

# Immuron LIMITED

## Appendix 4E – Preliminary Final Report

(ASX Listing rule 4.2A)

Company Name:	Immuron Limited (the 'Company')
ABN:	80 063 114 045
Reporting Period:	Financial year ended 30 June 2014
Previous Reporting Period:	Financial year ended 30 June 2013

The results of Immuron Limited for the year ended 30 June 2014 are as follows:

Revenues	Up	597.23%	to	\$1,044,142
Loss after tax attributable to members	Down	28.10%	to	(\$2,544,550)
Net loss for the period attributable to members	Down	28.10%	to	(\$2,544,550)

### Brief explanation of figures reported above

The loss for the Group after income tax for the reporting period was \$2,544,550 (2013: \$3,539,117).

For further details relating to the current period's results, refer to the Review of Operations contained within this document.

### Dividends

No dividends have been paid or declared by the Group since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

### Net Tangible Assets

	30 June 2014	30 June 2013
Net Tangible Assets/(Liabilities)	\$6,786,945	(\$535,601)
Shares (No.)	2,995,662,120	1,035,450,143
Net Tangible Assets/(liabilities) – (cents)	0.227	(0.001)

### Loss per Share

	30 June 2014	30 June 2013
Basic loss per share (cents)	(0.152)	(0.698)
Diluted loss per share (cents)	(0.152)	(0.698)

### Status of Audit of Accounts

This Appendix 4E is based on accounts which have been audited. The audit report is included within the financial report which accompanies this Appendix 4E.

# Immuron

## LIMITED

Annual Report  
For the Year Ended 30 June 2014



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# Operations Report

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## Review of Operations

Product sales expand; clinical trials advance; debt extinguished

Increasing Travelan revenues, a successful \$9.66 million fundraising, continued progress towards clinical trials, and debt repayment highlighted a successful year for your company.

And for the year in review, we reported a loss of \$2,544,550

Sales of our travellers' diarrhoea preventative product, Travelan grew approximately 700 percent to more than \$1 million. The increase resulted from adopting a direct-to-wholesaler strategy last financial year and increasing the wholesale price for the product by more than 25%.

Immuron engaged a Sydney-based national pharmacy contract sales force, HealthOne. HealthOne now promotes Travelan to pharmacies based on agreed targets and a revenue sharing arrangement. Immuron also engaged a sales person who now promotes Travelan to doctors who specialise in travel medicine. Our largest shareholder, Grandlodge, has played a pivotal role in managing the logistics associated with Travelan sales, including setting up accounts and liaising with pharmacy wholesalers.

The funds raised from the rights issue have enabled us to devote resources to increasing our marketing and sales efforts for Travelan in Australia. These efforts are targeted at increasing our pharmacy retail sales, marketing and selling our product to medical clinics that specialise in travel medicine and generating an on-line presence.

Following the announcement of regulatory approval in Canada in November last year, Travelan was launched in Canada earlier this month. We also signed a distribution agreement in Korea, and continue active discussions with potential partners in the US, India, China and other parts of Asia.

Travelan continues to provide us with the opportunity to substantially increase the company's revenues in the short term and going forward.

### **\$9.66 million fundraising sets up NASH and ASH clinical trials**

Immuron is now placed to commence its phase II clinical trials into IMM-124E Non-Alcoholic SteatoHepatitis (NASH) and Alcoholic SteatoHepatitis (ASH) later this year following a successful fully underwritten rights issue that raised \$9.66 million.

As our most promising prospect, the IMM-124E phase II NASH trial is on schedule to start later this year. The ASH phase II trial is scheduled to begin at around the same time after receiving clearance by the United States Federal Drug Administration, as announced in 2013.

NASH is a progressive liver disease characterized by its chronic inflammation. As inflammation progresses, fibrosis develops and one of ten NASH patients will progress to liver cirrhosis, ultimately leading to liver failure. NASH is highly correlated with the metabolic syndrome: diabetes, insulin resistance, hyperlipidemia and imbalanced cholesterol levels. ASH features the same liver pathology as NASH and is caused by excessive alcohol consumption.

There are no approved treatments for NASH, it remains a large unmet medical need.

NASH has been dubbed the epidemic of the 20<sup>th</sup> century. Currently poor diet and sedentary lifestyles mean that an estimated 25 percent of Americans have non-alcoholic fatty liver syndrome (NAFL), a precursor to NASH. That figure is increasingly rising, including in the pediatric population. The large size of the market can be appreciated when compared to diabetes, which is known for its prevalence. In 2012, there were 29.1 million American diabetics. By 2025 25 million Americans are expected to have NASH.

The successful rights issue and a strong bank balance has allowed us to prepare the ground for both the NASH and ASH phase II trials. We have also:

- Appointed an internal clinical team
- Identified clinicians and their respective sites
- Identified data managers and monitors and other service provider, all of whom are crucial to providing the services needed to carry out a clinical trial.

### **Low risk, high safety profile**

Based on natural antibodies derived from bovine colostrum, we believe that IMM-24 is an unusually low-risk product with a high safety profile.

### **IMM-529 for *Clostridium difficile* infection**

*Clostridium difficile* (*C.difficile*) is a bacteria normally found in human intestines and may cause diarrhoea as well as potentially life threatening intestinal conditions such as colonic perforation and toxic megacolon.

Deaths related to *C.difficile* increased 400 percent between 2000 and 2007, due in part to a stronger germ strain and antibiotic resistance.

IMM 529 is designed to act before and during *C.difficile* infections. Since June 2012, when we announced the first results of our *C.difficile* program conducted in collaboration with Monash University, we have continued to see encouraging data, demonstrating its potential as both a preventative and a treatment.

Both IMM-124E and IMM-529 give us longer term prospects for substantially higher rewards.

### **Corporate**

In July last year, we announced the resignation of two non-executive directors, Dr. Stewart Washer and Dr. Elane Zelcer. We repaid a debt owed to Paladin Labs, and announced the mop up of unmarketable parcels of shares.

For and on behalf of the Company;



**Amos Meltzer**  
Chief Executive Officer (CEO)  
Immuron Limited

Dated: This the 29<sup>th</sup> Day of August 2014

## Intellectual Property Report

Immuron owns a number of patent families that have been filed to protect both the vaccine that is used to generate Immuron's colostrum enriched with antibodies of choice, as well as methods of treating certain conditions with the resulting hyper-immune colostrum.

Immuron's patent rights are supplemented by a comprehensive body of confidential and proprietary expertise that has been developed over many years and relates to the methods of production of the hyper-immune colostrum. These trade secrets include information relating to a low cost production system and an effective immunisation process that is approved by an independent animal ethics committee.

During the year ending 30 June 2014, Immuron continued to progress its patent portfolio and has successfully prosecuted patents to Grant, over various global jurisdictions.

A summary of the principal patent families owned by Immuron is set out in the table below:

Number	Country	Status	Expiry
<b>Travelan: Composition and Method for the Treatment and Prevention of Enteric Bacterial Infections</b>			
2004216920	Australia	Granted	4 March 2024
0408085-8	Brazil	Pending	4 March 2024
2,517,911	Canada	Pending	4 March 2024
201210055406.0	China	Pending	4 March 2024
04716992.5	Europe	Pending	4 March 2024
230,664	India	Granted	4 March 2024
542088	New Zealand	Granted	4 March 2024
10/548,156	USA	Granted	4 March 2024
Number	Country	Status	Expiry
<b>Immuno-Modulating Compositions for the Treatment of Immune-Mediated Disorders</b>			
2009222965	Australia	Pending	11 March 2029
2,718,381	Canada	Pending	11 March 2029
09720973.8	Europe	Pending	11 March 2029
587901	New Zealand	Granted	11 March 2029
13/715,371	USA	Pending	11 March 2029
Number	Country	Status	Expiry
<b>'LPS1' Anti LPS Enriched Immunoglobulin Preparation For Use In Treatment and/or Prophylaxis Of A Pathologic Disorder</b>			
2010243205	Australia	pending	27 April 2030
TBA	Belarus	pending	27 April 2030
PI1014774-8	Brazil	pending	27 April 2030
2760096	Canada	pending	27 April 2030
13/265,252	USA	pending	27 April 2030

## Intellectual Property Report *(continued...)*

10721856.2	Europe	pending	27 April 2030
12103554.8	Hong Kong	pending	27 April 2030
315924	Israel	pending	27 April 2030
2012-507877	Japan	pending	27 April 2030
10-2011-7027634	Korea	pending	27 April 2030
MX/a/2011/011376	Mexico	pending	27 April 2030
201171304	Eurasia	pending	27 April 2030
Number	Country	Status	Expiry
<b>'LPS2' Anti LPS Enriched Immunoglobulin Preparation For Use In Treatment and/or Prophylaxis of a Pathologic Disorder</b>			
2011290478	Australia	pending	27 April 2030
<b>2808361</b>	Canada	pending	27 April 2030
11793860.5	Europe	pending	27 April 2030
13/817,414	USA	pending	27 April 2030
Number	Country	Status	Expiry
<b>IMM 529 Methods and Compositions for the Treatment and/or Prophylaxis of Clostridium Difficile Associated Disease</b>			
PCT/AU2014/000447	PCT	Pending	19 April 2034
Number	Country	Status	Expiry
<b>Methods And Compositions For The Treatment and/or Prophylaxis Of Fibrosis</b>			
Provisional Patent	Australia	Pending	30 October 2013

## Directors' Report

The Board of Directors of Immuron Limited (referred to hereafter as 'the Company' or 'Immuron') present their report for the year ended 30 June 2014. In order to comply with the provisions of the *Corporations Act 2001*, the Board of Directors report as follows:

### Directors

The names of the Directors in office at any time during, or since the end of the year are as follows:

<b>Dr. Roger Aston</b>	<b>Independent Non-Executive Chairman</b>
<i>Appointed to the Board</i>	20 March 2012
<i>Last elected by shareholders</i>	26 November 2012
<i>Qualifications</i>	BSc (Hons), PhD
<i>Experience</i>	<p>Dr Aston has more than 20 years of experience in the pharmaceutical and biotech industries. Dr Aston was previously the Chief Executive Officer and a Director of Mayne Pharma Group Limited.</p> <p>Prior to his position at Mayne Pharma, some of his previous positions have included CEO of Peptech Limited (Australia), Director of Cambridge Antibody Technology Limited (UK) and Chairman of Cambridge Drug Discovery Limited (UK – now Bio Focus plc).</p> <p>Dr Aston was also founder and CEO of Biokine Technology Ltd (UK) prior to its acquisition by the Peptech Group. Dr Aston was also a director of pSivida Ltd. During the past 20 years of his career, Dr Aston has been closely involved in the development of many successful pharmaceutical and biotechnology companies.</p> <p>Dr Aston has extensive experience including negotiating global licence agreements, overseeing product registration activities with the FDA, the establishment and implementation of guidelines and operating procedures for manufacturing and clinical trials, overseeing manufacturing of human and veterinary products, private and public fund raising activities and the introduction of corporate governance procedures.</p>
<i>Interest in shares and options</i>	18,726,649 ordinary shares and 24,216,667 options over ordinary shares.
<i>Committees</i>	Chairman and Member of the Company's Remuneration Committee; and Member of the Company's Audit and Risk Committee.
<i>Directorships held in other public entities</i>	Dr. Aston is currently a Director of Oncosil Medical Limited (ASX:OSL - Appointed 28 March 2013), Regeneus Limited (ASX:RGS – Appointed 21 September 2012), Calzada Limited (ASX:CZD – Appointed 15 November 2013) and PharmAust Limited (ASX:PAA – Appointed 12 August 2013)
<i>Other directorships held during the past 3 years</i>	Dr. Aston has been a Director of the following entities in the past 3 years: IDT Limited (ASX:IDT - 20 March 2012 to 20 November 2013)



<b>Mr. Daniel Pollock</b>	<b>Independent Non-Executive Director</b>
<i>Appointed to the Board</i>	11 October 2012
<i>Qualifications</i>	LL.B; Dip L.P
<i>Experience</i>	<p>Mr Pollock is a lawyer admitted in both Scotland and Australia and holding Practising Certificates in both Jurisdictions. He is sole practitioner in his own legal firm based in Melbourne, Australia which operates internationally and specializes in commercial law.</p> <p>Mr Pollock is Chairman and Company Secretary of Amaero Pty Ltd, a company established to commercialise laser based additive manufacturing emerging from Monash University.</p> <p>He is also Executive Director and co-owner of Great Accommodation P/L a property management business operating in Victoria.</p> <p>Mr Pollock has had historical involvement as a seed investor and Board member of a number of small unlisted companies. The most recent of these was an E-Pharmacy company where he was heavily involved in its commercial growth and ultimate sale to a large listed health services company.</p>
<i>Interest in shares and options</i>	14,985,661 ordinary shares and 11,766,667 options over ordinary shares.
<i>Committees</i>	Chairman and Member of the Company's Audit and Risk Committee; and Member of the Company's Remuneration Committee.
<i>Directorships held in other public entities</i>	Nil
<i>Other directorships held during the past 3 years</i>	Nil
<b>Mr. Stephen Anastasiou</b>	<b>Non-Executive Director</b>
<i>Appointed to the Board</i>	28 May 2013
<i>Qualifications</i>	BSc (Hons), Grad. Dip MKTG, MBA
<i>Experience</i>	<p>Mr Anastasiou has over 20 years' experience in general management, marketing and strategic planning within the healthcare industry.</p> <p>His breadth of experience incorporates medical diagnostics, pharmaceuticals, hospital, dental and OTC products, with companies including the international pharmaceutical company Bristol Myer Squibb.</p> <p>While working with KPMG Peat Marwick as a management consultant, Mr. Anastasiou has previously led project teams in a diverse range of market development and strategic planning projects in both the public and private sector. He is also a director and shareholder of a number of unlisted private companies, covering a variety of industry sectors that include healthcare and funds management.</p> <p>Mr Anastasiou's companies have participated in several corporate transactions involving business units and brands of multinational and Australian companies</p>
<i>Interest in shares and options</i>	363,103,200 ordinary shares and 76,666,667 options over ordinary shares.
<i>Committees</i>	Nil
<i>Directorships held in other public entities</i>	Nil
<i>Other directorships held during the past 3 years</i>	Nil

<b>Dr. Stewart Washer</b>	<b>Independent Non-Executive Director</b>
<i>Appointed to the Board</i>	24 October 2001
<i>Resigned from the Board</i>	3 July 2013
<i>Qualifications</i>	BSc (Hons), PhD

<b>Dr. Elane Zelcer</b>	<b>Independent Non-Executive Director</b>
<i>Appointed to the Board</i>	19 November 2009
<i>Resigned from the Board</i>	2 September 2013
<i>Qualifications</i>	BSc (Hons), PhD, Grad Dip Mktg, FAICD

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Directors have been in office since the start of the financial year to the date of this report, unless stated otherwise.

### Company Secretary

<b>Mr Phillip Hains</b>	<b>Joint Company Secretary</b>
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Mr Hains was appointed as Company Secretary on 19<sup>th</sup> April 2013.

Mr Hains is a Chartered Accountant and specialist in the public company environment. He has served the needs of a number of public company boards of directors and related committees. He has over 20 years' experience in providing accounting, administration, compliance and general management services. He holds a Masters of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.

<b>Mr Peter Vaughan</b>	<b>Joint Company Secretary</b>
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Mr Vaughan was appointed as Company Secretary on 19<sup>th</sup> April 2013.

Mr Vaughan is a Chartered Accountant who has worked in the listed company environment for almost 10 years across a number of industries. He has served on and provided accounting, administration, compliance and general management services to a number of private, not-for-profit and public company boards of directors and related committees.

### Principal Activity

The Company's principal activity is a product development driven biopharmaceutical Company focused on the research and development of bovine-colostrum enriched with antibodies of choice for the treatment and prevention of a range of infectious and immune modulated diseases.

### Dividends

The Directors did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2014 financial year.

### Significant Changes in State of Affairs

There have been no other significant changes in the nature of Immuron Limited's principal activities during the financial year.

### Significant Events after Reporting Date

There have not been any matters or circumstances in the financial statements or notes thereto, that have arisen since the end of the financial year, which significantly affected, or may significantly affect, the operations of Immuron Limited, the results of those operations or the state of affairs of Immuron Limited in future financial years.

### **Business Strategy, Future Developments and Prospects**

Immuron aims to create value for shareholders through a two-pronged approach. In the short and medium term Immuron sells and licenses Travelan, an over-the-counter product. Beyond the short term, Immuron is researching and developing prescription products, principally for the treatment of NASH and Clostridium difficile.

Immuron continues to focus on increasing revenues sales of its flagship product of Travelan in Australia and increasingly overseas. Immuron has already appointed partners in Canada and certain Asian countries. It is engaged in active discussions with prospective partners in a number of other countries such as the US, India and China, with whom Immuron is hoping to finalise partnership agreements for the commercialisation of Travelan in those partners' respective countries.

The Company continues to develop its NASH, ASH and C-Diff products. These development programs are not expected to generate revenues in the short term. In the longer term and pending a successful development outcome especially successful clinical trials, each of these development programs could increase shareholder value by many multiples.

### **Operating and Financial Review**

#### Statement of Profit or Loss and Other Comprehensive Income

The reported after tax loss of \$2,554,550 is after fully expensing all of the Company's research and development expenditure and patenting costs of \$1,285,121 incurred during the year.

The Company has engaged a specialised R&D Tax consultant to review the research and development expenses of the Company for financial year 2014, to ensure the maximum rebate is received under the Australian Government's R&D Tax Incentive program. It is anticipated that the Company will receive substantial cash inflows following this review process.

The total operating revenue for the year was \$1,044,142, which is an increase of approximately \$900k from financial year 2013. The increase in sales has substantially increased due to the company's implementation of a direct to wholesaler distribution and sales model.

#### Statement of Financial Position

At 30 June 2014 the Company's cash position was \$6.14 million (June 2013: \$1.45 million). The Company had trade and other receivables of \$517,792 (June 2013: \$15,438). This receivables amount does not include any anticipated future receivables from the Australian Government under the R&D Tax Incentive program mentioned above. During the financial year ended 30 June 2014 the company raised \$9.66 million (before costs) through a fully underwritten rights issue. CAD1.5 million of these funds were used to repay the outstanding convertible loan from Paladin Labs debt removing Immuron's significant ongoing interest payment obligations as well as strengthening the Statement of Financial Position.

#### Statement of Cash Flows

The net operating and investing cash outflows for the year were \$2,650,577 (2013: \$2,045,407) which included costs associated with the Company's further development of its research and development programs. During the financial year \$664,151 was received from R&D tax refund incentives associated with eligible expenditure and activities. This amount includes amounts received from resubmitting R&D tax incentive returns from prior financial years to accurately capture further eligible expenditure. The Company received Net cash inflows from financing activities of \$7,361,555 (2013: \$2,055,391).

### **Material Business Risks**

Immuron develops therapeutics and has projects in both the commercial sales and development phases. Any investment in the development of therapeutics is considered high-risk. The Company is also subject to risks associated with the usual conduct of business and these risks, including interest rate movements, labour conditions, government policies, securities market conditions, exchange rate fluctuations, and a range of other factors which are outside the control of the Board and Management.

More specific material risks of the sector and the Company include, but are not limited to:

- Scientific, technical & clinical – the outcome of the development of therapeutics is inherently unknown. Activities are experimental in nature so the risk of failure or delay is material. Key development activities, including clinical trials and product manufacture, are undertaken by specialist contract organisations; and there are risks in managing the quality and timelines of these activities.
- Regulatory – products and their testing, may not be approved by, or be delayed by regulatory bodies (such as was the case in Canada) whose approvals are necessary before products can be sold in market.
- Financial – the Company currently, and since inception, does not receive sufficient income to cover operating expenses. The Company may require additional capital funding in the future, and no assurance can be given that such funding will be available, if required.

Intellectual Property (IP) – commercial success requires the ability to develop, obtain and maintain commercially valuable patents and, trade secrets. Gaining and maintaining the IP across multiple countries; and preventing the infringement of the Company's exclusive rights involves management of complex legal, scientific and factual issues. The Company must also operate without infringing upon the IP of others.

- Commercialisation – the Company relies, and intends to rely, upon corporate partners to market, and in some cases finalise development of its products, on its behalf. There are risks in establishing and maintaining these relationships, and with the manner in which partners execute on these collaborative agreements.
- Product acceptance & competitiveness – a developed product may not be considered by key opinion leaders (eg. doctors), reimbursement authorities (eg. PBA-listing) or the end customer to be an effective alternative to products already on market, or new superior future products may be preferred.
- Product liability – a claim or product recall would significantly impact the Company. Insurance, at an acceptable cost, may not be available or be adequate to cover liability claims if a marketed product is found to be unsafe.
- Key personnel – the Company's success and achievements against timelines depend on key members of its highly qualified, specialised and experienced management and scientific teams. The ability to retain and attract such personnel is important.
- Grant and R&D incentives – the Company may undertake R&D activities under competitive grants and be part-funded by other incentive programs (eg R&D tax credits). There is no certainty that grants or incentive programs will continue to be available to the Company, and changes in government policy may reduce their applicability.

In accordance with good business practice in the pharmaceutical industry the company's management actively and routinely employs a variety of risk management strategies. These are broadly described in the Corporate Governance Statement.

### *Biotechnology Companies – Inherent Risks*

Some of the risks inherent in the development of a pharmaceutical product to a marketable stage include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development or may infringe intellectual property rights of other parties, the obtaining of the necessary drug regulatory authority approvals and difficulties caused by the rapid advancements in technology. Also a particular compound may fail the clinical development process through lack of efficacy or safety. Companies such as Immuron Limited are dependent on the success of their R&D projects and on the ability to attract funding to support these activities. Investment in research and development projects cannot be assessed on the same fundamentals as trading and manufacturing enterprises. Thus investment in these areas must be regarded as speculative, taking into account these considerations.

This Report may contain forward-looking statements regarding the potential of the Company's projects and interests and the development of the Company's projects and interests and the development and therapeutic potential of the Company's research and development projects. Any statement describing a goal, expectation, intention or belief of the Company is a forward-looking statement and should be considered an at-risk statement. Such statements are

subject to certain risks and uncertainties, particularly those inherent in the process of discovering, developing and commercialising drugs that are safe and effective for use as human therapeutics and the financing of such activities. There is no guarantee that the Company's research and development projects will be successful or receive regulatory approvals or prove to be commercially successful in the future. Actual results of further R&D could differ from those projected or detailed in this report.

As a result, you are cautioned not to rely on forward-looking statements. Consideration should be given to these and other risks concerning the Company's research and development program referred to in this Directors' Report and in the Company's 'Operations Report' as contained in this Financial Report for the period ended 30 June 2014.

### Environmental Regulation and Performance

The Company is involved in pharmaceutical research and development. Much of which is contracted out to third parties, and it is the Directors understanding that these activities do not create any significant/material environmental impact. To the best of the Company's knowledge, the scientific research activities undertaken by, or on behalf of, the Company are in full compliance with all prescribed environmental regulations.

### Meetings of Directors

During the financial year, 16 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Board Meetings		Committee Meetings			
	No. eligible to attend	No. attended	Audit and Risk		Remuneration	
			No. eligible to attend	No. attended	No. eligible to attend	No. attended
Dr Roger Aston	13	12	2	2	1	1
Mr Daniel Pollock	13	13	2	2	-	-
Mr Stephen Anastasiou	13	13	-	-	-	-
Dr Stewart Washer *	-	-	-	-	-	-
Dr Elane Zelcer**	4	4	1	1	1	1

\*Resigned from the board on 3<sup>rd</sup> July 2013

\*\*Resigned from the board on 2<sup>nd</sup> September 2013

As at the date of this report the Company had an Audit and Risk Committee and Remuneration Committee, with membership of the committees as follows:

	Audit and Risk Committee	Remuneration Committee
Chairman	Mr Daniel Pollock	Dr Roger Aston
Members	Dr Roger Aston	Mr Daniel Pollock

### Indemnification and Insurance of Directors and other Officers

Under the Company's constitution:

- To the extent permitted by law and subject to the restrictions in section 199A and 199B of the Corporations Act 2001, the Company indemnifies every person who is or has been an officer of the Company against any liability (other than for legal costs) incurred by that person as an officer of the Company where the Company requested the officer to accept appointment as Director.
- To the extent permitted by law and subject to the restrictions in sections 199A and 199B of the Corporations Act 2001, the Company indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Company.

The Company has insured its Directors, the Company Secretaries and executive officers for the financial year ended 30 June 2014. Under the Company's Directors' and Officers' Liability Insurance Policy, the Company cannot release to any

third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the relevant policy.

The Company also has in place a Deed of Indemnity, Access and Insurance with each of the Directors. This Deed:

- (i) indemnifies the Director to the extent permitted by law and the Constitution against certain liabilities and legal costs incurred by the Director as an officer of any Group Company;
- (ii) requires the Company to maintain, and pay the premium for, a D&O Policy in respect of the Director; and
- (iii) provides the Director with access to particular papers and documents requested by the Director for a Permitted Purpose;

both during the time that the Director holds office and for a seven year period after the Director ceases to be an officer of any Group Company, on the terms and conditions contained in the Deed.

### Indemnification and Insurance of Auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### Share Options on Issue as at the Date of this Report

The unissued ordinary shares of Immuron Limited under option as at the date of this report were:

Class	ASX Code	Date of Expiry	Exercise Price	No. Under Option
Listed Options	IMCOA	30 April 2015	\$0.0389	115,995,306
Unlisted Options	IMCSO1	30 June 2015	\$0.0389	2,000,000
Unlisted Options	IMCAI	31 March 2016	\$0.0094	155,317,501
Unlisted Options	IMCAI	30 June 2016	\$0.0069	31,746,031
Unlisted Options	IMCAI	4 December 2016	\$0.0114	50,000,000
Unlisted Options	IMCSO2	1 November 2017	\$0.0389	2,500,000
Unlisted Options	IMCRM1	30 November 2021	\$0.0486	579,736
Unlisted Options	IMCRM2	17 January 2022	\$0.0469	1,186,729
Unlisted Options	IMCAI	28 February 2019	\$0.0473	615,222
Unlisted Options	IMCAI	28 May 2019	\$0.0075	5,602,241

### Shares Issued as a Result of the Exercise of Options

During the year ended 30 June 2014, 29,075 fully paid ordinary shares of Immuron Limited were issued as a result of the exercise of listed IMCOA options

### Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

### Non-Audit Services

The Company's Auditors, William Buck, did not provide any non-audit services during the 2014 financial year.

### **Auditor's Independence Declaration**

The Auditors Independence Declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2014 has been received and can be found in the 'Auditor's Independence Declaration' section of this Annual Report.

### **Corporate Governance**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Immuron support and adhere to good corporate governance practices. The Company's Corporate Governance Statement is contained in the 'Corporate Governance Statement' section of this Annual Report.

### **Remuneration Report (Audited)**

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company as required by the Corporations Act 2001 and its Regulations.

This report details the nature and amount of remuneration of each Director of Immuron Limited and all other Key Management Personnel.

For the purposes of this report, Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, and secretaries of the Company.

This report details the nature and amount of remuneration for each Director of Immuron Limited, and for the other Key Management Personnel.

The Directors of Immuron Limited during the year were:

Dr Roger Aston	Independent Non-Executive Chairman
Mr Daniel Pollock	Independent Non-Executive Director
Mr Stephen Anastasiou	Non-Executive Director
Dr Stewart Washer <sup>1</sup>	Independent Non-Executive Director
Dr Elane Zelcer <sup>1</sup>	Independent Non-Executive Director

<sup>1</sup> These Directors resigned during or after the 2014 financial year on the dates disclosed earlier in this Directors' Report.

The other Key Management Personnel of Immuron Limited during the year were:

Mr Amos Meltzer	Interim Chief Executive Officer (CEO)
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## **Section A: Principles used to determine the nature and amount of Remuneration**

### **Remuneration Policy**

The Remuneration Policy ensures that Directors and Senior Management are appropriately remunerated having regard to their relevant experience, their performance, the performance of the Company, industry norms/standards and the general pay environment as appropriate. The Remuneration Policy has been established to enable the Company to attract, motivate and retain suitably qualified Directors and Senior Management who will create value for shareholders.



### Remuneration Policy versus Company Performance

The Company's Remuneration Policy is not directly based on the Company's earnings. The Company's earnings have remained negative since inception due to the nature of the Company. Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by the Company. The Company continues to focus on the research and development of its intellectual property portfolio with the objective of achieving key development and commercial milestones in order to add further Shareholder value.

The Company's performance over the previous five financial years is as follows:

Financial Year	Net Loss	Share Price at Year End
2014	\$2,544,550	\$0.005
2013	\$3,539,117	\$0.004
2012	\$2,297,520	\$0.018
2011	\$2,595,179	\$0.063
2010	\$1,902,425	\$0.069

### Remuneration Committee

The Remuneration Committee of the Board of Directors of Immuron Limited is responsible for overseeing the Remuneration Policy of the Company and for recommending or making such changes to the policy as it deems appropriate.

### Non-Executive Director Remuneration

#### Objective

The Remuneration Policy ensures that Non-Executive Directors are appropriately remunerated having regard to their relevant experience, individual performance, the performance of the Company, industry norms/standards and the general pay environment as appropriate.

#### Structure

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a Meeting of Shareholders. An amount (not exceeding the amount approved at the Shareholders Meeting) is determined by the Board and then divided between the Non-Executive Directors as agreed. The latest determination was at the Shareholders Meeting held on 8 November 2005 when shareholders approved the aggregate maximum sum to be paid or provided as remuneration to the Directors as a whole (other than the Managing Director and Executive Directors) for their services as \$350,000 per annum.

In the year ended 30 June 2014, the Non-Executive Directors were remunerated an aggregate \$225,134 per annum, including superannuation.

The manner in which the aggregate remuneration is apportioned amongst Non-Executive Directors is reviewed periodically.

The Board is responsible for reviewing its own performance. Board, and Board committee performance, is monitored on an informal basis throughout the year with a formal review conducted during the financial year.

No retirement benefits are payable other than statutory superannuation, if applicable.

### Executive Director and Executive Officer Remuneration

#### Objective

The Remuneration Policy ensures that Executive Directors are appropriately remunerated having regard to their relevant experience, individual performance, the performance of the Company, industry norms/standards and the general pay environment as appropriate.

#### Structure

The Non-Executive Directors are responsible for evaluating the performance of the Chief Executive Officer (CEO) who in turn evaluates the performance of the other Senior Executives. The evaluation process is intended to assess the Company's business performance, whether long-term strategic objectives are being achieved and the achievement of individual performance objectives.



The performance of the CEO and Senior Executives are monitored on an informal basis throughout the year and a formal evaluation is performed annually.

### Fixed Remuneration

Executives' fixed remuneration comprises salary and superannuation and is reviewed annually by the CEO, and in turn, the Remuneration Committee. This review takes into account the Executives' experience, performance in achieving agreed objectives and market factors as appropriate.

### Variable Remuneration – Short Term Incentive Scheme

All Executives are entitled to participate in the Employee Short Term Incentive Scheme which provides for executive employees to receive a combination of short term incentive (STI) and long term incentive (LTI)'s as part of their total remuneration if they achieve certain performance indicators as set by the Board. The STI can be paid either by cash, or a combination of cash and the issue of equity in the Company, at the determination of the Board and Remuneration Committee.

The Remuneration Committee approves the issue of bonuses following the recommendations of the CEO in their review of the performance of the Executives and the Company as a whole against agreed Key Result Areas (KRA's).

The Board approves Corporate KRA's on an annual basis. Personal KRA's are developed for each Executive.

### Variable Remuneration – Long Term Incentive Scheme

Executives may also be provided with longer-term incentives through the Company's Executive Share Option Plan (ESOP), that was approved by shareholders at the General Meeting held on 5 September 2011. The aim of the ESOP is to allow the Executives to participate in, and benefit from, the growth of the Company as a result of their efforts and to assist in motivating and retaining those key employees over the long term. Continued service is the condition attached to the vesting of the options. The Board at its discretion determines the total number of options granted to each Executive.

### **Voting and Comments Made at the Company's 2013 Annual General Meeting**

The Company received 99% of the "yes" votes on the resolution pertaining to shareholders voting on the remuneration report for the 2013 financial year. There were no specific comments raised at the Annual General Meeting or throughout the year on its remuneration practices.

**Section B: Details of Remuneration**

**Details of Remuneration for the year ended 30 June 2014**

The remuneration for each Director and each of the other Key Management Personnel of the Company during the year ended 30 June 2014 was as follows:

30 June 2014	Short-term Employment Benefits			Post-Employment Benefits	Share-based Payments	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation Contribution \$	Shares/Options \$	
<b>Directors</b>						
Dr Roger Aston	46,875	-	-	4,375	66,425	117,675
Mr Daniel Pollock	33,750	-	-	3,150	36,650	73,550
Mr Stephen Anastasiou	_*	_*	_*	_*	25,400	25,400
Dr Stewart Washer <sup>1</sup>	-	-	-	-	-	-
Dr Elane Zelcer <sup>1</sup>	7,788	-	-	720	-	8,508
	<b>88,413</b>	-	-	<b>8,245</b>	<b>128,475</b>	<b>225,133</b>
<b>Other Key Management Personnel</b>						
Mr Amos Meltzer	220,000	-	-	-	56,127	276,127
	<b>220,000</b>	-	-	-	<b>56,127</b>	<b>276,127</b>
	<b>308,413</b>	-	-	<b>8,245</b>	<b>184,602</b>	<b>501,260</b>

<sup>1</sup> These Directors resigned during or after the 2014 financial year on the dates disclosed earlier in this Directors Report.

\* This Director is not remunerated for being a Director, but a related entity of this Director, Grandlodge Pty Ltd, is remunerated for business services provided to Immuron. Grandlodge was contracted on commercial arms-length terms to provide their services for \$70,000 per annum on 1 June 2013.

## Details of Remuneration for the year ended 30 June 2013

The remuneration for each Director and each of the other Key Management Personnel of the Company during the year ended 30 June 2013 was as follows:

30 June 2013	Short-term Employment Benefits			Post-Employment Benefits	Share-based Payments	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation Contribution \$	Shares/Options \$	
<b>Directors</b>						
Dr Roger Aston	58,125	-	-	5,231	-	63,356
Mr Daniel Pollock <sup>2</sup>	32,500	-	-	2,926	-	35,426
Mr Stephen Anastasiou <sup>2, 3</sup>	-	-	-	-	-	-
Prof. Colin Chapman <sup>1</sup>	15,625	-	-	1,406	-	17,031
Mr. Joseph Bains <sup>1</sup>	192,000	-	-	-	-	192,000
Dr Stewart Washer <sup>1</sup>	40,000	-	-	3,600	-	43,600
Dr Elane Zelcer <sup>1</sup>	45,000	-	-	4,052	-	49,052
	<b>383,250</b>	-	-	<b>17,215</b>	-	<b>400,465</b>
<b>Other Key Management Personnel</b>						
Mr Amos Meltzer	228,000	-	-	-	25,534	<b>253,534</b>
Mr Graeme Stevens	106,305	-	-	-	10,557	<b>116,862</b>
	<b>334,305</b>	-	-	-	<b>36,091</b>	<b>370,396</b>
	<b>717,555</b>	-	-	<b>17,215</b>	<b>36,091</b>	<b>770,861</b>

<sup>1</sup> These Directors resigned during or after the 2013 financial year.

<sup>2</sup> These Directors were appointed during the 2013 financial year on the dates disclosed earlier in this Directors Report.

<sup>3</sup> This Director is not remunerated for being a Director, but a related entity of this Director, Grandlodge Pty Ltd, is remunerated for business services provided to Immuron. Grandlodge was contracted on commercial arms-length terms to provide their services for \$70,000 per annum on 1 June 2013.

## Performance based Remuneration for the year ended 30 June 2014:

30 June 2014	Options Issued in Lieu of Cash Payment for Salary/Fees \$	Options Issued Under ESOP \$	Options Issued in Lieu of Cash Bonus Payment \$	Share Option Expense \$	Total \$
<b>Directors</b>					
Dr Roger Aston	-	-	-	50,800	50,800
Mr Daniel Pollock	-	-	-	25,400	25,400
Mr Stephen Anastasiou	-	-	-	25,400	25,400
	-	-	-	<b>101,600</b>	<b>101,600</b>
<b>Other Key Management Personnel</b>					
Mr Amos Meltzer	-	56,127	-	7,191	63,318
	-	<b>56,127</b>	-	<b>7,191</b>	<b>63,318</b>
	-	<b>56,127</b>	-	<b>108,791</b>	<b>164,918</b>

## Performance based Remuneration for the year ended 30 June 2013:

30 June 2013	Options Issued in Lieu of Cash Payment for Salary/Fees \$	Options Issued Under ESOP \$	Options Issued in Lieu of Cash Bonus Payment \$	Share Option Expense \$	Total \$
<b>Other Key Management Personnel</b>					
Mr Amos Meltzer	-	-	-	25,534	25,534
Mr Graeme Stevens	-	-	-	10,557	10,557
	-	-	-	<b>36,091</b>	<b>36,091</b>

## (a) Share Based Payments

The number of shares in the Company held during the financial year by each Director and other Key Management Personnel of the Company, including their personally related parties, are set out below.

30 June 2014	Balance at Start of the Year	Granted as Compensation	Shares Expired or Lapsed	Net Change Other	Balance at Year End
<b>Directors</b>					
Dr Roger Aston	13,122,482	2,604,167	-	3,000,000	18,726,649
Mr Daniel Pollock	6,418,993	1,875,000	-	6,691,668	14,985,661
Mr Stephen Anastasiou	151,626,929	-	-	211,476,271 <sup>1</sup>	363,103,200
Dr Stewart Washer *	1,500,000	-	-	-	1,500,000
Dr Elane Zelcer *	2,742,023	-	-	1,145,834	3,887,857
<b>Other Key Management Personnel</b>					
Mr Amos Meltzer	1,322,342	-	-	6,751,163	8,073,505
	<b>176,732,769</b>	<b>4,479,167</b>	-	<b>229,064,936</b>	<b>410,276,872</b>

30 June 2013	Balance at Start of the Year	Granted as Compensation	Shares Expired or Lapsed	Net Change Other	Balance at Year End
<b>Directors</b>					
Dr Roger Aston	200,000	-	-	12,922,482	13,122,482
Mr Daniel Pollock *	500,000	-	-	5,918,993	6,418,993
Mr Stephen Anastasiou *	-	-	-	151,626,929 <sup>2</sup>	151,626,929
Prof. Colin Chapman *	1,530,080	-	-	-	1,530,080
Mr. Joseph Baini *	950,000	-	-	1,210,000	2,160,000
Dr Stewart Washer *	600,000	-	-	900,000	1,500,000
Dr Elane Zelcer *	579,910	-	-	2,162,113	2,742,023
<b>Other Key Management Personnel</b>					
Mr Amos Meltzer	1,322,342	-	-	-	1,322,342
Mr Graeme Stevens *	3,120,781	-	-	-	3,120,781
Dr Grant Rawlin *	1,355,071	-	-	-	1,355,071
	<b>10,158,184</b>	-	-	<b>174,740,517</b>	<b>184,898,701</b>

\* Denotes a person(s) who was appointed or resigned during the year. Please see the Directors Report for more information (Page 5 to 7)

<sup>1</sup> Securities issued through fully underwritten rights issue as announced to the market 22 January 2014

<sup>2</sup> Securities issued in accordance with Rights Issue Underwriting approved by shareholders at the Company's General Meeting held on 17 May 2013.

Shares and options may be issued or granted to key management personnel under the various share based compensation plans as set out in section C of this report.

Details of shares and options provided as part of the total remuneration paid to key management personnel are set out below. When exercisable, each option is convertible into one ordinary fully paid share of Immuron Limited.

No shares were granted to Directors in relation to remuneration during the 2013 financial year.

## Directors' Report *(continued...)*

### (b) Options and Rights

The number of options over ordinary shares in the Company held during the financial year by each Director of Immuron Limited and other Key Management Personnel of the Company, including their personally related parties, are set out below:

30 June 2014	Balance at Start of the Year	Granted as Compensation	Options Exercised	Options Expired or Lapsed	Net Change Other	Balance at Year End	Vested and Exercisable	Unvested
<b>Directors</b>								
Dr Roger Aston	4,216,667	20,000,000 <sup>1</sup>	-	-	-	24,216,667	24,216,667	-
Mr Daniel Pollock	1,766,667	10,000,000 <sup>1</sup>	-	-	-	11,766,667	11,766,667	-
Mr Stephen Anastasiou	66,666,667	10,000,000 <sup>1</sup>	-	-	-	76,666,667	76,666,667	-
Dr Stewart Washer *	150,000	-	-	-	-	150,000	150,000	-
Dr Elane Zelcer *	566,085	-	-	-	-	566,085	566,085	-
<b>Other Key Management Personnel</b>								
Mr Amos Meltzer	6,500,000	25,396,825	-	(2,000,000)	-	29,896,825	28,646,825	1,250,000
<b>TOTAL</b>	<b>79,866,086</b>	<b>65,396,825</b>	<b>-</b>	<b>(2,000,000)</b>	<b>-</b>	<b>143,262,911</b>	<b>142,012,911</b>	<b>1,250,000</b>

\* Denotes a person(s) who was appointed or resigned during the year. Please see the Director's Report for more information (Page 5 to 7.)

<sup>1</sup> Securities issued in as per Resolution 5, 6 and 7 approved by shareholders at the Annual General Meeting held on 29 November 2013.

## Directors' Report *(continued...)*

30 June 2013	Balance at Start of the Year	Granted as Compensation	Options Exercised	Options Expired or Lapsed	Net Change Other	Balance at Year End	Vested and Exercisable	Unvested
<b>Directors</b>								
Dr Roger Aston	-	-	-	-	4,216,667	4,216,667	4,216,667	-
Mr Daniel Pollock	100,000	-	-	-	1,166,667	1,266,667	1,766,667	-
Mr Stephen Anastasiou	-	-	-	-	66,666,667 <sup>1</sup>	66,666,667	66,666,667	-
Prof. Colin Chapman *	-	-	-	-	382,520	382,520	382,520	-
Mr. Joseph Bains *	783,334	-	-	-	477,500	1,260,834	1,260,834	-
Dr Stewart Washer *	-	-	-	-	150,000	150,000	150,000	-
Dr Elane Zelcer *	4,440	-	-	-	561,645	566,085	566,085	-
<b>Other Key Management Personnel</b>								
Mr Amos Meltzer	2,000,000	4,500,000	-	-	-	6,500,000	4,625,000	1,875,000
Mr Graeme Stevens *	602,667	2,500,000	-	-	-	3,102,667	1,602,667	1,500,000
<b>TOTAL</b>	<b>3,490,441</b>	<b>7,000,000</b>	-	-	<b>73,621,666</b>	<b>84,112,107</b>	<b>80,737,107</b>	<b>3,375,000</b>

\* Denotes a person(s) who was appointed or resigned during the year. Please see the Director's Report for more information (Page 5 to 7).

<sup>1</sup> Securities issued in accordance with Rights Issue Underwriting approved by shareholders at the Company's General Meeting held on 17 May 2013

## Additional Information in Respect of Options

The terms and conditions of each grant of options over ordinary fully paid shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Number of Options	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
25,396,825	4 July 2013	4 July 2013	30 June 2016	\$0.0069	\$0.0022
40,000,000	4 December 2013	4 December 2013	4 December 2016	\$0.0114	\$0.0025

Options granted carry no dividend or voting rights and the value of the grant was determined in accordance with applicable Australian Accounting Standards.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below. No options were issued to Directors in relation to remuneration during the 2013 financial year

Name	Number of options granted during the year		Number of options vested during the year	
	2014	2013	2014	2013
<b><u>Directors</u></b>				
Dr Roger Aston	20,000,000 <sup>1</sup>	-	20,000,000	-
Mr Daniel Pollock	10,000,000 <sup>1</sup>	-	10,000,000	-
Mr Stephen Anastasiou	10,000,000 <sup>1</sup>	-	10,000,000	-
Dr Stewart Washer *	-	-	-	-
Dr Elane Zelcer *	-	-	-	-
	<b>40,000,000</b>	<b>-</b>	<b>40,000,000</b>	<b>-</b>
<b><u>Other Key Management Personnel</u></b>				
Mr Amos Meltzer	25,396,825	4,500,000	625,000	2,625,000
	<b>25,396,825</b>	<b>4,500,000</b>	<b>625,000</b>	<b>2,625,000</b>
	<b>65,396,825</b>	<b>4,500,000</b>	<b>40,625,000</b>	<b>2,625,000</b>

\* These Directors resigned during or after the 2014 financial year on the dates disclosed earlier in this Directors Report.

<sup>1</sup> Securities issued in as per Resolution 5, 6 and 7 approved by shareholders at the Annual General Meeting held on 29 November 2013.

Values of options over ordinary fully paid shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below.

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$
<b><u>Directors</u></b>			
Dr Roger Aston	50,800	-	-
Mr Daniel Pollock	25,400	-	-
Mr Stephen Anastasiou	25,400	-	-
Dr Stewart Washer	-	-	-
Dr Elane Zelcer	-	-	-
	<b>101,600</b>	<b>-</b>	<b>-</b>
<b><u>Other Key Management Personnel</u></b>			
Mr Amos Meltzer	56,127	-	14,935
	<b>56,127</b>	<b>-</b>	<b>14,935</b>
	<b>157,727</b>	<b>-</b>	<b>14,935</b>



The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2014	2013	2014	2013	2014	2013
<b><u>Other Key Management Personnel</u></b>						
Mr Amos Meltzer	80%	90%	-	9%	20%	1%

**(c) Loans to Directors and Other Key Management Personnel**

There were no loans made to Directors or other Key Management Personnel of the Company, including their personally related parties.

**(d) Other transactions with Other Key Management Personnel**

There were no further transactions with Directors or other Key Management Personnel not disclosed above or in Note 23.

### Section C: Share-based Compensation

**(i) Shares**

*(a) Employee Share Plan*

All permanent employees (excluding Executive Directors) who have been continuously employed by the Company for a period of at least one year are eligible to participate in the Plan. Employees may elect not to participate in the Plan.

Under the Plan, eligible employees may be granted up to \$1,000 worth of fully paid ordinary shares in Immuron Limited annually for no cash consideration. The market value of the shares issued under the scheme, measured as the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the week leading up to and including the date of grant, is recognised as part of employee benefit costs in the period the shares are granted.

Offers under the Plan are at the discretion of the Company. Shares issued under the scheme may not be sold until the earlier of three years after issue or cessation of employment with the Company. In all other respects the shares rank equally with other fully-paid ordinary shares on issue.

The number of shares issued to participants in the Plan is the offer amount divided by the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the week up to and including the date of grant.

No shares were issued under this plan in the 2014 financial year (2013: Nil).

*(b) Executive Officer Share Plan*

At the 2007 annual general meeting the members agreed to the establishment of the Immuron Limited Executive Officer Share Plan (Plan). The Plan may involve the Company providing financial assistance for the purchase of its own shares in that no eligible employees are required to pay application monies for the shares issued.

Shares issued under this Plan are held in the name of a trustee on behalf of the eligible employees. A wholly owned subsidiary company was incorporated on 2 January 2008 for the sole purpose to act as the trustee under the Plan.

A brief summary of the Plan is as follows:

1. The Plan is available to all senior employees and Directors, both executive and non-executive, of Immuron Limited.
2. Eligible employees will be offered ordinary shares in the Company to be subscribed for, or acquired by the trustee on behalf of the employee. Shares held by the trustee for employees will be restricted shares in that the shares will not be transferred into the name of the employee until the earlier of, 10 years from date of issue, or the employee terminates their employment with the Company.

3. The shares issued under the Plan will rank equally with all other ordinary shares in the Company and are entitled to receive dividends and vote at general meetings of members.
4. No application monies are payable for shares issued under the Plan, unless the Board determine otherwise.

No shares were issued under this Plan in the 2014 financial year (2013: Nil).

### *(c) Executive Share Option Plan (ESOP)*

At the General Meeting of shareholders held on 5 September 2011 shareholders approved the rules of the ESOP and authorised Directors to issue options at their discretion in accordance with the rules from time to time. Under the rules of the ESOP the Board may offer options to key management staff and consultants and in special circumstances may provide financial assistance to an entitled option holder to assist in the exercise of the ESOP options.

The aggregate number of shares that may be issued upon the exercise of the ESOP options, together with all other share purchase plans for eligible persons, shall not at any time exceed 5% of the total number of the Company's ordinary shares on issue.

During the year options were issued under the rules of the ESOP to the following key management personnel:

	Number of options granted during the year No.	Total Value of options at grant date \$	Number of options vested during the year No.	Number of options lapsed during the year No.
<b>Other Key Management Personnel</b>				
Mr Amos Meltzer	25,396,825	56,127	625,000	2,000,000

The terms of the above options were:

- The options were issued on 4 July 2013
- The options expire on 30 June 2016 and can be exercised at any date prior to their expiry date.
- The exercise price for each option is \$0.0069
- At the discretion of the Board, should the employee leave their employment with the Company, any unvested options will lapse.

### *(d) Executive Share Option Plan (ESOP)*

The terms and conditions of each grant of options affecting remuneration in the current or future reporting period are as follows:

Grant date	Vesting date	Expiry date	Exercise price	Value per option at grant date	Performance achieved	% Vested
18 July 2012	Immediately	30 June 2015	\$0.0389	\$0.007	N/A	100%
1 November 2012	25% - 1 Nov 2012	1 Nov 2017	\$0.0389	\$0.007	N/A	100%
1 November 2012	25% - 1 July 2013	1 Nov 2017	\$0.0389	\$0.007	N/A	100%
1 November 2012	25% - 1 July 2014	1 Nov 2017	\$0.0389	\$0.007	N/A	0%
1 November 2012	25% - 1 July 2015	1 Nov 2017	\$0.0389	\$0.007	N/A	0%
4 July 2013	Immediately	30 June 2016	\$0.0069	\$0.002	N/A	100%

The assessed fair value of options granted to personnel at their grant date is allocated equally over the period from grant date to vesting date, and the amount for the 2014 financial year is included in the remuneration table as set out in section B above. Fair values at grant date are determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publically available information. All options when granted are granted for no consideration.

### **Section D: Employment Contracts of Key Management Personnel**

At the date of this report, the employment conditions of the Chief Executive Officer (CEO), Mr Amos Meltzer and other Key Management Personnel were formalised in contracts of employment. Mr Meltzer is employed under a contract, which commenced on 1 July 2013 and does not have an expiry date.

The consulting contract of Mr Meltzer stipulates a termination period of three months, there is no require for payment upon termination of the contract. Any options not vested before ceasing employment may lapse in accordance with the Company's Executive Share Option Plan (ESOP).

### **Section E: Additional Information**

#### **Loans to Directors and Executives**

No loans have been made to any Director, or any of their related entities, or any executive during the 2014 financial year (2013: \$Nil).

This report is made in accordance with a resolution of Directors.



Dr Roger Aston  
**Independent Non-Executive Chairman**

Dated: This the 29<sup>th</sup> Day of August 2014

# Corporate Governance Statement

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The Board of Directors of Immuron Limited ("the Company") is responsible for the corporate governance of the Company and guides and monitors the business and affairs of the Company on behalf of its shareholders.

The format of the Corporate Governance Statement is based on the Australian Stock Exchange Corporate Governance Council's ("the Council") "Corporate Governance Principles and Recommendations". In accordance with the Council's recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period.

Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. Immuron's Corporate Governance Statement is structured with reference to the Council's principles and recommendations, which are as follows:

<b>Principle 1</b>	Lay solid foundations for management and oversight
<b>Principle 2</b>	Structure the board to add value
<b>Principle 3</b>	Promote ethical and responsible decision making
<b>Principle 4</b>	Safeguard integrity in financial reporting
<b>Principle 5</b>	Make timely and balanced disclosure
<b>Principle 6</b>	Respect the rights of shareholders
<b>Principle 7</b>	Recognise and manage risk
<b>Principle 8</b>	Remunerate fairly and responsibly

Commensurate with the spirit of the ASX Corporate Governance Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where the Company's corporate governance practices depart from the Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Immuron's corporate governance practices were in place throughout the year ended 30 June 2014. For further information on the corporate governance policies adopted by Immuron Limited, please refer to its website: [www.immuron.com](http://www.immuron.com).

## **Principle 1: Lay solid foundations for management and oversight.**

### Role of the Board.

The primary role of the Board is to provide effective governance over the Company's affairs to ensure the interests of the shareholders are protected and the confidence of the investing market is maintained whilst having regard for the interests of all the stakeholders.

This role is exercised by the Board, as whole, and each Director exercising diligent attention to the affairs of the Company.

In particular the Board is responsible for:

- 1) Setting the Company's values and standards of conduct and ensuring that these are adhered to
- 2) Providing strategic direction and approving corporate strategic initiatives;
- 3) Oversight of the Company, including its control and accountability systems;
- 4) Appointing and removing the Chief Executive Office;
- 5) Reviewing and ratifying systems of risk management and internal compliance and controls, codes of conduct and legal compliance;
- 6) Monitoring senior management performance and ensuring appropriate resources are available;

- 7) Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- 8) Approving and monitoring financial and other reporting to shareholders and regulatory authorities.

To ensure that all new Board members understand what is expected of them, in addition to their obligations under the Corporation Act, the Company provides them with a document setting out the key terms and conditions relating to their appointment.

### Role of Management.

Through the Chief Executive Officer, management is responsible to the Board for the:

- 1) Development and implementation of agreed corporate strategy and performance objectives;
- 2) Undertaking the day to day activities of the Company;
- 3) Identifying all matters to be included in a risk profile of the Company and ensuring that effective risk management systems are implemented and adhered to;
- 4) Observing the code of conduct;
- 5) Ensuring that the Board is fully informed of all matters which may have a material impact on the ability of the Company to meet its obligations.

On at least an annual basis, the Board conducts a formal performance review of the Chief Executive Officer and any other key management personnel (KMP). The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. A performance review of KMP occurred during the 2014 financial year in accordance with this process.

### **Principle 2: Structure the Board to add value.**

#### Board Composition.

The Board determines its size and composition, subject to the limits imposed by the Company's Constitution, which requires a minimum of three and a maximum of ten. Currently there are three (3) Directors.

The current Board comprises of three (3) Non-Executive Directors. Two of the Non-Executives are independent Directors who act independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment. The Chairman of the Company is an Independent Director. The Board assesses whether a director is independent in accordance with the Council's independence guidelines. The skills, experience and expertise of each Director is set out in the attached Directors' Report.

The Board collectively and each Director individually may take, at the expense of the Company, such independent professional advice as is considered necessary to fulfil their relevant duties and responsibilities.

The Board is responsible for the nomination and selection of directors. A separate nomination committee has not been formed. The Board considers that given the size of the Company and the Board, no benefits or efficiencies would be gained by delegating this function to a separate committee. The charter of the nomination committee has been incorporated into the Board Charter and by this action the Board of Directors considers all matters that would be relevant for a nomination committee.

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

The Board has adopted an informal self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed at least every year by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company.

Performance reviews involve analysis based on key performance indicators aligned with the financial and non-financial objectives of the Company. A performance review in accordance with the processes disclosed occurred during the 2014 financial year.

### **Principle 3: Promote ethical and responsible decision making.**

The Company has adopted the Australian National Health and Medical Research Council guidelines on ethical research practices.

#### Code of Conduct

Immuron is guided in all its activities by respect for all its stakeholders including employees, shareholders, contractors, customers and suppliers.

The Board has articulated the Company's requirements for standards of conduct, from Directors and senior management, based on the following principles;

- Directors are subject to re-election every three years;
- The Chairman must be independent;
- Conflict of interest must be avoided wherever possible. If, for any reason, a potential conflict arises, the Director/employee must declare the conflict and absent themselves from all discussions and decisions on the relevant matter;
- Employees, consultants and Directors must respect the confidentiality of the Company's assets, including intellectual property, both during and after employment;
- The Company will comply with all relevant legislation and regulation;
- The Company will deal fairly with all its stakeholders;
- The Company will promote a culture of ethical behavior, encouraging openness amongst employees, Directors and contractors.

#### Trading in Company Securities.

The Company reaffirmed its policy and procedures on securities trading in an announcement to the Australian Stock Exchange (ASX) on 29 December 2010.

Briefly the policy states that in respect of any designated officer, either directly or indirectly, is not to deal in the Company's securities at any time:

- When a designated officer is in possession of inside information; or
- Where the dealing is for short-term or speculative gain; or
- Within a period commencing 72 hours prior to and 72 hours after any announcement; or
- Within a period commencing 72 hours prior to and 72 hours after the announcement of the half year and annual financial results.

A designated officer includes Directors, key management employees, consultants, and their associates, and is not to communicate inside information or cause that information to be communicated to another person, or deal in securities of outside companies about which they may obtain inside information by virtue of their position at Immuron.

Each Director has entered into an agreement with the Company to provide information to allow the Company to notify the ASX of any share transaction within five business days.

The Audit and Risks Committee will periodically review the compliance with this policy and report any departures to the Board.

#### Diversity Policy

The Company is committed to increasing diversity amongst its employees, and not just in the area of gender diversity. Our workforce is employed based on the right person for the job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability or appearance.

Executive and Board positions are filled by the best candidates available without discrimination. The Company is committed to increasing gender diversity within these positions when appropriate appointments become available. The Company is also committed to identifying suitable persons within the organisation, and where appropriate opportunities exist, advance diversity to support the promotion of talented employees into management positions.

The Company has not set any gender specific diversity objectives as it believes that multicultural diversity is as equally important within its organisation.

The following table demonstrates the Company's gender diversity as at the date of this report:

	Number of Males	Number of Females
Directors	3	-
Key Management Personnel	1	-
Other Company Employees/Consultants	8	4

### **Principle 4: Safeguard integrity in financial reporting.**

The Board has established an Audit and Risks Committee, which operates under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risks Committee.

The Audit and Risks Committee consists of the following independent Non-Executive Directors:

- Dr Daniel Pollock (Chairperson)
- Dr Roger Aston

Details of the Directors qualifications and attendance at audit committee meetings are set out above in the Directors Report. Given the size of the Board and the Company, Board Committees consisting of only two members are deemed to be an appropriate size to allow the Committee to discharge its charter effectively.

The main responsibilities of the Audit and Risks Committee are to:

- Determine the adequacy of the Company's administrative, operating and accounting controls and policies including;
  - o Systems of internal control and management of risks, including the risks associated with the Company's production and R & D projects;
  - o The Company's process for monitoring compliance with laws and regulations and its own code of business conduct.
  - o Oversee and appraise the quality of the audits conducted by the Company's external auditors;
  - o Maintain open lines of communication among the Board, management and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;
  - o Serve as an objective party to review the financial information presented by management to the Board, shareholders and regulators; and
  - o Report to the Board on matters relevant to the Committee's role and responsibilities.
- In fulfilling its responsibilities, the Audit and Risks Committee:
  - o Receives regular reports from management;
  - o Meets with the external auditors at least twice a year and reviews any significant disagreements between the auditors and management irrespective of whether they have been resolved;
  - o Review of the audit plan with the external auditors and evaluates the effectiveness of the external audit;
  - o Reviews the process the Chief Executive Officer and Chief Financial Officer have in place to support their certifications to the Board.

The Audit and Risks Committee has the authority, within the scope of its responsibilities, to seek and request any information it requires from any employee or external party.

### **Principle 5: Making timely and balanced disclosure.**

As Immuron's shares are traded on the ASX the Company is very conscious that it has an obligation to ensure that the market is both fully and accurately informed about material matters by timely and balanced disclosure.

The Company Secretary has been nominated as the person responsible for communicating with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirement in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The information disclosed will be factual and presented in a clear and balanced way. The Company has prepared and issued to all senior staff a written policy document on this matter and requires strict adherence to this policy.

### **Principle 6: Respect the rights of shareholders.**

The Company is committed to respecting the rights of shareholders and facilitating the effective exercise of those rights.

This is achieved by;

- Effective and regular communications;
- Providing access to timely, balanced and understandable information about the Company and its current and future direction; and
- Facilitating easy participation at general meetings.

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

### **Principle 7: Recognise and managing risk.**

In addition to the usual business risks, the particular risks associated with the Company's activities are:

- Long lead times and high costs associated with biotech research, development and commercialisation;
- The low success rate of biotech research in Australia;
- Stringent health regulations which are subject to regular change;
- The high level of funding required over a long period of time;
- Securing and protecting the Company's intellectual property.

The Board has established a policy for risk oversight and management within the Company. This is periodically reviewed and updated. Management reports risks identified to the Board through regular operations reports, and via direct and timely communication to the Board where and when applicable. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

The CEO and CFO have given a statement to the Board that:

- a) the Company's Financial Statements are founded on a sound system of risk management and internal compliance and control which implements the Policies adopted by the Board; and
- b) the Company's 'Risk Management and Internal Compliance and Control System', in so far as it relates to financial risk, is operating effectively in all material aspects.

The Company also manages ongoing risk through the Audit and Risks Committee. The functions and responsibilities of that Committee are outlined earlier in this section of the report.



### **Principle 8: Remunerate fairly and responsibly.**

The Company has established a Remuneration Committee. The Committee is responsible for determining and reviewing compensation arrangements for the Directors and for approving parameters within which the review of the compensation arrangements for the senior executive team can be conducted by the Chief Executive Officer and/or the Board.

The Remuneration Committee consists of two independent Non-Executive Directors. Given the size of the Board and the Company, Board Committees consisting of only two members are deemed to be an appropriate size to allow the Committee to discharge its charter effectively.

Remuneration for Executive Directors and staff is determined by reference to market rates. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company and consolidated entity; and
- performance incentives that allow executives to share in the success of the Company.

From time to time employees and consultants are offered shares and options under plans previously agreed by shareholders. In a Company at this stage of its development, the only meaningful performance target is the share price and the exercise price for such options which are set well in advance of the price at which the shares are trading at the time of issue and, for Executives, usually have a vesting period of up to three years.

As the number of options on issue at any one time is low and the price and exercise periods differ, the Board considers that the exercise of such options will have little or no effect on the Company's share price or Earnings per Share.

In setting remuneration for non-executive Directors, the Board will use the following principles;

- Non-Executive Directors shall be paid fees and superannuation plus supplements for committee work within the aggregate amount set by shareholders in general meeting (last set in 2005 at \$350,000 for cash remuneration);
- Non-Executive Directors may participate in options arrangements subject to shareholder approval. The Board does not accept that options should not be given to non-executive Directors as it believes (and shareholders have previously agreed) that in an R&D company their particular expertise is vital to the team effort and therefore options are a valid incentive;
- Non-Executive Directors retirement payments are limited to compulsory employer superannuation;
- Bonuses will not be paid to non-executive Directors.

Details of remuneration paid to Directors and key management personnel are set out in the Directors Report in this Annual Report.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF IMMURON LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2014 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

*William Buck*

**William Buck Audit (VIC) Pty Ltd**  
ABN 59 116 151 136

*J.C. Luckins*

**J.C. Luckins**  
Director

Dated this 29<sup>th</sup> day of August, 2014

**CHARTERED ACCOUNTANTS  
& ADVISORS**

**Melbourne Office**  
Level 20, 181 William Street  
Melbourne VIC 3000

**Hawthorn Office**  
Level 1, 465 Auburn Road  
Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142  
Telephone: +61 3 9824 8555  
**williambuck.com**

# Immuron

LIMITED



## **Annual Financial Statements** **For the year ended 30 June 2014**

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	30 June 2014 \$	30 June 2013 \$
<b>Revenue</b>			
Total Operating Revenue	2	1,044,142	149,755
<b>Total Revenue</b>		<b>1,044,142</b>	<b>149,755</b>
Cost of Goods Sold		(332,686)	(88,940)
<b>Gross profit</b>		<b>711,456</b>	<b>60,815</b>
<b>Direct Selling Costs</b>			
Sales and Marketing Costs		(401,811)	-
Freight Costs		(38,445)	-
		<b>271,200</b>	<b>60,815</b>
Other Income	2	754,996	304,269
<b>Expenses</b>			
Amortisation Expenses	3	(680,567)	(720,000)
Consulting, Employee and Director Expenses		(555,487)	(944,761)
Corporate Administration Expenses		(367,514)	(551,048)
Depreciation Expenses		(4,010)	(14,370)
Finance Costs		(588,636)	(256,866)
Contract Termination Costs		-	(345,302)
Marketing and Promotion Expenses		(52,085)	(8,625)
Research and Development Expenses		(1,285,121)	(1,001,157)
Travel and Entertainment Expenses		(37,326)	(35,393)
Impairment of inventory		-	(26,679)
<b>Loss Before Income Tax Attributable to Members of Immuron Limited</b>		<b>(2,544,550)</b>	<b>(3,539,117)</b>
Income Tax Expense	4	-	-
<b>Loss for the Period</b>		<b>(2,544,550)</b>	<b>(3,539,117)</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the Period</b>		<b>(2,544,550)</b>	<b>(3,539,117)</b>
Basic Loss per Share (Cents per Share)	6	(0.152)	(0.698)
Diluted Loss per Share (Cents per Share)	6	(0.152)	(0.698)

The accompanying notes form part of these financial statements.

# Statement of Financial Position

For the year ended 30 June 2014

	Note	30 June 2014 \$	30 June 2013 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	6,141,789	1,446,712
Trade and other receivables	9	517,792	15,438
Inventories	10	565,957	291,694
Other	11	386,641	84,046
<b>Total Current Assets</b>		<b>7,612,179</b>	<b>1,837,890</b>
<b>Non-Current Assets</b>			
Investments	12	1	1
Property, plant and equipment	13	20,065	8,154
Intangible assets	14	-	680,587
<b>Total Non-Current Assets</b>		<b>20,066</b>	<b>688,742</b>
<b>TOTAL ASSETS</b>		<b>7,632,245</b>	<b>2,526,632</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	15	845,300	1,231,327
Financial liabilities	16	-	4,155
<b>Total Current Liabilities</b>		<b>845,300</b>	<b>1,235,482</b>
<b>Non-Current Liabilities</b>			
Financial liabilities	16	-	1,146,164
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>1,146,164</b>
<b>TOTAL LIABILITIES</b>		<b>845,300</b>	<b>2,381,646</b>
<b>NET ASSETS</b>		<b>6,786,945</b>	<b>144,986</b>
<b>EQUITY</b>			
Issued capital	18	40,325,295	31,357,697
Reserves	19	666,592	1,208,271
Accumulated Losses		(34,204,942)	(32,420,982)
<b>TOTAL EQUITY</b>		<b>6,786,945</b>	<b>144,986</b>

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

For the year ended 30 June 2014

	Share Capital	Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance as at 30 June 2012</b>	<b>30,024,787</b>	<b>907,059</b>	<b>(28,881,865)</b>	<b>2,049,981</b>
<b>Total comprehensive income for the year</b>	-	-	<b>(3,539,117)</b>	<b>(3,539,117)</b>
<i>Transactions with Equity holders in their capacity as equity holders:</i>				
Shares issued net of issue costs	1,327,077	-	-	1,327,077
Shares to be issued	5,833	-	-	5,833
Options issued	-	250,061	-	250,061
Employee and consultants share options	-	51,151	-	51,151
<b>Balance at 30 June 2013</b>	<b>31,357,697</b>	<b>1,208,271</b>	<b>(32,420,982)</b>	<b>144,986</b>
<b>Total comprehensive income for the year:</b>	-	-	<b>(2,544,550)</b>	<b>(2,544,550)</b>
<i>Transactions with Equity holders in their capacity as equity holders:</i>				
Shares issued net of issue costs	8,967,598	-	-	8,967,598
Options issued	-	211,721	-	211,721
Employee and consultants share options	-	7,190	-	7,190
Lapse or exercise of share options	-	(760,590)	760,590	-
<b>Balance at 30 June 2014</b>	<b>40,325,295</b>	<b>666,592</b>	<b>(34,204,942)</b>	<b>6,786,945</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

For the year ended 30 June 2014

	30 June 2014	30 June 2013
	\$	\$
<b><u>Cash flows from operating activities</u></b>		
Receipts from customers	541,788	323,464
Payments to suppliers and employees	(3,787,497)	(2,446,655)
Interest received	88,345	11,580
Interest and other costs of finance paid	(159,864)	(113,411)
Receipt of R&D tax refund	666,651	179,615
<b>Net cash flows used in operating activities</b>	<b>(2,650,577)</b>	<b>(2,045,407)</b>
<b><u>Cash flows related to investing activities</u></b>		
Payment for purchases of plant and equipment	(15,901)	(7,200)
<b>Net cash flows used in investing activities</b>	<b>(15,901)</b>	<b>(7,200)</b>
<b><u>Cash flows related to financing activities</u></b>		
Proceeds from issues of equity securities	9,665,724	1,863,810
Capital raising costs	(819,168)	(287,674)
Funds received from convertible debenture	-	479,255
Repayment of borrowings	(1,485,001)	-
<b>Net cash flows from financing activities</b>	<b>7,361,555</b>	<b>2,055,391</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,695,077</b>	<b>2,784</b>
Cash and cash equivalents at the beginning of the period	1,446,712	1,443,928
<b>Cash and cash equivalents at the end of the period</b>	<b>6,141,789</b>	<b>1,446,712</b>

The accompanying notes form part of these financial statements.

## **Note 1. Summary of Significant Accounting Policies**

### Corporate Information

The financial report of Immuron Limited ('the Company', 'Immuron') for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on Friday, 29<sup>th</sup> August 2014.

Immuron Limited is a listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX).

The principal activity of the Company is a product development driven biopharmaceutical Company focused on the research and development of polyclonal antibodies for the treatment and prevention of major diseases.

### Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards, required for a for-profit entity.

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian dollars, which is the Company's functional and presentation currency. All values are rounded to the nearest dollar unless otherwise stated.

Compliance with AASB ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.



### Amendments to Australian Accounting Standards

The following amending Standards have been adopted from 1 July 2013. Adoption of these standards did not have any effect on the financial position or performance of the Company:

Ref	Title	Summary
AASB 2011-4	<b>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement</b>	The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Other than the amended accounting standards listed above, all other accounting standards adopted by the Company are consistent with the most recent Annual Report for the year ended 30 June 2013.

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the Company for the annual reporting period ended 30 June 2014:

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 9	<i>Financial Instruments and its consequential amendments</i>	Completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks.	1 January 2018	The company is still determining if there will be any potential impact	1 July 2018
AASB 2012-3	<i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i>	The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.	1 January 2014	No Impact	1 July 2014

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.	1 January 2014	The company is still determining if there will be any potential impact	1 July 2014
	<i>Annual Improvements to IFRSs 2010-2012 Cycle</i>	Affects several Accounting Standards as follows: <ul style="list-style-type: none"> <li>- Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment';</li> <li>- Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date;</li> <li>- Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria;</li> <li>- Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly;</li> <li>- Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial;</li> <li>- Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation);</li> <li>- and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity.</li> </ul>	1 July 2014	No Impact	1 July 2014

## Notes to the Financial Statements *(continued...)*

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
	<i>Annual Improvements to IFRSs 2011-2013 Cycle</i>	<p>Affects four Accounting Standards as follows:</p> <ul style="list-style-type: none"> <li>- Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards';</li> <li>- Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;</li> <li>- Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other.</li> </ul>	1 July 2014	No Impact	1 July 2014

### Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **(a) Segment Reporting**

The Company determines and presents operating segments based on the information that is internally provided to the Company's chief operating decision maker which has been identified as the Management Executive Team (MET). The MET consists of the Chief Executive Officer and other Senior Executives of the Company. The MET provides the strategic direction and management oversight of the day to day activities of the entity in terms of monitoring results, providing approval for research and development expenditure decisions and challenging and approving strategic planning for the business.

#### **(b) Foreign Current Translation**

##### Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

##### Transactions and Balances

Transactions in foreign currencies are translated into the functional currency using the rates of exchange ruling at the date of each transaction. At reporting date, amounts outstanding in foreign currencies are translated into the functional currency using the rate of exchange ruling at the end of the financial year. All gains and losses are brought to account in determining the profit or loss for the year.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

#### **(c) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of the revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the activities as described below. The amount of the revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

The following specific revenue criteria must be met before revenue is recognised:

- (i) Sale of Goods and services – Significant risks and rewards of ownership of goods has passed to the buyer when an invoice for the goods or services is issued;
- (ii) Interest – Interest revenue is recognised using the effective interest rate method;
- (iii) R & D Tax Refund – Revenue is recognised on receipt of funds.

#### **(d) Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs to be incurred are deferred or accrued such that they are recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

#### **(e) Income Tax**

The income tax expense or revenue for the period is the tax payable or tax rebate receivable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred

income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(f) Impairment of Assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**(g) Cash and Cash Equivalents**

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**(h) Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income.

**(i) Inventories**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Where appropriate, cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(j) Property, Plant & Equipment**

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Plant & Equipment (3 - 15 years)
- Computer Equipment (2 - 4 years)
- Furniture & Fittings (5 - 15 years)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

### **(k) Intangible Assets**

#### *(i) Research & Development*

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the statement of comprehensive income as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if it is probable that the product or service is technically and commercially feasible, will generate probable economic benefits and adequate resources are available to complete development and cost can be measured reliably. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred.

#### *(ii) Intellectual Property*

The Company acquired certain provisional patent intellectual property from Hadasit Medical Research Services & Development Limited. The initial cost was capitalised and presented in the statement of financial position as an intangible asset.

The realisation of the value attributed to this intangible asset will depend on the successful commercialisation of Immuron's potential products. The Directors note that there is always significant risk involved in the commercialisation of such products

### **(l) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method,

### **(m) Employee Benefits**

#### *(i) Short-term obligations*

Liabilities for wages and salaries, annual leave and long service leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

#### *(ii) Other long-term employee benefit obligations*

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

*(iii) Retirement benefit obligations*

Contributions to the defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

*(iii) Share-based payments*

Share-based compensation benefits may be provided through the issue of fully paid ordinary shares under the Immuron Executive Officer Share Plan. Options are also granted to employees and consultants in accordance with the terms of their respective employment and consultancy agreements. Any options granted are made in accordance with the terms of the Company's Executive Share Option Plan (ESOP).

The fair value of options granted under employment and consultancy agreements are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to contributed equity.

*(iv) Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after reporting date are discounted to present value.

**(n) Interest Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Convertible Debentures

The company issued convertible debentures denominated in Canadian dollars. The conversion option is an embedded derivative, the fair value of which is calculated on initial recognition using an option pricing model. The difference between the consideration received and the fair value of the embedded derivative represents the carrying value of the host debt. The embedded derivative is classified on the balance sheet as a derivative liability and is re-measured each reporting period at fair value. Changes in the fair value are recognised in the statement of comprehensive income. The host foreign currency debt is measured subsequent to initial recognition at amortised cost using the effective interest rate method and then retranslated at each subsequent reporting date.

**(o) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



**(p) Earnings per Share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the full year, adjusted for bonus elements in ordinary shares issued during the full year.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(q) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST recoverable or payable. The net amount of GST recoverable from, or payable to, the taxation authorities is included with other receivable or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flow arising from investing or financing activities which are recoverable for, or payable to, the taxation authorities are presented as operating cash flow.

**(r) Leases**

Leases in which a significant portion of the risk and reward of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

**Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events are based on current trends and economic data, obtained both externally and within the group.

*(i) Share-based Payments*

The value attributed to share options and remunerations shares issued is an estimate calculated using an appropriate mathematical formula based on an option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value of volatility of the price of the underlying shares. Refer to note 22 for more details.

*(ii) Impairment of Inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and in particular the shelf life of inventories that affects obsolescence.

*(iii) Capitalisation of Expenditure*

The capitalisation of expenditure on development activities is a key judgement of the Company, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if it is probable that the product or service is technically and commercially feasible, will generate probable economic benefits and adequate resources are available to complete development and cost can be measured reliably. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred.



## Note 2. Revenue and other income

	30 June 2014	30 June 2013
	\$	\$
<b>Revenue</b>		
<b><u>Revenue from Operating Activities</u></b>		
Sales of goods	1,044,142	149,755
<b>Total Revenue from Operating Activities</b>	<b>1,044,142</b>	<b>149,755</b>
<b><u>Other Income</u></b>		
Interest Received	88,345	11,580
R&D Tax Concession Refunds	664,151	179,615
Grant Income	2,500	-
Gains/(losses) on convertible debenture derivative	-	113,074
<b>Total Other Income</b>	<b>754,996</b>	<b>304,269</b>
<b>Total Revenue and Other Income</b>	<b>1,799,138</b>	<b>454,024</b>

## Note 3. Expenses

	30 June 2014	30 June 2013
	\$	\$
<b><u>Expenses</u></b>		
<b>a) Consulting, Employee and Director Expenses</b>		
Consulting expenses	-	76,892
Employee related expenses	315,632	653,587
Director expenses	239,855	214,282
	<b>555,487</b>	<b>944,761</b>
<b>b) Corporate Administration Expenses</b>		
Audit and accounting fees	34,250	115,459
Insurances	41,852	49,920
Foreign exchange (gain)/loss	(62,697)	65,403
Corporate administration expenses	363,339	304,661
Provision for impairment of receivables	(9,230)	15,605
	<b>367,514</b>	<b>551,048</b>

## Note 4. Income Tax Benefit

	30 June 2014	30 June 2013
	\$	\$
<b>(a) The prima facie tax on loss from ordinary activities before the loss is reconciled to the income tax as follows:</b>		
Loss before income tax	<b>(2,544,550)</b>	<b>(3,539,117)</b>
Income tax benefit calculated at 30% (2012:30%)	(763,365)	(1,061,735)
<i><u>Tax effect of amounts which are not deductible in calculating income tax:</u></i>		
- impairment and amortisation expenses	204,170	216,000
- share-based payments expenses	101,579	15,345
- other expenses not deductible	591	696
Tax benefit associated with R&D rebates	(199,245)	(53,885)
Net gain on convertible debenture derivative	-	8,880
Temporary differences not recognised	(203,308)	18,659
Deferred tax assets relating to tax losses not recognised	859,578	856,039
<b>Income tax reconciliation in Profit or Loss</b>	<b>-</b>	<b>-</b>
<b>(b) Unrecognised Deferred Tax Assets</b>		
Deferred tax assets are attributable to the following:		
- Tax losses	8,113,817	7,457,546
- Impairment of receivables	-	5,732
- Provision for stock write-down	22,651	7,589
- Accruals	49,410	22,299
- Employee provisions	-	-
- Balck Hole expenditure	52,731	3,581
- Patents	22,270	387,169
<b>Net deferred tax assets not recognised</b>	<b>8,260,879</b>	<b>7,883,916</b>
<b>(c) Components of Tax</b>		
The components of tax expense comprise:		
- Current tax	-	-
- Deferred tax	-	-
<b>Net deferred tax assets not recognised</b>	<b>-</b>	<b>-</b>

The Company has estimated tax losses of \$26,488,259, a Deferred Tax Asset of \$8,260,879 (at 30%) that has not been recognised in the Financial Statements, refer to Note 1(e).

## Note 5. Key Management Personnel Compensation

Note 5 details the nature and amount of remuneration for each Director of Immuron Limited, and for the other Key Management Personnel.

The Directors of Immuron Limited during the year were:

Dr Roger Aston	Independent Non-Executive Chairman
Mr Daniel Pollock	Independent Non-Executive Director
Mr Stephen Anastasiou	Non-Executive Director
Dr Stewart Washer <sup>1</sup>	Independent Non-Executive Director
Dr Elane Zelcer <sup>1</sup>	Independent Non-Executive Director

<sup>1</sup> These Directors resigned during or after the 2014 financial year on the dates disclosed earlier in this Directors' Report.

The other Key Management Personnel of Immuron Limited during the year were:

Mr Amos Meltzer	Interim Chief Executive Officer (CEO)
-----------------	---------------------------------------

The aggregate compensation made to Directors and other Key Management Personnel of the Company is set out below:

	30 June 2014	30 June 2013
	\$	\$
Short-term employee benefits	308,413	717,555
Post-employment benefits	8,245	17,215
Share-based payments	184,602	36,091
	<b>501,260</b>	<b>770,861</b>

## Note 6. Loss per Share

	30 June 2014	30 June 2013
Basic loss per share (cents)	(0.152)	(0.698)
Diluted loss per share (cents)	(0.152)	(0.698)
a) Net loss used in the calculation of basic and diluted loss per share	(\$2,544,550)	(\$3,539,117)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	1,673,959,748	414,096,557

## Note 7. Auditor's Remuneration

	30 June 2014	30 June 2013
	\$	\$
Remuneration of the current auditor of the Company, William Buck for:		
– auditing or reviewing the financial report of the Group	34,000	-
– other assurance services	-	-
Remuneration of the previous auditor of the Company, PWC for:		
– auditing or reviewing the financial report of the Group	-	115,459
– other assurance services	-	-
	<b>34,000</b>	<b>115,459</b>

## Note 8. Cash and Cash Equivalents

	30 June 2014	30 June 2013
	\$	\$
<u>Cash at bank:</u>		
- Cash at bank (AUD\$)	6,141,789	1,397,102
- Cash at bank (CAD\$)	-	49,610
	<b>6,141,789</b>	<b>1,446,712</b>

The interest rates on cash at bank at 30 June 2014 was 2.35% and 3.36% (2013: 1.25% and 3.75%).

## Note 9. Trade and Other Receivables

	30 June 2014	30 June 2013
	\$	\$
<b>Current</b>		
Trade Receivables	503,145	34,543
Provision for impairment of receivables	-	(19,105)
Accrued Income	14,647	-
	<b>517,792</b>	<b>15,438</b>

All trade receivables are non-interest bearing.

**Note 10. Inventories**

	30 June 2014	30 June 2013
	\$	\$
Raw materials and stores	565,957	291,694
	<b>565,957</b>	<b>291,694</b>

Write down of inventories to net realisable value recognised as an expense during the year ended 30 June 2014 amounted to \$50,204 (2013: \$26,679) and is included in raw materials and consumables used in the statement of comprehensive income.

**Note 11. Other Assets**

	30 June 2014	30 June 2013
	\$	\$
<b>Current</b>		
Prepayments	386,641	-
Other debtors	-	84,046
	<b>386,641</b>	<b>84,046</b>

**Note 12. Controlled Entities**

	30 June 2014	30 June 2013
	\$	\$
Shares in subsidiary company (at cost)	1	1
	<b>1</b>	<b>1</b>

	Country of Incorporation	Percentage of Ownership*	
		30 June 2014	30 June 2013
<b>Parent Entity:</b>			
Immuron Limited	Australia	-	-
<b>Subsidiaries of Immuron Limited:</b>			
Anadis ESP Pty Ltd	Australia	100%	100%

12a Shares in subsidiary company – Anadis ESP Pty Ltd  
 This company is a wholly owned subsidiary of Immuron Limited and was formed for the sole purpose to act as trustee for the Immuron Limited Executive Officer Share Plan Trust. All costs associated with the operations of this company are borne by Immuron Limited. Consolidated accounts have not been prepared as the net assets and trading activity of Anadis ESP Pty Ltd are not material.

**Note 13. Plant and Equipment**

	30 June 2014	30 June 2013
	\$	\$
<b>Plant &amp; Equipment</b>		
At cost	304,215	288,315
Accumulated depreciation	(288,432)	(287,966)
	<b>15,783</b>	<b>349</b>
<b>Computer Equipment</b>		
At cost	24,019	24,019
Accumulated depreciation	(24,019)	(24,019)
	-	-
<b>Furniture &amp; Fittings</b>		
At cost	34,177	34,177
Accumulated depreciation	(29,895)	(26,372)
	<b>4,282</b>	<b>7,805</b>
<b>Total Plant and Equipment</b>	<b>20,065</b>	<b>8,154</b>

	Plant & Equipment	Computer Equipment	Furniture & Fittings	Total
	\$	\$	\$	\$
<b>Balance as at 1 July 2012</b>	<b>3,324</b>	<b>7,733</b>	<b>7,400</b>	<b>18,457</b>
Additions	-	-	-	-
Depreciation expense	(2,975)	(7,733)	(3,930)	(14,638)
Disposals of assets	-	-	4,335	4,335
<b>Carrying amount as at 30 June 2013</b>	<b>349</b>	<b>-</b>	<b>7,805</b>	<b>8,154</b>
Additions	15,900	-	-	15,900
Depreciation expense	(466)	-	(3,523)	(3,989)
<b>Carrying amount as at 30 June 2014</b>	<b>15,783</b>	<b>-</b>	<b>4,282</b>	<b>20,065</b>

**Note 14. Intangibles**

	30 June 2014	30 June 2013
	\$	\$
<b>Intellectual Property (Acquired)</b>		
At cost	1,460,587	1,460,587
Less accumulated depreciation	(1,460,587)	(780,000)
<b>Net carrying value</b>	<b>-</b>	<b>680,587</b>

	Acquired Intellectual Property
<b>Carrying amount as at 30 June 2012</b>	<b>1,400,587</b>
Amortisation	(720,000)
<b>Carrying amount as at 30 June 2013</b>	<b>680,587</b>
Amortisation	(680,587)
<b>Carrying amount as at 30 June 2014</b>	<b>-</b>

The intellectual property was acquired from Hadasit Medical Research Services and Development Limited, the consideration for which was the issue of 56,484,023 fully paid shares in the financial year ended 30 June 2009.

During June 2012, the estimated useful life of the intellectual property was reviewed in accordance with applicable accounting standards, and the estimated life was determined as having a finite life of two years, consequently the asset was fully amortised during the year ended 30 June 2014.

**Note 15. Trade and Other Payables**

	30 June 2014	30 June 2013
	\$	\$
<b>Current</b>		
Trade payables	652,611	779,188
Accrued expenses	164,698	332,084
Other payables	27,991	120,055
	<b>845,300</b>	<b>1,231,327</b>

## Note 16. Financial Liabilities

	30 June 2014	30 June 2013
	\$	\$
Secured convertible debenture:		
<b>Current</b>		
Value of convertible debenture derivative	-	4,155
	-	<b>4,155</b>
<b>Non-Current</b>		
Host debt borrowing - tranche one	-	696,294
Host debt borrowing - tranche two	-	449,870
	-	<b>1,146,164</b>
<b>Total convertible debenture</b>	-	<b>1,150,319</b>

On 15<sup>th</sup> May 2014 Immuron Limited fully repaid the convertible debenture debt of CA\$1,500,000 to Paladin Labs Inc utilising funds raised from the renounceable pro-rata rights issue announced on 22<sup>nd</sup> January 2014.

## Note 17. Commitments and Contingencies

		30 June 2014	30 June 2013
	Note	\$	\$
<u>Lease commitments not recognised in the financial statements:</u>			
- not later than 12 months		36,333	2,872
- between 1 and 5 years		7,802	-
<u>Stock purchase commitments not recognised in the financial statements:</u>			
- not later than 12 months	(b)	528,841	376,301
		<b>572,976</b>	<b>379,173</b>

(a) The property lease is a non-cancellable lease with a 3 year term, with rent payable monthly in advance. The minimum lease payments shall be increased by 3% per annum. An option exists to renew the lease at the end of the 3 year term for an additional term of 3 years.

(b) Stock purchase commitments not recognised in the financial statements pertains to the balance of the contract outstanding and not yet payable to the colostrum production supplier Synlait.

### Other commitments

The Company entered into an ARC linkage research agreement with Monash University under which the Company has agreed to contribute to the C. difficile research project. The total amount of the contribution is \$268,901 over a three year period of which \$92,022 has been expensed in the current year.

### Contingent liability

The Company received grant funds in previous years totaling \$142,016 from the State Government of Victoria under the terms of the Vistec Grant. Under the terms of the grant agreement, the Company has the obligation to repay the grant monies received upon the receipt of any funds from the commercial exploitation of the technology developed under the grant project.

Therefore, a contingent liability exists in respect of the amount up to \$142,016 if the Company receives any future proceeds from the commercialisation of the grant technology of the same amount.



**Note 18. Contributed Equity**

	30 June 2014		30 June 2013	
	No.	\$	No.	\$
<u>Fully Paid Ordinary Shares</u>				
Balance at beginning of year	1,035,450,143	31,357,697	414,096,557	30,024,787
Share issued during the year	1,960,211,977	9,792,599	621,353,586	1,864,812
Shares to be issued	-	(5,833)	-	5,833
Transaction costs relating to share issues (Cash-based)		(819,168)	-	(287,674)
Transaction costs relating to share issues (Non-cash)		-		(250,061)
<b>Total Issued Capital</b>	<b>2,995,662,120</b>	<b>40,325,295</b>	<b>1,035,450,143</b>	<b>31,357,697</b>

*During the Full Year ended 30 June 2014, the Company issued the following securities:*

Date	Details	No.	Issue Price (\$)	Total Value (\$)
29 May 2014	Issue of Shares as per resolution 2 approved by shareholders at the General Meeting of the Company held on 27th May 2014	10,208,333	0.004	40,833
3 Mar 2014	Issue of Shares through fully underwritten rights issue	1,931,745,402	0.005	9,658,728
3 Feb 2014	Exercise of IMCOA Options	29,075	0.040	1,163
6 Dec 2013	Issue of Shares as per resolutions 5, 6 and 8 approved by shareholders at the Annual General Meeting of the Company held on 29th November 2013	9,479,167	0.006	56,875
6 Dec 2013	Issue of Shares as per resolutions 4 approved by shareholders at the Annual General Meeting of the Company held on 29th November 2013	8,750,000	0.004	35,000
		<b>1,960,211,977</b>		<b>\$ 9,792,599</b>

*During the Full Year ended 30 June 2013, the Company issued the following securities:*

Date	Details	No.	Issue Price (\$)	Total Value (\$)
6 Feb 2013	Issue of shares to consultant in lieu of cash payment for services rendered	83,500	0.012	1,002
6 May 2013	Issue of shares under Share Purchase Plan to eligible shareholders	601,886,363	0.003	1,805,659
20 May 2013	Issue of shares to Directors pursuant to their underwriting of the Share Purchase Plan as approved by shareholders at the General Meeting held on 17 May 2013	19,383,723	0.003	58,151
		<b>621,353,586</b>		<b>\$ 1,864,812</b>

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The ordinary shares have no par value.

## Note 19. Reserves

### Nature and Purpose of the Reserve

The option reserve recognises the proceeds from the issue of options over ordinary shares and the expense recognised in respect of share based payments.

	30 June 2014		30 June 2013	
	No.	\$	No.	\$
<u>Options over fully paid ordinary shares</u>				
Balance at beginning of year	289,860,577	1,208,271	24,887,480	907,059
Options over ordinary shares issued during the year	87,963,494	211,721	281,341,882	283,241
Shares issued from the exercise of options	(29,075)	-	-	-
Option expense recorded over the vesting period	-	7,191	-	17,971
Lapse of options due to nil exercise	(12,252,230)	(760,591)	(16,368,785)	-
<b>Total Reserves</b>	<b>365,542,766</b>	<b>666,592</b>	<b>289,860,577</b>	<b>1,208,271</b>

*During the Full Year ended 30 June 2014, the Company issued the following options:*

Date	Details	No.	Issue Price (\$)	Total Value (\$)
29 May 2014	Issue of unlisted ESOP options to employees	5,602,241	0.0024	13,389
3 Mar 2014	Issue of options in lieu of cash payment for consulting services rendered	615,222	0.0019	1,173
4 Dec 2013	Issue of options as per resolutions 5, 6, 7 and 8 approved by shareholders at the Annual General Meeting of the Company held on 29th November 2013	50,000,000	0.0025	127,000
4 Jul 2012	Issue of unlisted ESOP options to employees	31,746,031	0.0022	70,159
		<b>87,963,494</b>		<b>211,721</b>

*Option reserve movements during the year ended 30 June 2013:*

Date	Details	No.	Issue Price (\$)	Total Value (\$)
18 Jul 2012	Value of options previously issued, expensed during current period	3,000,000	0.007	20,983
24 Jul 2012	Issue of options under entitlement bonus issue	116,024,381	-	-
15 Nov 2012	Issue of unlisted ESOP options to employees	7,000,000	0.002	12,197
20 May 2013	Options issued to underwriters of the Share Purchase Plan	155,317,501	0.002	250,061
		<b>281,341,882</b>		<b>283,241</b>

*The options outstanding as at 30 June 2014 were as follows:*

Class	ASX Code	Date of Expiry	Exercise Price	No. Under Option
Listed Options	IMCOA	30 April 2015	\$0.0389	115,995,306
Unlisted Options	IMCSO1	30 June 2015	\$0.0389	2,000,000
Unlisted Options	IMCAI	31 March 2016	\$0.0094	155,317,501
Unlisted Options	IMCAI	30 June 2016	\$0.0069	31,746,031
Unlisted Options	IMCAI	4 December 2016	\$0.0114	50,000,000
Unlisted Options	IMCSO2	1 November 2017	\$0.0389	2,500,000
Unlisted Options	IMCRM1	30 November 2021	\$0.0486	579,736
Unlisted Options	IMCRM2	17 January 2022	\$0.0469	1,186,729
Unlisted Options	IMCAI	28 February 2019	\$0.0473	615,222
Unlisted Options	IMCAI	28 May 2019	\$0.0075	5,602,241

During the year ended 30 June 2014, 29,075 fully paid ordinary shares of Immuron Limited were issued as a result of the exercise of listed IMCOA options.

### Note 20. Segments Reporting

#### Primary Reporting Format - Business Segments

The entity has identified its operating segments based on the internal reports that are reviewed and used by the executive management team in assessing performance and determining the allocation of resources.

The executive management team considers the business from both a product and a geographic perspective and has identified three reportable segments.

#### Segments

**Research and Development (R&D)** – Income and expenses directly attributable to the company’s research and development projects performed in Australia and Israel.

**HyperImmune Products** – Income and expenses directly attributable to Travelan activities which occur in Australia, New Zealand and Canada.

**Corporate** – Other items of income and expenses not directly attributable to R&D or HyperImmune Products segment are disclosed as corporate costs. Corporate activities primarily occur within Australia. This segment includes interest expenses from financing activities and depreciation.

The Board assesses the performance of the operating segments at a number of operating levels including adjusted EBITDA. This measurement excludes the effects of certain expenditure from the operating segments such as depreciation, amortisation and finance costs.

## Notes to the Financial Statements *(continued...)*

30 June 2014	R&D \$	HyperImmune Products \$	Corporate \$	Total \$
<b>Segment Revenue</b>				
Revenue from external customers	-	1,044,142	-	1,044,142
R&D tax offset refund	666,651	-	-	666,651
Interest revenue	-	-	88,345	88,345
Other gains/(losses)	-	-	-	-
<b>Total Segment Revenue</b>	<b>666,651</b>	<b>1,044,142</b>	<b>88,345</b>	<b>1,799,138</b>
<b>Segment Expenses</b>				
Segment Expenses	(1,965,688)	(772,942)	(1,604,648)	(4,343,688)
<b>Total Segment Expense</b>	<b>(1,965,688)</b>	<b>(772,942)</b>	<b>(1,605,058)</b>	<b>(4,343,688)</b>
Income Tax Expense	-	-	-	-
<b>Net Result</b>	<b>(1,299,447)</b>	<b>271,200</b>	<b>(1,516,303)</b>	<b>(2,544,550)</b>
<b>Assets</b>				
Segment assets	-	1,409,670	6,222,575	7,632,245
<b>Total Assets</b>	<b>-</b>	<b>1,409,670</b>	<b>6,222,575</b>	<b>7,632,245</b>
<b>Liabilities</b>				
Segment liabilities	(360,214)	(252,334)	(232,752)	(845,300)
<b>Total Liabilities</b>	<b>(360,214)</b>	<b>(252,334)</b>	<b>(232,752)</b>	<b>(845,300)</b>

30 June 2013	R&D \$	HyperImmune Products \$	Corporate \$	Total \$
<b>Segment Revenue</b>				
Revenue from external customers	-	149,755	-	149,755
R&D tax offset refund	179,615	-	-	179,615
Interest revenue	-	-	11,580	11,580
Other gains/(losses)	-	-	113,074	113,074
<b>Total Segment Revenue</b>	<b>179,615</b>	<b>149,755</b>	<b>124,654</b>	<b>454,024</b>
<b>Segment Expenses</b>				
Segment Expenses	(1,001,157)	(88,940)	(2,903,044)	(3,993,141)
<b>Total Segment Expense</b>	<b>(1,001,157)</b>	<b>(88,940)</b>	<b>(2,903,044)</b>	<b>(3,993,141)</b>
Income Tax Expense	-	-	-	-
<b>Net Result</b>	<b>(821,542)</b>	<b>60,815</b>	<b>(2,778,390)</b>	<b>(3,539,117)</b>
<b>Assets</b>				
Segment assets	680,587	291,694	1,554,351	2,526,632
<b>Total Assets</b>	<b>680,587</b>	<b>291,694</b>	<b>1,554,351</b>	<b>2,526,632</b>
<b>Liabilities</b>				
Segment liabilities	(670,381)	(200,488)	(1,510,777)	(2,381,646)
<b>Total Liabilities</b>	<b>(670,381)</b>	<b>(200,488)</b>	<b>(1,510,777)</b>	<b>(2,381,646)</b>

## Note 21. Cash Flow Information

### (a) Reconciliation of cash flow from operations with loss after income tax

	30 Jun 2014	30 Jun 2013
	\$	\$
<b>Net Loss for the year</b>	<b>(2,544,550)</b>	<b>(3,539,117)</b>
<u>Non-Cash</u>		
Add back depreciation expense	4,010	14,370
Add back amortisation expense	680,567	720,000
Add (Gain) /Loss on debenture derivative	-	(113,765)
Interest accrued on borrowings	303,821	143,365
Add equity-based payments for nil consideration	339,954	57,986
Add back profit or loss on sale of asset	-	3,134
<u>Changes in Working Capital</u>		
(Increases)/Decreases in Accounts Receivable	(502,354)	189,314
(Increases)/Decreases in Other Current Assets	(576,858)	194,791
Increases/(Decreases) in Accounts Payable	(355,167)	284,515
<b>Net cash flows used in operating activities</b>	<b>(2,650,577)</b>	<b>(2,045,407)</b>

### (b) Non-cash financing and investing activities

See Note 22 for details regarding issues of options to employees and for details surrounding the issue of shares to suppliers. Expenses associated with share based payments are included in share based payment expenses and R&D expenses.

## Note 22. Share-based Payments

Executives and consultants may be provided with longer-term incentives through the Company's Executive Share and Option Plan (ESOP), to allow the executives and consultants to participate in, and benefit from, the growth of the Company as a result of their efforts and to assist in motivating and retaining these key employees over the long term.

### (a) Options Issued under the ESOP

The following table illustrates the number and weighted average exercise price of and movement in share options issued under the scheme during the year:

	30 Jun 2014		30 Jun 2013	
	No. of Options	Weighted Average Exercise Price \$	No. of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	14,000,000	0.051	4,000,000	0.070
Granted	31,746,031	0.011	10,000,000	0.040
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired/lapsed	(9,500,000)	0.052	-	-
<b>Outstanding at year-end</b>	<b>36,246,031</b>	<b>0.011</b>	<b>14,000,000</b>	<b>0.051</b>
Exercisable at year-end	34,996,031	0.010	8,750,000	0.061

The options outstanding at 30 June 2014 have a weighted average remaining contractual life of 2.04 years.

## (b) Options Issued to Directors

	30 Jun 2014		30 Jun 2013	
	No. of Options	Weighted Average Exercise Price \$	No. of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	-	-	-	-
Granted	40,000,000	0.0114	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired/lapsed	-	-	-	-
<b>Outstanding at year-end</b>	<b>40,000,000</b>	<b>0.0114</b>	-	-
Exercisable at year-end	40,000,000	0.0114	-	-

The options outstanding at 30 June 2014 have a weighted average remaining contractual life of 2.43 years.

## (c) Vesting Terms of Options

The following summarises information about options held by employees and Directors as at 30 June 2014:

Issue Date	Number of Options	Vesting Conditions	Expiry Date	Exercise Price \$
18 July 2012	2,000,000	Nil	30 June 2015	\$0.0389
1 Nov 2012	2,500,000	25% per annum	1 Nov 2017	\$0.0389
4 July 2013	31,746,031	Nil	30 June 2016	\$0.0069
4 Dec 2013	40,000,000	Nil	4 Dec 2016	\$0.0114

### July 2012 Options

The options with an issue date of 18 July 2012, entitle the holder to purchase one ordinary share in Immuron Limited at an exercise price of \$0.0389. There are no performance conditions attached to the options. The options were deemed to have been fully vested on their date on issue.

Due to the exercise price of these options being considerably higher than the current share price, it is unlikely that these options will be exercised into new fully paid ordinary shares before their expiry date.

### November 2012 Options

The options with an issue date of 1 November 2012, entitle the holder to purchase one ordinary share in Immuron Limited at an exercise price of \$0.0389. There are no performance conditions attached to the options as the options vest accordingly to the following anniversary dates:

- 25% of the total quantum of these options issued vested immediately upon issue
- 25% of the total quantum of these options issued vest on 1 July 2013
- 25% of the total quantum of these options issued vest on 1 July 2014
- 25% of the total quantum of these options issued vest on 1 July 2015

### July 2013 Options

The options with an issue date of 4 July 2013, entitle the holder to purchase one ordinary share in Immuron Limited at an exercise price of \$0.0069. There are no performance conditions attached to the options. The options were deemed to have been fully vested on their date on issue.

### December 2013 Options

The options with an issue date of 4 December 2013, entitle the holder to purchase one ordinary share in Immuron Limited at an exercise price of \$0.0114. There are no performance conditions attached to the options. The options were deemed to have been fully vested on their date on issue.

#### **(d) Deemed Valuation of Options**

The fair value of the options granted under the Company's Executive Share and Option Plan (ESOP) is estimated as at the grant date using Black-Scholes model taking into account the terms and conditions upon which the options were granted.

### July 2012 Options

The following table lists the inputs to the model used to determine the weighted average value of the options expensed during the year:

Vesting date	18 July 2012
Dividend yield	-
Expected volatility	74%
Risk-free interest rate	3.25%
Expected life of option (years)	2.95 years
Option exercise price	\$0.04
Weighted average share price at grant date	\$0.021
Value per option	\$0.007

At 30 June 2014 the market share price was \$0.005.

The expected life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

### November 2012 Options

The following table lists the inputs to the model used to determine the weighted average value of the options expensed during the year:

Vesting date	N/A
Dividend yield	-
Expected volatility	70%
Risk-free interest rate	3.25%
Expected life of option (years)	5 years
Option exercise price	\$0.04
Weighted average share price at grant date	\$0.017
Value per option	\$0.007

At 30 June 2014 the market share price was \$0.005.

The expected life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

### July 2013 Options

The following table lists the inputs to the model used to determine the weighted average value of the options expensed during the year:

Vesting date	N/A
Dividend yield	-
Expected volatility	62%
Risk-free interest rate	2.79%
Expected life of option (years)	3 years
Option exercise price	\$0.0075
Weighted average share price at grant date	\$0.0060
Value per option	\$0.0022

At 30 June 2014 the market share price was \$0.005.

The expected life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

### December 2013 Options

The following table lists the inputs to the model used to determine the weighted average value of the options expensed during the year:

Vesting date	N/A
Dividend yield	-
Expected volatility	62%
Risk-free interest rate	3.03%
Expected life of option (years)	3 years
Option exercise price	\$0.0114
Weighted average share price at grant date	\$0.0080
Value per option	\$0.00254

At 30 June 2014 the market share price was \$0.005.

The expected life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.



### Note 23. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

The transactions with related parties are as follows:

	30 June 2014	30 June 2013
	\$	\$
<b>Services rendered by Grandlodge Pty Ltd to Immuron Ltd:</b>		
Grandlodge is a marketing, warehousing and distribution logistics company which is part-owned and operated by Mr Stephen Anastasiou who is a Non-Executive Director of Immuron Limited.		
Mr Peter Anastasiou and Mr David Plush are the other owners of Grandlodge Pty Ltd whom are also major shareholders of Immuron Limited.		
Commencing on 1 June 2013, Grandlodge was contracted on commercial market arms-length terms to provide their services for \$70,000 per annum.		
These fees will be payable in new fully paid ordinary shares in Immuron Limited at a set price of \$0.004 per share representing Immuron Limited's share price at the commencement of the agreement.		
The shares to be issued to Grandlodge as compensation in lieu of cash payment for the services rendered under this agreement have been subject to the approval of Immuron shareholders at the Annual General Meeting held in November 2013 and the General Meeting held in May 2014.		
Grandlodge will also be reimbursed in cash for all reasonable costs and expenses incurred in accordance with their scope of works under the agreement, unless both parties agree to an alternative method of payment.		
The agreement is cancellable by either party upon providing the other party with 30 days written notice of the termination of the agreement.		
Service fees paid to Grandlodge Pty Ltd during the year through the issue of equity:	\$75,833	-
<b>Total paid by the Company to Grandlodge Pty Ltd during the year:</b>	<b>\$75,833</b>	<b>-</b>
At year end the Company owed Grandlodge Pty Ltd:	-	\$5,833

## Note 24. Financial Risk Management Objectives and Policies

### (a) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables:

	30 Jun 2014	30 Jun 2013
	\$	\$
Cash and cash equivalents	6,141,789	1,446,712
Trade and other receivables	517,792	15,438
Trade and other payables	845,300	1,231,327
Financial liabilities	-	1,150,319

### (b) Risk Management Policy

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the Company's implementation of that system on a regular basis.

The Board and Senior Management identify the general areas of risk and their impact on the activities of the Company, with Management performing a regular review of:

- the major risks that occur within the business;
- the degree of risk involved;
- the current approach to managing the risk; and
- if appropriate, determine:
  - any inadequacies of the current approach; and
  - possible new approaches that more efficiently and effectively address the risk.

Management report risks identified to the Board through the monthly Operations Report.

The Company seeks to ensure that its exposure to undue risk which is likely to impact its financial performance, continued growth and survival is minimised in a cost effective manner.

### (c) Significant Accounting Policy

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and financial liabilities represents their fair values determined in accordance with the accounting policies disclosed in Note 1. Interest revenue on cash and cash equivalents is disclosed in Note 2.

### (d) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

In order to maintain or achieve an optimal capital structure, the Company may issue new shares or reduce its capital, subject to the provisions of the Company's constitution. The capital structure of the Company consists of equity attributed to equity holders of the Company, comprising contributed equity, reserves and accumulated losses disclosed in Notes 18 and 19.

By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Company's Management the Board monitors the need to raise additional equity from the equity markets.

## (e) Financial Risk Management

The main risks the Company is exposed to through its operations are interest rate risk, foreign exchange risk, credit risk and liquidity risk.

### Interest Rate Risk

The Company is exposed to interest rate risks via the cash and cash equivalents that it holds. Interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates. The objective of managing interest rate risk is to minimise the Company's exposure to fluctuations in interest rate that might impact its interest revenue and cash flow.

To manage interest rate risk, the Company locks a portion of the Company's cash and cash equivalents into term deposits. The maturity of term deposits is determined based on the Company's cash flow forecast.

Interest rate risk is considered when placing funds on term deposits. The Company considers the reduced interest rate received by retaining cash and cash equivalents in the Company's operating account compared to placing funds into a term deposit. This consideration also takes into account the costs associated with breaking a term deposit should early access to cash and cash equivalents be required.

The Company's exposure to interest rate risk and the weighted average interest rates on the Company's financial assets and financial liabilities is as follows:

There has been no change to the Company's exposure to interest rate risk or the manner in which it manages and measures its risk in the year ended 30 June 2014.

### Foreign Currency Risk

The Company is exposed to foreign currency risk via the trade and other receivables and trade and other payables that it holds. Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company aims to take a conservative position in relation to foreign currency risk hedging when budgeting for overseas expenditure however, the Company does not have a policy to hedge overseas payments or receivables as they are highly variable in amount and timing, due to the reliance on activities carried out by overseas entities and their billing cycle.

The following financial assets and liabilities are subject to foreign currency risk:

	30 Jun 2014	30 Jun 2013
	\$	\$
Trade and other payables (AUD/USD)	157,019	351,745
Trade and other payables (AUD/NZD)	150,715	220,009
Financial liabilities (AUD/CAD)	-	1,146,164

Foreign currency risk is measured by regular review of cash forecasts, monitoring the dollar amount and currencies that payment are anticipated to be paid in. The Company also considers the market fluctuations in relevant currencies to determine the level of exposure. If the level of exposure is considered by Management to be too high, then Management has authority to take steps to reduce the risk.

Steps to reduce risk may include the acquisition of foreign currency ahead of the anticipated due date of an invoice, or may include negotiations with suppliers to make payment in our functional currency, or may include holding receipted foreign currency funds in a foreign currency denominated bank account to make future payments denominated in that same currency. Should Management determine that the Company consider taking out a hedge to reduce the foreign currency risk, they would need to seek Board approval.

The Company conducts some activities outside of Australia which exposes it to transactional currency movements, where the Company is required to pay in a currency other than its functional currency.

There has been no change in the manner the Company manages and measures its risk in the year ended 30 June 2014.

The Company is exposed to fluctuations in the United States and New Zealand dollars. Analysis is conducted on a currency by currency basis using sensitivity variables.

## Notes to the Financial Statements *(continued...)*

The Company has conducted a sensitivity analysis of the Company's exposure to foreign currency risk. The analysis shows that if the Company's exposure to foreign currency risk was to fluctuate as disclosed below and all other variables had remained constant, then the foreign currency sensitivity impact on the Company's loss after tax and equity would be as follows:

Cash and Trade Receivables	(Higher) / Lower 30 Jun 2014	(Higher) / Lower 30 Jun 2013
AUD/USD: 2013: +6.00% (2013: +2.00%)	9,421	57,106
AUD/USD: 2013: -6.00% (2013: -2.00%)	(9,421)	(57,106)
AUD/NZD: 2013: +2.00% (2013: +7.00%)	10,550	19,075
AUD/NZD: 2013: -2.00% (2013: -7.00%)	(10,550)	(19,075)

### Credit Risk

The Company is exposed to credit risk via its cash and cash equivalents and trade and other receivables. Credit risk is the risk that a counter-party will default on its contractual obligations resulting in a financial loss to the Company. To reduce risk exposure for the Company's cash and cash equivalents, it places them with high credit quality financial institutions.

The Company's major ongoing customers are the large pharmaceutical companies for the distribution of Travelan and other Hyperimmune products, and Government bodies for the receipt of GST refunds and Research and Development Tax Concession amounts due to the Company from the Australian Tax Office.

The Company has a policy that limits the credit exposure to customers and regularly monitors its credit exposure. The Board believes that the Company does not have significant credit risk at this time in respect of its trade and other receivables.

The Company has analysed its trade and other receivables below:

	0-30 days \$	31-60 days \$	61-90 days \$	90+ days \$
2014 Trade and other receivables	291,835	69,954	50,289	91,066
2013 Trade and other receivables	15,438			19,105

### Liquidity Risk

The Company is exposed to liquidity risk via its trade and other payables.

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet the commitments associated with its financial instruments. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the Company's Management at Board meetings to ensure that the Company continues to be able to meet its debts as and when they fall due.

Contracts are not entered into unless the Board believes that there is sufficient cash flow to fund the additional activity. The Board considers when reviewing its undiscounted cash flow forecasts whether the Company needs to raise additional funding from the equity markets.

The Company has analysed its trade and other payables below:

	0-30 days \$	31-60 days \$	61-90 days \$	90+ days \$
2014 Trade and other payables	672,011	18,316	8,066	146,908
2013 Trade and other payables	1,195,127	34,853	1,232	115

There is no material risk on fair values as trade and other payables are assumed to approximate their fair values due to their short-term nature.

### **Note 25. Events after the Reporting Date**

There have not been any matters or circumstances that have arisen since the end of the financial year, which significantly affected, or may significantly affect, the operations of Immuron Limited, the results of those operations or the state of affairs of Immuron Limited in future financial years.

### **Note 26. Company Details**

The registered office of the Company is:

Suite 1, 1233 High Street, Armadale, Victoria, Australia 3143.

The principal place of business of the Company is:

Level 1, 18 Kavanagh Street, Southbank, Victoria, Australia 3006.

## Directors' Declaration

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The Directors of the Company declare that:

In the opinion of the Directors:

1. the financial statements and notes, as set out on pages 32 to 66 are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Company;
  - c. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2011 for the financial year ended 30 June 2014.

For and on behalf of the Board;



Dr Roger Aston  
**Independent Non-Executive Chairman**

Dated: This the 29<sup>th</sup> Day of August 2014

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMURON LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Immuron Limited (the company) which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **CHARTERED ACCOUNTANTS & ADVISORS**

Melbourne Office  
Level 20, 181 William Street  
Melbourne VIC 3000

Hawthorn Office  
Level 1, 465 Auburn Road  
Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142  
Telephone: +61 3 9824 8555  
[williambuck.com](http://williambuck.com)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMURON LIMITED  
(CONT)***Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

*Auditor's Opinion*

In our opinion:

- a) the financial report of Immuron Limited is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.


*Auditor's Opinion*

In our opinion, the Remuneration Report of Immuron Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



**William Buck Audit (VIC) Pty Ltd**

ABN 59 116 151 136



**J.C. Luckins**  
Director

Dated this 29<sup>th</sup> day of August, 2014



## Shareholder Information (As at 27 August 2014)

### Number of Holders of Equity Securities

#### Ordinary Shares

2,995,662,120 fully paid ordinary shares are held by 1,257 individual holders.  
All ordinary shares carry one vote per share.

#### Distribution of Ordinary Fully Paid Shareholders:

Holding Ranges	Ordinary Shares	
	No. of Holders	Total Units
1 - 1,000	28	7,778
1,001 - 5,000	36	113,483
5,001 - 10,000	36	309,463
10,001 - 100,000	227	14,315,176
100,001 +	930	2,980,916,220
<b>Totals</b>	<b>1,257</b>	<b>2,995,662,120</b>
Unmarketable parcels	222	4,725,261

#### Twenty Largest Ordinary Fully Paid Shareholders:

Shareholders	Number	%
1 Grandlodge Pty Ltd	251,627,127	8.40
2 Authentics Australia Pty Ltd	199,999,993	6.68
3 Chimaera Capital Limited	186,890,580	6.24
4 Mr Peter Anastasiou & Mrs Kristine Patricia Anastasiou	104,900,000	3.50
5 Advance Publicity Pty Ltd	84,018,913	2.80
6 Fifty-Fifth Leprechaun Pty Ltd	81,414,856	2.72
7 Mrs Jaclyn Stojanovski & Mr Chris Retzos & Mrs Susie Retzos	78,992,318	2.64
8 Insync Investments Pty Ltd	61,377,295	2.05
9 Hadasit Medical Research Services & Development Ltd	59,164,094	1.97
10 Mr David Anthony Plush & Mrs Ann Louise Plush	53,363,000	1.78
11 Mr Kenneth Biddick & Mrs Catherine Biddick	49,999,999	1.67
12 G & N Lord Superannuation Pty Ltd	49,519,799	1.65
13 Jojo Enterprises Pty Ltd	40,824,258	1.36
14 Occasio Holdings Pty Ltd	40,471,618	1.35
15 Mr Dale Anthony Reed	30,000,000	1.00
16 Capital Concerns Pty Ltd	26,188,647	0.87
17 Somnus Pty Ltd	25,000,000	0.83
18 1215 Capital Pty Ltd	23,383,829	0.78
19 Mr Hamish Salmon & Mrs Brigette McGuire	22,884,849	0.76
20 Dr Russell Kay Hancock	20,000,001	0.67
<b>Total</b>	<b>1,490,021,176</b>	<b>49.72</b>
Total balance of remaining holders	1,505,640,944	50.28
<b>Total on Issue</b>	<b>2,995,662,120</b>	<b>100.00</b>

## Shareholder Information (As at 27 August 2014) *(continued...)*

### Listed Options (IMCOA)

115,995,306 options exercisable at \$0.0389 per option on or before 30 April 2015 are held by 1,798 individual holders. Each listed option, upon exercise, entitles the holder to one fully paid ordinary share.

### Distribution of Optionholders:

Holding Ranges	Ordinary Shares	
	No. of Holders	Total Units
1 - 1,000	351	176,403
1,001 - 5,000	513	1,372,951
5,001 - 10,000	190	1,383,249
10,001 - 100,000	554	20,261,126
100,001 +	190	92,801,577
<b>Totals</b>	<b>1,798</b>	<b>115,995,306</b>

### Twenty Largest Listed Optionholders:

Optionholders	Number	%
1 Hadasit Medical Research Services & Development Ltd	14,791,024	12.75
2 Mr Victor Kuliveovski	4,000,000	3.45
3 Mr Hamish Salmon	2,500,000	2.16
4 Alaven Consumer Healthcare Inc	2,254,308	1.94
5 Mr Peter Andrew Proksa	2,017,287	1.74
6 Hallam Drainage Pty Ltd	1,550,000	1.34
7 Mr Josef Hahn	1,549,951	1.34
8 Mr David Robert John Kaluza	1,441,000	1.24
9 Rakio Pty Ltd	1,437,542	1.24
10 Advance Publicity Pty Ltd	1,300,000	1.12
11 Insync Investments Pty Ltd	1,300,000	1.12
12 Westpark Operations Pty Ltd	1,250,000	1.08
13 G & N Lord Superannuation Pty Ltd	1,250,000	1.08
14 I E Properties Pty Ltd	1,250,000	1.08
15 Mr David A Hamilton	1,198,761	1.03
16 Blau Holdings Pty Ltd	1,185,000	1.02
17 Mr Stanley Francis Sully	1,058,202	0.91
18 Mrs Fiona Louise Murray	1,020,000	0.88
19 Mr James Francis Thomas Fell & Ms Rosemary Margaret Mcalpin	1,000,000	0.86
20 Comsec Nominees Pty Ltd	1,000,000	0.86
<b>Total</b>	<b>44,353,075</b>	<b>38.24</b>
Total balance of remaining holders	71,642,231	61.76
<b>Total on Issue</b>	<b>115,995,306</b>	<b>100.00</b>

## Shareholder Information (As at 27 August 2014) (continued...)

### Unlisted Options

2,000,000 (ASX: IMCSO1) unlisted options exercisable at \$0.0389 on or before 30 June 2015, are held by 1 individual shareholder

155,317,501 (ASX: IMCAI) unlisted options exercisable at \$0.0094 on or before 31 March 2016, are held by 20 individual shareholders

31,746,031 (ASX: IMCAI) unlisted options exercisable at \$0.0069 on or before 30 June 2016, are held by 2 individual shareholders

50,000,000 (ASX: IMCAI) unlisted options exercisable at \$0.0114 on or before 4 December 2016, are held by 4 individual shareholders

2,500,000 (ASX: IMCSO2) unlisted options exercisable at \$0.0389 on or before 1 November 2017, are held by 1 individual shareholder

579,736 (ASX: IMCRM1) unlisted options exercisable at \$0.0486 on or before 30 November 2021, are held by 1 individual shareholder

1,186,729 (ASX: IMCRM2) unlisted options exercisable at \$0.0469 on or before 17 January 2022, are held by 1 individual shareholder

615,222 (ASX: IMCAI) unlisted options exercisable at \$0.0473 on or before 28 February 2019, are held by 1 individual shareholder

5,602,241 (ASX: IMCAI) unlisted options exercisable at \$0.0075 on or before 28 May 2019, are held by 1 individual shareholder

### Substantial Shareholders

The names of substantial shareholders the Company is aware of from the register, or who have notified the Company in accordance with Section 671B of the Corporations Act are:

Substantial Shareholders	Number of Shares	%
Grandlodge Pty Ltd (as notified to the Company on 5 March 2014)	376,380,011	12.56
Inverarey Pty Ltd atf Kilchurn Trust (as notified to the Company on 23 October 2013)	71,250,000	6.88
Hadasit Medical Research Services & Development Ltd (as notified to the Company on 6 June 2013)	59,164,094	5.71
<b>Total Number of Shares Held by Substantial Shareholders</b>	<b>506,794,105</b>	<b>25.15</b>

**SHAREHOLDER ENQUIRIES**

Shareholders with enquiries about their shareholdings should contact the Share Register:

Security Transfer Registrars  
PO Box 535  
Applecross WA 6953  
Australia

Telephone: +61 (0)8 9315 2333

Facsimilie: +61 (0)8 9315 2233

**CHANGE OF ADDRESS, CHANGE OF NAME, CONSOLIDATION OF SHAREHOLDINGS**

Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

**REMOVAL FROM THE ANNUAL REPORT MAILING LIST**

Shareholders who wish to receive the Annual Report should advise the Share Registry in writing. These shareholders will continue to receive all other shareholder information.

**TAX FILE NUMBERS**

It is important that Australian resident shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

**CHESS (Clearing House Electronic Sub-Register System)**

Shareholders wishing to move to uncertified holdings under the Australian Stock Exchange (CHESS) system should contact their stockbroker.

**UNCERTIFIED SHARE REGISTER**

Shareholding statement are issued at the end of each month that there is a transaction that alters the balance of your holding.

# Company Directory

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## AUSTRALIAN COMPANY NUMBER (ACN)

063 114 045

Immuron Limited is a Public Company Limited by shares and is domiciled in Australia.

## DIRECTORS

Dr. Roger Aston  
Mr. Daniel Pollock  
Mr. Stephen Anastasiou

Independent Non-Executive Chairman  
Independent Non-Executive Director  
Non-Executive Director

## CHIEF EXECUTIVE OFFICER (CEO)

Mr. Amos Meltzer

## COMPANY SECRETARIES

Mr. Phillip Hains  
Mr. Peter Vaughan

## PRINCIPAL PLACE OF BUSINESS

Level 1, 18 Kavanagh Street,  
Southbank, Victoria, 3006  
Australia  
Telephone: + 61 (0)3 8648 4530  
Facsimile: + 61 (0)3 9686 9460

## REGISTERED OFFICE

Suite 1, 1233 High Street  
Armadale, Victoria, 3143  
Australia  
Telephone: + 61 (0)3 9824 5254  
Facsimile: + 61 (0)3 9822 7735

## SHARE REGISTRY

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross, Western Australia, 6153  
Australia  
Telephone: +61 (0)8 9315 2333  
Facsimile: +61 (0)8 9315 2233

## SOLICITORS

K&L Gates LLP  
Level 25, 525 Collins Street  
Melbourne Victoria, 3000  
Australia  
Telephone: + 61 (0)3 9205 2000  
Facsimile: + 61 (0)3 9205 2055

## AUDITORS

William Buck  
Level 20, 181 William Street,  
Melbourne, Victoria, 3000  
Australia  
Telephone: + 61 (0)3 9824 8555  
Facsimile: + 61 (0)3 9824 8580

## BANKERS

National Australia Bank (NAB)  
330 Collins Street,  
Melbourne, Victoria, 3000  
Australia

## WEBSITES

[www.immuron.com](http://www.immuron.com)      [www.travelan.com.au](http://www.travelan.com.au)

## SECURITIES QUOTED

### Australian Securities Exchange

- Ordinary Fully Paid Shares (Code: IMC)

- Listed Options over Ordinary Fully Paid Shares (Code: IMCOA)  
exercisable at \$0.0389 per option on or before 30 April 2015.