

ImmuPharma plc

INTERIM RESULTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2008

ImmuPharma plc

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Statement from the Chairman and Chief Executive Officer

INTERIM HIGHLIGHTS

Summary

The first part of 2008 has been an exciting time for ImmuPharma with the addition of a new drug candidate for cancer, the first patients being dosed in a Phase IIb trial of our lead asset and two successful share placements. We have continued to progress our key development assets and have obtained the trademark LUPUZOR™ from the US Patent and Trademark Office for our lead drug candidate for lupus, IPP-201101. Our pipeline now includes 5 drug candidates, the most advanced one for Systemic Lupus Erythromatosus is currently undergoing a Phase IIb study with the 4 others in preclinical development for – cancer, inflammatory disorders, moderate to severe pain and serious hospital infections. In addition to our lead compounds, our long-term pipeline includes a patented chemical library of over 300,000 small molecules and a technology for converting small peptides to drugs that can be applied to generate more compounds for the company.

Development Pipeline

- **IPP-201101, treatment of lupus**

Following the successful completion of a Phase II study in patients suffering from lupus, where our lead drug candidate (IPP-201101) showed a statistically significant clinical improvement in patients' overall symptoms, ImmuPharma has initiated a Phase IIb, double-blind, placebo-controlled trial in 200 patients in Europe and Latin America. The first patients have been dosed and the Company expects to report headline efficacy data later this year. Analysts estimate that IPP-201101 for the treatment of lupus has blockbuster sales potential.

In May, we were pleased to receive approval of the trademark name LUPUZOR™ for IPP-201101 from the US Patent and Trademark Office. ImmuPharma has selected the trademark LUPUZOR™ for use in association with its peptide therapy for treating immunological disorders, including systemic lupus erythematosus (SLE).

ImmuPharma believes that IPP-201101, which was developed through its collaboration with CNRS, has the potential to be a novel 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. IPP-201101 has a unique mechanism of action that modulates the activity of the CD4+ cells which are involved in the cell-mediated immune response which leads to the lupus disease.

- **IPP-204106, treatment for cancer**

In January, ImmuPharma was pleased to announce the addition of IPP-204106, a novel drug candidate for cancer, to its portfolio. The rights for this compound have been obtained through the Company's ongoing research collaboration with the Centre National de la Recherche Scientifique (CNRS), France's leading scientific research. The molecule is a nucleolin antagonist and has a dual mechanism of action, acting both in preventing angiogenesis as well as proliferation. Preclinical data has shown that nucleolin antagonists inhibit the growth of tumours and metastasis in many cancer types.

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Statement from the Chairman and Chief Executive Officer (continued)

Development Pipeline (continued)

- **IPP-201007, treatment of inflammation**

Arising from research activities on its proprietary chemical library, ImmuPharma has discovered several new lead drug candidates in the form of a new molecular series with potential application in inflammatory/allergic conditions such as asthma and rheumatoid arthritis. These molecules, in the programme code-named IPP-201007, have utility as selective phospholipase A2 subtype inhibitors and are already patented through ImmuPharma's library broad patent.

- **IPP-102199, treatment of moderate and severe pain**

Progress continues to be made on IPP-102199, ImmuPharma's lead drug candidate for the treatment of moderate and severe pain, which is being developed as a potential morphine replacement. Its advantages may include longer pain relief and reduced opioid side effects such as respiratory depression and dependency.

- **IPP-203101, treatment of MRSA and other hospital-acquired infections**

Progress also continues to be made on IPP-203101, ImmuPharma's lead drug candidate for the treatment of MRSA and other hospital-acquired infections. ImmuPharma, in conjunction with CNRS, has discovered a novel class of antibiotics that can kill bacteria by disrupting their membranes with small electrical charges. The potential for IPP-203101 therefore exists due to its unusual mechanism of action to work even in cases of bacterial resistance to other antibiotics.

- **The Discovery Pipeline**

In addition to these lead drug candidates, ImmuPharma has a promising proprietary discovery engine that would augment the company's long-term capabilities to sustain the generation of further novel compounds that either fit with ImmuPharma's strategic focus for internal development or allow out-licensing opportunities.

Share Placements

In July, ImmuPharma successfully completed a share placement in two separate tranches raising a combined £2.7 million. The first tranche of approximately £1.6 million was achieved principally through institutional investors based in the UK. The second tranche of approximately £1.1 million was completed principally with institutional investors based in Switzerland. The funds raised will be invested in the continued development of the Group's clinical and preclinical assets.

Financial Review

Our financial results are in line with expectations and show our focused level of activity in developing our key assets.

The Group continues to use International Financial Reporting Standards as its accounting basis.

ImmuPharma's drug candidates are not yet marketed and therefore the Group does not have revenues at this stage of its development. Our financial results reflect the activities of the Group undertaken for the development of our potential products. The loss of the Group for the six months was £1,452,450. Basic and diluted loss per share were 2.00p. No interim dividend is proposed.

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Statement from the Chairman and Chief Executive Officer (continued)

Financial Review (continued)

The operating loss was £1,490,899. It represents principally the employment cost and overhead of maintaining the Group, together with expenditure on research carried out by Contract Research Organisations.

Cash and cash equivalents at 30th June 2008 were £1,176,031 compared to £2,946,915 at 31st December 2007. It is important to note that the funds raised in the share placement are not reflected in the cash and cash equivalent figure at 30th June 2008 as the placement was completed in early July 2008.

Outlook

The focus of the Group continues to be on the progression of its lead drug candidates and discovery pipeline. ImmuPharma is in discussions with a number of large pharmaceutical and biotech companies for potential collaborations whilst also considering the option of further progressing the development of some of its assets alone, which would require additional financing.

Richard Warr, MA, Chairman

Dimitri Dimitriou, MSc, Chief Executive Officer

24 September 2008

Nexia Smith & Williamson

Independent Review Report To ImmuPharma plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2008 which comprises the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, and the related notes 1 to 10.

We have read the other information contained in the half-yearly 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 the 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 half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly 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 half-yearly 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 half-yearly 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 Auditing Practices Board 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 Ireland) 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 half-yearly report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the requirements of the AIM rules.

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors
24 September 2008

25 Moorgate
London
EC2R 6AY

ImmuPharma plc

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2008

	Note	6 months ended 30 June 2008 £	Year ended 31 December 2007 £	6 months ended 30 June 2007 £
Continuing operations				
Revenue		97,330	63,199	26,366
Research and development expenses		(796,888)	(1,970,654)	(790,661)
Administrative expenses		(791,341)	(1,620,348)	(869,145)
		<hr/>	<hr/>	<hr/>
Operating loss		(1,490,899)	(3,527,803)	(1,633,440)
Finance costs		(4,787)	(14,156)	(8,723)
Investment revenues		43,236	205,911	103,239
		<hr/>	<hr/>	<hr/>
Loss before taxation		(1,452,450)	(3,336,048)	(1,538,924)
Tax		-	253,237	(132)
		<hr/>	<hr/>	<hr/>
Loss for the period		(1,452,450)	(3,082,811)	(1,539,057)
		<hr/>	<hr/>	<hr/>
Attributable to:				
Equity holders of the parent company		(1,452,450)	(3,082,811)	(1,539,057)
		<hr/>	<hr/>	<hr/>
Loss per ordinary share				
Basic and diluted	6	(2.00)p	(4.24)p	(2.25)p
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CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ENDED 30 JUNE 2008

	6 months ended 30 June 2008 £	Year ended 31 December 2007 £	6 months ended 30 June 2007 £
Exchange differences on translation of foreign operations	15,688	115,893	(112)
Loss for the financial period	(1,452,450)	(3,082,811)	(1,539,057)
	<hr/>	<hr/>	<hr/>
Total recognised income and expense for the period	(1,436,762)	(2,966,918)	(1,539,169)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders of the parent company	(1,436,762)	(2,966,918)	(1,539,169)
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CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	Notes	30 June 2008 £	31 December 2007 £	30 June 2007 £
Non-current assets				
Property, plant and equipment		14,139	12,779	15,628
Intangible assets		765,706	755,135	737,250
		<hr/>	<hr/>	<hr/>
Total non-current assets		779,845	767,914	752,878
		<hr/>	<hr/>	<hr/>
Current assets				
Trade and other receivables		434,411	384,724	110,463
Cash and cash equivalents	10	1,176,031	2,946,915	4,826,994
		<hr/>	<hr/>	<hr/>
Total current assets		1,610,442	3,331,639	4,937,457
		<hr/>	<hr/>	<hr/>
Current liabilities				
Financial liabilities – borrowings		29,251	173,581	212,855
Trade and other payables		308,486	441,380	565,213
Provisions		81,511	88,774	104,915
		<hr/>	<hr/>	<hr/>
Total current liabilities		419,248	703,735	882,983
		<hr/>	<hr/>	<hr/>
Net current assets		1,191,194	2,627,904	4,054,474
		<hr/>	<hr/>	<hr/>
Non-current liabilities				
Financial liabilities - borrowings		308,593	345,475	369,959
		<hr/>	<hr/>	<hr/>
Net assets		1,662,446	3,050,343	4,437,393
		<hr/>	<hr/>	<hr/>
EQUITY				
Ordinary shares	7	7,277,615	7,277,615	7,277,615
Share premium	7	3,558,340	3,558,340	3,558,340
Merger reserve	7	106,148	106,148	106,148
Other reserves	7	(401,580)	(466,133)	(622,837)
Retained earnings	7	(8,878,077)	(7,425,627)	(5,881,873)
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Total equity		1,662,446	3,050,343	4,437,393
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CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2008

	Notes	6 months ended 30 June 2008 £	Year ended 31 December 2007 £	6 months ended 30 June 2007 £
Cash flows from operating activities				
Cash used in operations	8	(1,601,085)	(3,760,613)	(1,707,156)
Tax		-	-	(132)
Interest paid		(4,787)	(14,156)	(8,723)
		<hr/>	<hr/>	<hr/>
Net cash used in operating activities		(1,605,872)	(3,774,769)	(1,716,011)
		<hr/>	<hr/>	<hr/>
Investing activities				
Purchase of property, plant and equipment		(3,450)	(7,944)	(6,344)
Acquisition of intangibles assets		-	(1,407)	-
Interest received		43,236	205,911	103,239
		<hr/>	<hr/>	<hr/>
Net cash from investing activities		39,786	196,560	96,895
		<hr/>	<hr/>	<hr/>
Financing activities				
(Decrease)/increase in bank overdraft		1,540	(2,004)	(24)
New loans		-	93,047	100,000
Loan repayments		(212,594)	(168,607)	(113,784)
		<hr/>	<hr/>	<hr/>
Net cash used in financing activities		(211,054)	(77,564)	(13,808)
Effects of exchange rates on cash and cash equivalents		6,256	142,770	-
		<hr/>	<hr/>	<hr/>
Net decrease in cash and cash equivalents		(1,770,884)	(3,513,003)	(1,632,924)
Cash and cash equivalents at start of period		2,946,915	6,459,918	6,459,918
		<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period		1,176,031	2,946,915	4,826,994
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NOTES TO THE INTERIM ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2008

- 1 The financial information set out in this interim statement has been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union on the basis of the accounting policies set out in the statutory accounts of ImmuPharma plc for the year ended 31 December 2007. As is currently permissible under the rules of the AIM market, this report does not comply with the full requirements of IAS 34: "Interim Financial Reporting". This interim statement has not been audited but has been reviewed by the Company's auditors, Nexia Smith & Williamson.
- 2 The financial information does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for ImmuPharma plc for the year ended 31 December 2007 reported under IFRS, on which the auditors gave an unqualified opinion and made no statement under s237(2) or s237(3) of the Companies Act 1985, are available at the Registrar of Companies.
- 3 Copies of this statement will be posted to shareholders. Further copies are available free of charge on request from the Company Secretary at the Company's registered office, 50 Broadway, London, SW1H 0BL.

4 COMPARATIVE INFORMATION

The financial information in respect of the year ended 31 December 2007 is derived from the audited statutory accounts of the Group for that period. The financial information in respect of the period ended 30 June 2007 was not audited but was reviewed by the Company's auditors, Nexia Smith & Williamson.

5 SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

No analysis of the Group's turnover and contribution to profit from operations by geographical segment or business segment has been presented as all of the Group's operating activities are in respect of the development of pharmaceutical products and all are carried out within Europe.

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NOTES TO THE INTERIM ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2008 (continued)

6 EARNINGS PER SHARE

	6 months ended 30 June 2008 £	Year ended 31 December 2007 £	6 months ended 30 June 2007 £
Earnings			
Earnings for the purposes of basic earnings per share being net loss attributable to equity shareholders	(1,452,450)	(3,082,811)	(1,539,057)
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Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	72,776,149	72,776,149	68,388,353
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Basic and diluted loss per share	(2.00)p	(4.24)p	(2.25)p
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The Group has granted share options and warrants in respect of equity shares to be issued. As a result of the net loss for the period, there are no dilutive effects of these options and warrants.

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NOTES TO THE INTERIM ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2008 (continued)

7 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital £	Share premium £	Merger reserve £	Other reserves* £	Retained Earnings £	Total equity £
At 1 January 2007	7,277,615	3,558,340	106,148	(713,641)	(4,342,816)	5,885,646
Exchange differences on translating foreign operations	-	-	-	115,893	-	115,893
Loss for the year ended 31 December 2007	-	-	-	-	(3,082,811)	(3,082,811)
Total recognised income and expense for the year	-	-	-	115,893	(3,082,811)	(2,966,918)
Equity shares to be issued	-	-	-	131,615	-	131,615
At 31 December 2007	7,277,615	3,558,340	106,148	(466,133)	(7,425,627)	3,050,343
Exchange differences on translating foreign operations	-	-	-	15,688	-	15,688
Loss for the period ended 30 June 2008	-	-	-	-	(1,452,450)	(1,452,450)
Total recognised income and expense for the period	-	-	-	15,688	(1,452,450)	(1,436,762)
Equity shares to be issued	-	-	-	48,865	-	48,865
At 30 June 2008	7,277,615	3,558,340	106,148	(401,580)	(8,878,077)	1,662,446

- Other reserves as at 30 June 2008 comprises a reverse acquisition reserve £(3,541,203) (2007: £(3,541,203)), a translation reserve £127,446 (2007: £111,758) and equity shares to be issued of £3,012,177 (2006: £2,963,312).

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NOTES TO THE INTERIM ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2008 (continued)

8 CASH USED IN OPERATIONS

	30 June 2008 £	31 December 2007 £	30 June 2007 £
Operating loss	(1,490,899)	(3,527,803)	(1,633,440)
Depreciation and amortisation	17,682	36,312	13,847
Share-based payments	48,865	131,615	90,916
Increase in debtors	(13,368)	(27,686)	(6,662)
Decrease in creditors	(156,102)	(367,607)	(182,514)
(Decrease)/increase in provisions	(7,263)	(5,444)	10,697
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Cash used in operations	(1,601,085)	(3,760,613)	(1,707,156)
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9 RELATED PARTY TRANSACTIONS

Included within financial liabilities is an amount of £2,427 (31 December 2007: £1,802) due to R Zimmer. The loan is repayable on demand. Interest is payable at 3.5% per annum.

During the period an amount of £18,388 (31 December 2007: £43,035) was paid to the wife of Dr R Zimmer in respect of services provided to ImmuPharma AG.

R Zimmer is both a director and shareholder of this company.

10 POST BALANCE SHEET EVENTS

On 7 July 2008, 2,697,034 new ordinary 10p shares were issued for a cash consideration of £1,618,220.

On 15 July 2008, 1,876,000 new ordinary 10p shares were issued for a cash consideration of £1,125,600.