

**ImmuPharma plc**

**PRELIMINARY RESULTS ANNOUNCEMENT**

**for the year ended 31 December 2007**

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ImmuPharma plc (LSE:IMM), (“ImmuPharma” or the “Company”), the specialist pharmaceutical discovery and development company is pleased to announce its preliminary results for the year ended 31 December 2007.

Key Highlights:

- Recruitment of patients well underway with IPP-201101, drug candidate for the treatment of Systemic Lupus Erythematosus, in pivotal Phase IIb trial
- Added a novel drug candidate to the pipeline, IPP-204106, for cancer; rights obtained from Centre National de la Recherche Scientifique (CNRS)
- Discovery of a new lead candidate for inflammation, IPP-201007 from internal proprietary chemical library
- Consolidated cash balance at 31 December 2007 of approx £2.9 million

Dimitri Dimitriou, Chief Executive Officer, said: “2007 was an exciting year for ImmuPharma with good progress being made through our pipeline, particularly for our lead drug candidate IPP-201101 for Lupus and the addition of two new compounds to our portfolio. We look forward to reporting on further progress throughout 2008 principally the results of our Phase IIb trial for Lupus.”

For further information please contact:

**ImmuPharma plc**

Dimitri Dimitriou, Chief Executive Officer	+44 20 7152 4080
Richard Warr, Chairman	+44 20 7152 4080
Dr Robert Zimmer, Chief Scientific Officer	+33 389 32 76 50

<b>Buchanan Communications</b>	+44 20 7466 5000
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Lisa Baderon  
Rebecca Skye-Dietrich

<b>Panmure Gordon &amp; Co</b>	+44 151 243 0963
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Andrew Burnett

## **IMMUPHARMA PLC**

The consolidated results for ImmuPharma and its subsidiaries (collectively the “Group”) cover the year ended 31 December 2007.

### **REPORT FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER**

We are pleased to report our achievements and continued progress during 2007 and are enthusiastic about our plans for 2008. 2007 has been an important year in our corporate history. During our second year as a public company we have made a number of key achievements including the addition of two novel drug candidates to our portfolio and the continued progress of our most advanced asset in development, our lead candidate for the 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 in summer of 2008. Analysts estimate that IPP-201101 for the treatment of Lupus has blockbuster sales potential.

ImmuPharma was delighted to announce the addition of two novel drug candidates to our portfolio during 2007. IPP-204106 is a novel drug candidate for cancer, the rights to which have been obtained through the Company’s ongoing research collaboration with the Centre National de la Recherche Scientifique (CNRS), France’s leading scientific research institution. 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.

Following investigation of our proprietary chemical library, ImmuPharma has discovered a new molecular series with potential application in inflammatory/allergic conditions such as asthma and rheumatoid arthritis. These molecules, programme code-named IPP-201007, have utility as selective phospholipase A2 subtype inhibitors and are already patented through ImmuPharma’s library broad patent.

### **Summary and Outlook**

The ImmuPharma business model is to focus on innovative drugs for niche therapeutic areas with significant sales potential but without the need for a large commercial infrastructure. In contrast to other types of pharmaceutical development, this is characterised by relatively streamlined development costs and timelines. This is evident in our progress so far with IPP-201101 for the treatment of Lupus.

ImmuPharma is in discussions with a number of pharmaceutical companies regarding potential licensing deals. The Company intends to optimise the value of its asset portfolio and to maximise the return to its shareholders.

The focus for the year ahead will be on the current and next phase of trials for our Lupus compound, IPP-201101; to make progress advancing our other compounds, particularly our new cancer compound, IPP-204106, and to continue in dialogue with other pharmaceutical companies in respect of potential corporate deals.

With a strong team in place to execute these objectives, we believe we are well positioned to take the Group forward.

The Board of ImmuPharma should like to thank its shareholders for their support as well as its scientific advisors and the Centre Nationale de la Recherche Scientifique in France for their collaboration.

## **REPORT FROM THE CHIEF SCIENTIFIC OFFICER**

2007 has been a year of exciting progress and new developments for ImmuPharma. Following the successful Phase II trial in 2006 and further to discussions with the US Food and Drug Administration (FDA), the first patients have been dosed with IPP-201101, our lead candidate for the treatment of Lupus, in a pivotal Phase IIb trial. Two new drug candidates have been discovered. The first one announced chronologically, IPP-201007, was discovered from our proprietary chemical library and has potential application in inflammatory/allergic conditions. The second, IPP-204106, represents an exciting approach to potentially treating cancer and is a further validation of the value of our ongoing collaboration with the Centre National de la Recherche Scientifique (CNRS), France's leading scientific research institution. Furthermore, general progress on our other pipeline assets continues to be made.

### **IPP-201101 Lupus Drug Candidate**

Following a Phase I study showing IPP-201101 to be generally safe and well-tolerated and the successful completion of a Phase II study in Lupus patients which met all of its primary endpoints ( $p < 0.0001$ ) during 2006, ImmuPharma submitted an IND (Investigational New Drug) application to the US FDA for the initiation of further pivotal studies for IPP-201101. The feedback obtained from the FDA enabled ImmuPharma to refine its late-stage development program for IPP-201101. Specifically, the outcome of this consultation has been the segmenting of the development program into separate Phase IIb and Phase III trials. The Company had previously expected a single Phase II/III trial in 240 patients over 12 months. The revised plans allow ImmuPharma to obtain additional Phase II data earlier than previously expected and continuing with a more simple Phase III trial in late 2008, broadly in line with previous development timelines.

Lupus patients are now being dosed with IPP-201101 in the Phase IIb trial for the treatment of Systemic Lupus Erythematosus and patient recruitment is well underway. The study is a robust, randomised, placebo-controlled, three-arm dose ranging study in 200 patients in Europe and Latin America with an additional three month follow-up. The first efficacy results are expected later this year. Following the completion of this study, it is expected that the patients will be rolled into a further study – a one-year “open label” safety and efficacy trial, which should report by late 2009, providing further clinical data. In addition, in late 2008 a similar but pivotal Phase III study is being planned to commence in an additional 200 patients in the US, Europe and Latin America, to be treated for a period of six months, subject to our

FDA discussions and approval. In parallel with the Phase IIb trial, ImmuPharma is planning to complete a long-term pre-clinical toxicology study as part of regulatory requirements as well as the finalisation of a scale-up manufacturing process which will allow commercial production.

### **New Drug Candidate IPP-201007 : Inflammation**

Following discovery activities on our proprietary chemical library, ImmuPharma discovered a new molecular series with potential application in inflammatory/allergic conditions such as asthma and rheumatoid arthritis. These molecules, code-named, IPP-201007, have utility as selective phospholipase A2 subtype inhibitors and are already patented through ImmuPharma's library broad patent.

### **New Drug Candidate IPP-204106 : Cancer**

As part of its successful ongoing research collaboration with the Centre National de la Recherche Scientifique (CNRS), France's scientific research institution, ImmuPharma has taken the exclusive rights for the worldwide development and commercialisation of a novel drug candidate for cancer. The molecule code-named IPP-204106, has a dual mechanism of action, acting both in preventing angiogenesis as well as proliferation. IPP-204106 is a nucleolin antagonist, the lead molecule in a family of pseudopeptides designed to bind to the surface nucleolin and as a consequence to block the nucleolin activity on a nuclear basis; the stabilisation of various mRNAs is necessary to induce the proliferation of certain human cancer cell lines and is nucleolin dependent as demonstrated in many prestigious peer reviewed publications. By blocking nucleolin activity we expect to be able to control the cancer cell proliferation as evidenced in preclinical studies which have shown that nucleolin antagonists inhibit the growth of tumours and metastasis in many human cancer types as well as angiogenesis. Furthermore, preliminary data have also shown an absence of toxicity. Major manufacturing hurdles have also been solved and a large scale manufacturing is now possible and will be used for the up-coming preclinical and clinical trials. We now have established a new drug candidate family of proprietary molecules with a proven potential to treat cancer, with a known mechanism of action, with demonstrated preclinical activities and an advantageous safety profile. We expect to initiate a Phase I trial early in 2009.

Whilst our core strategy is to focus our current resources on the progression of our compounds for Lupus and cancer, we continue to progress our other two candidates for severe pain and for hospital-acquired infections. Both represent a breakthrough approach that fits perfectly with the Company's model of niche diseases in areas where there are clear unmet medical needs.

On behalf of the Board we would like to extend our thanks to the team at the CNRS in Strasbourg with whom ImmuPharma has key collaborations, to our staff for their outstanding contribution during 2007 and our shareholders for their continued support.

## **FINANCIAL REVIEW**

The year ended 31 December 2007 saw the Group continue its controlled expenditure on the development of its assets. As can be expected of a Group at this stage of development in the pharmaceutical sector, the Group made a loss for the period.

Research and development expenditure has risen in line with the Group's activity in progressing its pipeline.

The Group continues to adopt International Financial Reporting Standards (IFRS) as its primary accounting basis.

It is important to note that one of these standards, IFRS2, relating to share-based payments, has had an impact on the results for the Group for this accounting period. Included in the loss before tax is £40,699 related to new share options granted during 2007 and £90,916 related to the remaining charge of share options previously granted. The Group loss before tax is therefore higher by these two amounts than would have been the case in the normal running of the Group and research costs. This is purely a notional amount stipulated by IFRS2 (and calculated using a statistical model) as a result of granting the options. A further £251,693 is due to be charged in subsequent years accounts under IFRS2, being the remainder of the fair value charge.

### **Results**

The loss of the Group for the year after taxation was £3.1m (prior period loss £1.9m). Basic and diluted loss per ordinary share was 4.24p (prior period 2.72p). No dividend is proposed.

The expenditure of the Group has been directed towards progressing its pipeline assets through the clinical process to maximise their potential.

### **Operating Loss**

The Operating loss of £3.5M represents principally the expenditure on development carried out by Contract Research Organisations and the employment and running costs of the Group. The timing and extent of the research and development programme continues to be well controlled.

### **Net Funds**

At 31 December 2007, the Group had cash and cash equivalents of £2.9M (31 December 2006) was £6.5M.

## **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.. The Group's Treasury Policy and controls are straightforward and approved by the Board. The Group does not engage in speculative transactions.

## **Financial Strategy**

The overall strategy is to maintain tight control over our cash resources whilst enabling controlled development of the potential product portfolio. The Board remains alert to opportunities to raise further finance.

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	Year ended 31 December 2007 £	1 April 2006 to 31 December 2006 £
<b>Continuing operations</b>			
Revenue		63,199	44,818
Research and development expenses		(1,970,654)	(568,139)
Administrative expenses		(1,620,348)	(1,447,998)
		<hr/>	<hr/>
<b>Operating loss</b>	2	(3,527,803)	(1,971,319)
Finance costs		(14,156)	(7,739)
Investment revenues		205,911	64,307
		<hr/>	<hr/>
<b>Loss before taxation</b>		(3,336,048)	(1,914,751)
Tax		253,237	54,713
		<hr/>	<hr/>
<b>Loss for the year</b>		(3,082,811)	(1,860,038)
		<hr/>	<hr/>
<b>Attributable to:</b>			
Equity holders of the parent company		(3,082,811)	(1,860,038)
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<b>Loss per ordinary share</b>			
Basic and diluted	3	(4.24)p	(2.72)p
		<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Year ended 31 December 2007 £	1 April 2006 to 31 December 2006 £
Exchange differences on translation of foreign operations	115,893	(4,143)
Loss for the financial year	(3,082,811)	(1,860,038)
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<b>Total recognised income and expense for the year</b>	<b>(2,966,918)</b>	<b>(1,864,181)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Attributable to:</b>		
Equity holders of the parent company	(2,966,918)	(1,864,181)
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**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007**

	Year ended 31 December 2007	1 April 2006 to 31 December 2006
Notes	£	£
<b>Non-current assets</b>		
Property, plant and equipment	12,779	11,503
Intangible assets - goodwill	-	-
Intangible assets - other	755,135	748,878
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<b>Total non-current assets</b>	<b>767,914</b>	<b>760,381</b>
	<hr/>	<hr/>
<b>Current assets</b>		
Trade and other receivables	384,724	103,801
Cash and cash equivalents	2,946,915	6,459,918
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<b>Total current assets</b>	<b>3,331,639</b>	<b>6,563,719</b>
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<b>Current liabilities</b>		
Financial liabilities - borrowings	173,581	192,987
Trade and other payables	441,380	747,615
Provisions	88,774	94,218
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<b>Total current liabilities</b>	<b>703,735</b>	<b>1,034,820</b>
	<hr/>	<hr/>
<b>Net current assets</b>	<b>2,627,904</b>	<b>5,528,899</b>
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<b>Non-current liabilities</b>		
Financial liabilities - borrowings	345,475	403,634
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<b>Net assets</b>	<b>3,050,343</b>	<b>5,885,646</b>
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<b>EQUITY</b>		
Ordinary shares	7,277,615	7,277,615
Share premium	3,558,340	3,558,340
Merger reserve	106,148	106,148
Other reserves	(466,133)	(713,641)
Retained earnings	(7,425,627)	(4,342,816)
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<b>Total equity</b>	<b>4 3,050,343</b>	<b>5,885,646</b>
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**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Year ended 31 December 2007 £	1 April 2006 to 31 December 2006 £
<b>Cash flows from operating activities</b>		
Cash used in operations	(3,760,613)	(1,236,598)
Interest paid	(14,156)	(7,739)
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Net cash used in operating activities	(3,774,769)	(1,244,337)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(7,944)	(2,389)
Acquisition of intangibles assets	(1,407)	-
Interest received	205,911	64,307
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Net cash generated from investing activities	196,560	61,918
<b>Financing activities</b>		
Net proceeds from share issue – Company	-	2,609,150
(Decrease)/increase in bank overdraft	(2,004)	2,556
New loans	93,047	384,754
Loan repayments	(168,607)	(68,586)
Equity shares to be issued	-	2,021,563
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(77,564)	4,949,437
Effects of exchange rates on cash and cash equivalents	142,770	-
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(3,513,003)	3,767,018
Cash and cash equivalents at beginning of period	6,459,918	2,692,900
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<b>Cash and cash equivalents at end of period</b>	2,946,915	6,459,918
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## NOTES

1. The financial information set out in this announcement does not comprise the Group's statutory accounts for the year ended 31 December 2007.

The financial information for the period ended 31 December 2006 is derived from the statutory accounts for the year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 237 (2) or Section 237 (3) of the Companies Act 1985.

The full statutory accounts for the year ended 31 December 2007 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The accounting policies are consistent with those applied in the preparation of the interim results for the period ended 30 June 2007 which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial information is for the year ended 31 December 2007 and the comparatives are for the period from 1 April 2006 to 31 December 2006.

The Group's financial statements incorporate the financial statements of ImmuPharma plc, ImmuPharma (UK) Limited and other entities controlled by the company ('the subsidiaries') comprising ImmuPharma AG and ImmuPharma (France) SA. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

**2 OPERATING LOSS**  
**-Group**

	<b>Year ended 31 December 2007 £</b>	<b>Period ended 31 December 2006 £</b>
Operating loss is stated after charging/(crediting):		
Foreign exchange losses/(gains)	13,338	(25,167)
Share based payments charge	131,615	615,134
Employers National Insurance provision in respect of share based payments charge	(5,444)	94,218
Depreciation of property, plant and equipment - owned	7,330	2,906
Amortisation of intangible assets - patents	28,982	16,126
Services provided by Company auditors:		
- Audit services	41,125	55,538
- Other services (split between):		
- Other services relating to taxation	9,812	12,584
- Services relating to share option schemes	16,979	13,630
- All other services	9,136	29,871
Audit services provided by other auditors	8,741	11,860
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Included within the audit services figure of £41,125, is £5,875 relating to the period ended 31 December 2006.

<b>3 EARNINGS PER SHARE - Group</b>	<b>Year ended 31 December 2007 £</b>	<b>Period ended 31 December 2006 £</b>
<b>Earnings</b>		
Earnings for the purposes of basic earnings per share being net loss attributable to equity shareholders	(3,082,811)	(1,860,038)
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<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	72,776,149	68,388,353
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<b>Basic and diluted loss per share</b>	(4.24)p	(2.72)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 year, these options and warrants have no dilutive effect.

#### 4 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital £	Share premium £	Merger reserve £	Other reserves* £	Retained Earnings £	Total equity £
At 1 April 2006	6,813,815	1,607,990	106,148	(3,541,195)	(2,482,778)	2,503,980
Exchange differences on translating foreign operations	-	-	-	(4,143)	-	(4,143)
Loss for the period ended 31 December 2006	-	-	-	-	(1,860,038)	(1,860,038)
Total recognised income and expense for the period	-	-	-	(4,143)	(1,860,038)	(1,864,181)
Equity shares to be issued	-	-	-	2,021,563	-	2,021,563
Share based payments	-	(195,000)	-	810,134	-	615,134
New issue of equity share capital	463,800	2,305,200	-	-	-	2,769,000
Less: expenses of new share issue	-	(159,850)	-	-	-	(159,850)
At 31 December 2006	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 period	-	-	-	115,893	(3,082,811)	(2,966,918)
Share based payments	-	-	-	131,615	-	131,615
At 31 December 2007	7,277,615	3,558,340	106,148	(466,133)	(7,425,627)	3,050,343
Attributable to:-						
Equity holders of the parent company	7,277,615	3,558,340	106,148	(466,133)	(7,425,627)	3,050,343

\* Other reserves as at 31 December 2007 comprises a reverse acquisition reserve £(3,541,203) (2006: £(3,541,203)), a translation reserve £111,758 (2006: £(4,135)) and equity shares to be issued of £2,963,312 (2006: £2,831,697).

## **5 DIRECTORS' REPORT AND ACCOUNTS**

Copies of the report and accounts will be posted to shareholders in May 2008.