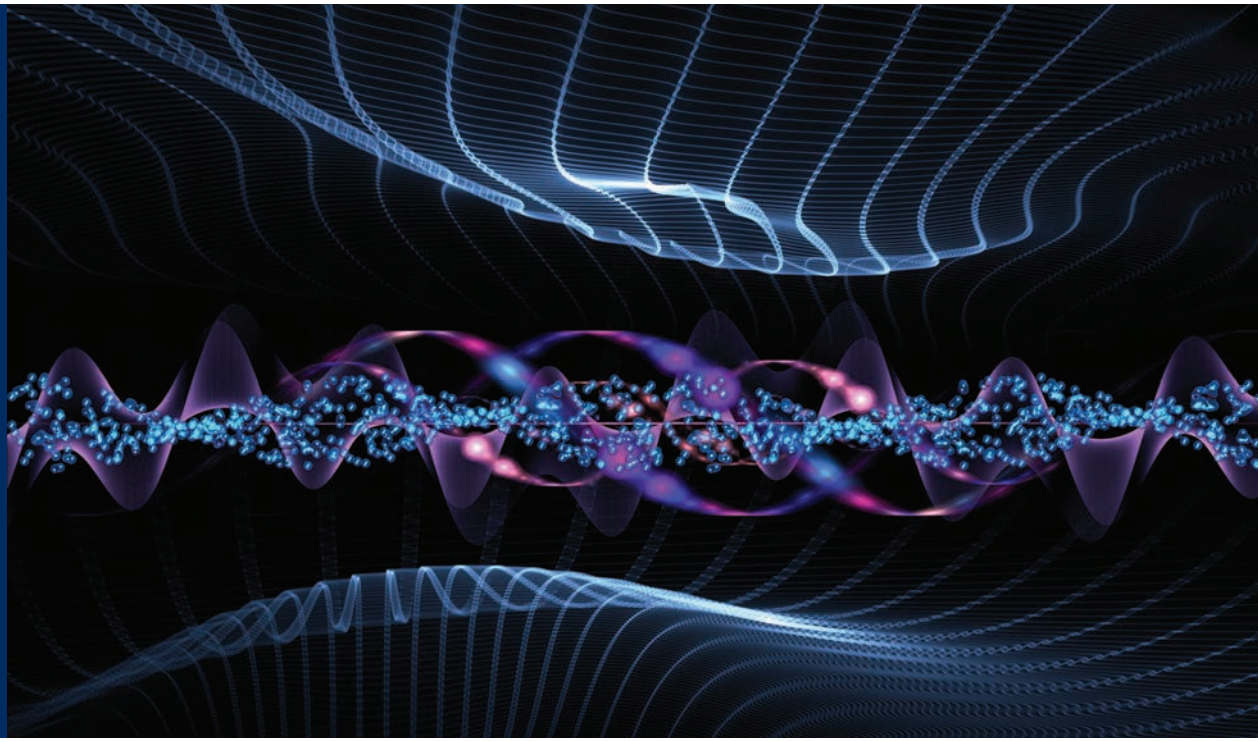
ImmuPharma



ImmuPharma plc

Report and Consolidated Financial Statements
For the Year Ended 31 December 2017

Contents

Chairman's Report

Chairman's Report

2017 and the beginning of 2018 marked an important milestone event for ImmuPharma. The phase III clinical trial for our lead program, Lupuzor™ was completed, and top line results for the trial were announced post year-end. ImmuPharma completed two successful fundraising rounds raising a total of £14.1 million before expenses. In March 2017, the Company raised £4.1 million before expenses. In addition, a further £10 million fundraising round before expenses was completed in January 2018. These fundraisings were supported by existing long term shareholders together with the addition of new institutions and private investors onto our share register.

Lupuzor™: progress through 2017

Lupuzor™, ImmuPharma's lead program for the treatment of lupus completed its Phase III clinical trial in January 2018 which involved patients in the US, Europe and Mauritius. Initial top line results were announced on 17 April 2018, see details below.

The Phase III trial was a double-blind, randomised, placebo-controlled trial. The study involved patients being dosed for one year, receiving 0.2mg once per month subcutaneously. 293 patients were screened illustrating the demand from physicians for a new, safe and effective treatment for lupus. Of these, the required 202 patients were successfully recruited and randomised (dosed). Patients participated in the trial in 7 countries across 28 sites.

The clinical trial was undertaken primarily by Simbec-Orion, an international clinical research organisation, who specialises in rare and orphan conditions and has previous direct experience in lupus trials. This was a pivotal study designed to demonstrate the safety and efficacy of Lupuzor™ .

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.

Lupuzor™ Phase III Top Line Results

On 17 April 2018 ImmuPharma announced top line results of its pivotal Phase III trial of Lupuzor™.

Key highlights:

- Lupuzor™ plus Standard of Care ("SOC")* demonstrated a superior response rate over placebo plus SOC (52.5% vs 44.6% "responders"**) in the primary analysis on the Full Analysis Set of all 202 patients (including withdrawals who are considered non-responders). However, due to a high response rate in the placebo plus SOC group, this superior response did not allow statistical significance to be reached (p = 0.2631), and the primary end point was not met.
- Lupuzor™ plus SOC also demonstrated a superior response rate over placebo plus SOC (68.8% vs 59.2%) in the 153 patients who completed the study.
- Importantly, in patients who were anti-dsDNA autoantibody positive (a recognised biomarker for Systemic Lupus Erythematosus ('SLE')), Lupuzor™ plus SOC demonstrated a superior response rate over placebo plus SOC (61.5% vs 47.3%). In addition, 7.6% of the patients in the Lupuzor™ plus SOC group went into full remission versus none in the placebo plus SOC group
- The study confirmed the outstanding safety profile of Lupuzor™, with zero drug-related serious adverse events reported in the Lupuzor™ plus SOC group.

*"Standard of Care" includes treatment with other drugs such as steroids, anti-malarials, methotrexate etc. It is important to note that when reference is made to placebo, there are no patients who were treated with just placebo as all were receiving other drug treatments at the same time, in addition to Lupuzor™.

** The definition of a "responder' is based on the SLE Responder Index (SRI-4) score, which requires a reduction of at least four points in this score. Therefore, patients who improve by less than four points are not counted, but also no distinction is made between patients who improve by more than 4 points, all being equal "responders".

Extension Open Label Study

Following requests from both investigators and patients involved in the Phase III trial, ImmuPharma has initiated an additional clinical trial permitting patients who participated in the Phase III study, to receive Lupuzor™ plus SOC for six months in an open-label scheme. The results will be gathered as an "extension" open label study, independent of the pivotal Phase III trial and will provide additional data on the safety and efficacy of Lupuzor™. Patient recruitment began in late 2017 and 44 patients have already been recruited. Patient recruitment will be closed by the end of June 2018, and it is anticipated that results will be available in 2019.

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.

The Company believes Lupuzor™ has the potential to be a novel specific 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.

Chairman's Report (continued)

Despite the top line results for the Phase III trial, the Board believes there are still a number of routes to market for Lupuzor™ which could include: a global licensing deal; ImmuPharma partnering with regional distributors, globally or an outright acquisition of Lupuzor™ or the Company. The prime objective of any strategy would be to maximise shareholder return.

Centre National de la Recherché Scientifique (CNRS)

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

Pipeline Overview

Lupuzor™ / Forigerimod / P140 in auto immune indications

Lupuzor™, is also known by its chemical name '*Forigerimod*' *or P140*. ImmuPharma in conjunction with the CNRS are exploring opportunities on expanding the P140 auto immune pipeline, as demonstrated by Lupuzor™'s strong efficacy and safety profile and by its mechanism of action.

Certain auto immune indications, outside of lupus, have the potential for Orphan Drug designation. Further assessment continues with the objective of further indications moving into the clinic in due course.

Nucant Program

Our cancer Nucant program, IPP-204106, is focused on combination therapy approaches. Two Phase I/IIa trials were performed (focused on safety and dose-range finding). 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 molecule has also shown promising results in age-related macular degeneration models.

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 agonists - 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-Alcoholic Steato Hepatitis) for which very few treatment options exist.

£14.1 million Fund Raising (£4.1 million in March 2017 and £10 million post period end)

ImmuPharma strengthened its financial position through two fundraisings. In 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

Chairman's Report (continued)

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.

In January 2018, the Company announced the completion of a placing of 6,944,445 new ordinary shares of 10p each at a placing price of 144p raising a total of £10 million before expenses. The Company raised the funds in order to further strengthen the Company's financial position as negotiations continue with potential partners for Lupuzor™ and to support further investment in ImmuPharma's earlier stage portfolio. The Company continues to be a qualifying company for purposes of the Enterprise Investment Scheme and the Venture Capital Trust rules.

The January 2018 placing gross proceeds of £10 million added to the Group's cash and cash equivalent position of £2.7 million (2016: £1.9 million) at 31 December 2017.

Completion of Lanstead Sharing Agreement

In September 2017, ImmuPharma announced the completion of the Sharing Agreement entered into in February 2016. As announced on 5 February 2016, Lanstead subscribed for £4.4 million of new ordinary shares in ImmuPharma, with both parties also entering into the Sharing Agreement. All 18 settlements of the Sharing Agreement have been completed. Through both the subscription and the Sharing Agreement, ImmuPharma has received a total of just over £5 million from Lanstead since February 2016, with a net gain of £0.6 million more than originally subscribed.

New Share Option Plan

Following the closing of the Company's previous share option plan to new grants, ImmuPharma adopted a new 10 year employee share option plan. The implementation of this share option plan is intended to align the interests of the Company's executive directors and eligible employees with shareholders, and to attract talent in the future. Further details of the new share option plan can be found in the Financial Review.

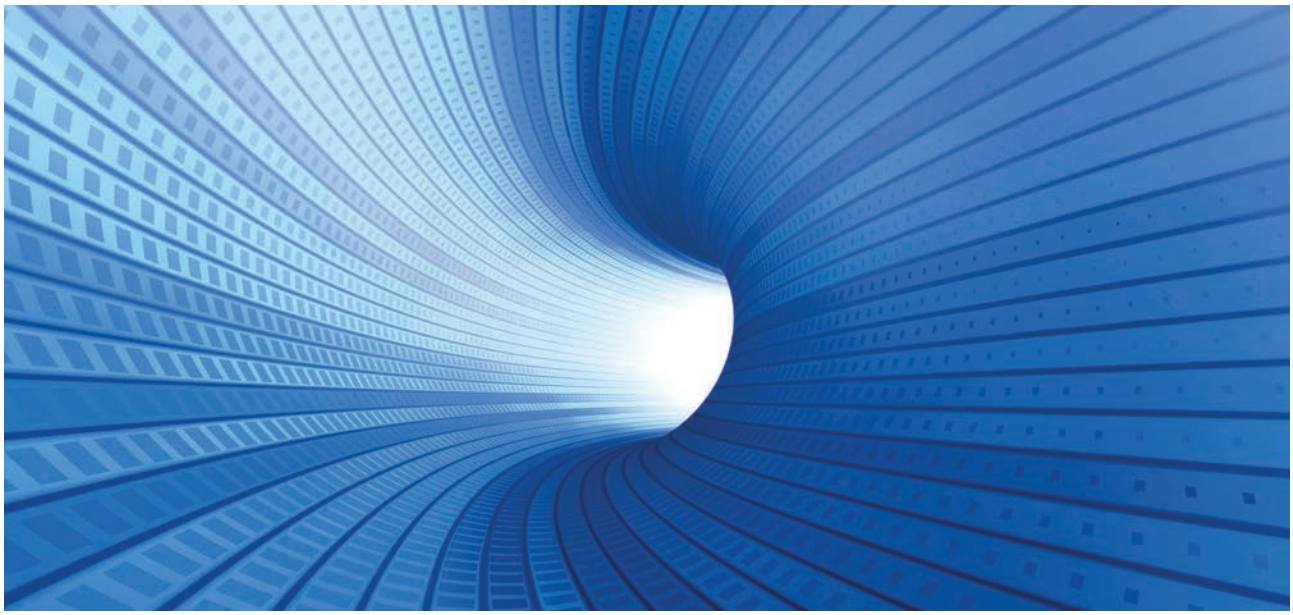
Current Activities and Outlook

As a Board, we continue to be excited by ImmuPharma's future potential. Looking at the Lupuzor™ top line data announced in April, the drug demonstrated a superior response rate over placebo with an exceptional safety profile, giving it, we believe, a compelling product profile. We believe Lupuzor™ has the potential to bring a much needed safe treatment to the millions of lupus sufferers around the world. We continue to engage with potential partners and, although no guarantees of a successful outcome can be given at present, we are focused on moving forward with the development and commercialisation of Lupuzor™. The remaining pipeline is also very promising with notable developments in NASH and Type II diabetes. We look forward to providing our shareholders with further updates in due course.

With a strong financial position following the recent £10 million fund raising, ImmuPharma will look to progress also its other pipeline candidates whilst continuing the development of Lupuzor™ in lupus as well as other auto immune conditions based on its mechanism of action.

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

Tim McCarthy
Non-Executive Chairman



Financial Review

Financial Review

2017 was a year focused on strengthening ImmuPharma's financial position and progressing our lead program, Lupuzor™ and its pivotal Phase III trial. A successful share placing was completed in March 2017, raising £4.1 million (before expenses).

Income Statement

The operating loss for the year ended 31 December 2017 was £7.2 million up from £6.6 million for the year ended 31 December 2016. The increase in overall loss was mainly attributable to share-based expense of £743k (2016: £89k) which was attributable to the number of share options granted in 2017. Research and development expenditure was £5.1 million down slightly from £5.3 million in 2016. This reflects the front-loading of a portion of the Lupuzor™ clinical trial expenses. Administrative expenses were £1.5 million up from £1.4 million in the year ended 31 December 2016. Finance income was £240k for 2017 which was down slightly from £298k for 2016. Finance income is mainly attributable to a gain in fair value on the derivative financial asset. Total comprehensive loss for the year was £6.3 million, which was up from £5 million in 2016.

Statement of Financial Position

Cash and cash equivalents at 31 December 2017 amounted to £2.7 million (2016: £1.9 million). Financial borrowings were £260k (2016: £360k). 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 March 2017, ImmuPharma successfully completed a share placing and subscription, raising £4.1 million before expenses. In addition, a further share placing, raising £10 million before expenses was completed in January 2018. Further details can be found below.

Results

The Group recorded a loss for the year of £6.2 million (2016: £5.3 million). Basic and diluted loss per share was 4.75p (2016: 4.54p). In accordance with the Group's loss making position no dividend is proposed.

March 2017 and January 2018 (post period) Placings - £14.1 million before expenses raised

ImmuPharma strengthened its financial position through two fundraisings. In 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. In January 2018, the Company announced the completion of a placing of 6,944,445 new ordinary shares of 10p each at a placing price of 144p raising a total of £10 million before expenses. 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. The Company continues to be a qualifying company for purposes of the Enterprise Investment Scheme and the Venture Capital Trust rules.

Completion of Lanstead Sharing Agreement

In September 2017, ImmuPharma announced the completion of the Sharing Agreement entered into in February 2016. As announced on 5 February 2016, Lanstead subscribed for £4.4 million of new ordinary shares in ImmuPharma, with both parties also entering into the Sharing Agreement. All 18 settlements of the Sharing Agreement have been completed. Through both the subscription and the Sharing Agreement, ImmuPharma has received a total of just over £5 million from Lanstead since February 2016, with a net gain of £0.6 million more than originally subscribed.

Financial Review (continued)

New Share Option Plan

Following the closing of the Company's previous share option plan to new grants, ImmuPharma adopted a new 10 year employee share option plan. The implementation of this share option plan is intended to align the interests of the Company's executive directors and eligible employees with shareholders, and to attract talent in the future.

The key terms of the Share Option Plan are summarised below:

- The Share Option Plan is used to grant options over the Company's ordinary shares of 10p each ("Ordinary Shares") to ImmuPharma's employees and executive directors;
- The Company's non-executive directors or any self-employed individuals who provide consultancy services to the Company will not be granted options pursuant to the Share Option Plan;
- Under the Share Option Plan, up to 10% of the Company's issued share capital at any time is reserved for issuance, measured over a rolling ten year period. This limit takes into account Ordinary Shares or treasury shares that could be issued or used to satisfy existing options;
- The Company's Remuneration Committee may impose performance conditions over the grant of options and these conditions may be varied, substituted or waived as deemed appropriate by the Remuneration Committee; and
- Options will be granted with an exercise price equal to the market value of the Company's shares at the date of grant, i.e. the closing mid-market price from the preceding business day.

Financial Review (continued)

A number of options were granted during 2017. The total options outstanding under both the 2017 Share Option Plan and the Company's previous share option plan is 10,130,000, representing 7.64% (7.26% post January 2018 placing) of ImmuPharma's Ordinary Shares and total voting rights on a fully diluted basis. The total options outstanding that have been granted to non-employees and consultants is 6,085,000. The total warrants outstanding is 153,850. Taken altogether, there are currently 16,368,850 outstanding options and warrants, representing 12.35% (11.74% post January 2018 placing) of ImmuPharma's Ordinary Shares and total voting rights on a fully diluted basis.

Total Voting Rights

Following the admission of the shares placed in the above 2017 placings to trading on AIM, the Company has a total of 132,522,985 ordinary shares in issue at 31 December 2017 with each share carrying the right of one vote. Following the post period placing completed in January 2018, the Company has 139,467,430 ordinary shares in issue with each share carrying the right of one vote.

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 development assets.

Tracy Weimar
Vice President, Operations and Finance

Strategic Report

Strategic Report

The Board of ImmuPharma plc present their Strategic Report for the Group for the year ended 31 December 2017.

Vision and Values

ImmuPharma is an ethical organisation with the vision to develop novel drugs to treat serious medical conditions, delivering value to patients, medical professionals, healthcare payers and our shareholders.

Business Overview and Prospects

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:

- high unmet medical need;
- low marketing costs; and
- relatively low development costs.

Founded first in Basel, Switzerland in 1999 and led by an experienced management team, ImmuPharma now has important research and development collaboration arrangements with highly respected health and medical research laboratories in Europe.

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 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 completed its pivotal Phase III trial in early 2018, 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, ophthalmology and metabolic disorders. 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 Strategy and Objectives

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;
- managing the clinical development of novel drug candidates;
- seeking collaborative agreements with partner companies to further the development and commercialisation of novel drug candidates; and
- maintaining a small corporate infrastructure to minimise costs.

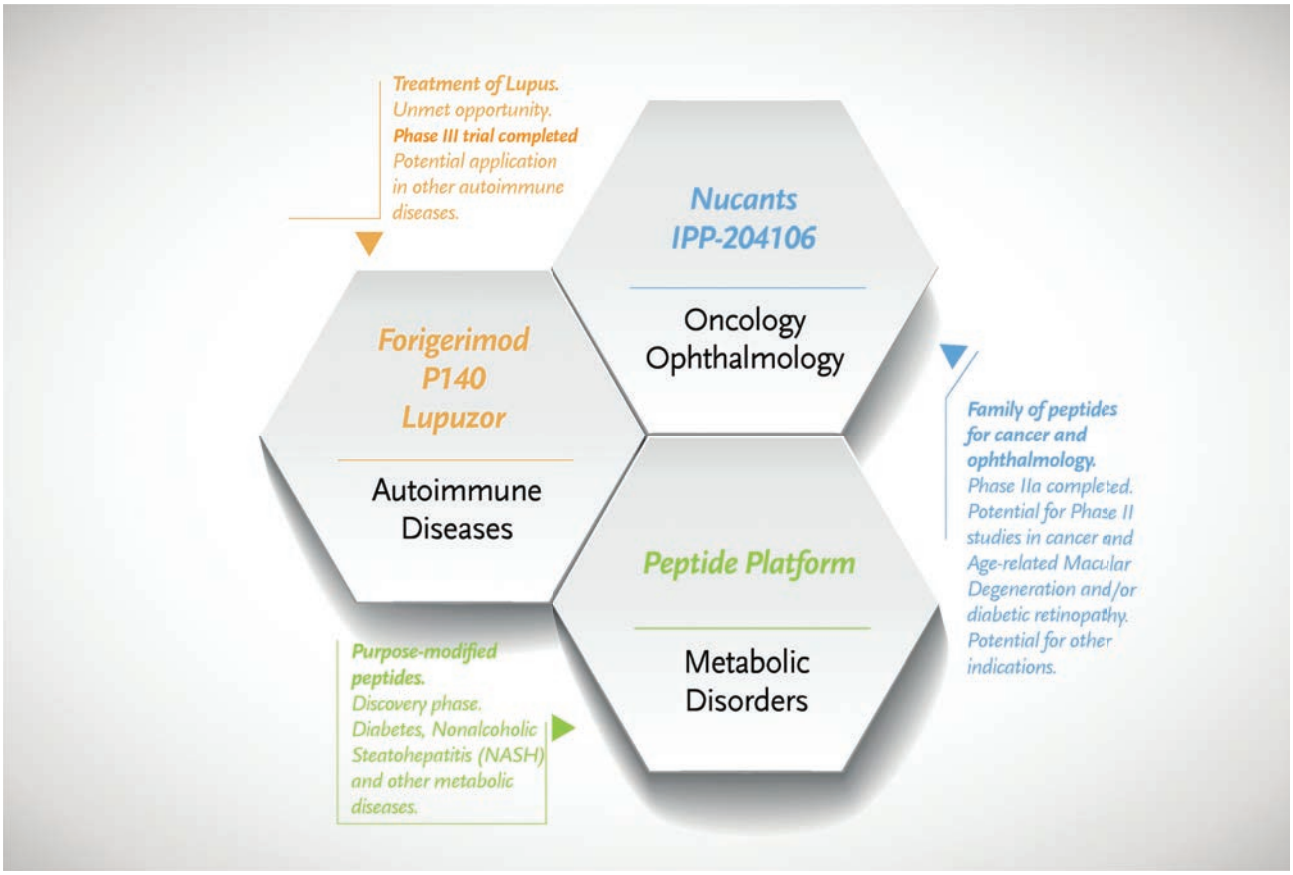
Strategic Report (continued)

Pipeline Overview

ImmuPharma currently has three product development programs covering:

- Auto-immune diseases - Forigerimod/P140 (Lupuzor™);
- Oncology and Ophthalmology - Nucants; and
- Metabolic disorders – Peptide Platform.

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 *'P140'*, 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.

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 recently completed a Phase III clinical trial. 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 202 patients were successfully recruited and randomised (dosed). Patients participated in the trial in 7 countries across 28 sites. The trial was completed in January 2018 and topline results announced in April 2018. Details of the trial can also be seen at: https://clinicaltrials.gov/ct2/show/NCT2504645.

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.

In November 2016, ImmuPharma 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 with ImmuPharma. 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 dually normalise tumour vasculature and reduce its volume.
- As a result, it has the potential to dramatically improve the delivery and efficacy of existing chemotherapeutic drugs, in particular those for difficult-to-treat tumours such as pancreatic cancer.

Strategic Report (continued)
Product Pipeline (continued)

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 Metabolic Disorders

ImmuPharma has also initiated the development of a novel and innovative peptide technology platform through 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). The peptide technology platform has the ability to mimic protein structures, allowing for the preservation (or enhancement) of function while significantly increasing protein stability. Jointly, ImmuPharma and CNRS have filed a new co-owned patent controlling this breakthrough peptide technology. The first therapeutic area being targeted is diabetes with glucagon-like peptide -1 agonists, a class of drugs for the treatment of diabetes, as well as initiating the development of novel peptides as glucagon antagonists - one of the novel approaches to treat Type I and Type II diabetes. ImmuPharma has received a non-refundable grant of approximately €600,000 to develop this technology.

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 2017 of £6.2 million (2016: £5.3 million). During 2017, research and development expenditure was £5.1 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™	• £4.1 million of funding before expenses secured through a share placement in March 2017 • £10 million of funding before expenses secured through a share placement in January 2018 • Numerous discussions continue to be held with potential partners
Develop potential product portfolio	• Pivotal Phase III Lupuzor™ trial including 202 patients was completed on schedule in early 2018 and initial results announced in April 2018 • Nucant programme, IPP-204106, continues with focus on combination therapies and ophthalmology • 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 2017 was £2.7 million • Two share placements successfully completed (one in 2017 and one in early 2018) bringing £14.1 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

ImmuPharma operates within a complex business environment and an industry that is fundamentally driven by regulatory processes. A robust understanding of the risks and uncertainties involved in a pharmaceutical drug development business is fundamental to ImmuPharma's success. The Board regularly considers these principal risks and uncertainties and reviews its strategies for minimising any adverse impact to the Company or its investors.

The principal risks and uncertainties have been grouped into three categories: pharmaceutical environment, financial and operational.

Pharmaceutical Environment Risks

Drug Development

Risk	Mitigating factors
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.	ImmuPharma's management team have many years of experience in drug development and a robust understanding of the clinical trial design process. This experience should help ensure that such risks are minimised. In addition, ImmuPharma has established scientific advisors and an advisory board in the case of Lupuzor™.

Patent Protection

Risk	Mitigating factors
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.	Since its inception, ImmuPharma have developed a significant patent portfolio. Through its own expertise and by utilising external advisers, the Company believes that it is continually acting to maximise the potential for commercial success of its know-how and potential products.

Product Liability

Risks	Mitigating Factors
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.	ImmuPharma operate in a manner that factors potential liability risks into decision making. The Group maintains corporate and clinical trials insurance to mitigate this risk.

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Regulatory Framework

Risks	Mitigating factors
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.	It is essential that ImmuPharma comply with all regulatory requirements and it continually monitors regulatory developments to ensure that any issues are factored into decision making and projected timelines.

Reimbursement Policies

Risks	Mitigating factors
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.	By focusing on therapeutic areas of significant clinical unmet need, ImmuPharma helps ensure that potential products will likely be accepted. The Group expects that it will need to support any pricing policies in a manner acceptable to pricing/reimbursement authorities.

Environmental hazards

Risks	Mitigating factors
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.	ImmuPharma works with reputable third party organisations that provide assurance regarding their working practices and conditions. In addition, the Group maintains corporate insurance to mitigate this risk.

Financial Risks

Lack of continuity of profits

Risk	Mitigating factors
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.	Lack of continuity of profits is a key aspect of drug development companies like ImmuPharma. The Group builds this risk into its decision making processes, particularly around obtaining funding.

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Raising capital

Risk	Mitigating factors
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.	ImmuPharma remains focused on ensuring it has sufficient capital funds to progress its product portfolio. Its recent successful placing are testament to the Company's ability to make a convincing investment case to shareholders. However, the Company remains aware of the continuing need to secure sufficient funding and/or to establish commercial revenues.

Share price and liquidity

Risk	Mitigating factors
The share price of publicly traded biotechnology and emerging pharmaceutical companies can be highly volatile. The price at which the Company's shares will be quoted and the price which investors may realise for their shares will be influenced by a large number of factors, which could include the performance of both ImmuPharma's and its competitor's research and development programmes, large purchases or sales of the Company's shares, 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.	ImmuPharma maintains a transparent and active investor relations function that aims to ensure existing and potential investors are informed as to the Group's strategy, objectives and progress.

Operational Risks

Reliance on third parties

Risk	Mitigating factors
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.	ImmuPharma works with respected third party organisations and regularly monitors their performance.

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

Reliance on key personnel Risk	Mitigating factors
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 or 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.	The Board actively considers succession planning for its key roles.

Competition Risk	Mitigating factors
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.	The Group remains aware of the continually evolving competitive landscape of the therapeutic areas in which it operates. This awareness is factored into its decision making for its pipeline programs.

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.

Signed on behalf of the Board of ImmuPharma plc

25 May 2018

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 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)

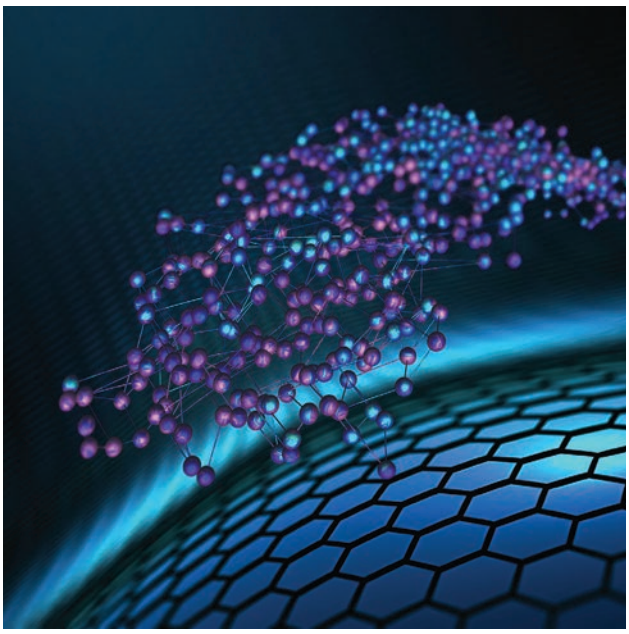
Board of Directors (continued)

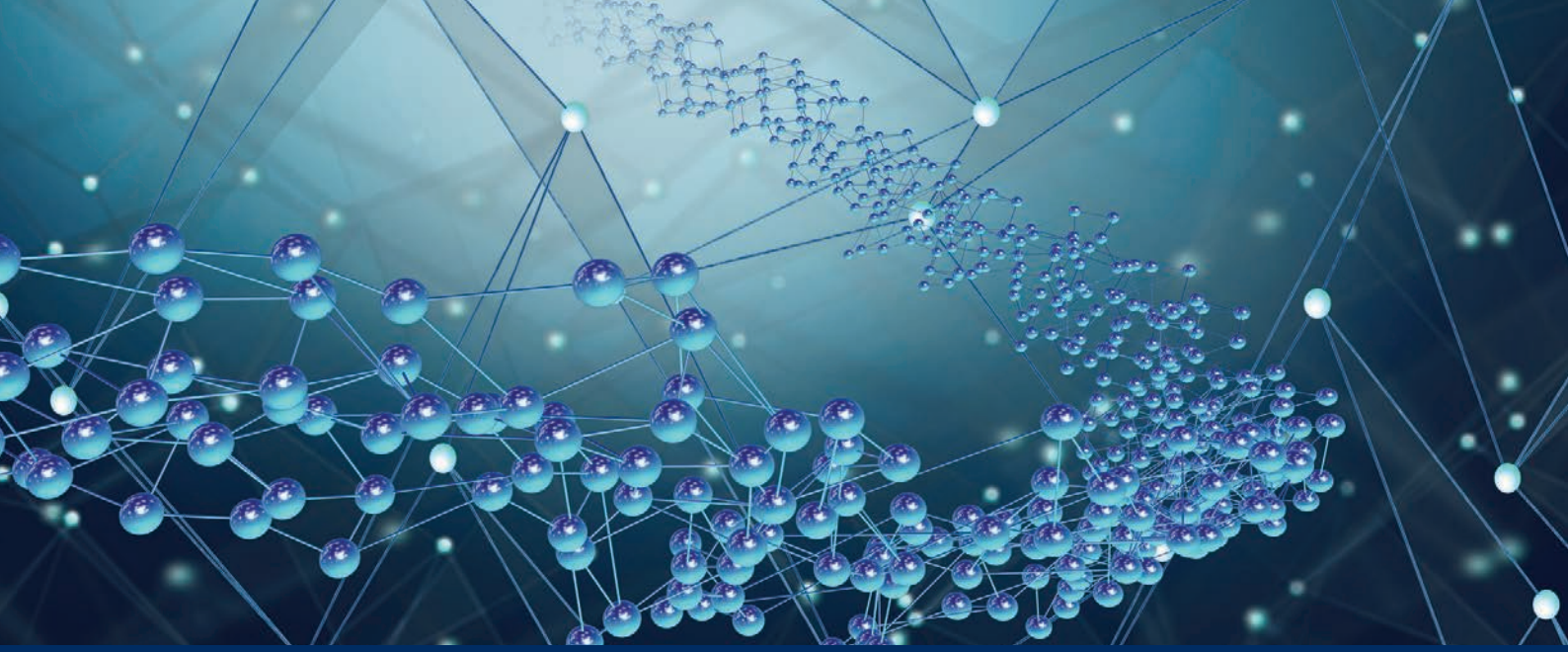
Dr Stephane Mery, DVM, MBA
Non-Executive Director

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 (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, Operations and Finance

Ms Weimar has over 20 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

Professor Muller earned her doctorate in sciences at the University of Strasbourg and focused on immune responses as a postdoctoral researcher at the Max Planck Institute for Immunobiology in Freiburg. Today, Prof. Muller is a research director at the Centre National de la Recherche Scientifique (CNRS) and supervises over 50 researchers at the CNRS Laboratory of Therapeutic Immunology and Chemistry at the Institute of Molecular and Cellular Biology in Strasbourg, which she has headed since 2001. She is also Head and Coordinator of the Drug Discovery Center for Cancer and Inflammation. Her expertise in peptide immunochemistry, combined with insights into the molecular and cellular pathways behind autoimmune disease, led to the discovery of Lupuzor™. Professor Muller has filed for 24 patents and published more than 330 papers and reviews.

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.

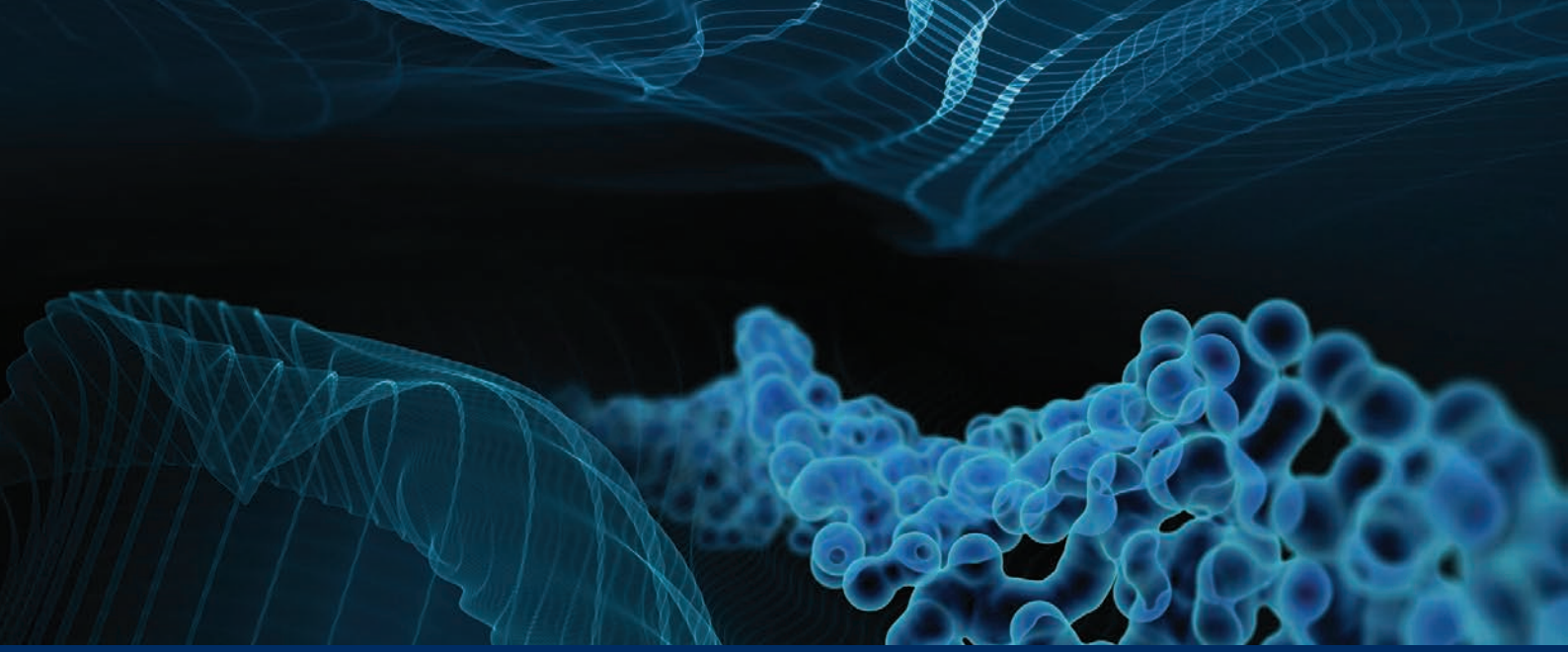
Dr Jean-Paul Briand, PhD

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

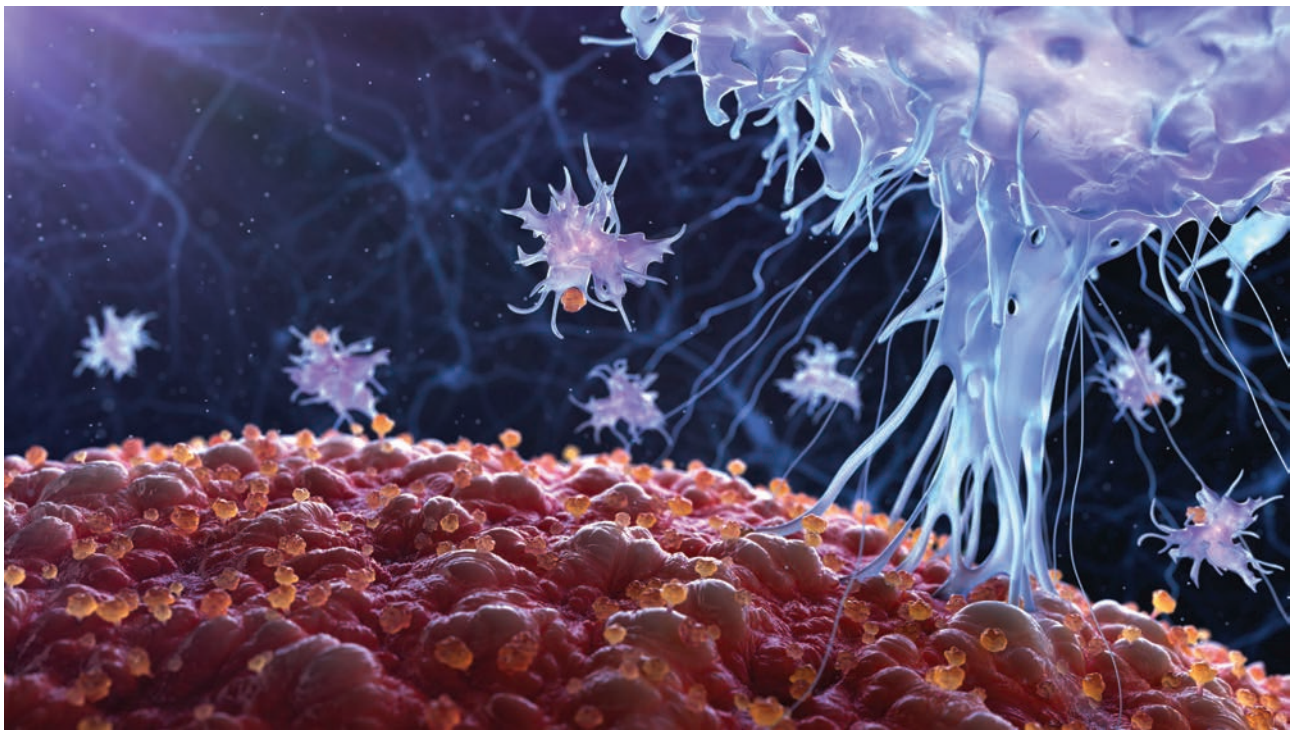
Joint Broker
Bryan, Garnier & Co
Beaufort House
15 St. Botolph Street
London
EC3A 7BB

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. The 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 19 times during 2017 with the attendance records of the directors as follows:

Mr Tim McCarthy, Non-Executive Chairman – 17/19

Mr Dimitri Dimitriou, Chief Executive Officer – 19/19

Dr Robert Zimmer, President and Chief Scientific Officer – 19/19

Dr Franco di Muzio, Senior Non-Executive Director – 18/19

Dr Stephane Mery, Non-Executive Director – 18/19

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 21. 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 2017, 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 2017 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 2017 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 2017. 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 2017 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 2017.

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 39.

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 8). The principal risks and uncertainties facing the Group are considered on pages 18 to 21.

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 2017:

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 2017:

Director	Salary/Fees £	Cash Benefits £	Total remuneration 2017 £	Total remuneration 2016 £
Tim McCarthy	260,000	-	260,000	200,000
Dimitri Dimitriou	246,779	61,695	308,474	300,080
Robert Zimmer	395,461	98,865	494,326	461,960
Franco di Muzio	56,261	-	56,261	52,413
Stephane Mery	45,000	-	45,000	45,000
Total	1,003,501	160,560	1,164,061	1,059,453

Directors' Report (continued)

The Company does not operate a pension plan, health plan or company car plan. The Company has considered the pensions auto-enrolment legislation in this ongoing position. 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 2017. As referred to in Note 22, the £168,474 received by D Dimitriou and the £260,000 received by T McCarthy in lieu of directors' fees for the year ended 31 December 2017 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 2017 (see note 20 for more detail):

Director	Options granted on 4 February 2009	Options granted on 2 June 2016	Options granted on 30 March 2017	Options granted on 12 July 2017	Options granted on 24 November 2017	Share options outstanding 2017	Share options outstanding 2016
Tim McCarthy	-	500,000	-	1,000,000	1,500,000	3,000,000	500,000
Dimitri Dimitriou	140,000	-	1,000,000	-	1,500,000	2,640,000	280,000
Robert Zimmer	150,000	-	1,000,000	-	1,500,000	2,650,000	300,000
Franco di Muzio	100,000	100,000	-	200,000	300,000	700,000	300,000
Stephane Mery	-	100,000	-	200,000	300,000	600,000	100,000
Total	390,000	700,000	2,000,000	1,400,000	5,100,000	9,590,000	1,480,000

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 2018, the Directors are not aware of any interest of 3% or more in the share capital of the Company other than the person noted below.

	Number of ordinary 10p shares	% of issued share capital	Options to acquire ordinary shares
Dr Robert Zimmer	25,344,514	18.17%	2,650,000

Financial instruments and financial risk management

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

Disclosure of information to the auditors

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

- taken all the necessary steps to make themselves aware of any information relevant to the audit and to establish that the 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
25 May 2018

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

Opinion

We have audited the financial statements of ImmuPharma plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 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 Changes in Equity, the Consolidated and Company Statements of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. 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 parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 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 Parent 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

We identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

Carrying value of the Parent Company's investment in subsidiaries and receivables due from group companies (see note 12 and note 13)

Description of risk

The Parent Company has significant balances relating to investments in subsidiaries and receivables due from group companies.

The investments are largely represented by the ownership of ImmuPharma (France) SA, Elro Pharma SARL and Ureka SARL and amounts owed by those companies. The carrying value of the investment in and receivables due from those companies is underpinned by the future financial viability of those companies.

How the matter was addressed in the audit and key observations arising with respect to that risk

We reviewed management's assessment of impairment of investments in subsidiaries and the recoverability of receivables due from group companies. We challenged assumptions and assertions made by management in their assessment and considered whether the presence of impairment indicators should result in an impairment charge.

As part of our procedures we:

- Discussed with management the underlying future planned activities, including research and development programmes, for ImmuPharma (France) SA, Elro Pharma SARL and Ureka SARL.
- Considered the implications of market capital of the Parent Company for the valuation of these balances.
- Reviewed any third party reports such as investor analysis.
- Reviewed working papers and discussion with component auditor relating to the assessment of the viability and going concern of ImmuPharma (France) SA, Elro Pharma SARL and Ureka SARL.
- Corroborated management's assertions where reasonably practicable, such as inspecting reports from Simbec-Orion and discussions with the component auditor.

Based on our procedures we concluded that the carrying value of investments in subsidiaries and receivables due from group companies is appropriate.

Share based payments and related provisions affecting Parent Company and Group

Description of risk

As described in note 20 the Black-Scholes model ("the model") has been used to value the share options at the grant date. The valuation model requires the use of a number of inputs and assumptions such as the risk free interest rate, volatility factor and appropriate volatility period, expected life of the share options and expected dividend yield.

The charge for the year recognised in the Consolidated Income Statement is £742,752.

How the matter was addressed in the audit and key observations arising with respect to that risk

We obtained the model and challenged the inputs and assumptions used in the model and considered the appropriateness of the model.

As part of our procedures we:

- Reviewed the share option agreements for the share options granted in the year and agreed the relevant inputs to the model.
- Used our internal valuations team to review the inputs used in the valuation model and performed our own calculations to corroborate the reasonableness of the valuation performed by management by comparing to an alternative valuation model.
- Reviewed the accounting treatment of share based payments, including those granted to employees of subsidiaries, and disclosures.

Based on our procedures we concluded that the share based payment expense recognised in the Consolidated Income Statement is appropriate.

Independent auditor's report
To the members of ImmuPharma plc (continued)

Materiality

The materiality for the Group financial statements as a whole was set at £600,000. This has been determined with reference to the benchmark of the Group's gross expenditure, which we consider to be one of the principal considerations for members of the Parent Company in assessing the performance of the Group. Materiality represents 8.1% of the Group's gross expenditure as presented on the face of the Consolidated Income Statement.

The materiality for the Parent Company financial statements as a whole was set at £480,000. This has been determined with reference to the benchmark of the Parent Company's total assets, which we consider to be an appropriate measure as the Parent Company exists only as a holding company for the Group and carries on no trade in its own right. Materiality represents 3% of total assets as presented on the face of the Parent Company's Statement of Financial Position, capped at 80% of group materiality.

An overview of the scope of our audit

Of the Group's five reporting components, three were subject to audit for group reporting purposes. The three components covered: 68% of group revenue, 97% of group loss before tax and 97% of group net assets.

For the remaining components, we performed analysis at a group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Two out of the three components subject to audit were based in France and their audits were carried out by a component auditor in France. We held a telephone meeting with the component auditor in France as part of planning and discussed the component auditor's risk assessments and directed their planned audit approach. In addition to this meeting, we sent detailed instructions to the component audit teams and reviewed their key audit working papers.

Other information

The other information comprises the information included in the Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on 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 the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.

Independent auditor's report
To the members of ImmuPharma plc (continued)

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 29, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

25 Moorgate
London
EC2R 6AY

25 May 2018

Consolidated Income Statement

for the year ended 31 December 2017

	Notes	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Continuing operations			
Revenue	1 & 3	**150,462**	164,784
Research and development expenses		**(5,121,388)**	(5,267,087)
Administrative expenses		**(1,520,356)**	(1,398,057)
Share based expense		**(742,752)**	(88,801)
Operating loss	5	**(7,234,034)**	(6,589,161)
Finance costs	6	**(3,858)**	(23,085)
Finance income	7	**240,447**	297,809
Loss before taxation		**(6,997,445)**	(6,314,437)
Tax	8	**774,244**	990,421
Loss for the year		**(6,223,201)**	(5,324,016)
Attributable to:			
Equity holders of the parent company		**(6,223,201)**	(5,324,016)
Loss per ordinary share			
Basic and diluted	9	**(4.75p)**	(4.54p)

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2017

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Loss for the financial year	**(6,223,201)**	(5,324,016)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(91,568)**	317,177
Other comprehensive income/(loss) for the year, net of tax	**(91,568)**	317,177
Total comprehensive loss for the year	**(6,314,769)**	(5,006,839)

Consolidated Statement of Financial Position

as at 31 December 2017

	Notes	31 December 2017 £	31 December 2016 £
Non-current assets			
Intangible assets	10	482,268	511,088
Property, plant and equipment	11	161,399	231,901
Total non-current assets		643,667	742,989
Current assets			
Trade and other receivables	13	736,212	1,379,679
Derivative financial asset	14	-	1,554,866
Cash and cash equivalents	15	2,729,468	1,876,718
Current tax asset		907,916	1,155,586
Total current assets		4,373,596	5,966,849
Current liabilities			
Financial liabilities - borrowings	16	(142,393)	(143,109)
Trade and other payables	17	(929,569)	(786,191)
Provisions	18	(57,517)	-
Total current liabilities		(1,129,479)	(929,300)
Net current assets		3,244,117	5,037,549
Non-current liabilities			
Financial liabilities - borrowings	16	(117,297)	(219,445)
Provisions	18	(195,989)	(15,050)
Net assets		3,574,498	5,546,043
EQUITY			
Ordinary shares	19	13,252,299	12,463,836
Share premium		18,728,519	15,678,054
Merger reserve		106,148	106,148
Other reserves		(2,961,017)	(3,373,745)
Retained earnings		(25,551,451)	(19,328,250)
Total equity		3,574,498	5,546,043

The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2018
They were signed on its behalf by:

Robert Zimmer
Director

Dimitri Dimitriou
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

	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 2016	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 operation	-	-	-	-	317,177	-	-	317,177
Transactions with owners: 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
Loss for the financial year	-	-	-	-	-	-	(6,223,201)	(6,223,201)
Exchange differences on translation of foreign operations	-	-	-	-	(91,568)	-	-	(91,568)
Transactions with owners: Share based payments	-	-	-	-	-	504,296	-	504,296
New issue of equity capital	788,463	3,311,542	-	-	-	-	-	4,100,005
Costs of new issue of equity capital	-	(261,077)	-	-	-	-	-	(261,077)
At 31 December 2017	13,252,299	18,728,519	106,148	(3,541,203)	(1,701,241)	2,281,427	(25,551,451)	3,574,498
Attributable to:-								
Equity holders of the parent company	13,252,299	18,728,519	106,148	(3,541,203)	(1,701,241)	2,281,427	(25,551,451)	3,574,498

Consolidated Statement of Cash Flows

for the year ended 31 December 2017

	Notes	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Cash flows from operating activities			
Cash used in operations	21	(5,439,079)	(7,191,318)
Tax received		1,021,915	707,135
Interest paid	6	(3,858)	(1,917)
Net cash used in operating activities		(4,421,022)	(6,486,100)
Investing activities			
Purchase of property, plant and equipment		(25,491)	(4,731)
Interest received	7	772	1,722
Net cash used in investing activities		(24,719)	(3,009)
Financing activities			
(Decrease)/increase in bank overdraft		(290)	(1,091)
Loan repayments		(114,386)	(143,482)
Settlements from Sharing Agreement	14	1,667,380	2,690,451
Gross proceeds from issue of new share capital		4,100,005	9,400,000
Share capital issue costs		(261,077)	(611,276)
Funds deferred per Sharing Agreement	14	-	(3,949,230)
Net cash generated from financing activities		5,391,632	7,385,372
Net increase in cash and cash equivalents		945,891	896,263
Cash and cash equivalents at beginning of year	15	1,876,718	833,388
Effects of exchange rates on cash and cash equivalents		(93,141)	147,067
Cash and cash equivalents at end of year	15	2,729,468	1,876,718

Company Statement of Comprehensive Income

for the year ended 31 December 2017

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Loss for the financial year	(1,769,478)	(898,238)
Total comprehensive loss for the year	(1,769,478)	(898,238)

Company Statement of Financial Position

as at 31 December 2017

	Notes	31 December 2017 £	31 December 2016 £
Non-current assets			
Property, plant and equipment	11	19,222	11,685
Fixed asset investments	12	39,225,431	39,165,215
Total non-current assets		39,244,653	39,176,900
Current assets			
Trade and other receivables	13	5,935,536	2,368,516
Derivative financial asset	14	-	1,554,866
Cash and cash equivalents	15	2,211,018	1,456,152
Total current assets		8,146,554	5,379,534
Current liabilities			
Trade and other payables	17	(116,211)	(93,640)
Provisions	18	(57,517)	-
Total current liabilities		(173,728)	(93,640)
Net current assets		7,972,826	5,285,894
Non-current liabilities			
Provisions	18	(195,989)	(15,050)
Net assets		47,021,490	44,447,744
EQUITY			
Ordinary shares	19	13,252,299	12,463,836
Share premium		18,728,519	15,678,054
Merger reserve		19,093,750	19,093,750
Equity shares to be issued		2,281,427	1,777,131
Retained earnings		(6,334,505)	(4,565,027)
Total equity		47,021,490	44,447,744

The Company's loss for the year ended 31 December 2017 was £1,769,478.

The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2018

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 2017

	Share capital £	Share premium £	Merger reserve £	Equity shares to be issued £	Retained earnings £	Total equity £
At 1 January 2016	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)
Transactions with owners: Share based payments	-	-	-	73,751	-	73,751
New issue of equity	3,601,590	5,798,410	-	-	-	9,400,000
Cost 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
Loss for the financial year	-	-	-	-	(1,769,478)	(1,769,478)
Transactions with owners: Share based payments	-	-	-	504,296	-	504,296
New issue of equity	788,463	3,311,542	-	-	-	4,100,005
Costs of new issue of equity capital	-	(261,077)	-	-	-	(261,077)
At 31 December 2017	13,252,299	18,728,519	19,093,750	2,281,427	(6,334,505)	47,021,490

Company Statement of Cash Flows

for the year ended 31 December 2017

	Notes	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Cash flows from operating activities			
Cash used in operations	21	(1,169,104)	(1,338,408)
Interest paid		(3,416)	-
		(1,172,520)	(1,338,408)
Investing activities			
Purchase of property, plant and equipment		(14,598)	(2,299)
Fixed asset investment additions		-	(3,876,550)
Finance income		720	351
Loans issued		(3,565,043)	(1,307,329)
Net cash used in investing activities		(3,578,921)	(5,185,827)
Financing activities			
Gross proceeds from issue of share capital		4,100,005	9,400,000
Share capital issue costs		(261,077)	(611,276)
Funds deferred per Sharing Agreement	14	-	(3,949,230)
Settlements from Sharing Agreement	14	1,667,380	2,690,451
Net cash generated from financing activities		5,506,308	7,529,945
Net increase/(decrease) in cash and cash equivalents		754,866	(1,005,710)
Cash and cash equivalents at beginning of year	15	1,456,152	450,442
Cash and cash equivalents at end of year	15	2,211,018	1,456,152

Notes to the Consolidated Financial Statements

for the year ended 31 December 2017

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 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 balance sheet date and the reported amounts of revenues and expenses during the reporting year.

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

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

- Share options and related National Insurance provision – As described under the accounting policy on provisions on page 46, a provision is recognised for National Insurance contributions on share option gains. There is an accounting policy judgement required regarding whether the provision should be recognised fully on the date the share options were granted or spread over the vesting period of the share options. The accounting policy adopted is to recognise the provision over the vesting period.
- Investment in Subsidiaries – For the Company Statement of Financial Position, management needs to consider whether there has been any impairment to the carrying value and requires judgement including taking account of various factors and available evidence in the conclusion.

  At 31 December 2017, the Company's investment in its subsidiary, Immupharma SAS, was £30,173,140. As detailed in note 24, in April 2018 the Company announced the top-line results of the Lupuzor™ clinical trial. The Company is currently analysing the information and data of these results and has judged that the results could not have been known at 31 December 2017. As at 31 December 2017, the directors have assessed the carrying value of the Company's investment in Immupharma SAS, taking account of the various factors and available evidence as at that date, and concluded that no impairment is required against this investment at the year end date.
- Amounts owed by group undertakings - For the Company Statement of Financial Position, management needs to consider whether these balances are recoverable or a provision is required and requires judgement including taking account of various factors and available evidence in the conclusion.

  At 31 December 2017, Immupharma Plc was due £5,043,002 from its subsidiary Immupharma SAS. At that date, Immupharma SAS had net liabilities of £4,027,117 and is not in a position to repay this balance without realising value from its intangible investment in Lupuzor™. Following the announcement of the top-line results of the Lupuzor™ clinical trial, as detailed in note 24, the directors have reviewed the future prospects of Immupharma SAS using information which would have been available at 31 December 2017 and believe that going forward, there is sufficient value in its underlying activities and will generate sufficient cash to enable this balance to be repaid. As a result, no impairment of this debt is considered necessary at the year end date.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

1 Accounting policies (continued)

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 mandatory and have not been applied in these financial statements:-

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from contracts with customers
- IFRS 16 – Leases

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

Basis of consolidation

Both the consolidated and the Company's financial statements are for the year ended 31 December 2017 and present comparative information for the year ended 31 December 2016. 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 ImmuParma 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 balance sheet date.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

1 Accounting policies (continued)

Taxation (continued)

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.

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 and development expenditure is charged to the income statement in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset are met, usually when a regulatory filing has been made in a major market and approval is considered highly probable. Property, plant and equipment used for research and development is capitalised and depreciated in accordance with the Group's policy.

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

Share based payments

The Company issues equity-settled share based payments to certain employees and 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 2017

1 Accounting policies (continued)

Provisions

In respect of National Insurance contributions on share option gains, the Company provides in full for all vested options and on a pro-rata basis over the vesting period for options that have not yet vested 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 differences arising on the retranslation of overseas subsidiaries 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

1 Accounting policies (continued)

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.

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, if the derivative had a positive fair value it would be recognised as a financial asset, whereas if it had a negative fair value it would be recognised as a financial liability. At the year end, the derivative had been fully settled.

2 Financial risk management

The Group uses a limited number of financial instruments, and used to use 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

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 £150,462 (2016: £164,784) originates in France. The loss before taxation of £4,483,729 (2016: £4,641,543) originates in France, with losses before taxation of £3,499,187 (2016: £1,497,693) and profit before taxation of £2,701 (2016: loss of £175,201) originating in the United Kingdom and Switzerland respectively.

Total non-current assets of £142,175 (2016: £731,304) originates in France and £19,222 (2016: £11,685) 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 2017 No.	Group Year ended 31 December 2016 No.	Company Year ended 31 December 2017 No.	Company Year ended 31 December 2016 No.
Drug research and development, and commercial operations	7	7	1	1
Administration and management	3	3	3	3
	10	10	4	4

The aggregate remuneration comprised:

	Group Year ended 31 December 2017 £	Group Year ended 31 December 2016 £	Company Year ended 31 December 2017 £	Company Year ended 31 December 2016 £
Wages and salaries	1,637,545	1,489,534	1,197,473	1,069,316
Social security costs	102,589	104,046	40,955	34,715
Share-based payment	504,296	73,751	444,080	73,751
	2,244,430	1,667,331	1,682,508	1,177,782

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

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 2017 £	Group Year ended 31 December 2016 £	Company Year ended 31 December 2017 £	Company Year ended 31 December 2016 £
Fees	**529,735**	297,413	**529,735**	297,413
Salaries and benefits	**634,326**	762,040	**634,326**	762,040
	1,164,061	1,059,453	**1,164,061**	1,059,453

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 2017 £	Group Year ended 31 December 2016 £	Company Year ended 31 December 2017 £	Company Year ended 31 December 2016 £
Salaries and benefits	**494,326**	461,960	**494,326**	461,960
	494,326	461,960	**494,326**	461,960

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 2017 £	Group Year ended 31 December 2016 £	Company Year ended 31 December 2017 £	Company Year ended 31 December 2016 £
Short-term employee benefits (salaries and benefits)	**1,164,061**	1,059,453	**1,164,061**	1,059,453
Share based payments	**295,984**	32,266	**295,984**	32,266
Directors' emoluments	**1,460,045**	1,091,719	**1,460,045**	1,091,719

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

5 Operating loss

- Group

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Operating loss is stated after charging/(crediting):		
Share based payments charge	504,296	73,751
Employers National Insurance provision in respect of share based payments charge	238,456	15,050
Depreciation of property, plant and equipment - owned	105,183	90,926
Amortisation of intangible assets - patents	33,015	30,411
Services provided by Company auditors:		
- Audit services	53,000	45,000
- Other services relating to tax compliance services	4,475	3,950
- Other services relating to taxation advisory services	5,755	14,665
- Other services – interim review	14,800	9,900
Audit services provided by other auditors	19,569	24,300

6 Finance costs

- Group

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Interest payable on loans and overdraft	3,858	1,917
Loss on foreign exchange	-	21,168
	3,858	23,085

7 Finance income

- Group

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Bank interest receivable	772	1,722
Gain on foreign exchange	127,161	-
Gain on derivative financial asset	112,514	296,087
	240,447	297,809

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

8 Taxation

- Group

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Current tax:		
Corporation tax	(774,244)	(990,421)
Total current tax credit for the year	(774,244)	(990,421)

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 2017 £	Year ended 31 December 2016 £
Loss before taxation	(6,997,445)	(6,314,437)
Tax on loss on ordinary activities (at the average rate 19.25%) (2016: 20%)	(1,347,008)	(1,262,887)
Effects of:		
Expenses not allowable for tax purposes	(2,755)	(3,549)
Capital allowances in excess of depreciation	24,589	24,267
Rate differences	(520)	123
Research and development tax credit	(774,244)	(990,795)
Current year losses carried forward	1,325,694	1,242,420
Current tax credit for year	(774,244)	(990,421)

As at 31 December 2017, the Group has unused tax losses of £25,409,445 (2016: £18,412,000) available for offset against future profits in the jurisdiction in which the loss arises. No deferred tax asset has been recognised due to the unpredictability of future profit streams in the relevant jurisdictions.

9 Loss per share

- Group

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Loss		
Loss for the purposes of basic loss per share being net loss after tax attributable to equity shareholders	(6,223,201)	(5,324,016)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	130,902,857	117,340,467
Basic loss per share	(4.75)p	(4.54)p
Diluted loss per share	(4.75)p	(4.54)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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

10 Intangible assets

- Group

	In process research and development £	Patents £	Total £
Cost			
At 1 January 2016	404,095	394,088	798,183
Exchange rate movements	-	65,595	65,595
At 1 January 2017	404,095	459,683	863,778
Exchange rate movements	-	17,360	17,360
At 31 December 2017	404,095	477,043	881,138
Amortisation			
At 1 January 2016	-	275,721	275,721
Exchange rate movements	-	46,558	46,558
Charge for the period	-	30,411	30,411
At 1 January 2017	-	352,690	352,690
Exchange rate movements	-	13,165	13,165
Charge for the period	-	33,015	33,015
At 31 December 2017	-	398,870	398,870
Net book amount			
At 31 December 2017	404,095	78,173	482,268
At 31 December 2016	404,095	106,993	511,088

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

11 Property, plant and equipment

- Group

	Fixtures, fittings and equipment £
Cost	
At 1 January 2016	527,073
Exchange rate movements	72,450
Additions	4,731
At 1 January 2017	604,254
Exchange rate movements	22,680
Additions	25,491
At 31 December 2017	652,425
Depreciation	
At 1 January 2016	246,946
Exchange rate movements	34,481
Charge for the period	90,926
At 1 January 2017	372,353
Exchange rate movements	13,490
Charge for the period	105,183
At 31 December 2017	491,026
Net book amount	
At 31 December 2017	161,399
At 31 December 2016	231,901

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

11 Property, plant and equipment (continued)

- Company

	Fixtures, fittings and equipment £
Cost	
At 1 January 2016	38,214
Additions	2,299
At 1 January 2017	40,513
Additions	14,598
At 31 December 2017	55,111
Depreciation	
At 1 January 2016	23,976
Charge for the period	4,852
At 1 January 2017	28,828
Charge for the period	7,061
At 31 December 2017	35,889
Net book amount	
At 31 December 2017	19,222
At 31 December 2016	11,685

12 Fixed asset investments

- Company

	Shares in subsidiary undertakings £
Cost and fair value	
At 31 December 2016	39,165,215
Additions	60,216
At 31 December 2017	39,225,431

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

12 Fixed asset investments (continued)

Details of the Company's subsidiaries as at 31 December 2017 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	99.97	Pharmaceutical research and development – France	5 rue du Rhone 68100 Mulhouse France
Elro Pharma SARL	Ordinary	99.97	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.

13 Trade and other receivables

	Group 31 December 2017 £	Group 31 December 2016 £	Company 31 December 2017 £	Company 31 December 2016 £
Amounts owed by group undertakings	-	-	5,874,561	2,309,517
Other debtors	90,880	94,198	30,773	37,077
Prepayments and accrued income	645,332	1,285,481	30,202	21,922
	736,212	1,379,679	5,935,536	2,368,516

The Group's and the Company's credit risk is primarily attributable to its other debtors, which includes £11,816 (2016: £17,612) recoverable TVA (French VAT) in respect of ImmuPharma France (SA), £2,187 (2016: £3,682) in respect of the same for Elro Pharma SARL and £14,870 (2016: £20,262) 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 £2,820,848 (2016: £3,525,782), consisting of trade and other receivables of £90,880 (2016: £94,198), derivative financial asset and cash and cash equivalents.

The total carrying amount of financial assets for the Company is £8,116,352 (2016: £5,357,612), consisting of trade and other receivables of £5,905,334 (2016: £2,346,594), derivative financial asset and cash and cash equivalents.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

14 Derivative financial asset

	Group 31 December 2017 £	Group 31 December 2016 £	Company 31 December 2017 £	Company 31 December 2016 £
Balance brought forward	1,554,866	-	1,554,866	-
Value of derivative at inception	-	3,949,230	-	3,949,230
Settlements received	(1,667,380)	(2,690,451)	(1,667,380)	(2,690,451)
Gains recognised through income statement	112,514	296,087	112,514	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 five monthly settlements during 2017. 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 resumed beginning in May 2017 and completed in September 2017. Finance gain or loss is calculated on the difference between the monthly settlements received versus the benchmark amount specified in the terms of the Sharing Agreement. At the year end, the derivative financial asset was fully settled.

15 Cash and cash equivalents

	Group 31 December 2017 £	Group 31 December 2016 £	Company 31 December 2017 £	Company 31 December 2016 £
Cash and cash equivalents	2,729,468	1,876,718	2,211,018	1,456,152

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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

16 Financial liabilities – borrowings

- Group

	31 December 2017 £	31 December 2016 £
Total borrowings within one year comprises:		
Bank overdraft	583	845
Loans	141,810	142,264
	142,393	143,109
Total borrowings after more than one year comprises:		
Loans	117,297	219,445
	117,297	219,445

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.

17 Trade and other payables

	Group 31 December 2017 £	Group 31 December 2016 £	Company 31 December 2017 £	Company 31 December 2016 £
Trade payables	753,381	600,331	32,361	14,473
Other taxes and social security	91,241	101,462	6,202	6,885
Accruals and deferred income	84,947	84,398	77,648	72,282
	929,569	786,191	116,211	93,640

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

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

18 Provisions

- Group and Company

	31 December 2017 £	31 December 2016 £
At 1 January	15,050	-
Amount credited during the year	238,456	15,050
At 31 December	253,506	15,050

	31 December 2017 £	31 December 2016 £
Due within one year	57,517	-
Due after one year	195,989	15,050
At 31 December	253,506	15,050

Provisions relate to a provision for National Insurance on 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 2017		Group and Company Called up, issued and fully paid 31 December 2016	
	Number of shares	£	Number of shares	£
Ordinary shares of 10p each	132,522,985	13,252,299	124,638,362	12,463,836

At 31 December 2017, the Company had no limit on its authorised share capital.

7,884,623 new ordinary shares were issued at a value of £0.52 as a result of a share placing in March 2017. Of the proceeds, £788,463 has been recorded in the share capital and £3,311,542 has been recorded in the share premium account; after deduction of expenses of £261,077.

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 2017

20 Share based payments

Equity-settled share options and warrants

The Company adopted a new share option plan in March 2017 to replace the previous scheme which had expired.

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 2016	3,080,000	0.626
Expired during the year	(640,000)	0.768
Granted during 2017	13,928,850	0.850
Outstanding as at 31 December 2017	16,368,850	0.811
Exercisable as at 31 December 2016	1,530,000	0.816
Expired during the year	(640,000)	0.768
Granted on 2 June 2016	50,000	0.439
Granted during 2017	153,850	0.520
Exercisable as at 31 December 2017	1,093,850	0.785

The options and warrants outstanding as at 31 December 2017 had a weighted average remaining contractual life of 9 years.

The options and warrants outstanding as at 31 December 2017 had exercise prices between £0.439 and £1.530 (2016: £0.439 and £0.908).

Equity-settled share option scheme

The total value of options granted during year was calculated using the Economic Research Institute's Black-Scholes pricing model. The inputs into the pricing model were as follows:-

Option grant date	30 March 2017	13 July 2017	24 November 2017	1 December 2017
Option value	£833,000	£400,950	£3,928,838	£707,760
Share price at grant date	£0.5025	£0.5675	£0.9862	£1.5300
Exercise price	£0.5025	£0.5675	£0.9862	£1.5300
Volatility	47%	47%	51%	52%
Vesting period	3 years	3 years	3 years	3 years
Expected life	7 years	7 years	7 years	7 years
Expected dividend yield	0%	0%	0%	0%
Risk free interest rate	0.382%	0.382%	0.382%	0.382%

Expected volatility was determined by calculating the historical volatility of the Company's share price to the date of the grant over a 3 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

20 Share based payments (continued)

Equity-settled share option scheme (continued)

The total value of options granted during the year was calculated and noted as above as £5,870,548. Of this amount, £403,869 has been charged in the financial statements for the year ended 31 December 2017. The total charged to date is £403,869 and the remaining £5,466,679 will be charged in the financial statements over the years ending 31 December 2018, 2019 and 2020.

The total value of options granted during the prior year was calculated as £301,280. Of this amount, £100,427 has been charged in the financial statements for the year ended 31 December 2017. The total charged to date is £174,178 and the remaining £127,102 will be charged in the financial statements over the years ending 31 December 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.

21 Cash used in operations

	Group 31 December 2017 £	Group 31 December 2016 £	Company 31 December 2017 £	Company 31 December 2016 £
Operating loss	(7,234,034)	(6,589,161)	(2,001,120)	(1,265,764)
Depreciation and amortisation	138,198	121,337	7,061	4,852
Share-based payments	504,296	73,751	444,080	73,751
(Increase)/decrease in trade and other receivables	643,466	(387,713)	(1,975)	228
(Decrease)/increase in trade and other payables	143,378	(403,414)	22,571	(237,612)
Increase/(decrease) in provisions	238,456	15,050	238,456	15,050
Gain/(loss) on foreign exchange	127,161	(21,168)	121,824	71,087
Cash used in operations	(5,439,079)	(7,191,318)	(1,169,104)	(1,338,408)

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 £168,474 (2016: £160,080) 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 £260,000 (2016: £200,000) for the provision of Chairperson'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 £122,753 (2016: £119,962) was paid to the wife of Dr R Zimmer in respect of services provided to ImmuPharma plc and ImmuPharma (France) SA.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

22 Related party transactions (continued)

b) Company

During the year ended 31 December 2017, management charges of £561,102 (2016: £526,480) were rendered by ImmuPharma plc to ImmuPharma (France) SA. This amount was due to the Company at 31 December 2017. The Company also made a capital investment of £nil (2016: £3,876,550) into Immupharma (France) SA and loaned the sum of £2,407,897 (2016: £585,677) to ImmuPharma (France) SA during the year ended 31 December 2017. Immupharma (France) SA rendered project management fees of £nil (2016: £11,165) to ImmuPharma plc during the year ended 31 December 2017. The total balance due to the Company from ImmuPharma (France) SA at 31 December 2017 was £5,043,002 (2016: £1,957,372).

During the year ended 31 December 2017, management charges of £140,276 (2016: £129,954) were rendered by ImmuPharma plc to Ureka SARL. This amount was due to the Company at the 31 December 2017. The Company also loaned the amount of £216,977 (2016: £157,282) to Ureka SARL during the year ended 31 December 2017. The total balance due to the Company from Ureka SARL at 31 December 2017 was £587,427 (2016: £217,257).

Elro Pharma rendered characterisation fees of £nil (2016: £8,427) and patent fees of £nil (2016: £23,883) to ImmuPharma plc. The Company also loaned the sum of £98,494 (2016: £157,319) to Elro Pharma during the year ended 31 December 2017. The total balance due to the Company from Elro Pharma at 31 December 2017 was £244,136 (2016: £134,888).

During the year ended 31 December 2017, management charges of £187,352 (2016: £176,869) were rendered by ImmuPharma AG to ImmuPharma plc.

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 2017 £	Year ended 31 December 2016 £
Trade and other receivables	90,880	94,198
Level 2 derivative financial asset	-	1,554,866
Cash and cash equivalents	2,729,468	1,876,718
Total financial assets	2,820,348	3,525,782
Financial liabilities – borrowings due within 1 year	142,393	143,109
Trade and other payables	753,381	600,331
Financial liabilities – borrowings due after 1 year	117,297	219,445
Total financial liabilities	1,013,071	962,885

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

23 Financial instruments (continued)

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:

	Trade payables £	Borrowings £	Total £
At 31 December 2017			
6 months or less	753,381	86,894	840,275
6 – 12 months	-	55,499	55,499
1 – 2 years	-	72,898	72,898
2 – 5 years	-	44,399	44,399
Total contractual cash flows	753,381	259,690	1,013,071
Carrying amount of financial liabilities measured at amortised cost	753,381	259,690	1,013,071

Group

	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

Company

The Company's financial liabilities comprise trade payables with a carrying amount equal to gross cash flows payable of £116,211 (2016: £93,640), all of which are payable within 6 months.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

23 Financial instruments (continued)

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% (2016: 0.0% and 0.5%).

As at 31 December 2017, if LIBOR had increased by 0.5% with all other variables held constant, the post-tax profit and equity would have been higher by £14,500 (2016: £5,500). 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 £14,500 (2016: £5,500).

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% (2016: 0.0% and 0.5%).

As at 31 December 2017, 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 £11,500 (2016: £3,000). 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 £11,500 (2016: £3,000).

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 2017, 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 £49,000 (2016: £36,000). 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 £49,000 (2016: £36,000).

As at 31 December 2017, 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 £30 (2016: £1,000). 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 £30 (2016: £1,000).

As at 31 December 2017, 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 £7,500 (2016: £8,000). 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 £7,500 (2016: £8,000).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

23 Financial instruments (continued)

Foreign exchange rate risk (continued)

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 2017, 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 £4,500 (2016: £6,000). 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 £4,500 (2016: £6,000).

As at 31 December 2017, 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 £40 (2016: £50). 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 £40 (2016: £50).

Equity price risk

Group and Company

The Group entered into a derivative transaction in the previous, 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.

During the year the derivative financial asset was fully settled as disclosed in note 14.

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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2017

23 Financial instruments (continued)

Summary of financial assets held at level 2 fair value:

	Group and Company Derivative financial asset 31 December 2017 £
Additions	1,554,866
Repayments	(1,667,380)
Net gains recognised in Income Statement	112,514
Fair value at 31 December 2017	-

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.

Capital Risk

Group and Company

The Group and Company considers its capital under management to be its cash and cash equivalents, share capital and reserves. The Group and Company's overall objective in managing its capital is to support the strategic objectives of the business: the development of potential new drugs. Decisions regarding the management of capital are taken by the Board in conjunction with regular strategic planning and budget reviews.

24 Subsequent events

On 24 January 2018, the Company announced the completion of a placing of 6,944,445 new ordinary shares of £0.10 each at a placing price of £1.44 raising a total of £10 million before expenses. Major existing and new institutional investors have participated in the New Share Placing. The Company has raised the funds in order to support further investment in the P140 peptide platform and to provide additional working capital to strengthen the Company's Statement of Financial Position as negotiations continue with potential partners for Lupuzor™. Following the Admission of the shares placed, the Company has a total of 139,467,430 ordinary shares in issue with each share carrying the right of one vote.

In April 2018, the Company announced the initial results of the Phase III clinical trial for Lupuzor™. Lupuzor™ demonstrated a superior response rate over placebo (52.5% vs 44.6% "responders") in the primary analysis on the Full Analysis Set of all 202 patients (including withdrawals who are considered non-responders). However, due to a high response rate in the placebo group, this superior response did not allow statistical significance to be reached and the primary end-point was not met. Lupuzor™ also demonstrated a superior response rate over placebo (68.8% vs 59.2%) in the 153 patients who completed the study. Importantly in patients who had anti-dsDNA autoantibodies (a recognised biomarker for Systemic Lupus Erythematosus ('SLE')), Lupuzor™ demonstrated a superior response rate over placebo (61.5% vs 47.3%). In addition, 7.6% of these patients in the Lupuzor™ group went into full remission versus none in the placebo group. Importantly, the study confirmed the outstanding safety profile of Lupuzor™, with zero serious adverse events reported.

Glossary of Technical Terms

'biomarkers'	measurable biological responses used as predictors of clinical effects
'CRO'	contract research organisation
'drug-like'	having the potential to become a drug product candidate due to its physical and chemical characteristics
'Lupus'	an autoimmune inflammatory disease of unknown etiology
'PDCT'	peptide to drug converting technology
'peptide'	a molecule comprised of a series of amino acids (or a small subpart of a protein)
'Pharma'	abbreviation for "Pharmaceutical"; sometimes in the industry "pharma" also denotes a pharmaceutical company
'Phase 0'	the stage of development of a drug candidate before the first administration to man, during which all mandatory data required by regulatory bodies such as the FDA or the EMEA is generated and filed
'Phase I'	the stage of development of a drug candidate during which it is administered to man (usually healthy volunteers) for the first time. Phase I studies are designed to assess primarily the safety and tolerability of the drug candidate and gather information on its ADME. This phase is also used whenever possible to evaluate surrogate markers which are indicative of the clinical efficacy of the drug candidate
'Phase II'	the stage of development of a drug candidate during which therapeutic studies are conducted in limited numbers of patients using data generated in Phase I studies to determine dose regimen and primary efficacy, and to examine therapeutic outcomes and monitor safety in patients
'Phase III'	the stage of development of a drug candidate during which it is tested in large scale pivotal trials on, typically, between 200 to 4000 patients to demonstrate overall efficacy, tolerability and safety with a dose regimen as determined in Phase II. The drug candidate must generally prove to be statistically better than placebo or the current best therapy in terms of efficacy, safety or quality of life

Notice of the 2018 Annual General Meeting of ImmuPharma plc

(The "Company")

NOTICE IS HEREBY GIVEN that the 2018 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 28 June 2018 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 2017 together with the reports thereon of the Directors and auditors of the Company.
2. To reappoint Dr Robert Zimmer as a director of the Company.
3. To reappoint Dr Stephane Mery as a director of the Company
4. To reappoint Nexia Smith & Williamson Audit Limited as the auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which the accounts are laid before the Company at a remuneration to be determined by the directors.

SPECIAL BUSINESS

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

5. That the Directors be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £4,648,914 of the unissued ordinary share capital provided that this authority shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution except that the Company may before the expiry of such period make an offer or agreement which would, or might, require shares to be allotted after the expiry of such period and the directors may allot shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for any existing like authority which is hereby revoked with immediate effect.
6. That the Directors be and they are hereby empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by Resolution 5 above as if section 561 of the Act did not apply to any such allotment provided that such power shall be limited to the allotment of equity securities:

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

    b. Otherwise than pursuant to sub-paragraph (a), equity securities up to an aggregate nominal amount of £2,789,349

    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: 25 May 2018
Registered Office: 50 Broadway
London
SW1H 0RG

BY ORDER OF THE BOARD

Tracy Weimar
Secretary

Notice of the 2018 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 2018 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 25 May 2018, the Company's issued share capital comprised 139,467,430 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 25 May 2018 is 139,467,430.

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.

Portrait photography: **Johnny Haddock** / www.johnnyhaddock.co.uk
Produced by: **Diversified Global Graphics Group - DG3** / www.dg3.com

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