FOR IMMEDIATE RELEASE **30 SEPTEMBER 2016**

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

INTERIM RESULTS ANNOUNCEMENT
for the six months ended 30 June 2016

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 2016 (the "Period").

Key Highlights (including post Period review)

- Lupuzor™: is the Company's lead programme for the potential breakthrough compound for Lupus a potential life threatening auto-immune disease
    - Pivotal Phase III trial is progressing on track with development partner Simbec-Orion
        - Total 11 sites now active in US
        - Five European countries now recruiting Lupus patients in Czech Republic, France, Germany, Hungary and Poland
        - Two final European countries, UK and Italy, to open within the next few weeks
        - New Mauritius site opened and over 10 Lupus patients pre-screened prior to dosing

- Prof. Sylviane Muller, inventor of Lupuzor™, held a number of key symposiums hosted in London, 8-9 June 2016, where she presented on the unique '*Mechanism of Action'* of Lupuzor™, also known by its chemical name '*Forigerimod' or 'P140'*.
    - Prof. Muller provided further evidence of the role the P140 molecule can take in the potential treatment of other autoimmune diseases, including those which are Orphan indications
    - A new patent has been filed outside of Lupus in conjunction with the Centre National de la Recherché Scientifique ("CNRS"), its collaboration partner

- £8.4 million fundraising completed in February and March 2016
    - The Company successfully raised £8.4 million (gross) to fund the pivotal Phase III Lupuzor™ trial and to support the Company's working capital requirements
    - New and existing shareholders participated in the fundraising, including all of the Directors, Simbec-Orion, Aviva, Alto Invest and Lanstead Capital
    - Advance assurance received from HMRC for VCT and EIS qualifying status

- Wider program developments
    - A number of options are under review to further progress ImmuPharma's Cancer Nucant program, IPP-204106 following a Phase I/IIa dose-finding adaptive study which showed that the maximum tolerated dose was 9 mg/kg, the primary objective of the study

- ImmuPharma and CNRS have filed a new co-owned patent controlling the Company's peptide platform technology, with Type II diabetes being the first therapeutic area to be targeted.
- An additional patent has been filed by ImmuPharma to protect certain peptides (GLP1 analogues) demonstrating outstanding properties in terms of duration of action.

- Northland Capital Partners appointed as joint broker

- Stable financial performance over the Period, in line with market expectations
  - Net assets of £6.2 million (31 December 2015 £1.7 million).
  - Loss for the period of £3.7m (H1 2015: £1.5m)
    - Research and Development expenses of £2.5 million (H1 2015: £0.9 million)
  - Basic and diluted loss per share of 3.35p (H1 2015: 1.74p)

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

"Successfully raising £8.4 million and commencing our pivotal Phase III Lupuzor™ trial are two significant milestones for ImmuPharma over the first half of 2016.

"We are delighted by the continued progress of our Lupuzor™ Phase III trial having recently announced that the US now has 11 sites active and five countries across Europe are currently recruiting Lupus patients with two further countries including the UK to open in the near future. The opening of a new additional site in Mauritius clearly illustrates the positive profile Lupuzor™ is gaining within key cross sections of Lupus patient groups and within the specialist rheumatologist community.

"We remain confident of reaching our key milestone of recruiting the full 200 patients in 2016 with top line results in 2017 and look forward to providing further positive updates on this Lupuzor™ Phase III study as it progresses throughout the end of this year and 2017.

"The Board would like to thank its shareholders for their support, as well as its staff, corporate and scientific advisors and the CNRS for their continued collaboration."

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

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CHAIRMAN'S STATEMENT

The first half of 2016 was dedicated to the progress of our lead programme, Lupuzor™ (a breakthrough treatment for the auto-immune disease Lupus), as it commenced its pivotal Phase III trial and the dosing of Lupus patients in the US and across Europe. This was combined with the strengthening of our financial position by completing a successful placing and subscription raising £8.4 million before expenses in February and March.

To focus initially on the fundraising it was a sign of widespread support that as part of the completion of the £8.4 million funding round key participators included:

- All of the Directors
- Simbec-Orion, our development partner
- Aviva, our longstanding major institutional investor
- New institutions including Alto Invest, a specialist Healthcare fund, and Lanstead Capital
- Longstanding private client shareholders

As part of the fundraising exercise, ImmuPharma also received confirmation of advance assurance from HM Revenue and Customs that it is a qualifying holding for the purposes of the Venture Capital Trust rules and a qualifying company for the purposes of the Enterprise Investment Scheme. These assurances were important for attracting a significant proportion of new shareholders into the recent fundraising.

Lupuzor™ Phase III Trial – Progress through H1 2016

As background to the study, we stated that recruitment would occur in up to 45 investigator sites, 10 sites in United States and 35 in Europe, to ensure the screening of 270 potential patients, in order to recruit the required 200 patients for the trial. The Phase III trial is a double-blind, randomised, placebo-controlled trial. The study will involve patients dosing for one year, receiving 0.2mg once every month subcutaneously.

Current Status

We can now confirm that we have 11 sites opened in the US. In Europe we have sites open in five countries - France, Hungary, Poland, Czech Republic and Germany. A further two countries, UK and Italy, will open in the next few weeks. Further details on the trial and updates on recruitment can be seen at: www.ClinicalTrials.gov.

New Site in Mauritius: post review period

On 7 September we announced the opening of a new site in Mauritius. This was a new country allocation due to the request from the Mauritian Government based on the high incidence of Lupus sufferers, approximately 3000, in this region. We have indicated that around 30 Lupus patients will be included in the current Lupuzor Phase III trial.

Lupuzor™ Symposium

In June, ImmuPharma organised a number of presentations attended by investors, sell side analysts and media, hosted by Prof. Muller, the inventor of Lupuzor™ in which she presented on the unique *'Mechanism of Action'* of Lupuzor™, also known by its chemical name *'Forigerimod' or 'P140'* and provided further evidence of the role the P140 molecule can take

in the potential treatment of other autoimmune diseases. A video of the presentation is available to view on the Company's website on: http://www.immupharma.org/events/2016.

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 $35,000 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 be: 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

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.

A new patent has been filed (co-owned with CNRS) to cover other autoimmune indications, outside of Lupus, some of which have the potential for Orphan Drug designation. Further preclinical work continues with the objective of further indications moving into the clinic in due course.

Nucant Platform

The Company's Cancer Nucant program, IPP-204106, is focused on combination therapy approaches. 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, which was the primary objective of the study. ImmuPharma is now reviewing a number of options to further progress this program. A grant was awarded by the EU to develop the Nucants in combination with cytotoxic drugs linked to a solid support. The concept has been validated in pre-clinical studies.

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

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. 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).

Financial Review

ImmuPharma's cash balance at 30 June 2016 was £0.66 million (£0.83 million at 31 December 2015, £3.3 million at 30 June 2015). Further to the Lanstead sharing agreement entered into in February, the Company also has £3.1 million as a derivative financial asset. 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, with 15 tranches outstanding at the 30 June 2016. The Company also has an asset in respect of a prepayment of £1.75 million of advanced fees to Simbec-Orion at 30 June 2016. Basic and diluted loss per share were 3.35p and 3.35p respectively (30 June 2015: 1.74p and 1.74p). In line with the Company's current policy, no interim dividend is proposed.

Operating loss for the period was £3.2 million (£1.5 million for the six months ended 30 June 2015). Research and development expenditure in the period was £2.5 million (£0.87 million for the six months ended 30 June 2015) reflecting primarily the significantly increased expenditure related to the Lupuzor™ Phase III clinical trial. Administrative expenses were £733,893 during the Period (£677,111 for the six months ended 30 June 2015). Consistent with the reclassification of expenses between research and development and administration undertaken for the accounts for the year ended 31 December 2015, the expenses for the 6 months ended 30 June 2015 have also been reclassified to aid comparability.

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 continues to be excited by ImmuPharma's potential. We are focused on the late stage clinical development of Lupuzor™ through its pivotal Phase III trial through to its results, which we are confident of announcing in respect of the top-line data by the end of 2017, and to communicate on a regular basis with shareholders as this trial progresses. We are now also beginning to have dialogue with a number of Lupus patient groups, both in the UK and the USA, and we will increase our efforts within this important and powerful community throughout this year and beyond.

ImmuPharma will also progress 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 recent fundraising, 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
29 September 2016

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 2016 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 Cashflows, 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 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 interim report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with the requirements of the AIM rules.

25 Moorgate
London
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Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

29 September 2016

ImmuPharma plc

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2016

	Note	Unaudited 6 months ended 30 June 2016 £	Audited Year ended 31 December 2015 £	Unaudited 6 months ended 30 June 2015 £
Continuing operations				
Revenue		2,924	76,407	13,559
Research and development expenses		(2,508,578)	(2,993,717)	(873,722)
Administrative expenses		(733,893)	(1,645,799)	(677,111)
Operating loss		(3,239,547)	(4,563,109)	(1,537,274)
Finance costs		(501,671)	(1,208)	(7,172)
Finance income		362	15,843	3,179
Loss before taxation		(3,740,856)	(4,548,474)	(1,541,267)
Tax		(362)	650,977	-
Loss for the period		(3,741,218)	(3,897,497)	(1,541,267)
Attributable to:				
Equity holders of the parent company		(3,741,218)	(3,897,497)	(1,541,267)
Loss per ordinary share				
Basic	2	(3.35)p	(4.40)p	(1.74)p
Diluted	2	(3.35)p	(4.40)p	(1.74)p

ImmuPharma plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

	Unaudited 6 months ended 30 June 2016 £	Audited Year ended 31 December 2015 £	Unaudited 6 months ended 30 June 2015 £
Loss for the financial period	(3,741,218)	(3,897,497)	(1,541,267)
Other comprehensive income Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	224,692	(117,478)	(180,262)
Total items that may be reclassified subsequently to profit or loss	224,692	(117,478)	(180,262)
Other comprehensive loss for the period	224,692	(117,478)	(180,262)
Total comprehensive loss for the period	(3,516,526)	(4,014,975)	(1,721,529)

ImmuPharma plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Unaudited 30 June 2016 £	Audited 31 December 2015 £	Unaudited 30 June 2015 £
Non-current assets				
Intangible assets		522,668	522,462	530,354
Property, plant and equipment		269,435	280,127	304,590
Derivative financial asset	4	587,054	-	-
Total non-current assets		1,379,157	802,589	834,944
Current assets				
Trade and other receivables		2,724,631	1,577,091	720,547
Derivative financial asset	4	2,556,565	-	-
Cash and cash equivalents		661,009	833,388	3,294,819
Total current assets		5,942,205	2,410,479	4,015,366
Current liabilities				
Financial liabilities – borrowings		134,435	163,070	295,634
Trade and other payables		767,163	1,078,640	243,464
Provisions		-	-	9,663
Total current liabilities		901,598	1,241,710	548,761
Net current assets		5,040,607	1,168,769	3,466,605
Non-current liabilities				
Financial liabilities - borrowings		263,664	280,951	317,696
Net assets		6,156,100	1,690,407	3,983,853
EQUITY				
Ordinary shares		12,178,122	8,862,246	8,862,246
Share premium		15,148,894	10,490,920	10,490,920
Merger reserve		106,148	106,148	106,148
Other reserves		(3,531,612)	(3,764,673)	(3,827,457)
Retained earnings		(17,745,452)	(14,004,234)	(11,648,004)
Total equity		6,156,100	1,690,407	3,983,853

ImmuPharma plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016

	Share capital £	Share premium £	Merger reserve £	Other reserves - Acquisition reserve £	Other reserves - Translation Reserve £	Other reserves - Equity shares to be issued £	Retained Earnings £	Total equity £
At 1 January 2015	8,862,246	10,490,920	106,148	(3,541,203)	(1,809,372)	1,703,380	(10,106,737)	5,705,382
Loss for the financial period	-	-	-	-	-	-	(1,541,267)	(1,541,267)
Exchange differences on translation of foreign operations	-	-	-	-	(180,262)	-	-	(180,262)
At 30 June 2015	8,862,246	10,490,920	106,148	(3,541,203)	(1,989,634)	1,703,380	(11,648,004)	3,983,853
At 1 January 2015	8,862,246	10,490,920	106,148	(3,541,203)	(1,809,372)	1,703,380	(10,106,737)	5,705,382
Loss for the financial year	-	-	-	-	-	-	(3,897,497)	(3,897,497)
Exchange differences on translation of foreign operations	-	-	-	-	(117,478)	-	-	(117,478)
At 31 December 2015 & 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
Costs 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
Attributable to:-								
Equity holders of the parent company	12,178,122	15,148,894	106,148	(3,541,203)	(1,702,158)	1,711,749	(17,745,452)	6,156,100

ImmuPharma plc

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 30 JUNE 2016

	Note	Unaudited 6 months ended 30 June 2016 £	Audited Year ended 31 December 2015 £	Unaudited 6 months ended 30 June 2015 £
Cash flows from operating activities				
Cash used in operations	3	(4,484,973)	(4,582,411)	(2,329,728)
Tax		5,944	435,261	521,147
Interest paid		(496)	(1,208)	(189)
Net cash used in operating activities		(4,479,525)	(4,148,358)	(1,808,770)
Investing activities				
Purchase of property, plant and equipment		(3,404)	(20,761)	(12,838)
Interest received		362	11,541	3,179
Net cash used in investing activities		(3,042)	(9,220)	(9,659)
Financing activities				
(Decrease)/increase in bank overdraft		(1,199)	879	(327)
Loan received		-	22,130	21,180
Loan repayments		(93,579)	(333,135)	(273,016)
Net proceeds from issue of new equity capital		4,024,620	-	-
Derivative repayments received		309,650	-	-
Net cash generated from /(used in) financing activities		4,239,492	(310,126)	(252,163)
Net decrease in cash and cash equivalents		(243,075)	(4,467,704)	(2,070,592)
Cash and cash equivalents at start of period		833,388	5,424,033	5,424,033
Effects of exchange rates on cash and cash equivalents		70,696	(122,941)	(58,622)
Cash and cash equivalents at end of period		661,009	833,388	3,294,819

ImmuPharma plc

NOTES TO THE INTERIM ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2016

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 that the Directors expect to be adopted by the European Union and applicable as at 31 December 2016. 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 2015 with the addition of the following accounting policy which has been adopted in respect of the derivative financial asset:-

Valuation of Derivative Financial Asset
The Company has placed shares with Lanstead Capital LP and at the same time entered into a sharing agreement. The amount receivable 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 within finance costs.

Research and Development
Research and development expenses consist of costs directly attributable to pharmaceutical research and development activities, including administrative costs directly attributable to these activities. During the year ended 31 December 2015, the Group reviewed the classification of certain items of expenditure to ensure that they had been classified in accordance with this policy. The 6 months ended 30 June 2015 expenditure analysis has been restated in order to present it on a consistent basis with that applied in the year ended 31 December 2015.

Non-Statutory accounts

The financial information set out in this interim report does not constitute the Group's statutory accounts. The statutory accounts for the year ended 31 December 2015 have been delivered to the 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 2016 and 30 June 2015 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 2016 £	Audited Year ended 31 December 2015 £	Unaudited 6 months ended 30 June 2015 £
Loss			
Loss for the purposes of basic and diluted loss per share being net loss attributable to equity shareholders	(3,741,218)	(3,897,497)	(1,541,267)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic loss per share	111,578,525	88,622,463	88,622,463
Basic loss per share	(3.35)p	(4.40)p	(1.74)p
Diluted loss per share	(3.35)p	(4.40)p	(1.74)p

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

NOTES TO THE INTERIM ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2016 (continued)

3 CASH USED IN OPERATIONS

	Unaudited 6 months ended 30 June 2016 £	Audited Year ended 31 December 2015 £	Unaudited 6 months ended 30 June 2015 £
Operating loss	(3,239,547)	(4,563,109)	(1,537,274)
Depreciation & amortisation	59,058	121,748	62,521
Share based payments	8,369	-	-
Increase in trade & other receivables	(915,358)	(674,440)	(484,482)
(Decrease)/increase in trade & other payables	(392,281)	552,556	(349,705)
Decrease in provisions	-	(23,468)	(13,805)
(Gain)/loss on foreign exchange	(5,214)	4,302	(6,983)
Cash used in operations	(4,484,973)	(4,582,411)	(2,329,728)

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 2016.