ImmuPharma

ImmuPharma plc

Report and Consolidated Financial Statements
For the Year Ended 31 December 2016

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Chairman's Report

Chairman's Report

2016 was a year of significant progress for ImmuPharma. Our lead program, Lupuzor™, a potential breakthrough treatment for the auto-immune disease lupus, saw the dosing of the first patients in the US and Europe in the early part of the year. In December, we announced, on track, completion of the full 200 patients being recruited into the trial. During the year, we also successfully completed two fund raising rounds, generating a total of £9.4 million before expenses. This was followed by a further successful share placement completed in March 2017 that raised an additional £4.1 million before expenses. The three fundraisings were all supported by existing long term shareholders together with the addition of new blue chip institutions onto our share register.

Lupuzor™: progress through 2016

Following the finalisation of an agreement in 2015 to work together, Simbec-Orion, an international clinical research organisation, has been undertaking 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. In addition, following an approach from the government of Mauritius, we have added a further site for the Lupuzor™ Phase III clinical trial in Mauritius with the help of CAP Research, a clinical research organisation.

Lupuzor™ received approval from the US Food and Drug Administration (FDA) to start Phase III with a Special Protocol Assessment (SPA) and Fast Track designation, perceived as the 'Gold Standard' from the FDA. 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 program to date. Importantly, this means that the total cost and time to completion of Phase III is significantly reduced.

Lupuzor™ Phase III Trial

The Phase III trial is a double-blind, randomised, placebo-controlled trial. The study involves patients being dosed for one year, receiving 0.2mg once every month subcutaneously. Significant progress was made toward completion of the trial. 293 patients were screened illustrating the demand from physicians for a new, safe and effective treatment for lupus. Of these, the required 200 patients have been successfully recruited and randomised (dosed). Patients are participating in the trial in 7 countries across 28 sites.

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 Germany, France, Czech Republic, Hungary and Poland.

In September 2016, ImmuPharma announced that it had been requested to open a new site in Mauritius. CAP Research, a leading clinical research organisation in Mauritius, is leading the trial and 49 patients have been recruited into the trial. Mauritius, with a population of around 1.2 million, has a high proportion of lupus patients, with approximately 300 currently diagnosed lupus patients.

Top line data is expected during Q1 2018. Progress of the trial can be seen at www.clinicaltrials.gov (search term: lupuzor).

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 US$30,000 per patient per year, Lupuzor™ would be entering a market with the potential for multi-billion dollar sales.

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 for Lupuzor™ which could include: a global 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.

Chairman's Report (continued)

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 Autoimmune Platform – Lupuzor™

Lupuzor™, is also known by its chemical name *'Forigerimod' or P140*. ImmuPharma in conjunction with the CNRS are working hard on expanding the P140 auto immune pipeline, as demonstrated 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 auto immune 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

Our Cancer Nucant program, IPP-204106, is focused on combination therapy approaches. We previously announced 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. A grant was awarded by the EU to different EU partners (€7 million total with €430k awarded to ImmuPharma) to develop the Nucants in combination with cytotoxic drugs linked to a solid support. The concept has been validated in pre-clinical studies, and a Phase II trial is being planned.

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

In November 2016, we announced that Cancer Research, the prestigious medical journal of the American Association for Cancer Research ("AACR"), published a fundamental scientific paper highlighting the unique mechanism of action of IPP-204106. The publication was entitled "Nucleolin targeting impairs the progression of pancreatic cancer and promotes the normalisation of tumour vasculature" and was authored by a number of researchers working within ImmuPharma on the Group's cancer program.

The key findings of the study for this compound (referred to in the paper as N6L) were:

- Nucleolin inhibition is a new anti-cancer therapeutic strategy that has been shown to normalise tumour vasculature, have a cytotoxic effect on its own, and to allow a selective targeting of tumour cells.
- As a result, it has the potential to improve dramatically the delivery and efficacy of existing chemotherapeutic drugs such as gemcitabine, and in particular, for difficult-to-treat tumours such as pancreatic cancer and glioblastoma.

Chairman's Report (continued)

Peptide Platform

ImmuPharma's subsidiary 'Ureka' 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 series of new co-owned patents 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. These peptides could also have a beneficial effect in the treatment of NASH (Non-Alcohol-Steato-Hepatitis) for which few treatment options exist. In 2014 and 2015, the Group agreed non-refundable grant funding of approximately €600,000 to develop this technology with application to peptides used to treat diabetes as well as to peptides allowing the control of protein/protein interactions (cancer).

£9.4 million Fund Raising and EIS/VCT Status:

In February/March 2016, we were delighted to complete a £8.4 million funding round before expenses. In October 2016, the Company raised a total of £1million before expenses by way of an issue of 2,857,143 new ordinary shares of 10p each at a placing price of 35p per share. The total funds raised by the two placings was £9.4 million before expenses. Please refer to the Financial Review for further details. The funds raised are being used to principally progress the pivotal Phase III trial for Lupuzor™ as well as providing working capital requirements into 2018.

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.

Current Activities and Outlook

As a Board, we are excited by ImmuPharma's future potential. ImmuPharma is focused on ensuring the successful development of the late stage clinical development of Lupuzor™ through its pivotal Phase III trial, and I look forward to providing shareholders with further updates as the trial progresses. 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 objective for the Group is the completion of the treatment of the 200 lupus patients with top line results on track to be announced during Q1 2018.

ImmuPharma will also progress its other earlier stage pipeline candidates whilst exploring other opportunities around Lupuzor™'s mechanism of action and its applicability through its P140 platform to expand into other autoimmune conditions.

The Board would like to thank its shareholders, both long standing and new for their support as well as its staff, corporate and scientific advisors including Simbec-Orion and the CNRS for their ongoing collaboration.

Tim McCarthy
Non-Executive Chairman

Financial Review

Financial Review

2016 was a year focused on strengthening ImmuPharma's financial position and progressing our lead program, Lupuzor™, and its pivotal Phase III trial. Two successful placings were completed in 2016; the first, completed in February/March 2016, was a £8.4 million placing and subscription before expenses, and the second was completed in October 2016 raising a further £1 million before expenses as part of a £3.5 million vendor placing for a total of £9.4 million before expenses. In addition, in March 2017, we completed a successful third funding round of £4.1 million before expenses.

Income Statement

The overall loss for the year ended 31 December 2016 was £5.3 million, up from £3.9 million for the year ended 31 December 2015. The increase in overall loss was mainly attributable to increased expenditure on the Group's Lupuzor™ program. Research and development expenditure was up to £5.3 million from £2.9 million in 2015. Administrative expenses were down to £1.5 million from £1.6 million in the year ended 31 December 2015. Finance income was £297,809 for 2016. This contrasts with finance income of £15,843 for 2015 including a gain on foreign exchange of £4,302. The main increase in finance income is due to a gain in fair value on the derivative financial asset of £296,087. Total comprehensive loss for the year was £5 million which was up from £4 million in 2015.

Statement of Financial Position

Cash and cash equivalents at 31 December 2016 amounted to £1.9 million (2015: £0.8 million). Financial borrowings were £0.36 million (2015: £0.44 million). This balance is primarily the conditional advance from the French Government for use in the development of our cancer program. No interest is payable. In February and March 2016, ImmuPharma successfully completed a share placing and subscription, raising £8.4 million before expenses. 851,064 fee shares were also issued at nil proceeds. Two further placings were completed. A £1 million placing before expenses was completed in October 2016. As a subsequent event, the Company completed a £4.1 million placing before expenses in March 2017. Further details are presented below. In addition, a £50 million equity finance facility remains available with Darwin Strategic Limited.

Results

The Group recorded a loss for the year of £5.3 million (2015: £3.9 million). Basic and diluted loss per share was 4.54p (2015: 4.40p). In accordance with the Group's loss making position no dividend is proposed.

March 2016 £8.4 million Placing and Subscription

Between 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 10p each in the Company at the Placing Price of 26p per share combined with a subscription of 17,021,277 Subscription Shares by Lanstead Capital ("Lanstead") at the Issue Price of 26p 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 Clinical Research Organisation ("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 ("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.

Lanstead Subscription and Sharing Agreements

As part of the placement completed in February 2016, the Company issued 17,021,277 new Ordinary Shares to Lanstead Capital L.P. ("Lanstead") at a price of 26p per Ordinary Share for an aggregate subscription price of £4,425,532 before expenses. A portion of the Subscription proceeds (£663,830) were retained by ImmuPharma and the remainder (£3,761,702) was pledged under a Sharing Agreement under which Lanstead made and will continue to make, subject to the terms and conditions of that Sharing Agreement, monthly settlements to the Company that are subject to adjustment upwards or downwards depending on the Company's share price performance.

ImmuPharma received seven monthly settlements during 2016. As part of a separate agreement between the Company and Lanstead concluded at the time of the Vendor Placing (see description below), the settlement received in October 2016 included an acceleration of the next six monthly settlements. In effect, seven monthly settlements were rolled into the October 2016 amount. Monthly settlements under the Sharing Agreement will continue in May 2017 and complete in September 2017. Finance gain or loss is calculated on the difference between the monthly settlements received versus the benchmark monthly amount specified in the terms of the Sharing Agreement.

Financial Review (continued)

At the end of the accounting period, the amount receivable is restated to fair value based upon a discounted cash flow calculation using a 10% cost of capital.

October 2016 £1 million Vendor Placing and New Share Placing

On 21 October 2016, the Company placed 7,100,000 existing ordinary shares of 10p each held by Lanstead Capital with new and existing institutional investors by way of a Vendor Placing and raised a total of £1 million before expenses by way of an issue of 2,857,143 new ordinary shares of 10p each, which are EIS and VCT qualifying. Both the Vendor Placing and the New Share Placing were executed at 35p. The Company undertook this Vendor Placing and New Share Placing to satisfy new institutional demand and to broaden its share register. It also strengthens ImmuPharma's financial position to support its general working capital requirements. The placees included Dr Robert Zimmer, ImmuPharma's President and Chief Scientific Officer, who subscribed for 1,057,143 shares on top of the 1,230,769 shares he subscribed for earlier in the year as part of the February/March 2016 placing. These details are included in the table below summarising Directors Dealings during the period.

March 2017 £4.1 million New Share Placing: Post Period

On 10 March 2017, the Company announced the completion of a placing of 7,884,623 new ordinary shares of 10p each at a placing price of 52p raising a total of £4.1 million before expenses. The shares are EIS and VCT qualifying. Major existing and new institutional investors participated in the New Share Placing. The Company raised the funds in order to further strengthen the Company's Statement of Financial Position as negotiations continue with potential partners for Lupuzor™ and to support further investment in ImmuPharma's earlier stage portfolio.

Total Voting Rights

Following the admission of the shares placed in the above 2016 placings to trading on AIM, the Company has a total of 124,638,362 ordinary shares in issue at 31 December 2016 with each share carrying the right of one vote. Following the post period placing completed in March 2017, the Company has 132,522,985 ordinary shares in issue with each share carrying the right of one vote.

Financial Review (continued)

Directors' Dealings

All the Directors of the Company participated in the February/March 2016 Placing and Dr Robert Zimmer further participated in the October 2016 placing. The table below summarises the Directors' holdings as at 31 May 2017.

Director	Number of Ordinary Shares held post subscription at 31 May 2017	% of Share Capital
Robert Zimmer	25,344,514	19.12%
Tim McCarthy	38,462	0.03%
Dimitri Dimitriou	3,567,430	2.69%
Franco Di Muzio	99,412	0.08%
Stephane Mery	21,490	0.02%

The Directors together hold 29,071,308 Ordinary Shares, representing 21.94 per cent of the Enlarged Share Capital.

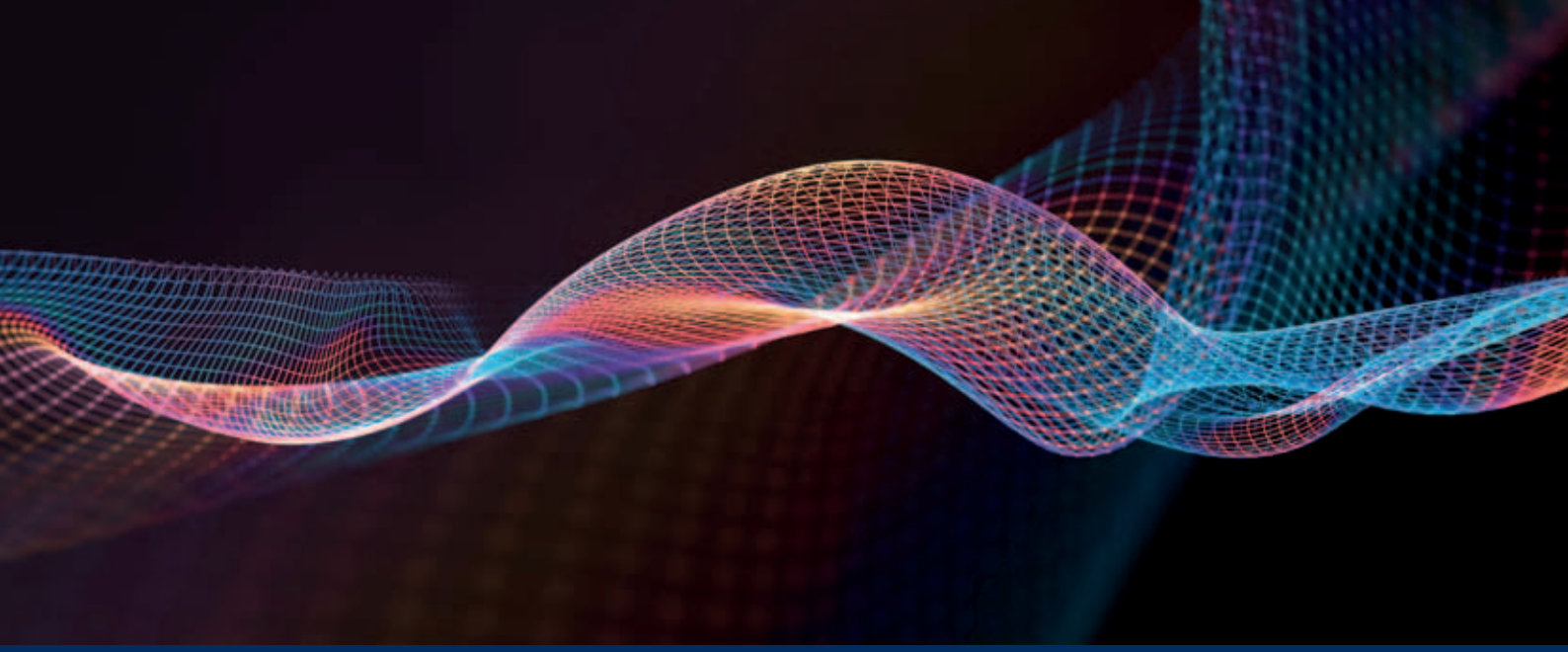
Treasury Policy

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 first quarter of 2018 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 2016.

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 platforms 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 US$500 million licensing deal. In late 2011, following the acquisition of Cephalon by Teva Pharmaceuticals, ImmuPharma regained all rights to Lupuzor™. The other two platforms 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 Recherche 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.

As part of the collaboration arrangements, ImmuPharma has entered into a research agreement with the 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.

The 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 the CNRS and ImmuPharma, have already been and are being filed. The CNRS is entitled to a share of the revenue generated by ImmuPharma from the exploitation of the CNRS' licensed and co-owned rights.

Strategic Report (continued)

Business Overview and Prospects

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

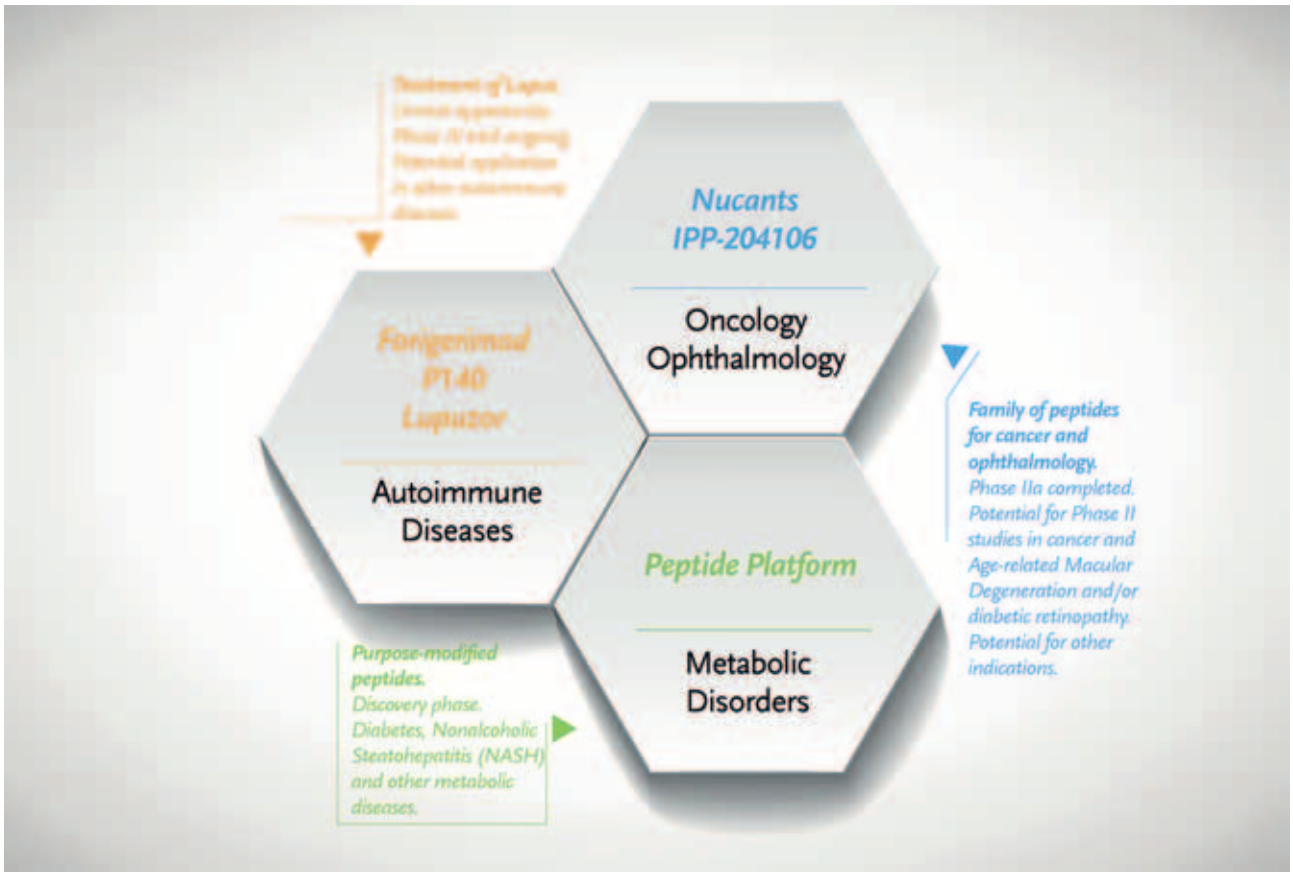
Strategic Report (continued)

Pipeline Overview

ImmuPharma currently has three product development programs covering:

- Forigerimod (Lupuzor™)
- Nucants, and
- 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

P140 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 US$45 million, with a US$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% 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 US$30,000 per patient per year, Lupuzor™ would be entering a market with the potential for multi-billion 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™ could leave the rest of the immune system working normally.

Strategic Report (continued)
Product Pipeline (continued)

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.

The Phase III trial is a double-blind, randomised, placebo-controlled trial. The study involves patients being dosed for one year, receiving 0.2mg once every month subcutaneously. Significant progress was made toward completion of the trial. 293 patients were screened illustrating the demand from physicians for a new, safe and effective treatment for lupus. Of these, the required 200 patients have been successfully recruited and randomised (dosed). Patients are participating in the trial in 7 countries across 28 sites.

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 previously announced 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 the 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

Strategic Report (continued)
Product Pipeline (continued)

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 been awarded a non-refundable grant of approximately €600,000 to develop this technology.

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.

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 the 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.

Peptide to drug converting technology (PDCT)
This technology increases the stability of peptides in plasma and therefore improves their activity. It may also facilitate the oral absorption of small peptides (like met enkephalin). Improving the oral absorption of small peptides in humans would be a major advance in the development of effective medicines. The potent analgesic lead compound IPP-102199 is the first drug candidate to be developed using this technology.

To further develop the potential of this technology, ImmuPharma has established a collaboration with the CNRS INSERM and the University of Bordeaux at the Institut Europeen de Chimie et Biologie (IECB). This collaboration filed a new patent controlling a breakthrough peptide technology called 'Urelix' which allows the mimicry of long natural peptides in the configuration used to bind their receptor and improve their stability to enzymatic degradation as well as greater efficacy. The first therapeutic area being targeted is diabetes, and the potential of this technology is substantial and diverse. Grants of approximately €400,000 have to date been awarded to support this work.

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. Therefore, at present, ImmuPharma is currently incurring an overall loss for the year ended 31 December 2016 of £5.3 million (2015: £3.9 million). During 2016, research and development expenditure was £5.3 million and administrative expenses were £1.5 million.

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™	• £8.4 million of funding before expenses secured in February/March 2016 through a share placement and sharing agreement • £1 million of funding before expenses and vendor placing in October 2016 • £4.1 million of funding before expenses secured through a share placement in March 2017 • Numerous discussions continue to be held with potential partners
Develop potential product portfolio	• Lupuzor™ completed recruitment of all 200 patients in pivotal Phase III trial with initial results expected in Q1 2018 • Nucant programme, IPP-204106, continues with focus on combination therapies and ophthamology • Collaboration with the University of Bordeaux and the CNRS continues to develop the Group's peptide technology platform
Maintain strong cash position	• Consolidated cash balance at 31 December 2016 was £1.9 million • Three share placements successfully completed (two in 2016 and one in 2017) bringing £13.5 million of gross proceeds into the Group to support the development of Lupuzor™ • 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
While ImmuPharma was successful in licensing Lupuzor™ in 2008/2009 which resulted in revenue of £22m during that year, in common with most comparable businesses in the biotechnology/pharmaceutical sector, ImmuPharma has not been consistently profitable. The Directors expect it 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 clinical 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

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

Company's shares, 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.

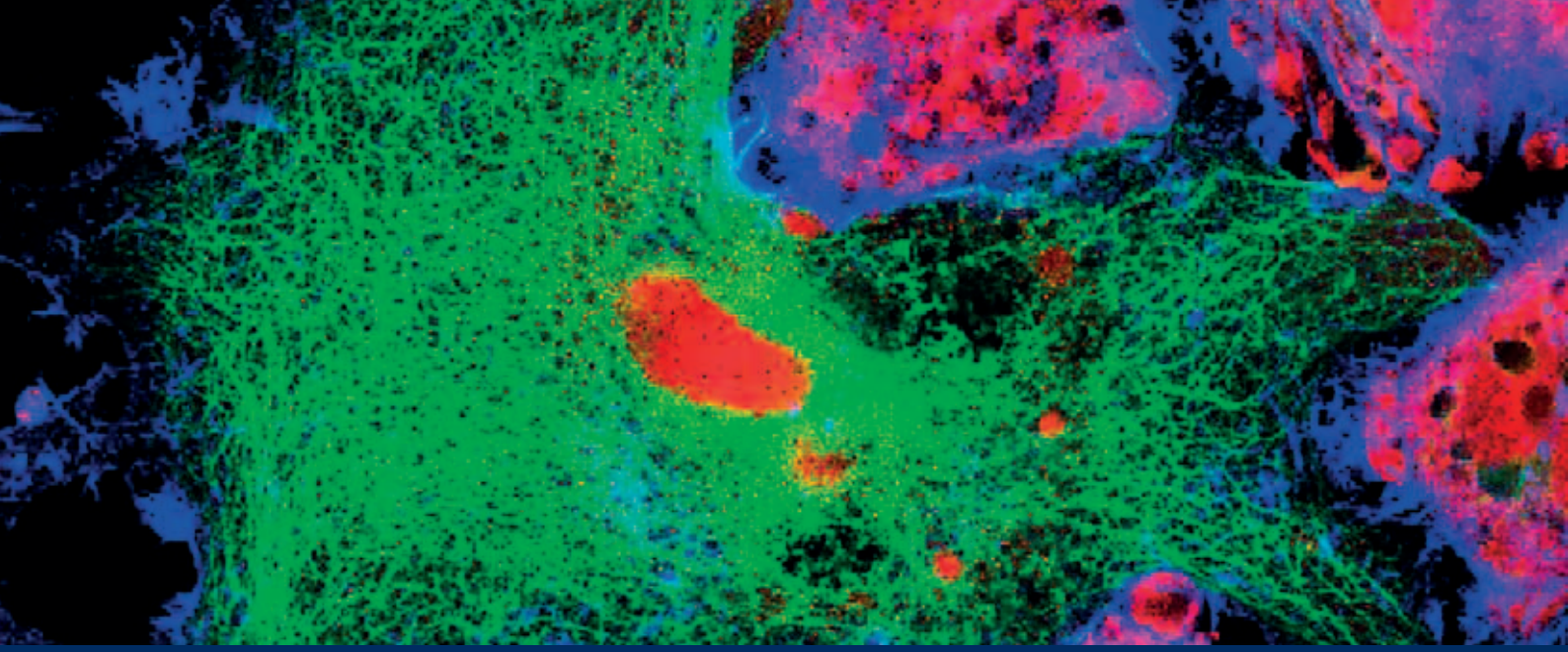
If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking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

31 May 2017



Board of Directors

Board of Directors

Tim McCarthy, FCCA, MBA
Non-Executive Chairman

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 Sygnis AG. 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 Basel, 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)

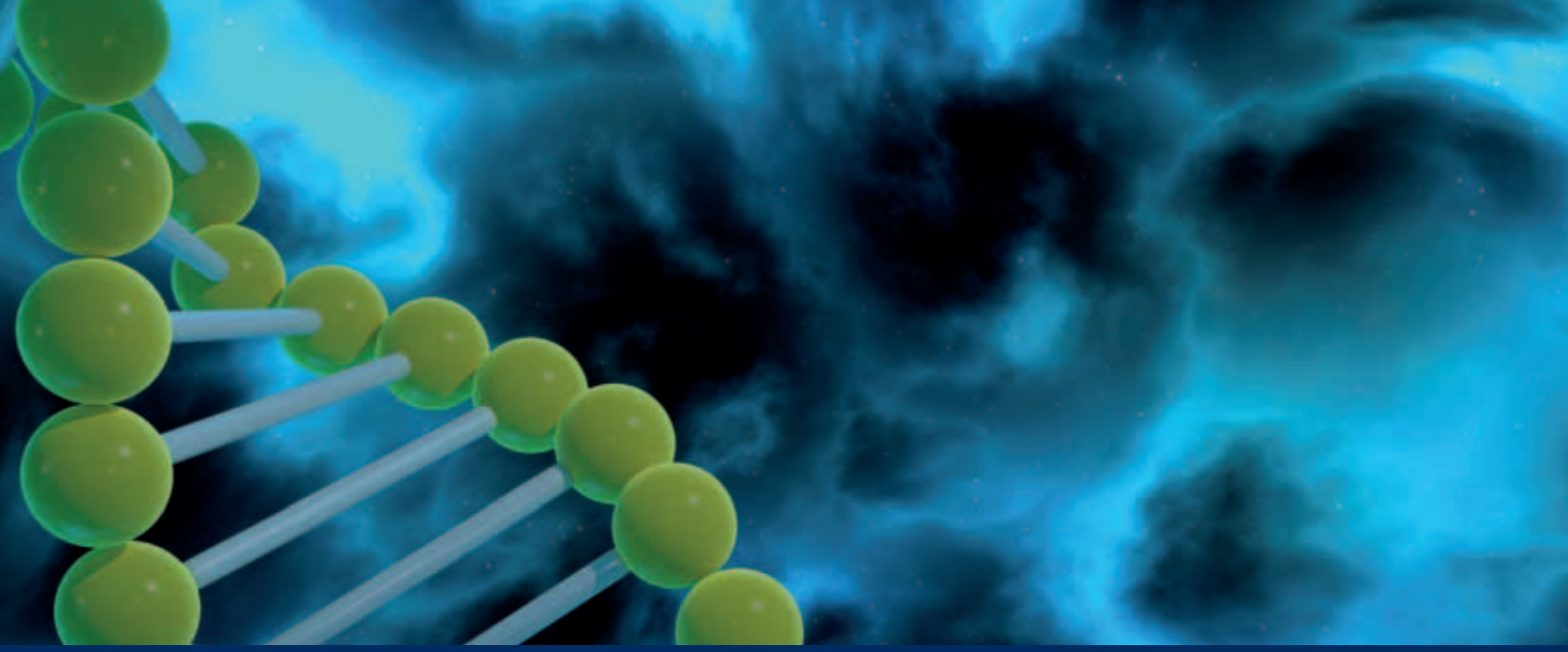
Board of Directors (continued)

Dr Stephane Mery, DVM, MBA
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 US$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 GlaxoSmithKline Beecham (GSK) where he was responsible for the negotiation of several major in-license deals and acquisitions. Before GSK, he was involved in the start-up of Double Helix Development, a successful strategic consultancy company specialising in R&D for the biotech and healthcare industry and recently sold to McCann. Before this he worked as a management consultant at the American consultancy firm, ZS Associates, specialising on sales and marketing within the pharmaceutical industry. Stéphane is a Doctor in Veterinary Medicine, a trained Veterinary Pathologist, specialising in Nasal Toxicology at the Chemical Industry Institute of Toxicology (CIIT) in North Carolina, and holds an MBA from INSEAD (Fontainebleau).

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

Prof Sylviane Muller, PhD
Co-founder of ImmuPharma France SA

Prof 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
Mr Dimitri Dimitriou – Chief Executive Officer
Dr Robert Henri Zimmer – President and Chief Scientific Officer
Dr Franco Di Muzio – Senior Non-Executive Director
Dr Stephane Mery - Non-Executive Director

Secretary
Tracy Weimar

Investor Relations
Lisa Baderoon

Registered Office
50 Broadway
London
SW1H 0RG

Nominated Adviser & Broker
Northland Capital Partners Limited
60 Gresham Street
4th Floor
London
EC2V 7BB

Auditors
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	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	Non-Executive Director	X	Audit, Remuneration

Brief biographies of each director are set out on pages 23 to 25. 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 Company Secretary, Tracy Weimar, who is not a director, supports the Board.

The Board considers the non-executive directors to be independent and to represent the interests of shareholders. Both independent directors 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 12 times during 2016 with the attendance records of the directors as follows:

Mr Tim McCarthy, Non-Executive Chairman – 11/12

Mr Dimitri Dimitriou, Chief Executive Officer – 12/12

Dr Robert Zimmer, President and Chief Scientific Officer – 11/12

Dr Franco di Muzio, Senior Non-Executive Director – 11/12

Dr Stephane Mery, Non-Executive Director – 10/12

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 18 to 20. 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 further 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 2016, 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 Audit Committee met 2 times during 2016 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 3 times during 2016 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 2016. The Company has also implemented an incentive scheme for key executives to encourage the successful partnering of Lupuzor™.

The Group has implemented 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 2016 are shown in the Directors' Report and in the Notes to the Consolidated Financial Statements.

Directors' Report

Company Number: 03929567

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 2016.

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 36.

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 18 to 20.

Subsequent Events

Details of subsequent events are given in Note 24 of the financial statements.

Directors

The following Directors of the Company have held office since 1 January 2016:

Mr Tim McCarthy
Mr Dimitri Dimitriou
Dr Robert Henri Zimmer
Dr Franco Di Muzio
Dr Stephane Mery

Directors remuneration

The following amounts were payable to the Directors of ImmuPharma plc across the Group in relation to the year ended 31 December 2016:

Director	Salary/Fees £	Cash Benefits £	Total remuneration 2016 £	Total remuneration 2015 £
Richard Warr	-	-	-	410,850
Tim McCarthy	200,000	-	200,000	60,000
Dimitri Dimitriou	240,064	60,016	300,080	286,559
Robert Zimmer	369,568	92,392	461,960	415,579
Franco di Muzio	52,413	-	52,413	46,861
Stephane Mery	45,000	-	45,000	28,248
Ajay Agrawal	-	-	-	60,000
Total	907,045	152,408	1,059,453	1,308,097

Directors' Report (continued)

The Company does not operate a pension plan, health plan or company car plan. Directors are paid a cash benefit as detailed in the table above and encouraged to make their own arrangements. There were no bonus payments to directors in 2016. As referred to in Note 22, the £160,080 received by D Dimitriou and the £200,000 received by T McCarthy in lieu of directors' fees for the year ended 31 December 2016 are included in the table above.

The following share options were outstanding to the Directors of ImmuPharma plc in relation to the year ended 31 December 2016 (see note 20 for more detail):

Director	Options granted on 31 July 2007	Options granted on 4 February 2009	Options granted on 2 June 2016	Share options outstanding 2016	Share options outstanding 2015
Richard Warr	-	-	-	-	1,030,000
Tim McCarthy	-	-	500,000	500,000	-
Dimitri Dimitriou	140,000	140,000	-	280,000	1,030,000
Robert Zimmer	150,000	150,000	-	300,000	1,050,000
Franco di Muzio	100,000	100,000	100,000	300,000	200,000
Stephane Mery	-	-	100,000	100,000	-
Total	390,000	390,000	700,000	1,480,000	3,310,000

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 30 April 2017, the Directors are not aware of any interest of 3% or more in the share capital of the Company other than the persons noted below.

	Number of ordinary 10p shares	% of issued share capital	Options to acquire ordinary shares
Dr Robert Zimmer	25,344,514	19.12%	300,000
Aviva plc and subsidiaries	10,236,030	7.72%	-
Lanstead Capital	7,421,555	5.60%	-
Alto Invest	5,802,317	4.38%	-
Legal & General	4,446,545	3.36%	-

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 auditors are 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 auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting.

On behalf of the Board
Tracy Weimar
Secretary
31 May 2017

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 2016 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 24. 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 34, 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 2016 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, based upon the work undertaken in the course of the audit:-

- 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 those financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

31 May 2017

Consolidated Income Statement

for the year ended 31 December 2016

	Notes	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Continuing operations			
Revenue	1 & 3	164,784	76,407
Research and development expenses		(5,267,087)	(2,993,717)
Administrative expenses		(1,486,858)	(1,645,799)
Operating loss	5	(6,589,161)	(4,563,109)
Finance costs	6	(23,085)	(1,208)
Finance income	7	297,809	15,843
Loss before taxation		(6,314,437)	(4,548,474)
Tax	8	990,421	650,977
Loss for the year		(5,324,016)	(3,897,497)
Attributable to:			
Equity holders of the parent company		(5,324,016)	(3,897,497)
Loss per ordinary share			
Basic	9	(4.54p)	(4.40p)
Diluted	9	(4.54p)	(4.40p)

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Loss for the financial year	(5,324,016)	(3,897,497)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	317,177	(117,478)
Other comprehensive income/(loss) for the year, net of tax	317,177	(117,478)
Total comprehensive loss for the year	(5,006,839)	(4,014,975)

Consolidated Statement of Financial Position

as at 31 December 2016

	Notes	31 December 2016 £	31 December 2015 £
Non-current assets			
Intangible assets	10	511,088	522,462
Property, plant and equipment	11	231,901	280,127
Total non-current assets		742,989	802,589
Current assets			
Trade and other receivables	13	2,535,265	1,577,091
Derivative financial asset	14	1,554,866	-
Cash and cash equivalents	15	1,876,718	833,388
Total current assets		5,966,849	2,410,479
Current liabilities			
Financial liabilities - borrowings	16	143,109	163,070
Trade and other payables	17	786,191	1,078,640
Provisions	18	15,050	-
Total current liabilities		944,350	1,241,710
Net current assets		5,022,499	1,168,769
Non-current liabilities			
Financial liabilities - borrowings	16	219,445	280,951
Net assets		5,546,043	1,690,407
EQUITY			
Ordinary shares	19	12,463,836	8,862,246
Share premium		15,678,054	10,490,920
Merger reserve		106,148	106,148
Other reserves		(3,373,745)	(3,764,673)
Retained earnings		(19,328,250)	(14,004,234)
Total equity		5,546,043	1,690,407

The financial statements were approved by the Board of Directors and authorised for issue on 31 May 2017
They were signed on its behalf by:

Robert Zimmer	Dimitri Dimitriou
Director	**Director**

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

	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 2015	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
Loss for the financial year	-	-	-	-	-	-	(5,324,016)	(5,324,016)
Exchange differences on translation of foreign operations	-	-	-	-	317,177	-	-	317,177
Share based payments	-	-	-	-	-	73,751	-	73,751
New issue of equity capital	3,601,590	5,798,410	-	-	-	-	-	9,400,000
Costs of new issue of equity capital	-	(611,276)	-	-	-	-	-	(611,276)
At 31 December 2016	12,463,836	15,678,054	106,148	(3,541,203)	(1,609,673)	1,777,131	(19,328,250)	5,546,043
Attributable to:-								
Equity holders of the parent company	12,463,836	15,678,054	106,148	(3,541,203)	(1,609,673)	1,777,131	(19,328,250)	5,546,043

Consolidated Statement of Cash Flows

for the year ended 31 December 2016

	Notes	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Cash flows from operating activities			
Cash used in operations	21	(7,191,318)	(4,582,411)
Tax received		707,135	435,261
Interest paid	6	(1,917)	(1,208)
Net cash used in operating activities		(6,486,100)	(4,148,358)
Investing activities			
Purchase of property, plant and equipment		(4,731)	(20,761)
Interest received	7	1,722	11,541
Net cash used in investing activities		(3,009)	(9,220)
Financing activities			
(Decrease)/increase in bank overdraft		(1,091)	879
Loan repayments		(143,482)	(333,135)
Loan received		-	22,130
Settlements from Sharing Agreement	14	2,690,451	-
Gross proceeds from issue of new share capital		9,400,000	-
Share capital issue costs		(611,276)	-
Funds deferred per Sharing Agreement	14	(3,949,230)	-
Net cash generated from/(used in) financing activities		7,385,372	(310,126)
Net increase/(decrease) in cash and cash equivalents		896,263	(4,467,704)
Cash and cash equivalents at beginning of year	15	833,388	5,424,033
Effects of exchange rates on cash and cash equivalents		147,067	(122,941)
Cash and cash equivalents at end of year	15	1,876,718	833,388

Company Statement of Comprehensive Income

for the year ended 31 December 2016

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Loss for the financial year	(898,238)	(1,754,717)
Total comprehensive loss for the year	(898,238)	(1,754,717)

Company Statement of Financial Position

as at 31 December 2016

	Notes	31 December 2016 £	31 December 2015 £
Non-current assets			
Property, plant and equipment	11	**11,685**	14,238
Fixed asset investments	12	**39,165,215**	35,288,665
Total non-current assets		**39,176,900**	35,302,903
Current assets			
Trade and other receivables	13	**2,386,516**	1,061,415
Derivative financial asset	14	**1,554,866**	-
Cash and cash equivalents	15	**1,456,152**	450,442
Total current assets		**5,379,534**	1,511,857
Current liabilities			
Trade and other payables	17	**93,640**	331,253
Provisions	18	**15,050**	-
Total current liabilities		**108,690**	331,253
Net current assets		**5,270,844**	1,180,604
Net assets		**44,447,744**	36,483,507
EQUITY			
Ordinary shares	19	**12,463,836**	8,862,246
Share premium		**15,678,054**	10,490,920
Merger reserve		**19,093,750**	19,093,750
Equity shares to be issued		**1,777,131**	1,703,380
Retained earnings		**(4,565,027)**	(3,666,789)
Total equity		**44,447,744**	36,483,507

The financial statements were approved by the Board of Directors and authorised for issue on 31 May 2017.
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 2016

	Share capital £	Share premium £	Merger reserve £	Equity shares to be issued £	Retained earnings £	Total equity £
At 1 January 2015	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
Loss for the financial year	-	-	-	-	(898,238)	(898,238)
Share based payments	-	-	-	73,751	-	73,751
New issue of equity capital	3,601,590	5,798,410	-	-	-	9,400,000
Costs of new issue of equity capital	-	(611,276)	-	-	-	(611,276)
At 31 December 2016	12,463,836	15,678,054	19,093,750	1,777,131	(4,565,027)	44,447,744
Attributable to:-						
Equity holders of the parent company	12,463,836	15,678,054	19,093,750	1,777,131	(4,565,027)	44,447,744

Company Statement of Cash Flows

for the year ended 31 December 2016

	Notes	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Cash flows used in operating activities			
Cash used in operations	21	(1,338,408)	(1,515,433)
Investing activities			
Purchase of property, plant and equipment		(2,299)	(14,168)
Fixed asset investment additions	12	(3,876,550)	-
Finance income		351	1,945
Loans issued to group undertakings	13	(1,307,329)	(291,500)
Net cash used in investing activities		(5,185,827)	(303,723)
Financing activities			
Gross proceeds from issue of share capital		9,400,000	-
Share capital issue costs		(611,276)	-
Funds deferred per Sharing Agreement		(3,949,230)	-
Loan repayments to group undertakings		-	(897,839)
Settlements from Sharing Agreement	14	2,690,451	-
Interest paid		-	(10,042)
Net cash generated from/(used in) financing activities		7,529,945	(907,881)
Net increase/(decrease) in cash and cash equivalents		1,005,710	(2,727,037)
Cash and cash equivalents at beginning of year	15	450,442	3,177,479
Cash and cash equivalents at end of year	15	1,456,152	450,442

Notes to the Consolidated Financial Statements

for the year ended 31 December 2016

ImmuPharma plc (the "Company") is a public limited company registered in England and Wales (company number 03929567). The Company is limited by shares and the registered office of the Company is located at 50 Broadway, London SW1H 0RG. ImmuPharma plc and its subsidiaries focus on the research, development and commercialisation of pioneering and novel drugs in specialist therapeutic areas within the pharmaceutical industry.

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 applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements have been prepared under the historical cost convention, with the exception of derivative financial assets which are stated at fair value, 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 reporting 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.

Management have had to make estimates and judgements in the following areas:

- Derivative financial asset – The nature of the Sharing Agreement with Lanstead Capital requires the calculation of fair value as at the end of the accounting period and is based on the estimation of the Company's share price.
- Share option valuation – The total value of options granted was calculated using the Black-Scholes pricing model. The valuation is based on estimation of key inputs such as share volatility, expected dividend yield and risk free rate.
- Investment in subsidiaries – For the Company Statement of Financial Position, management needs to consider whether there has been any impairment in value and requires judgement including taking account of various factors and available evidence in the conclusion.

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
- IFRS 15 – Revenue from contracts with customers
- IFRS 16 – Leases (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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

1 Accounting policies (continued)

Basis of consolidation

Both the consolidated and the Company's financial statements are for the year ended 31 December 2016 and present comparative information for the year ended 31 December 2015. 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 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.

Revenue

Grant income

Revenue relates to grants received by Ureka SARL, Elro Pharma SARL and ImmuPharma plc (in respect of work to be undertaken by 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 reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting 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 reporting 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.

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 reporting 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 Statement of Financial Position 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 reporting 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

1 Accounting policies (continued)

Investments in subsidiaries

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

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.

Intangible assets

Research expenditure is charged to administrative expenses within the Income Statement in the year in which it is incurred.

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 because 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 reporting 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 third parties. 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

1 Accounting policies (continued)

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.

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 Statement of Financial Position 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.

Derivative financial assets are initially measured at fair value less transaction costs and are subsequently measured at fair value.

Valuation of derivative financial instrument

The Company has placed shares with Lanstead Capital L.P. and at the same time entered into a sharing agreement. The amount receivable under the Sharing Agreement each month, over an 18 month period will be dependent on the Company's share price performance. At each period end the amount receivable is restated to fair value. Any change in the fair value of the derivative financial asset is reflected in the Income Statement.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

1 Accounting policies (continued)

Valuation of derivative financial instrument (continued)

The derivative was initially recognised at the date the sharing agreement was entered into and was subsequently re-measured to its fair value at the reporting date. The resulting gain or loss was recognised in finance income within profit and loss. At the reporting date, the derivative had a positive fair value and therefore is recognised as a financial asset, whereas if it had a negative fair value it would be recognised as a financial liability. The derivative is presented as a current asset as the remaining maturity is within 12 months of the reporting date.

2 Financial risk management

The Group uses a limited number of financial instruments, comprising of a derivative financial asset (see note 14), cash, short-term deposits, loans, 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, the Swiss Franc and the US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets, 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.

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 significant. The Directors will review this policy as appropriate in the future.

b) Credit risk
The Group has no significant concentrations of credit risk because the majority of the debtors are government bodies.

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.

e) Equity price risk
The Group is exposed to equity price risk due to the possibility that the value of the Company's share price will fluctuate, which will affect the value of the future cash flows due from the derivative financial asset. The Group did not enter into any arrangements to hedge this risk, as the Directors did not consider this risk significant. The Directors will review this policy as appropriate in the future.

Details of the financial impact of these risks are in Note 23.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

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 £164,784 (2015: £76,407) originates in France. The loss before taxation of £4,641,543 (2015: £2,332,195) originates in France, with losses before taxation of £1,497,693 (2015: £2,050,662) and loss before taxation of £175,201 (2015: £165,617) originating in the United Kingdom and Switzerland respectively.

Total non-current assets of £731,304 (2015: £788,351) originates in France and £11,685 (2015: £14,238) from the United Kingdom.

4 Staff costs

The average monthly number of employees across the Group and the Company (including Executive Directors) was:

	Group Year ended 31 December 2016 No.	Group Year ended 31 December 2015 No.	Company Year ended 31 December 2016 No.	Company Year ended 31 December 2015 No.
Drug research and development, and commercial operations	7	7	1	1
Administration and management	3	3	3	2
	10	10	4	3

The aggregate remuneration comprised:

	Group Year ended 31 December 2016 £	Group Year ended 31 December 2015 £	Company Year ended 31 December 2016 £	Company Year ended 31 December 2015 £
Wages and salaries	1,489,534	1,758,412	1,069,316	1,211,785
Social security costs	104,046	131,809	34,715	49,983
Share-based payment	73,751	-	73,751	-
	1,667,331	1,890,221	1,177,782	1,261,768

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

4 Staff costs (continued)

Directors' emoluments

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

	Group Year ended 31 December 2016 £	Group Year ended 31 December 2015 £	Company Year ended 31 December 2016 £	Company Year ended 31 December 2015 £
Fees	**297,413**	195,109	**297,413**	195,109
Salaries and benefits	**762,040**	1,112,988	**762,040**	1,112,988
	1,059,453	1,308,097	**1,059,453**	1,308,097

Please refer to information in the Directors report on page 32 in respect for amounts paid to individual directors.

Refer to note 22 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:

	Group Year ended 31 December 2016 £	Group Year ended 31 December 2015 £	Company Year ended 31 December 2016 £	Company Year ended 31 December 2015 £
Salaries and benefits	**461,960**	415,579	**461,960**	415,579
	461,960	415,579	**461,960**	415,579

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 key management of the Group and the Company 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 the Company and are stated in accordance with IFRS:

	Group Year ended 31 December 2016 £	Group Year ended 31 December 2015 £	Company Year ended 31 December 2016 £	Company Year ended 31 December 2015 £
Short-term employee benefits (salaries and benefits)	**1,059,453**	1,308,097	**1,059,453**	1,308,097

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

5 Operating loss

- Group

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Operating loss is stated after charging/(crediting):		
Share based payments charge	73,751	-
Employers National Insurance provision in respect of share based payments charge	15,050	(23,468)
Depreciation of property, plant and equipment		
- owned	90,926	88,836
Amortisation of intangible assets		
- patents	30,411	32,913
Services provided by Company auditors:		
- Audit services	45,000	44,000
- Other services relating to tax compliance services	3,950	3,900
- Other services relating to taxation advisory services	14,665	6,610
- Other services – interim review	9,900	7,850
Audit services provided by other auditors	24,300	17,100

6 Finance costs

- Group

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Interest payable on loans and overdraft	1,917	1,208
Loss on foreign exchange	21,168	-
	23,085	1,208

7 Finance income

- Group

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Bank interest receivable	1,722	11,541
Gain on foreign exchange	-	4,302
Gain on derivative financial asset	296,087	-
	297,809	15,843

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

8 Taxation

- Group

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Current tax:		
Corporation tax	(990,421)	(650,977)
Total current tax credit for the year	(990,421)	(650,977)

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 2016 £	Year ended 31 December 2015 £
Loss before taxation	(6,314,437)	(4,548,474)
Tax on loss on ordinary activities (at the average rate 20%) (2015: 20.25%)	(1,262,887)	(921,066)
Effects of:		
Expenses not allowable for tax purposes	(3,549)	(39)
Capital allowances in excess of depreciation	24,267	24,654
Rate differences	123	337
Research and development tax credit	(990,795)	(650,977)
Current year losses carried forward	1,242,420	896,114
Current tax credit for year	(990,421)	(650,977)

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

As at 31 December 2016, the Group has unused tax losses of £18,412,000 (2015: £12,200,000) 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

9 Loss per share

- Group

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Loss		
Loss for the purposes of basic loss per share being net loss after tax attributable to equity shareholders	(5,324,016)	(3,897,497)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	117,340,467	88,622,463
Basic loss per share	(4.54)p	(4.40)p
Diluted loss per share	(4.54)p	(4.40)p

The Group has granted share options in respect of equity shares to be issued, the details of which are disclosed in note 20.

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

10 Intangible assets

- Group

	In process research and development £	Patents £	Total £
Cost			
At 1 January 2015	404,095	415,569	819,664
Exchange rate movements	-	(21,481)	(21,481)
At 1 January 2016	404,095	394,088	798,183
Exchange rate movements	-	65,595	65,595
At 31 December 2016	404,095	459,683	863,778
Amortisation			
At 1 January 2015	-	259,127	259,127
Exchange rate movements	-	(16,319)	(16,319)
Charge for the period	-	32,913	32,913
At 1 January 2016	-	275,721	275,721
Exchange rate movements	-	46,558	46,558
Charge for the period	-	30,411	30,411
At 31 December 2016	-	352,690	352,690
Net book amount			
At 31 December 2016	404,095	106,993	511,088
At 31 December 2015	404,095	118,367	522,462

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

11 Property, plant and equipment

- Group

	Fixtures, fittings and equipment £
Cost	
At 1 January 2015	531,144
Exchange rate movements	(24,832)
Additions	20,761
At 1 January 2016	527,073
Exchange rate movements	72,450
Additions	4,731
At 31 December 2016	604,254
Depreciation	
At 1 January 2015	164,781
Exchange rate movements	(6,671)
Charge for the period	88,836
At 1 January 2016	246,946
Exchange rate movements	34,481
Charge for the period	90,926
At 31 December 2016	372,353
Net book amount	
At 31 December 2016	231,901
At 31 December 2015	280,127

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

11 Property, plant and equipment (continued)

- Company

	Fixtures, fittings and equipment £
Cost	
At 1 January 2015	24,046
Additions	14,168
At 1 January 2016	38,214
Additions	2,299
At 31 December 2016	40,513
Depreciation	
At 1 January 2015	19,721
Charge for the period	4,255
At 1 January 2016	23,976
Charge for the period	4,852
At 31 December 2016	28,828
Net book amount	
At 31 December 2016	11,685
At 31 December 2015	14,238

12 Fixed asset investments

- Company

	Shares in subsidiary undertakings £
Cost and fair value	
At 31 December 2015	35,288,665
Additions	3,876,550
At 31 December 2016	39,165,215

Details of the Company's subsidiaries as at 31 December 2016 are as follows:

Name of company	Holding	% voting rights and shares held	Nature of business & country of incorporation	Registered Office Address
ImmuPharma (France) SA	Ordinary	100	Pharmaceutical research and development – France	5 rue du Rhone, 68100 Mulhouse France
ImmuPharma AG	Ordinary	100	Pharmaceutical research and development – Switzerland	Poststrasse 10 CH-6060 Sarnen OW Switzerland
Ureka SARL	Ordinary	99.9	Pharmaceutical research and development – France	5 rue du Rhone, 68100 Mulhouse France
Elro Pharma SARL	Ordinary	99.9	Pharmaceutical research and development – France	5 rue du Rhone, 68100 Mulhouse 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 2016

13 Trade and other receivables

	Group 31 December 2016 £	Group 31 December 2015 £	Company 31 December 2016 £	Company 31 December 2015 £
Amounts owed by group undertakings	-	-	2,228,841	1,002,188
Other debtors	94,198	282,139	37,077	29,239
Taxation	1,155,586	735,676	-	-
Prepayments and accrued income	1,285,481	559,276	21,922	29,988
	2,535,265	1,577,091	2,287,840	1,061,415

The Group's and the Company's credit risk is primarily attributable to its other debtors, which includes £17,612 (2015: £187,009) recoverable TVA (French VAT) in respect of ImmuPharma France (SA), £3,682 (2015: £26,915) in respect of the same for Elro Pharma SARL and £20,262 (2015: £22,641) 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 £3,525,782 (2015: £1,115,527), consisting of trade and other receivables of £94,198 (2015: £282,139), derivative financial asset and cash and cash equivalents.

The total carrying amount of financial assets for the Company is £5,357,612 (2015: £1,481,869), consisting of trade and other receivables of £2,346,594 (2015: £1,031,427), derivative financial asset and cash and cash equivalents.

14 Derivative financial asset

	Group 31 December 2016 £	Group 31 December 2015 £	Company 31 December 2016 £	Company 31 December 2015 £
Value of derivative at inception	3,949,230	-	3,949,230	-
Settlements received	(2,690,451)	-	(2,690,451)	-
Gains recognised through Income Statement	296,087	-	296,087	-
	1,554,866	-	1,554,866	-

As part of the placement completed in February 2016, the Company issued 17,021,277 new ordinary shares to Lanstead Capital L.P. ("Lanstead") at a price of 26p per share for an aggregate subscription price of £4.4 million before expenses. A portion of the Subscription proceeds (£663,830) were retained by ImmuPharma and the remainder (£3,761,702) was pledged under a Sharing Agreement under which Lanstead made and will continue to make, subject to the terms and conditions of that Sharing Agreement, monthly settlements to the Company that are subject to adjustment upwards or downwards depending on the Company's share price performance.

ImmuPharma received seven monthly settlements during 2016. As part of a separate agreement between the Company and Lanstead concluded in October 2016, the seventh settlement received included an acceleration of the next six monthly settlements. In effect, seven monthly settlements were rolled into the October 2016 amount. Monthly settlements under the Sharing Agreement will continue in May 2017 and complete in September 2017. Finance gain or loss is calculated on the difference between the monthly settlement received versus the benchmark amount specified in the terms of the Sharing Agreement.

At the end of the accounting period, the amount receivable is restated to fair value based upon a discounted cash flow calculation using a 10% cost of capital.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

15 Cash and cash equivalents

	Group 31 December 2016 £	Group 31 December 2015 £	Company 31 December 2016 £	Company 31 December 2015 £
Cash and cash equivalents	**1,876,718**	833,388	**1,456,152**	450,442

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.

Included within the above is £50,000 held separately in a Royal Bank of Scotland bank account in respect of a charge held over cash balances with reference to the Company's credit card facility.

16 Financial liabilities – borrowings

- Group

	31 December 2016 £	31 December 2015 £
Total borrowings within one year comprises:		
Bank overdraft	**845**	1,723
Loans	**142,264**	161,347
	143,109	163,070
Total borrowings after more than one year comprises:		
Loans	**219,445**	280,951
	219,445	280,951

Please refer to note 23 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

17 Trade and other payables

	Group 31 December 2016 £	Group 31 December 2015 £	Company 31 December 2016 £	Company 31 December 2015 £
Trade payables	600,331	637,924	14,473	7,578
Other taxes and social security	101,462	112,068	6,885	-
Accruals and deferred income	84,398	328,648	72,282	323,675
	786,191	1,078,640	93,640	331,253

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

18 Provisions

- Group and Company

	31 December 2016 £	31 December 2015 £
At 1 January	-	23,468
Amount (debited)/credited during the year	15,050	(23,468)
At 31 December	15,050	-

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 20).

19 Share capital

	Group and Company Called up, issued and fully paid 31 December 2016 Number of shares	£	Group and Company Called up, issued and fully paid 31 December 2015 Number of shares	£
Ordinary shares of 10p each	124,638,362	12,463,836	88,622,463	8,862,246

At 31 December 2016, the Company had no limit on its authorised share capital (2015: 124 million shares). During the year, the Company updated its Articles of Association to remove authorised share capital.

36,015,899 new ordinary shares were issued as a result of the two share placings at values between 0.26p and 0.35p. Of the proceeds, £3,601,590 has been recorded in the share capital and £5,187,134 has been recorded in the share premium account; after deduction of expenses of £611,276.

Please refer to note 20 for details of share based payments granted by the Company.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

20 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 2015	5,107,000	0.594
Expired during the year	(3,627,000)	0.497
Granted on 2 June 2016	1,600,000	0.439
Outstanding as at 31 December 2016	3,080,000	0.626
Exercisable as at 31 December 2015	5,107,000	0.594
Expired during the year	(3,627,000)	0.497
Granted on 2 June 2016	50,000	0.439
Exercisable as at 31 December 2016	1,530,000	0.816

The options and warrants outstanding as at 31 December 2016 had a weighted average remaining contractual life of 6 years.

The options and warrants outstanding as at 31 December 2016 had exercise prices between £0.439 and £0.908 (2015: £0.425 and £0.908).

Equity-settled share option scheme

The total value of options granted on 2 June 2016 was calculated as £301,280 using the Economic Research Institute's Black-Scholes pricing model. The inputs into the pricing model were as follows:-

Share price at grant date	£0.4388
Exercise price	£0.4388
Volatility	43%
Vesting period	3 years
Expected life	7 years
Expected dividend yield	0%
Risk free interest rate	0.188%

Expected volatility was determined by calculating the historical volatility of the Company's share price to the date of the grant over a 10-year period. Expected life was determined by examining the exercise history of the Company's option holders. No market-based conditions were used as inputs into the pricing model.

The total value of options granted on 2 June 2016 was calculated as noted as above as £301,280. Of this amount, £73,751 has been charged in the financial statements for the year ended 31 December 2016. The total charged to date is £73,751 and the remaining £227,529 will be charged in the financial statements over the years ending 31 December 2017, 2018 and 2019.

The total value of all other options granted in previous years has been fully charged in the financial statements in prior years.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

21 Cash used in operations

	Group 31 December 2016 £	Group 31 December 2015 £	Company 31 December 2016 £	Company 31 December 2015 £
Operating loss	(6,589,161)	(4,563,109)	(1,265,764)	(1,690,550)
Depreciation and amortisation	121,337	121,748	4,852	4,255
Share-based payments	73,751	-	73,751	-
(Increase)/decrease in trade and other receivables	(387,713)	(674,440)	228	(2,744)
(Decrease)/increase in trade and other payables	(403,414)	552,556	(237,612)	253,143
Increase/(decrease) in provisions	15,050	(23,468)	15,050	(23,468)
Gain/(loss) on foreign exchange	(21,168)	4,302	71,087	(56,069)
Cash used in operations	(7,191,318)	(4,582,411)	(1,338,408)	(1,515,433)

22 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 £160,080 (2015: £146,558) for the provision of management services by Dragon Finance AG. D Dimitriou is a director of ImmuPharma France SA 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 32.

T McCarthy receives his remuneration through a service company owned by him, Unnamed Ltd. During the year ImmuPharma plc was charged £200,000 (2015: £60,000) 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 32.

During the year, an amount of £119,962 (2015: £112,136) was paid to the wife of Dr R Zimmer in respect of services provided to ImmuPharma plc, ImmuPharma (France) SA, Eureka SARL and Elro Pharma SARL.

b) Company

During the year ended 31 December 2016, management charges of £526,480 (2015: £508,750) were rendered by ImmuPharma plc to ImmuPharma (France) SA. This amount was due to the Company at 31 December 2016. The Company also made a capital investment of £3,876,550 into ImmuPharma (France) SA and loaned the sum of £585,677 to ImmuPharma (France) SA during the year ended 31 December 2016. ImmuPharma (France) SA rendered project management fees of £11,165 to ImmuPharma plc during the year ended 31 December 2016. The total balance due to the Company from ImmuPharma (France) SA at 31 December 2016 was £1,957,372 (2015: £799,838).

During the year ended 31 December 2016, management charges of £129,954 (2015: £NIL) were rendered by ImmuPharma plc to Ureka SARL. This amount was due to the Company at the 31 December 2016. The Company also loaned the amount of £157,282 to Ureka SARL during the year ended 31 December 2016. The total balance due to the Company from Ureka SARL at 31 December 2016 was £217,257 (2015: £202,350).

Elro Pharma rendered characterization fees of £8,427 and patent fees of £23,883 to ImmuPharma plc. The Company also loaned the sum of £157,319 to Elro Pharma during the year ended 31 December 2016. The total balance due to the Company from Elro Pharma at 31 December 2016 was £134,888 (2015: £NIL).

During the year ended 31 December 2016, management charges of £176,869 (2015: £157,491) were rendered by ImmuPharma AG to ImmuPharma plc.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

23 Financial instruments

The Group's financial instruments comprise of a derivative financial asset (see note 14), 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 Company's finance department implements the policies set by the Board of Directors.

The principal financial instruments used by the Group from which financial instrument risk arises are as follows:-

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Trade and other receivables	94,198	282,139
Level 2 derivative financial asset	1,469,630	-
Cash and cash equivalents	1,876,718	833,388
Total financial assets	3,440,546	1,115,527
Financial liabilities – borrowings due within 1 year	143,109	163,070
Trade and other payables	600,331	637,924
Financial liabilities – borrowings due after 1 year	219,445	280,951
Total financial liabilities	962,885	1,081,945

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.

The following table shows the contractual maturities of the Group's financial liabilities, all of which are measured at amortised cost: The Directors consider that the contractual cash flows are approximate to the fair values.

	Trade payables £	Borrowings £	Total £
At 31 December 2016			
6 months or less	600,331	89,586	689,917
6 – 12 months	-	53,523	53,523
1 – 2 years	-	107,046	107,046
2 – 5 years	-	112,399	112,399
Total contractual cash flows	600,331	362,554	962,885
Carrying amount of financial liabilities measured at amortised cost	600,331	362,554	962,885

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

23 Financial instruments (continued)

Liquidity risk (continued)

Group

	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

Company

The Company's financial liabilities comprise trade payables with a carrying amount equal to gross cash flows payable of £93,640 (2015: £331,253), 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, the Swiss Franc and the US Dollar which earn interest at a variable rate. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

During the year, the Group's cash and cash equivalents earned interest at a variable rate between 0.0% and 0.5% (2015: 0.0% and 0.5%).

As at 31 December 2016, if LIBOR had increased by 0.5% with all other variables held constant, the post-tax profit and equity would have been higher by £5,500 (2015: £17,000). 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 £5,500 (2015: £17,000).

Details of the terms of the Group's borrowings are disclosed in note 16.

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% (2015: 0.0% and 0.5%).

As at 31 December 2016, 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 £3,000 (2015: £8,900). 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 £3,000 (2015: £8,900).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

23 Financial instruments (continued)

Foreign exchange rate risk

Group

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

As at 31 December 2016, 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 £36,000 (2015: £27,500). 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 £36,000 (2015: £27,500).

As at 31 December 2016, if the US Dollar had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £1,000 (2015: £7,500). Conversely, if the US Dollar had strengthened 10% against Sterling with all other variables held constant, the post tax profit and equity would have been higher by £1,000 (2015: £7,500).

As at 31 December 2016, if the Swiss Franc had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £8,000 (2015: £7,000). Conversely, if the Swiss Franc had strengthened 10% against Sterling with all other variables held constant, the post tax profit and equity would have been higher by £8,000 (2015: £7,000).

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 Dollars. During the year, the Company did not enter into any arrangements to hedge this risk, as the Directors did not consider the exposure significant. The Company will review this policy as appropriate in the future.

As at 31 December 2016, 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 £6,000 (2015: £5,000). 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 £6,000 (2015: £5,000).

As at 31 December 2016, if the US Dollar had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £50 (2015: £150). Conversely, if the US Dollar had strengthened 10% against Sterling with all other variables held constant, the post tax profit and equity would have been higher by £50 (2015: £150).

Equity price risk

Group and Company

The Group has entered into a derivative transaction during the year details of which can be found at note 14. The risk associated with this transaction is the variable consideration receivable, which depends on the Company's share price. During the year, the Group did not enter into any arrangements to hedge this risk, as the Directors did not consider the exposure significant given the short term nature of the balance. The Group will review this policy as appropriate in the future.

The Directors consider that a change in the Company's share price of up to 40% was a reasonable possibility at 31 December 2016. This assumption is based upon review of the changes in the Company's share price in the period since the year end.

As at 31 December 2016, if the Company's share price had weakened 40% with all other variables held constant, the post-tax loss would have been higher and equity would have been lower by £600,000 (2015: £NIL). Conversely, if the Company's share price had strengthened by 40% with all other variables held constant, the post-tax loss would have been lower and equity would have been higher by £600,000 (2015: £NIL).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2016

23 Financial instruments (continued)

Fair values

Group and Company

The Group measures the fair value of its financial assets and liabilities in the Statement of Financial Position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:-

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 fair value measurements are those derived from inputs, other than quoted prices included within level 1, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Summary of financial assets held at level 2 fair value:

	Group and Company Derivative financial asset 31 December 2016 £
Additions	3,949,230
Repayments	(2,690,451)
Net gains recognised in Income Statement	296,087
Fair value at 31 December 2016	1,554,866

The consideration receivable is variable depending on the Company's share price and the derivative financial asset is revalued through the Income Statement with reference to the Company's closing share price. The valuation methodology and inputs are detailed in note 14.

24 Subsequent events

On 10 March 2017, the Company announced the completion of a placing of 7,884,623 new ordinary shares of 10p each at a placing price of 52p raising a total of £4.1 million before expenses. The shares are EIS and VCT qualifying. Major existing and new institutional investors have participated in the New Share Placing. The Company has raised the funds in order to further strengthen the Company's Statement of Financial Position as negotiations continue with potential partners for Lupuzor™ and to support further investment in ImmuPharma's earlier stage portfolio. Following the Admission of the shares placed, the Company has a total of 132,522,985 ordinary shares in issue with each share carrying the right of one vote.

In March 2017, the Company announced the implementation of a new long term incentive plan to replace the previous Company Stock Option Plan that expired in 2016.

Glossary of Technical Terms

'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'	clinical 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)
'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 2017 Annual General Meeting of ImmuPharma plc

(The "Company")

NOTICE IS HEREBY GIVEN that the 2017 Annual General Meeting of the Company will be held at the offices of Capital Access Group, Skylight City Tower, 50 Basinghall Street, London, EC2V 5DE on 30 June 2017 at 10:30 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 2016 together with the reports thereon of the Directors and auditors of the Company.
2. To reappoint Mr Dimitri Dimitriou as a director of the Company.
3. 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 4 will be proposed as an ordinary resolution and Resolution 5 will be proposed as a special resolution:

4. 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 £4,417,433 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.
5. 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 4 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 £1,987,845

    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: 31 May 2017
Registered Office: 50 Broadway
London
SW1H 0RG

BY ORDER OF THE BOARD

Tracy Weimar
Secretary

Notice of the 2017 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 2017 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 31 May 2017, the Company's issued share capital comprised 132,522,985 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 31 May 2017 is 132,522,985.

Documents on display

12. The following documents will be available for inspection at Skylight City Tower, 50 Basinghall Street, London, EC2V 5DE 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.

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ImmuPharma plc
50 Broadway
Westminster
London SW1H 0RG
UK

Tel: +44 20 7152 4080
Fax: +44 20 7152 4001
info@immupharma.com
www.immupharma.com