INTERIM RESULTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

CONTENTS

27 SEPTEMBER 2017

ImmuPharma PLC
("ImmuPharma" or the "Company")

INTERIM RESULTS ANNOUNCEMENT
for the six months ended 30 June 2017

ImmuPharma PLC (LSE:IMM), ("ImmuPharma" or the "Company"), the specialist drug discovery and development company, is pleased to announce its interim results for the six months ended 30 June 2017 (the "Period").

Key Highlights

- Lupuzor™: is the Company's lead program for the potential breakthrough compound for Lupus a potential life threatening auto-immune disease
    - Total 11 sites active in US with 70 patients
    - Five European countries with 81 Lupus patients taking part in the trial: Czech Republic, France, Germany, Hungary and Poland
    - One Mauritius site with 49 Lupus patients included in trial

- Most recent update on progress of Lupuzor™ trial announced on 21 September 2017

- Top line results on track to report in Q1 2018

- As announced on 26 September 2017, first steps initiated for Lupuzor™'s regulatory submissions

- £4.1 million fundraising (before expenses) successfully completed in March 2017

- Northland Capital Partners appointed as sole broker and NOMAD

- Stable financial performance over the Period, in line with market expectations
    - Net assets of £6.4 million (31 December 2016: £5.5 million)
    - Loss for the Period of £3.0 million (H1 2016: £3.7million)
        - Research and Development expenses of £2.3 million (H1 2016: £2.5 million)
    - Basic and diluted loss per share of 2.34p (H1 2016: 3.35p)

- New employee share option plan implemented in March 2017 to continue to attract and retain key individuals

- 'Investor' Event on 30 June 2017
    - ImmuPharma successfully hosted a technology symposium on Friday 30 June following the Company's AGM. The event attended by institutional and private investors included presentations from key management on the three core technology platforms. The video of the presentation can be seen on http://www.immupharma.co.uk/media/events

- New ImmuPharma website launched: www.immupharma.co.uk

Commenting on the Interims and outlook Tim McCarthy, Chairman, said:

"Ensuring that our pivotal Phase III Lupuzor™ trial progresses on track remains a key focus for ImmuPharma.

"We recently announced that all patients in the study have now passed the six months stage, with over 26% of patients having now completed the full 12 months. With a continued robust safety record, we are looking forward with confidence and planning for a successful outcome of the study with all patients completing the treatment protocol in the coming months and to reporting top-line results in Q1 2018.

"Having successfully completed a £4.1 million fundraising (before expenses) in March, the Board would like to thank its shareholders for their continued support, as well as its staff, corporate and scientific advisors and the CNRS for their ongoing collaboration."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014. ("MAR")

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ImmuPharma plc
Chairman's Statement

INTERIM HIGHLIGHTS

The first half of 2017 saw the continued progression of our lead program Lupuzor™, for the treatment of Lupus, through significant milestones in its pivotal Phase III trial. The most recent update to the trial as announced on 21 September 2017 confirmed that as at 15 September 2017:

- all patients in the study have passed the 6 months stage, and
- 52 patients (26%) have completed the full 12 months of the study

Importantly there continues to be a robust safety record which remains consistent with Lupuzor™'s product profile as shown in its previous Phase IIb study.

As announced on 26 September 2017, with the trial progressing on track, ImmuPharma is planning ahead in anticipation of the trial's successful outcome. In consultation with our regulatory advisors, we are now progressing the completion of the regulatory dossiers in preparation for submission to the Food and Drug Administration (FDA) and the European Medicines Agency (EMA). This includes the finalisation of the Drug Master File (DMF) and in particular the manufacture of commercial batches of the Lupuzor™ drug. These will be manufactured according to described procedures in the DMF, to be ready for inclusion in the Company's regulatory submissions. ImmuPharma expects to have the first set of batches ready by the end of Q1 2018 in line with Lupuzor's™ Phase III top line results being announced.

We were also pleased to have successfully completed an oversubscribed £4.1 million fundraising (before expenses) in March 2017. The funds raised strengthened the Company's Statement of Financial Position and have also supported further investment in ImmuPharma's earlier stage portfolio, in particular its P140 peptide platform.

Lupuzor™ Phase III Trial – Progress through H1 2017

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

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

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

ImmuPharma was also requested to open a new site in Mauritius. CAP Research, a major clinical research organisation in Mauritius, is leading the trial and 49 patients have been recruited. Mauritius, with a population of around 1.2 million, has a high proportion, approximately 300 of Lupus patients currently diagnosed. Top line data is expected during Q1 2018. Progress of the trial can be seen at: www.clinicaltrials.gov (search term 'Lupuzor').

Lupus – Opportunity

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. GSK's Benlysta is the first Lupus drug approved in many years and paves the path to market for Lupuzor™. Based on conservative estimates, and taking into account that Benlysta is priced currently at approximately US$30,000 per patient per year, Lupuzor™ would be entering a market with the potential for multi-billion dollar sales.

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

There will be a number of routes to market for Lupuzor™ which could include: a global licensing deal; ImmuPharma partnering with regional distributors, or an outright sale of Lupuzor™ or the Company. The prime objective of any strategy would be to maximise shareholder return.

Pipeline Overview

Lupuzor™ - Forigerimod / P140 Auto-Immune Platform

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

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

An important patent has been granted in key countries (USA, EU, China, India and Japan) covering Lupuzor™ up to 2032 and its use in the treatment of a majority of autoimmune diseases such as Sjogrens, rheumatoid arthritis, Crohn's and CIDP.

Additionally, a new patent has been filed (co-owned with CNRS) to cover non-autoimmune indications. Further preclinical work continues at the CNRS with the objective of further indications moving into the clinic in due course.

Nucant Platform

Our Cancer Nucant program, IPP-204106, is focused on combination therapy approaches and ImmuPharma is reviewing a number of options to further progress this program. In 2016, a grant was awarded by the EU to different EU partners (€7 million total with €430k awarded to ImmuPharma) to develop the Nucants in combination with cytotoxic drugs linked to a solid support. The concept has been validated in pre-clinical studies. As indicated in many high-level scientific journals (Cancer Research), Nucants can be used to selectively target cancer cells and deliver on target highly cytotoxic

drugs. Further, it has been proven that Nucants are drastically enhancing the effects of cytotoxic drugs at the tumour level (factor 3) allowing thereby improved efficacy and/or reduction of side effects for the same efficacy. The product, subject to funding, is ready for Phase II development.

The Group has also been awarded grants to investigate its use in age-related macular degeneration, diabetic retinopathy and other ophthalmological indications. The preliminary results are very encouraging and the product could be ready for clinical assessment provided sufficient funding is secured.

Peptide Platform

ImmuPharma's subsidiary 'Ureka' has initiated the development of a novel and innovative peptide technology platform through the Company's collaboration with CNRS, thereby gaining access to pioneering research centred on novel peptide drugs at the University of Bordeaux and the Institut Européen de Chimie et Biologie (IECB). Jointly, ImmuPharma and CNRS have filed a new co-owned patent controlling this breakthrough peptide technology. The first therapeutic area being targeted is diabetes with glucagon-like peptide -1 agonists, a class of drugs for the treatment of diabetes, as well as initiating the development of novel peptides as glucagon antagonists - one of the novel approaches to treat Type I and Type II diabetes. A consequence of this approach is the development of long acting peptides to treat NASH (Non-Alcoholic Steato-Hepatitis), one of the most important challenges for public health in the future. ImmuPharma has received non-refundable grants of approximately €600,000 to develop this technology with application to peptides used to treat diabetes as well as to peptides which allow the control of protein/protein interactions (cancer, targeting P53 interactions).

Investor Symposium on 30 June 2017

ImmuPharma held a technology symposium in London on 30 June 2017 following the Company's AGM. Over forty investors attended the event which included both institutions and private investors. The key objective of the event was to give further insight into ImmuPharma's three core technology platforms:

- Lupuzor™ / P140 : Auto Immune Diseases
- Nucants : Oncology / Opthamology
- Peptides : Metabolic Disorders

Vadim Alexandre, Healthcare Analyst at Northland Capital Partners also provided his view on the investment case for ImmuPharma centred on Lupuzor™, an overview of the Auto-Immune sector and competitive landscape.

The video of the presentation can be seen on http://www.immupharma.co.uk/events.

Financial Review

ImmuPharma's cash balance at 30 June 2017 was £3.13 million (£1.88 million at 31 December 2016, £0.66 million at 30 June 2016). Further to the Lanstead sharing agreement entered into in February 2016, the Company also has £0.94 million as a derivative financial asset (£1.55 million at 31 December 2016, £3.14 million at 30 June 2016). The sharing agreement with Lanstead includes the provision for 18 monthly tranches of proceeds from the derivative financial asset depending on the share price performance versus an agreed benchmark price. At 30 June 2017, there were 3 monthly tranches outstanding, therefore the sharing agreement will shortly be coming to an end. The Company also has an asset in respect of a prepayment of £0.80 million of advanced fees to Simbec-Orion at 30 June 2017 (£1.24 million at 31 December 2016, £1.75 million at 30 June 2016). Basic and diluted loss per share were 2.34p and 2.34p respectively (30 June 2016: 3.35p and 3.35p). In line with the Company's current policy, no interim dividend is proposed.

Operating loss for the Period was £3.2 million (£3.2 million for the six months ended 30 June 2016). Research and development expenditure in the Period was £2.3 million (£2.5 million for the six months ended 30 June 2016) reflecting primarily the significantly increased expenditure related to the Lupuzor™ Phase III clinical trial. Administrative expenses were £0.93 million during the Period (£0.73 million for the six months ended 30 June 2016).

Given the stage of ImmuPharma's development, the fact that losses have continued to be made is to be expected since there is minimal revenue and business activity is concerned with significant investment in the form of clinical trial expenditure in addition to maintaining the infrastructure of the Group.

Current Activities and Outlook

The Board are excited by ImmuPharma's medium and long term potential. We are focused on the late stage clinical development of Lupuzor™ through its pivotal Phase III trial and are looking forward with confidence to announcing top-line data by the end of the first quarter of 2018. We will also continue to communicate on a regular basis with shareholders as this trial progresses.

ImmuPharma will also continue to look at ways to create further value in its assets as it progresses its other earlier stage pipeline candidates whilst exploring other opportunities around Lupuzor's™mechanism of action and its applicability to other autoimmune conditions.

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

Tim McCarthy
Chairman

Independent Review Report to ImmuPharma plc

Introduction

We have been engaged by ImmuPharma plc ("the Company") to review the condensed set of consolidated financial statements in the interim report for the six months ended 30 June 2017 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash flows and the related notes 1 to 5.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of AIM Rule 18. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report or for the conclusions we have reached.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with AIM Rule 18.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. It is the responsibility of the directors to ensure that the condensed set of financial statements included in this interim report have been prepared on a basis consistent with that which will be adopted in the Group's annual financial statements.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with the requirements of the AIM rules.

25 Moorgate
London
EC2R 6AY

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

26 September 2017

ImmuPharma plc

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2017

	Note	Unaudited 6 months ended 30 June 2017 £	Audited Year ended 31 December 2016 £	Unaudited 6 months ended 30 June 2016 £
Continuing operations				
Revenue	1	86,504	164,784	2,924
Research and development expenses		(2,345,815)	(5,267,087)	(2,508,578)
Administrative expenses		(927,640)	(1,486,858)	(733,893)
Operating loss		(3,186,951)	(6,589,161)	(3,239,547)
Finance costs		(375)	(23,085)	(501,671)
Finance income		153,915	297,809	362
Loss before taxation		(3,033,411)	(6,314,437)	(3,740,856)
Tax		(485)	990,421	(362)
Loss for the period		(3,033,896)	(5,324,016)	(3,741,218)
Attributable to:				
Equity holders of the parent company		(3,033,896)	(5,324,016)	(3,741,218)
Loss per ordinary share				
Basic	2	(2.34)p	(4.54)p	(3.35)p
Diluted	2	(2.34)p	(4.54)p	(3.35)p

ImmuPharma plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

	Unaudited 6 months ended 30 June 2017 £	Audited Year ended 31 December 2016 £	Unaudited 6 months ended 30 June 2016 £
Loss for the financial period	(3,033,896)	(5,324,016)	(3,741,218)
Other comprehensive income Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(56,133)	317,177	224,692
Total items that may be reclassified subsequently to profit or loss	(56,133)	317,177	224,692
Other comprehensive loss for the period	(56,133)	317,177	224,692
Total comprehensive loss for the period	(3,090,029)	(5,006,839)	(3,516,526)

ImmuPharma plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Unaudited 30 June 2017 £	Audited 31 December 2016 £	Unaudited 30 June 2016 £
Non-current assets				
Intangible assets		497,585	511,088	522,668
Property, plant and equipment		192,573	231,901	269,435
Derivative financial asset	4	-	-	587,054
Total non-current assets		690,158	742,989	1,379,157
Current assets				
Trade and other receivables		2,439,143	2,535,265	2,724,631
Derivative financial asset	4	943,861	1,554,866	2,556,565
Cash and cash equivalents		3,131,595	1,876,718	661,009
Total current assets		6,514,599	5,966,849	5,942,205
Current liabilities				
Financial liabilities – borrowings		119,430	143,109	134,435
Trade and other payables		473,867	786,191	767,163
Provisions		33,162	15,050	-
Total current liabilities		626,459	944,350	901,598
Net current assets		5,888,140	5,022,499	5,040,607
Non-current liabilities				
Financial liabilities - borrowings		170,232	219,445	263,664
Net assets		6,408,066	5,546,043	6,156,100
EQUITY				
Ordinary shares		13,252,298	12,463,836	12,178,122
Share premium		18,728,519	15,678,054	15,148,894
Merger reserve		106,148	106,148	106,148
Other reserves		(3,316,753)	(3,373,745)	(3,531,612)
Retained earnings		(22,362,146)	(19,328,250)	(17,745,452)
Total equity		6,408,066	5,546,043	6,156,100

ImmuPharma plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 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 period	-	-	-	-	-	-	(3,741,218)	(3,741,218)
Exchange differences on translation of foreign operations	-	-	-	-	224,692	-	-	224,692
New issue of equity capital	3,315,876	5,305,401	-	-	-	-	-	8,621,277
Cost of new issue of equity capital	-	(647,427)	-	-	-	-	-	(647,427)
Share based payments	-	-	-	-	-	8,369	-	8,369
At 30 June 2016	12,178,122	15,148,894	106,148	(3,541,203)	(1,702,158)	1,711,749	(17,745,452)	6,156,100
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 operations	-	-	-	-	317,177	-	-	317,177
New issue of equity capital	3,601,590	5,798,410	-	-	-	-	-	9,400,000
Cost of new issue of equity capital	-	(611,276)	-	-	-	-	-	(611,276)
Share based payment	-	-	-	-	-	73,751	-	73,751
At 31 December 2016 & 1 January 2017	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 period	-	-	-	-	-	-	(3,033,896)	(3,033,896)
Exchange differences on translation of foreign operations	-	-	-	-	(56,133)	-	-	(56,133)
New issue of equity capital	788,462	3,311,542	-	-	-	-	-	4,100,004
Cost of new issue of equity capital	-	(261,077)	-	-	-	-	-	(261,077)
Share based payment	-	-	-	-	-	113,125	-	113,125
At 30 June 2017	13,252,298	18,728,519	106,148	(3,541,203)	(1,665,806)	1,890,256	(22,362,146)	6,408,066
Attributable to:-								
Equity holders of the parent company	13,252,298	18,728,519	106,148	(3,541,203)	(1,665,806)	1,890,256	(22,362,146)	6,408,066

ImmuPharma plc

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 30 JUNE 2017

	Note	Unaudited 6 months ended 30 June 2017	Audited Year ended 31 December 2016	Unaudited 6 months ended 30 June 2016 (Restated)
		£	£	£
Cash flows from operating activities				
Cash used in operations	3	(3,200,329)	(7,191,318)	(4,484,973)
Tax		6,680	707,135	5,944
Interest paid		(375)	(1,917)	(496)
Net cash used in operating activities		(3,194,024)	(6,486,100)	(4,479,525)
Investing activities				
Purchase of property, plant and equipment		(1,595)	(4,731)	(3,404)
Interest received		170	1,722	362
Net cash used in investing activities		(1,425)	(3,009)	(3,042)
Financing activities				
(Decrease) in bank overdraft		(138)	(1,091)	(1,199)
Loan repayments		(80,447)	(143,482)	(93,579)
Gross proceeds from issue of new share capital		4,100,004	9,400,000	8,621,277
Settlements from sharing agreement	4	682,360	2,690,451	309,650
Share capital issue costs		(261,077)	(611,276)	(647,427)
Funds deferred per sharing agreement	4	-	(3,949,230)	(3,949,230)
Net cash generated from /(used in) financing activities		4,440,702	7,385,372	4,239,492
Net increase/(decrease) in cash and cash equivalents		1,245,253	896,263	(243,075)
Cash and cash equivalents at start of period		1,876,718	833,388	833,388
Effects of exchange rates on cash and cash equivalents		9,624	(147,067)	70,696
Cash and cash equivalents at end of period		3,131,595	1,876,718	661,009

ImmuPharma plc

NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2017

1 ACCOUNTING POLICIES

Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS to be adopted by the European Union and applicable as at 31 December 2017. The Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information.

The accounting policies applied are consistent with those that were applied to the financial statements for the year ending 31 December 2016.

Non-Statutory accounts

The financial information set out in this interim report does not constitute the Group's statutory accounts, within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2016 have been filed with Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis. The financial information for the 6 months ended 30 June 2017 and 30 June 2016 is unaudited.

Copies of this statement will be available on the Company's website – www.immupharma.com.

2 LOSS PER SHARE

	Unaudited 6 months ended 30 June 2017 £	Audited Year ended 31 December 2016 £	Unaudited 6 months ended 30 June 2016 £
Loss			
Loss for the purposes of basic and diluted loss per share being net loss attributable to equity shareholders	(3,033,896)	(5,324,016)	(3,741,218)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic loss per share	129,517,245	117,340,467	111,578,525
Basic loss per share	(2.34)p	(4.54)p	(3.35)p
Diluted loss per share	(2.34)p	(4.54)p	(3.35)p

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

The group has granted share options in respect of shares to be issued.

NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2017 (Continued)

3 CASH USED IN OPERATIONS

	Unaudited 6 months ended 30 June 2017 £	Audited Year ended 31 December 2016 £	Unaudited 6 months ended 30 June 2016 £
Operating loss	(3,186,951)	(6,589,161)	(3,239,547)
Depreciation & amortisation	61,954	121,337	59,058
Share based payments	113,125	73,751	8,369
(Increase)/decrease in trade & other receivables	34,004	(387,713)	(915,358)
(Decrease) in trade & other payables	(322,963)	(403,414)	(392,281)
Increase in provisions	18,112	15,050	-
Gain/(loss) on foreign exchange	82,390	(21,168)	(5,214)
Cash used in operations	(3,200,329)	(7,191,318)	(4,484,973)

4 DERIVATIVE FINANCIAL ASSET

In February 2016, as part of a placing that raised, in aggregate, £8.4 million (before expenses) from new and existing shareholders, the Company issued 17,021,277 new ordinary shares to Lanstead Capital LP at a price of 26p per share for £4.4 million. All of the shares were allotted to Lanstead with full voting rights at that date. The Company simultaneously entered into a sharing agreement with Lanstead with a reference price of 34.6667p per share. The sharing agreement is for an 18 month period. The actual consideration is variable depending upon the Company's share price. The agreement is treated as a derivative financial asset and valued at fair value through the income statement with reference to the Company's share price.

Of the subscription proceeds of £4.4 million received from Lanstead, £3.76 million (85%) was invested by the Company in the sharing agreement and will be received in monthly instalments over the life of the agreement. The remaining £663,820 (15%) was available for immediate working capital purposes.

The Company also issued, in aggregate, a further 851,064 new ordinary shares to Lanstead as a value payment in connection with the agreement.

At the end of the accounting period the amount receivable is restated to fair value based upon the share price of the Company at that date. Any change in the fair value of the derivative financial asset is reflected in the income statement.

5 SUBSEQUENT EVENTS

There were no events subsequent to 30 June 2017.