurisdictions.

9 Loss per share

- Group

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Loss		
Loss for the purposes of basic loss per share being net loss after tax attributable to equity shareholders	(3,897,497)	(2,871,480)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	88,622,463	83,602,573
Basic loss per share	(4.40)p	(3.43)p
Diluted loss per share	(4.40)p	(3.43)p

The Group has granted share options in respect of equity shares to be issued, the details of which are disclosed in note 19.

There is no difference between basic loss per share and diluted loss per share as the share options are anti-dilutive.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

10 Intangible assets

- Group

	In process research and development £	Patents £	Total £
Cost			
At 1 January 2014	404,095	440,238	844,333
Exchange rate movements	-	(30,325)	(30,325)
Additions	-	5,656	5,656
At 1 January 2015	404,095	415,569	819,664
Exchange rate movements	-	(21,481)	(21,481)
At 31 December 2015	404,095	394,088	798,183
Amortisation			
At 1 January 2014	-	242,263	242,263
Exchange rate movements	-	(13,851)	(13,851)
Charge for the period	-	30,715	30,715
At 1 January 2015	-	259,127	259,127
Exchange rate movements	-	(16,319)	(16,319)
Charge for the period	-	32,913	32,913
At 31 December 2015	-	275,721	275,721
Net book amount			
At 31 December 2015	404,095	118,367	522,462
At 31 December 2014	404,095	156,442	560,537

11 Property, plant and equipment

- Group

	Fixtures, fittings and equipment £
Cost	
At 1 January 2014	199,104
Exchange rate movements	(10,685)
Additions	342,725
At 1 January 2015	531,144
Exchange rate movements	(24,832)
Additions	20,761
At 31 December 2015	527,073
Depreciation	
At 1 January 2014	101,955
Exchange rate movements	(6,075)
Charge for the period	68,901
At 1 January 2015	164,781
Exchange rate movements	(6,671)
Charge for the period	88,836
At 31 December 2015	246,946
Net book amount	
At 31 December 2015	280,127
At 31 December 2014	366,363

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

11 Property, plant and equipment (continued)

- Company

	Fixtures, fittings and equipment £
Cost	
At 1 January 2014	21,547
Additions	2,499
At 1 January 2015	24,046
Additions	14,168
At 31 December 2015	38,214
Depreciation	
At 1 January 2014	16,385
Charge for the period	3,336
At 1 January 2015	19,721
Charge for the period	4,255
At 31 December 2015	23,976
Net book amount	
At 31 December 2015	14,238
At 31 December 2014	4,325

12 Fixed asset investments

- Company

	Shares in subsidiary undertakings £
Cost and fair value	
At 31 December 2014	35,288,665
Additions	-
At 31 December 2015	35,288,665

Details of the Company's subsidiaries as at 31 December 2015 are as follows:

Name of company	Holding	% voting rights and shares held	Nature of business & country of incorporation
ImmuPharma (France) SA	Ordinary	100	Pharmaceutical research and development – France
ImmuPharma AG	Ordinary	100	Pharmaceutical research and development – Switzerland
Ureka SARL	Ordinary	99.9	Pharmaceutical research and development – France
Elro Pharma SARL	Ordinary	99.9	Pharmaceutical research and development – France

Investments are recorded at cost which is the fair value of the consideration paid.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

13 Trade and other receivables

	Group 31 December 2015 £	Group 31 December 2014 £	Company 31 December 2015 £	Company 31 December 2014 £
Amounts owed by group undertakings	-	-	1,002,188	725,919
Other debtors	282,139	151,136	29,239	20,049
Taxation	735,676	547,795	-	-
Prepayments and accrued income	559,276	22,479	29,988	21,203
	1,577,091	721,410	1,061,415	767,171

The Group's and the Company's credit risk is primarily attributable to its other debtors, which includes £187,009 (2014: £8,992) recoverable TVA (French VAT) in respect of ImmuPharma France (SA), £26,915 (2014: £55,658) in respect of the same for Elro Pharma SARL and £22,641 (2014: £49,968) in respect of the same for Ureka Sarl. Based on prior experience and an assessment of the current economic environment, the Company's management did not consider any provision for irrecoverable amounts was required. The directors consider that the carrying value of these assets approximates to their fair value.

The total carrying amount of financial assets for the Group is £1,115,527 (2014: £5,575,169), consisting of trade and other receivables of £282,139 (2014: £151,136) and cash and cash equivalents.

The total carrying amount of financial assets for the Company is £1,481,869 (2014: £3,923,447), consisting of trade and other receivables of £1,031,427 (2014: £745,968) and cash and cash equivalents.

14 Cash and cash equivalents

	Group 31 December 2015 £	Group 31 December 2014 £	Company 31 December 2015 £	Company 31 December 2014 £
Cash and cash equivalents	833,388	5,424,033	450,442	3,177,479

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less at varying rates of interest over the period between 0.0% and 0.5%.

The Directors consider that the carrying value of these assets approximates to their fair value.

The credit risk on liquid funds is limited because the counter-party is a bank with a high credit rating.

15 Financial Liabilities – Borrowings

- Group

	31 December 2015 £	31 December 2014 £
Total borrowings within one year comprises:		
Bank overdraft	1,723	891
Loans	161,347	416,961
	163,070	417,852
Total borrowings after more than one year comprises:		
Loans	280,951	375,989
	280,951	375,989

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

15 Financial Liabilities – Borrowings (continued)

- Group

Please refer to note 22 for details of maturity.

All loans are non-interest bearing.

The Directors consider that the carrying amount of short and long term liabilities approximates to their fair value.

The non-interest bearing loan referred to above is a conditional advance from the French Government and repayments began in 2012. The full amount is repayable if the relevant research and development is deemed successful. A reduced amount will be repayable if the relevant research and development is deemed unsuccessful.

16 Trade and Other Payables

	Group 31 December 2015 £	Group 31 December 2014 £	Company 31 December 2015 £	Company 31 December 2014 £
Trade payables	637,924	386,562	7,578	14,789
Amounts owed to group undertakings	-	-	-	897,839
Other taxes and social security	112,068	95,572	-	-
Accruals and deferred income	328,648	67,518	323,675	63,320
	1,078,640	549,652	331,253	975,948

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

17 Provisions

- Group and Company

	31 December 2015 £	31 December 2014 £
At 1 January	23,468	56,600
Amount (debited)/credited during the year	(23,468)	(33,132)
At 31 December	-	23,468

Provisions relate to a provision for national insurance on Directors share options, the timing of which is dependent on the exercise date of the share options (see note 19).

18 Share Capital

	Group and Company Called up, issued and fully paid 31 December 2015 Number of shares	£	Group and Company Called up, issued and fully paid 31 December 2014 Number of shares	£
Ordinary shares of 10p each	88,622,463	8,862,246	88,622,463	8,862,246

At 31 December 2015 the Company had authorised share capital of 124,000,000 shares (2014: 124,000,000 shares)

Please refer to note 19 for details of share based payments granted by the company.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

19 Share Based Payments

Equity-settled share options and warrants

Details of the share options and warrants outstanding during the period are as follows:

	Number of share options	Weighted average exercise price (£)
Outstanding as at 31 December 2014 and 31 December 2015	5,107,000	0.594
Exercisable as at 31 December 2014 and 31 December 2015	5,107,000	0.594

The options and warrants outstanding as at 31 December 2015 had a weighted average remaining contractual life of 1 year.

The options and warrants outstanding as at 31 December 2015 had exercise prices between £0.425 and £0.908 (2014: £0.425 and £0.908).

20 Cash used in operations

	Group 31 December 2015 £	Group 31 December 2014 £	Company 31 December 2015 £	Company 31 December 2014 £
Operating loss	(4,563,109)	(3,424,900)	(1,690,550)	(1,339,003)
Depreciation and amortisation	121,748	99,166	4,255	3,336
Share-based payments	-	43,275	-	43,275
(Increase)/decrease in trade and other receivables	(674,440)	172,445	(2,744)	(291,379)
Increase/(decrease) in trade and other payables	552,556	(114,397)	253,143	(32,889)
Decrease in provisions	(23,468)	(33,132)	(23,468)	(33,132)
Gain/(loss) on foreign exchange	4,302	26,177	(56,069)	(100,401)
Cash used in operations	(4,582,411)	(3,231,366)	(1,515,433)	(1,750,193)

21 Related party transactions

a) Group

D Dimitriou receives part of his remuneration through a consultancy company owned by him, Dragon Finance AG. During the year ImmuPharma AG was charged £146,558 (31 December 2014: £157,881) for the provision of management services by Dragon Finance AG. D Dimitriou is a director of ImmuPharma France SA, Ureka SARL, Elro Pharma SARL, and ImmuPharma Plc. All amounts received by D Dimitriou via Dragon Finance AG are incorporated in the remuneration table in the Directors Report on page 30.

During the year, an amount of £NIL (31 December 2014: £60,950) was paid to A Agrawal in respect of consultancy services provided to ImmuPharma (France) SA. At 31 December 2015 the balance due to A Agrawal in respect of director's fees due to him on resignation was £15,000. This amount is payable in 2016.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

21 Related party transactions (continued)

a) Group (continued)

T McCarthy receives his remuneration through a service company owned by him, Unnamed Ltd. During the year ImmuPharma PLC was charged £60,000 (2014: £NIL) for the provision of chairman's fees by Unnamed Ltd. All amounts received by T McCarthy via Unnamed Ltd are incorporated in the remuneration table in the Directors Report on page 30.

During the year, an amount of £112,136 (31 December 2014: £122,748) was paid to the wife of Dr R Zimmer in respect of services provided to ImmuPharma (France) SA, Eureka SARL and Elro Pharma SARL.

During the year, an amount of £237,600 became payable to the wife of R Warr in respect of death in service benefit. Of this amount £99,000 was paid during the year and £138,600 was outstanding at 31 December 2015. This amount is payable in monthly installments of £19,800 in 2016.

b) Company

During the year ended 31 December 2015, management charges of £508,750 (31 December 2014: £533,525) were rendered by ImmuPharma plc to ImmuPharma (France) SA. This amount was due to the company at 31 December 2015. The company also loaned the sum of £291,088 to ImmuPharma (France) SA during the year ended 31 December 2015. This amount was also due to the company at 31 December 2015. The total balance due to the company from ImmuPharma (France) SA at 31 December 2015 was £799,838 (31 December 2014: £533,525).

At 31 December 2014 the balance due to ImmuPharma (France) SA from the company in respect of a loan provided to the company was £897,839. This was repaid in full during the year ended 31 December 2015.

The balance due to the company from Ureka SARL at 31 December 2015 was £202,350 (31 December 2014: £192,394).

During the year ended 31 December 2015, management charges of £157,491 (31 December 2014: £173,114) were rendered by ImmuPharma AG to ImmuPharma plc.

22 Financial Instruments

The Group's financial instruments comprise cash and cash equivalents, borrowings and items such as trade payables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including liquidity risk, interest rate risk and foreign exchange rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

Liquidity risk

Group

The Group actively maintains a mixture of long term and short term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

22 Financial Instruments (continued)

Liquidity risk (continued)

The following table shows the contractual maturities of the Group's financial liabilities, all of which are measured at amortised cost:

	Trade payables £	Borrowings £	Total £
At 31 December 2015			
6 months or less	637,924	117,013	754,937
6 – 12 months	-	46,057	46,057
1 – 2 years	-	92,115	92,115
2 – 5 years	-	188,836	188,836
Total contractual cash flows	637,924	444,021	1,081,945
Carrying amount of financial liabilities measured at amortised cost	637,924	444,021	1,081,945

	Trade payables £	Borrowings £	Total £
At 31 December 2014			
6 months or less	386,562	235,872	622,434
6 – 12 months	-	181,980	181,980
1 – 2 years	-	88,468	88,468
2 – 5 years	-	287,521	287,521
Total contractual cash flows	386,562	793,841	1,180,403
Carrying amount of financial liabilities measured at amortised cost	386,562	793,481	1,180,403

Company

The Company's financial liabilities comprise trade payables with a carrying amount equal to gross cash flows payable of £331,253 (2014: £78,109), all of which are payable within 6 months.

Interest rate risk

Group

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise cash and cash equivalents denominated in Sterling, the Euro and the US dollar which earn interest at a variable rate. The Group has a policy of maintaining debt at fixed rates to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

The Group has not entered into any derivative transactions during the year or the previous year.

During the year, the Group's cash and cash equivalents earned interest at a variable rate between 0.0% and 0.5% (2014: 0.0% and 0.5%).

As at 31 December 2015, if LIBOR had increased by 0.5% with all other variables held constant, the post-tax profit and equity would have been higher by £17,000 (2014: £28,000). Conversely, if LIBOR had fallen by 0.5% with all other variables held constant, the post-tax profit and equity would have been lower by £17,000 (2014: £28,000).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

22 Financial Instruments (continued)

Interest rate risk (continued)

Details of the terms of the Group's borrowings are disclosed in note 15.

The Group has only non-interest bearing borrowings which are carried at amortised cost and therefore the risk is the change in the fair value of the borrowings. Changes in the market interest rates of these liabilities do not affect loss or equity and therefore no sensitivity analysis is required under IFRS 7.

Company

The Company has interest bearing assets, comprising of cash and cash equivalents denominated in Sterling, which earn interest at a variable rate. During the year, the Company's cash and cash equivalents earned interest at a variable rate between 0.0% and 0.5% (2014: 0.0% and 0.5%).

As at 31 December 2015, if LIBOR had increased by 0.5% with all other variables held constant, the post-tax loss would have been lower and equity would have been higher by £8,900 (2014: £5,100). Conversely, if LIBOR had fallen by 0.5% with all other variables held constant, the post-tax loss would have been higher and equity would have been lower by £8,900 (2014: £5,100).

Foreign exchange rate risk

Group

The Group is exposed to foreign exchange rate risk as a result of having cash balances in Euros and US$. During the year, the Group did not enter into any arrangements to hedge this risk, as the directors did not consider the exposure to be significant given the short term nature of the balances. The Group will review this policy as appropriate in the future.

As at 31 December 2015, if the Euro had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £27,500 (2014: £198,000). Conversely, if the Euro had strengthened 10% against Sterling with all other variables held constant, the post tax profit and equity would have been higher by £27,500 (2014: £198,000).

As at 31 December 2015, if the US$ had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £7,500 (2014: £16,500). Conversely, if the US$ had strengthened 10% against Sterling with all other variables held constant, the post tax profit and equity would have been higher by £7,500 (2014: £16,500).

Company

The Company is exposed to foreign exchange rate risk through the payment of non Sterling amounts and as a result of having cash balances in Euros and US$. During the year, the Company did not enter into any arrangements to hedge this risk, as the directors did not consider the exposure to be significant. The Company will review this policy as appropriate in the future.

As at 31 December 2015, if the US$ had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £150 (2014: £150). Conversely, if the US$ had strengthened 10% against Sterling with all other variables held constant, the post tax profit and equity would have been higher by £150 (2014: £150).

As at 31 December 2015, if the Euro had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £5,000 (2014: £16,000). Conversely, if the Euro had strengthened 10% against Sterling with all other variables held constant, the post tax profit and equity would have been higher by £5,000 (2014: £16,000).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2015

23 Subsequent events

In February and March of 2016 ImmuPharma successfully secured £8.4 million (before expenses) by way of the Placing of 16,137,479 new ordinary shares of 10 pence each in the Company at the Placing Price of 26 pence per share combined with a subscription of 17,021,277 Subscription Shares by Lanstead Capital ("Lanstead") at the Issue Price of 26 pence per share. The Subscription was completed pursuant to a related Sharing Agreement with Lanstead, the terms of which were provided in a circular to shareholders in February 2016 and which can be viewed on the Company's website (www.immupharma.org/aim-rule-26/circulars). The terms of the Placing and Subscription were approved by shareholders at a General Meeting on 22 February 2016. The net proceeds of the Placing and Subscription received by the Company are being used to fund the pivotal Phase III clinical trial of Lupuzor™, the Company's lead programme for the potential breakthrough compound for Lupus. Simbec-Orion, a full service international contract research organisation ("CRO") specialising in rare and orphan conditions and which has previous direct experience of Lupus trials, is conducting the trial.

Lanstead Subscription Agreement

17,021,277 new Ordinary Shares were issued to Lanstead at a price of 26p per Ordinary Share for an aggregate subscription price of £4,425,532 before expenses within the Fundraising. £663,830 of the Subscription proceeds (being 15 per cent. of the Subscription) were retained by ImmuPharma and £3,761,702 are pledged to Lanstead under the Sharing Agreement under which Lanstead will then make, subject to the terms and conditions of that Sharing Agreement, monthly settlements (subject to adjustment upwards or downwards) to the Company over 18 months, as detailed below. As a result of entering into the Sharing Agreement the aggregate amount received by ImmuPharma under the Subscription and the related Sharing Agreement may be more or less than £4,425,532, as further explained below.

Lanstead Sharing Agreement

As part of the Subscription, the Company has entered into the Sharing Agreement, pursuant to which Immupharma will return an amount equal to 85 per cent of the gross proceeds of the Subscription to Lanstead. The Sharing Agreement will enable the Company to share in any share price appreciation over the Benchmark Price (as defined below). However, if the Company's share price remains less than the Benchmark Price then the amount received by the Company under the Sharing Agreement will be less than the 85 per cent. of the gross proceeds of the Subscription which were pledged by the Company to Lanstead at the outset.

The Sharing Agreement provides that the Company will receive 18 equal monthly settlement amounts as measured against a benchmark share price of 34.6667 pence per Ordinary Share (the **"Benchmark Price"**). The monthly settlement amounts for the Sharing Agreement are structured to commence on 25 April 2016.

If the measured share price (the **"Measured Price"**), calculated as the average volume weighted share price of the Company's Ordinary Shares over an agreed period prior to the monthly settlement date, exceeds the Benchmark Price, the Company will receive more than 100 per cent. of that monthly settlement due on a pro rata basis according to the excess of the Measured Price over the Benchmark Price. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements and the amount available in subsequent months is not affected. Should the Measured Price be below the Benchmark Price, the Company will receive less than 100 per cent of the monthly settlement calculated on a pro rata basis and the Company will not be entitled to receive the shortfall at any later date.

For example, if on a monthly settlement date the calculated Measured Price exceeds the Benchmark Price by 10 per cent., the settlement on that monthly settlement date will be 110 per cent. of the amount due from Lanstead on that date. If on the monthly settlement date the calculated Measured Price is below the Benchmark Price by 10 per cent., the settlement on the monthly settlement date will be 90 per cent. of the amount due on that date. Each settlement as so calculated will be in final settlement of Lanstead's obligation on that settlement date.

Assuming the Measured Price equals the Benchmark Price on the date of each and every monthly settlement, ImmuPharma would receive aggregate proceeds of £4,425,532 (before expenses) from the Subscription and Sharing Agreement, made up of the £663,830 of the Subscription initially retained by the Company and 18 monthly settlements of approximately £208,983.

Glossary of Technical Terms

'ADME'	absorption, distribution, metabolism and excretion
'Big Pharma'	one or more of the major pharmaceutical companies or, as the context requires, the pharmaceutical sector comprising these major companies
'biomarkers'	measurable biological responses used as predictors of clinical effects
'Biotech'	the biotechnology industry, often used to describe the sector of small to medium, innovative, R&D-based pharmaceutical companies
'CRO'	contract research organisation
'drug-like'	having the potential to become a drug product candidate due to its physical and chemical characteristics
'i.v.'	intravenous
'in vitro'	experiments conducted in an artificial environment outside the living organism
'in vivo'	experiments conducted in the living organism
'Lupus'	an autoimmune inflammatory disease of unknown etiology
'MRSA'	methicillin-resistant staphylococcus aureus, a drug resistant bacteria
'OD'	once-a-day
'parenteral'	administered by injection
'PDCT'	peptide to drug converting technology
'peptide'	a molecule comprised of a series of amino acids (or a small subpart of a protein)
'Pharma'	abbreviation for "Pharmaceutical"; sometimes in the industry "pharma" also denotes a pharmaceutical company
'Phase 0'	the stage of development of a drug candidate before the first administration to man, during which all mandatory data required by regulatory bodies such as the FDA or the EMEA is generated and filed
'Phase I'	the stage of development of a drug candidate during which it is administered to man (usually healthy volunteers) for the first time. Phase I studies are designed to assess primarily the safety and tolerability of the drug candidate and gather information on its ADME. This phase is also used whenever possible to evaluate surrogate markers which are indicative of the clinical efficacy of the drug candidate
'Phase II'	the stage of development of a drug candidate during which therapeutic studies are conducted in limited numbers of patients using data generated in Phase I studies to determine dose regimen and primary efficacy, and to examine therapeutic outcomes and monitor safety in patients
'Phase III'	the stage of development of a drug candidate during which it is tested in large scale pivotal trials on, typically, between 200 to 4000 patients to demonstrate overall efficacy, tolerability and safety with a dose regimen as determined in Phase II. The drug candidate must generally prove to be statistically better than placebo or the current best therapy in terms of efficacy, safety or quality of life

Notice of the 2016 Annual General Meeting of ImmuPharma plc

(The "Company")

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of the Company will be held at the offices of Bircham Dyson Bell LLP, 50 Broadway, London, SW1H 0BL on 26 May 2016 at 10 am for the transaction of the following business:

ORDINARY BUSINESS

To consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive the accounts of the Company for the year ended 31 December 2015 together with the reports thereon of the directors and auditors of the Company.
2. To reappoint Dr Franco di Muzio as a director of the Company.
3. To reappoint Mr Tim McCarthy as a director of the Company
4. To reappoint Nexia Smith & Williamson Audit Limited as the auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which the accounts are laid before the Company at a remuneration to be determined by the directors.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, of which Resolution 5 will be proposed as an ordinary resolution and Resolution 6 will be proposed as a special resolution:

5. That the directors be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £4,059,374 of the unissued ordinary share capital provided that this authority shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution except that the Company may before the expiry of such period make an offer or agreement which would, or might, require shares to be allotted after the expiry of such period and the directors may allot shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for any existing like authority which is hereby revoked with immediate effect.
6. That the directors be and they are hereby empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by Resolution 5 above as if section 561 of the Act did not apply to any such allotment provided that such power shall be limited to the allotment of equity securities:

    a. In connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

    b. Otherwise than pursuant to sub-paragraph (a), equity securities up to an aggregate nominal amount of £1,217,812

    and shall expire on the conclusion of the next Annual General Meeting of the Company unless renewed or extended prior to such time except that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement which would, or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred upon them by Resolution 5 above" were omitted.

Date: 3 May 2016
Registered Office: 50 Broadway
London
SW1H 0RG

BY ORDER OF THE BOARD

Tracy Weimar
Secretary

Notice of the 2016 Annual General Meeting of ImmuPharma plc (continued)

(The "Company")

NOTES:

Entitlement to vote

1. Only those members registered on the Company's register of members at 6.00 pm on the day falling two days prior to the date of the Meeting (or if this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting) shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the Meeting. You should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Registrars helpline on 0870 707 1014 or (from overseas) +44 (0) 870 703 1014 or you may photocopy the proxy you received. Please mark (and initial) each proxy form clearly with the number of Ordinary Shares held by you in relation to which each proxy is appointed.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the 'Discretionary' option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form and any authority under which it is executed (or a duly certified copy of such authority) must be:

   - completed and signed;
   - deposited at the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY; and
   - received by Computershare Investor Services plc no later than 48 hours before the time fixed for the Meeting (or any adjourned meeting as the case may be).

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform Computershare Investor Services plc by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. In either case, the revocation notice must be received by Computershare Investor Services plc no later than 48 hours before the time fixed for the Meeting (or any adjourned meeting as the case may be).

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

   Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Notice of the 2016 Annual General Meeting of ImmuPharma plc (continued)

(The "Company")

Corporate representatives

10. In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:

    (i) if a corporate member has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and

    (ii) if more than one corporate representative for the same corporate member attends the Meeting but the corporate member has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

    Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (i) above.

Issued share capital and voting rights

11. On 3 May 2016, the Company's issued share capital comprised 121,781,219 ordinary shares of 10p each. Each ordinary share carries the right to one vote at the AGM and, therefore, the total number of voting rights in the Company on 3 May 2016 is 121,781,219.

Documents on display

12. The following documents will be available for inspection at 50 Broadway, Westminster, London SW1H 0BL from the date of this Notice until the time of the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting:

    (i) copies of the service contracts of executive directors of the Company; and

    (ii) copies of the letters of appointment of the non-executive directors of the Company.

Electronic communication

13. You may not use any electronic address provided either in this notice of AGM or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated. If you have any general queries about the AGM please send all communications by post to the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY and no other methods of communication will be accepted.

Portrait photography: **Johnny Haddock** / www.johnnyhaddock.co.uk
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