Immuron Limited
Appendix 4D
Half-year 31 December 2018

Name of entity:	Immuron Limited
ABN:	80 063 114 045
Half-year ended:	31 December 2018
Previous period:	31 December 2017

Results for announcement to the market

				$
Revenue for ordinary activities	Up	6.4%	to	978,233
Net loss after tax (from ordinary activities) for the period attributable to members	Down	16.4%	to	(1,581,899)
Net loss after tax for the period attributable to members	Down	16.4%	to	(1,581,899)

Net tangible assets per security

	31 December 2018 Cents	31 December 2017 Cents
Net tangible asset backing (per share)	**5.01**	3.85

Explanation of results

An explanation of the key financial elements contributing to the revenue and result above can be found in the review of operations included within the directors' report.

Distributions

No dividends have been paid or declared by the Company for the current financial period. No dividends were paid for the previous financial period.

Changes in controlled entities

There have been no changes in controlled entities during the half-year 31 December 2018.

Other information required by Listing Rule 4.2A

a. Details of individual and total dividends or distributions and dividend or distribution payments:	N/A
b. Details of any dividend or distribution reinvestment plans:	N/A
c. Details of associates and joint venture entities:	N/A
d. Other information	N/A

Interim review

The financial statements have been reviewed by the Company's independent auditor without any modified opinion, disclaimer or emphasis of matters.

Immuron Limited

ABN 80 063 114 045

Interim financial report for the half-year 31 December 2018

Immuron Limited ABN 80 063 114 045
Interim financial report - 31 December 2018

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Immuron Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Immuron Limited
Corporate directory

Directors	Dr. Roger Aston *Independent Non-executive chairman* Mr. Peter Anastasiou *Executive vice chairman* Mr. Daniel Pollock *Independent non-executive director* Mr. Stephen Anastasiou *Independent non-executive director* Prof. Ravi Savarirayan *Independent non-executive director* Mr. Richard Berman (appointed 1 July 2018) *Independent non-executive director*
Secretary	Mr. Phillip Hains
Chief Executive Officer	Dr. Gary S Jacob (appointed 16 November 2018)
Registered Office	Level 3, 62 Lygon Street Carlton VIC 3053 Australia Telephone: +61(0)3 9824 5254 Facsimile: +61(0)3 9824 5254
Principal Place of Business	Unit 10, 25 - 37 Chapman Street Blackburn North VIC 3130 Australia Telephone: +61 (0)3 9824 5254 Facsimile: +61 (0)3 9822 7735
Share Registry - United States	Bank of New York 225 Liberty Street New York, NY 102286 United States of America Telephone: +1 212 495 1784
Share Registry - Australia	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Australia Telephone: +61 (0)8 9315 2333 Facsimile: +61 (08) 9315 2233
Auditor - Australia and United States	Grant Thornton Audit Pty Ltd Collins Square, Tower 5 727 Collins Street Melbourne VIC 3008 Australia Telephone: +61 (0)3 8320 2222
Solicitors - Australia	Francis Abourizk Lightowlers (FAL) Level 14, 114 William Street Melbourne VIC 3000 Australia Telephone: +61 (0)3 9642 2252

Solicitors - United States	Carter Ledyard and Milburn LLP 2 Wall Street New York NY 10005 United States of America Telephone: +1 212 238 8605 Sheppard Mullin 30 Rockefeller Plaza New York NY 10112-0015 United States of America Telephone: +1 212 653 8700
Bankers	National Australia Bank (NAB) 330 Collins Street Melbourne VIC 3000 Australia
Securities exchange listings	Australian Securities Exchange (Code: IMC) NASDAQ Exchange (Code: IMRN)
Websites	www.immuron.com.au www.travelan.com.au

Your Directors present their report on the consolidated entity consisting of Immuron Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons held office as Directors of Immuron Limited during the financial period:

Dr. Roger Aston
Mr. Peter Anastasiou
Mr. Daniel Pollock
Mr. Stephen Anastasiou
Prof. Ravi Savarirayan
Mr. Richard Berman (appointed 1 July 2018)

Review of operations

Key highlights

- Immuron announces two key senior appointments
- Global Immuron Limited gross sales achieved a 7% year on year growth for the first half of FY19.
- Immuron Canada Limited was successfully incorporated, and a Distribution and Sales agreement executed for the Canadian Market.
- NASH Phase II Clinical Study Results presented at the American Association for the study of Liver Disease.
- Severe Alcoholic Hepatitis Phase II trial closed, 56 patients recruited into the study and top line results anticipated to be reported Q2 2019.
- Paediatric NAFLD Phase II trial passes 50% recruitment milestone with recruitment of 23rd of targeted 40 patients
- *Clostridium difficile* infection trial - second clinical site at Sheba Medical Center in Israel open and screening patients. Feasibility and Australian site identification initiated to assist recruitment.
- US Department of Defence completes pre-clinical shigellosis challenge study in non-human primates and Reports Travelan® prevented clinical shigellosis (bacillary dysentery).

New York New York – New Board Member and New Chief Executive Officer

New York based Mr. Richard Jay Berman joined the Immuron Board in July 2018. Richard brings with him over 35 years of venture capital, senior management and merger & acquisition experience. Dr. Gary Jacob also New York based was appointed Chief Executive Officer in November 2018. Dr. Jacob's is the former Co-founder, Chairman, President and Chief Executive Officer of Synergy Pharmaceuticals Inc. a Nasdaq-listed public biopharmaceutical company.

Travelan® enjoys continued sales growth

Immuron's flag-ship product Travelan®, an over-the-counter travelers' diarrhoea supplement, experienced steady sales growth in both Australian and U.S. markets throughout the first half of FY2019, with global gross sales reaching AU$1.083 million during the 6-month period. In the US, Travelan® sales grew by 10% to AU$369,000 in FY19 1H, as the brand continued to prosper via USA's largest travel medicine provider, Passport Health. Growth of online sales on Amazon USA also contributed to this increase following a successful promotional campaign in December.

In Australia, Immuron sales reached AU$714,000 for 1H FY2019, with a 6% YoY growth rate. Travelan® continues to experience strong sales within Australia's pharmacy network. A concerted marketing push to educate GPs and consumers about Travelan® will continue into 2H FY2019, including a program to improve the brand's online footprint through a new global website and increased collaborations with the travel blogger community.

Review of operations (continued)

Travelan® enjoys continued sales growth (continued)

Immuron Canada Ltd was incorporated under the Canadian Business Corporations Act in April 2018. The associated Natural Product Number for Travelan® was officially transferred from former distributor Paladin Labs to Immuron Canada Limited in June 2018. A Distribution and Sales Agreement was executed with ANB Canada Inc in October 2018. The company this year announced that Health Canada has approved the product licence for Travelan®, paving the way to re-launch the product within Canada in April 2019. ANB Canada will manage the distribution and marketing of Travelan® within the Retail Pharmacy sector, whilst Passport Health will sell the product through their Canadian Travel Medicine Clinic network.

Travelan studies by US Department of Defense

Immuron provided an update on its cooperative research and development agreements with the US Department of Defense (US DoD) in July, which included three studies on Travelan®, the company's commercially available flagship over-the-counter gastrointestinal and digestive health supplement. The studies aim to determine Travelan's effectiveness in neutralizing pathogenic gastrointestinal bacterial infections as a preventative treatment for US military personnel stationed in locations where such infections may be debilitating.

The work completed at the US Armed Forces Research Institute of Medical Sciences, US Naval Medical Research Center and the Walter Reed Army Institute of Research (WRAIR) found Travelan® was effective across all strains and species of enteropathogenic bacteria tested. The specificity of antibodies incorporated into Travelan cross-react with multiple Campylobacter, ETEC and Shigella strains. The product is truly cross-reactive indicating a substantially broader spectrum of antimicrobial action than previously reported.

A preventative treatment that protects against enteric diseases, specifically Shigella, is a high priority objective for the US Army. Shigella is estimated to cause 80 -165 million cases of disease worldwide, resulting in 600,000 deaths annually and is particularly prevalent in both sub-Saharan Africa and South Asia.

In September 2018 we reported the findings of a study conducted by The US Armed Forces Research Institute of Medical Sciences (AFRIMS), an overseas laboratory of the Walter Reed Army Institute of Research (WRAIR), located in Bangkok, Thailand. The study evaluated the therapeutic potential of TravelanÒ in a non-human primate (NHP) preclinical Shigella challenge model that closely mimics the disease seen in humans. The study was performed in collaboration with the Department of Enteric Diseases and the Department of Veterinary Medicine, AFRIMS, and the Department of Enteric Infections, Bacterial Diseases Branch, WRAIR.

As reported in September, Travelan® prevented clinical shigellosis (bacillary dysentery) in 75% of Travelan® treated NHPs compared to placebo. A placebo-controlled study was carried out in 12 NHPs segregated into two groups: a Travelan® treatment cohort of 8 and a placebo cohort of 4, which were treated with either Travelan® or placebo respectively twice daily for a total of 12 doses over a 6-day period. The animals received treatment for 3-days prior to oral challenge with ~3 x 109 viable Shigella flexneri strain 2a organisms. All (4 of 4 - 100%) placebo-treated animals displayed acute dysentery symptoms within 24 - 36 hours of Shigella flexneri 2a challenge. A single (1 of 8 - 12.5%) of the Travelan®-treated cohort displayed dysentery symptoms at this time point. The remaining individuals (7 of 8 - 87.5%) in the Travelan® treatment cohort remained symptom-free to 4-days post Shigella flexneri 2a challenge. Once the treatment period concluded, a second individual in the Travelan treatment group developed symptoms (2 of 8 - 25%). The remainder (6 of 8 - 75%) of the Travelan® treated cohort remained symptom-free to the conclusion of the study 11-days post Shigella flexneri 2a challenge.

Review of operations (continued)

Shigella specific therapeutics

In July, Immuron announced it had once again engaged the services and facilities of the Commonwealth Scientific & Industrial Research Organisation (CSIRO) to produce three Shigella specific therapeutic products utilizing vaccines developed by the Walter Reed Army Institute of Research (WRAIR). Immuron received approval from Biosecurity Australia earlier last year to import the Shigella specific vaccines developed and produced by the WRAIR which were used to manufacture the products. The vaccination program was initiated in August last year and was completed in November. The hyperimmune colostrum from the study was harvested in December and the freeze-dried finished products should be available in Q1 CY2019 for shipment to the WRAIR for preclinical assessment. Under the current terms of the Cooperative Research Agreement, the WRAIR will fund the evaluation of the anti-Shigella therapeutics and assess their protective capacity in a head to head comparison with Travelan in established small animal models.

Fatty Liver Clinical Update

Topline results of our IMM-124E phase II Non-Alcoholic Steatohepatitis (NASH) clinical trial were reported in March 2018. Trial data demonstrated a significant reduction in serum lipopolysaccharide (LPS), as well as reductions in other biomarkers associated with liver damage. The company is presently focused on completing the final clinical study report, and is currently working with our contract research organization partners to complete final analysis of data generated, and any additional tests performed. The final clinical study report is expected to be completed early this year.

Clinical trial findings from the NASH trial were presented by Professor Arun Sanyal at the American Association for the study of Liver Disease which was held in San Francisco, California during the 9th - 13th of November 2018. The presentation entitled “IMM-124E Improves Metabolic Endotoxemia and Markers of Liver Injury in Non-Alcoholic Steatohepatitis” was presented during the Novel Therapeutics for NASH session. A copy of the final presentation is available on the company website.

Dr. Arun Sanyal is also lead Principal Investigator of our alcoholic steatohepatitis (“ASH”) clinical trial at Virginia Commonwealth University. The overall trial, funded by the NIH, has successfully recruited a total of 56 patients which have been randomized into the study. The trial is now closed to recruitment and the last patient last visit was completed in December 2018. Top-line results are expected to be reported in Q2 2019.

A second NIH-funded Phase II double-blind, placebo-controlled, randomized clinical trial of IMM-124E in paediatric non-alcholic fatty liver disease (NAFLD) patients is presently underway at Emory University, led by Dr. Miriam Vos, who specializes in the treatment of gastrointestinal disease in children, including NAFLD and obesity. The trial has presently randomized 23 of the targeted 40 patients into the study. The top-line results for this study are anticipated to be reported late this year.

NASH patents granted by European Patent Office

In July, the European Patent Office (EPO) granted Immuron a patent for the use of a composition for the treatment of Non-alcoholic steatohepatitis (NASH). This patent (EPO Grant No. 2424890) is entitled “Anti-LPS enriched immunoglobulin preparations for the treatment and/or prophylaxis of a pathologic disorder”. The patent comprises a total of five claims and is principally directed to a composition for use in the treatment of NASH with the composition comprising an enriched immunoglobulin preparation derived from colostrum and as developed by Immuron.

C. difficile infection update

A second clinical site at Sheba Medical Center in Israel was opened last year and is actively screening patients. The demographic for C. difficile infection in Israel seems mainly to be elderly patients with multiple co morbidities and dementia. To date, only 7 out of 60 patients have been randomized into the study, with the major issue facing enrollment at the two study sites continuing to be obtaining informed consent from patients. A formal feasibility and Australian site identification process has been initiated to assess new potential clinical investigators and sites to improve current recruitment rates.

Review of operations (continued)

Pre-clinical program in Irritable Bowel Disease

In May we announced completion of the IMM-124 colitis preclinical program at the University of Zurich. The latest results were generated in the T cell transfer model which utilizes immunodeficient mice deficient in functional B and T lymphocytes. Chronic colitis is induced immunologically not chemically in this model. Macroscopically inflamed colons were confirmed in animals by colonoscopy prior to the initiation of treatment. IMM-124E was administered orally after the onset of colitis symptoms. The results revealed significant reductions in weight loss, disease activity scores, shortening of the colon, and macroscopically detectable colitis. These results mirror our NASH clinical study, which showed significant reductions in serum lipopolysaccharide (LPS) levels. LPS endotoxins are implicated as chief drivers of inflammation associated with colitis, inflammatory bowel disease and other autoimmune diseases. This research was presentation at the annual United European Gastroenterology Week conference held on the 20th - 24th of October 2018 in Vienna, Austria, and published in the European Journal of Crohn's & Colitis a copy of which can be found on the company website.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

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

Dr. Roger Aston
Independent Non-executive chairman

Melbourne
27 February 2019

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Auditor's Independence Declaration

To the Directors of Immuron Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Immuron Limited for the half year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 27 February 2019

Immuron Limited
Condensed consolidated statement of comprehensive income
For the half-year 31 December 2018

	Notes	Consolidated entity **31 December 2018** **$**	31 December 2017 $
Revenue from continuing operations			
Sales of goods	7	**978,233**	919,138
Total operating revenue		**978,233**	919,138
Cost of goods sold		**(231,479)**	(195,356)
Gross profit		**746,754**	723,782
Direct selling costs			
Sales and marketing costs		**(198,652)**	(145,150)
Freight costs		**(133,659)**	(89,125)
		414,443	489,507
Other income	7	**310,436**	1,387,039
Expenses			
Research and development		**(514,388)**	(1,540,436)
Marketing and promotion		**(246,520)**	(238,192)
Consulting, employee and director		**(1,068,378)**	(815,232)
Other corporate administrative		**(385,455)**	(829,999)
Travel and entertainment expenses		**(89,391)**	(174,987)
Depreciation		**(2,646)**	(2,277)
Finance fee costs		**-**	(3,767)
Impairment of inventory		**-**	(163,600)
Loss before income tax		**(1,581,899)**	(1,891,944)
Income tax expense		**-**	-
Loss from continuing operations		**(1,581,899)**	(1,891,944)
Other comprehensive income			
Item that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	2(b)	**(112,270)**	28,281
Total comprehensive loss for the period		**(112,270)**	28,281
Total comprehensive income for the period is attributable to:			
Owners of Immuron Limited		**(1,694,169)**	(1,863,663)
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic loss per share	9	**(1.2)**	(1.5)
Diluted loss per share	9	**(1.2)**	(1.5)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Immuron Limited
Condensed consolidated balance sheet
As at 31 December 2018

	Notes	Consolidated entity 31 December 2018 $	30 June 2018 $
ASSETS			
Current assets			
Cash and cash equivalents		**4,190,259**	4,727,430
Trade and other receivables		**643,206**	1,683,305
Inventories	8	**530,495**	497,902
Other current assets		**239,695**	141,800
Total current assets		**5,603,655**	7,050,437
Non-current assets			
Property, plant and equipment		**17,737**	20,384
Inventories	8	**2,075,683**	2,171,867
Total non-current assets		**2,093,420**	2,192,251
Total assets		**7,697,075**	9,242,688
LIABILITIES			
Current liabilities			
Trade and other payables		**403,521**	689,326
Employee benefit obligations		**117,713**	114,012
Total current liabilities		**521,234**	803,338
Total liabilities		**521,234**	803,338
Net assets		**7,175,841**	8,439,350
EQUITY			
Issued capital	2(a)	**58,442,043**	58,372,043
Reserves	2(b)	**2,756,727**	2,606,722
Accumulated losses		**(54,022,929)**	(52,539,415)
Total equity		**7,175,841**	8,439,350

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Immuron Limited
Condensed consolidated statement of changes in equity
For the half-year 31 December 2018

Consolidated entity	Attributable to owners of Immuron Limited: Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017	53,632,995	2,470,417	(49,528,486)	6,574,926
Loss for the period	-	-	(1,891,944)	(1,891,944)
Other comprehensive income	-	28,281	-	28,281
Total comprehensive income for the half-year	**-**	**28,281**	**(1,891,944)**	**(1,863,663)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	213,396	-	-	213,396
Options and warrants issued/expensed	-	59,512	-	59,512
	213,396	59,512	-	272,908
Balance at 31 December 2017	**53,846,391**	**2,558,210**	**(51,420,430)**	**4,984,171**
Balance at 1 July 2018 as originally presented	58,372,043	2,606,722	(52,539,415)	8,439,350
Loss for the period	-	-	(1,581,899)	(1,581,899)
Other comprehensive income	-	(112,270)	-	(112,270)
Total comprehensive income for the half-year	**-**	**(112,270)**	**(1,581,899)**	**(1,694,169)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	70,000	-	-	70,000
Options and warrants issued/expensed	-	360,660	-	360,660
Lapse of unexercised options	-	(98,385)	98,385	-
	70,000	262,275	98,385	430,660
Balance at 31 December 2018	**58,442,043**	**2,756,727**	**(54,022,929)**	**7,175,841**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

	Notes	Consolidated entity **31 December 2018** **$**	 31 December 2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**1,138,524**	1,184,856
Payments to suppliers and employees (inclusive of GST)		**(2,753,669)**	(4,367,410)
Interest received		**39**	43
Other - R&D tax concession refund and other government grants		**1,190,205**	-
Interest and other costs of finance paid		**-**	(3,767)
Net cash outflow from operating activities		**(424,901)**	(3,186,278)
Cash flows from investing activities			
Payments for property, plant and equipment		**-**	(2,180)
Net cash outflow from investing activities		**-**	(2,180)
Cash flows from financing activities			
Repayment of borrowings		**-**	(243,950)
Capital raising costs		**-**	(1,934)
Net cash outflow from financing activities		**-**	(245,884)
Net (decrease) in cash and cash equivalents		**(424,901)**	(3,434,342)
Cash and cash equivalents at the beginning of the financial year		**4,727,430**	3,994,924
Effects of exchange rate changes on cash and cash equivalents		**(112,270)**	28,281
Cash and cash equivalents at end of the half-year		**4,190,259**	588,863

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Segment and revenue information

(a) Description of 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.

Research and Development (R&D) Income and expenses directly attributable to the Company's research and development projects performed in Australia, Israel and United States.

HyperImmune Products Income and expenses directly attributable to Travelan activities which occur in Australia, New Zealand, US and Canada. In 2018, the Company earned 67%, 1% and 32% of its revenues from customers located in Australia, Canada and US, respectively. In 2017, the Company earned 66%, 0% and 34% of its revenues from customers located in Australia, Canada and US, respectively.

(b) Segment results

Consolidated entity 31 December 2018	Research & Development	HyperImmune Products	Unallocated Corporate	Total
	$	$	$	$
Segment revenue and other income				
Revenue from external customers	-	978,233	-	978,233
R&D tax concession refund	310,166	-	-	310,166
Interest income	-	-	270	270
Segment revenue and other income	**310,166**	**978,233**	**270**	**1,288,669**
Segment expenses				
Depreciation and amortisation	-	-	(5,047)	(5,047)
Share-based payments	-	-	(360,660)	(360,660)
Other operating expenses	(403,521)	(563,790)	(1,537,550)	(2,504,861)
Segment expenses	**(403,521)**	**(563,790)**	**(1,903,257)**	**(2,870,568)**
Income tax expense	-	-	-	-
(Loss)/Profit for the period	**(93,355)**	**414,443**	**(1,902,987)**	**(1,581,899)**
Segment assets	310,990	2,718,889	4,667,196	7,697,075
Total assets	**310,990**	**2,718,889**	**4,667,196**	**7,697,075**
Segment liabilities	(71,903)	(11,974)	(437,357)	(521,234)
Total liabilities	**(71,903)**	**(11,974)**	**(437,357)**	**(521,234)**

1 Segment and revenue information (continued)

(b) Segment results (continued)

Consolidated entity 31 December 2017	Research & Development	HyperImmune Products	Unallocated Corporate	Total
	$	$	$	$
Segment revenue and other income				
Revenue from external customers	-	919,138	-	919,138
R&D tax concession refund	1,386,790	-	-	1,386,790
Interest income	-	-	43	43
Other income	-	206	-	206
Total segment revenue and other income	**1,386,790**	**919,344**	**43**	**2,306,177**
Segment expenses				
Depreciation and amortisation	-	-	(2,277)	(2,277)
Finance costs	-	-	(3,767)	(3,767)
Share-based payments	-	-	(59,512)	(59,512)
Other operating expenses	(1,540,436)	(429,631)	(2,162,498)	(4,132,565)
Total segment expenses	**(1,540,436)**	**(429,631)**	**(2,228,054)**	**(4,198,121)**
Income tax expense	-	-	-	-
(Loss)/Profit for the period	**(153,646)**	**489,713**	**(2,228,011)**	**(1,891,944)**
Segment assets	2,884,901	2,536,093	736,997	6,157,991
Total assets	**2,884,901**	**2,536,093**	**736,997**	**6,157,991**
Segment liabilities	(481,023)	(154,886)	(537,911)	(1,173,820)
Total liabilities	**(481,023)**	**(154,886)**	**(537,911)**	**(1,173,820)**

2 Equity securities issued

(a) Issued capital

	31 December 2018 No.	31 December 2018 $	30 June 2018 No.	30 June 2018 $
Fully paid	**143,215,706**	**58,442,043**	142,778,206	58,372,043

(i) Movements in ordinary shares:

Details	Note	Number of shares	Total $
Opening balance 1 July 2018		142,778,206	58,372,043
Shares issued during the year		437,500	70,000
Balance 31 December 2018		**143,215,706**	**58,442,043**

(ii) Rights of each type of share

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. upon a poll every holder is entitled to one vote per share held. The ordinary shares have no par value.

2 Equity securities issued (continued)

(b) Reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the period. A description of the nature and purpose of each reserve is provided below the table.

Consolidated entity	No. of Options Qty	Amount $	Foreign currency translation $	Total other reserves $
At 1 July 2018	**71,349,180**	**2,650,039**	**(43,317)**	**2,606,722**
Options/warrants issued during the year	3,300,000	360,660	-	360,660
Lapse of unexcercised options	(50,000)	(98,385)	-	(98,385)
Other comprehensive loss for the period	-	-	(112,270)	(112,270)
At 31 December 2018	**74,599,180**	**2,912,314**	**(155,587)**	**2,756,727**

3 Share-based payments

The following share-based payment arrangements were entered into during the half-year 31 December 2018 due to new options granted and vested:

Grant date	Expiry date	Balance at start of year	Exercise price ($)	Granted	Exercised	Vested	Balance at end of year
02-Jul-2018	01-Jul-2021	-	0.50	1,300,000	-	1,300,000	1,300,000
19-Nov-2018	30-Jun-2020	-	0.50	2,000,000	-	2,000,000	2,000,000

For the options granted during the half-year 31 December 2018, the valuation model inputs used to determine the fair value at the grant date are outlined below:

Grant date	Expiry date	Share price at grant date ($)	Exercise price ($)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date ($)
02-Jul-2018	01-Jul-2021	0.32	0.50	92%	0%	2.09%	204,100
19-Nov-2018	30-Jun-2020	0.28	0.50	92%	0%	2.02%	164,400

4 Contingencies

The Company had no contingent liabilities and at 31 December 2018 (2017: nil).

5 Events occurring after the reporting period

No other matter or circumstances has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

6 Related party transactions

(a) Transactions with other related parties

The following transactions occurred with related parties:

Premises rental services received from Wattle Laboratories Pty Ltd to Immuron Limited:	**31 December 2018**	**31 December 2017**
Wattle Laboratories Pty Ltd (Wattle) is an entity part-owned and operated by Immuron Directors Peter and Stephen Anastasiou. Commencing on 1 January 2016, Immuron executed a Lease Agreement with Wattle whereby Immuron will lease part of their Blackburn office facilities for Immuron's operations at an arms-length commercial rental rate of $38,940 per annum, payable in monthly instalments. The rental agreement is subject to annual rental increases, and effective 1 January 2017, the annual rent was increased to $39,525. The lease is for a 3 year term with an additional 3 year option period. The lease is cancellable by either party upon 6 months written notice of termination of the agreement.		
Rental fees paid to Wattle Laboratories Pty Ltd during the year through the issue of equity:	$Nil	$Nil
Total paid by the Company to Wattle Laboratories Pty Ltd during the year:	$22,151	$9,881
At the period end the Company owed Wattle Laboratories Pty Ltd:	$17,374	$Nil

6 Related party transactions (continued)

(a) Transactions with other related parties (continued)

Service rendered by Grandlodge Capital Pty Ltd to Immuron Ltd:	**31 December 2018**	**31 December 2017**
Grandlodge Capital Pty Ltd (Grandlodge) is an entity part-owned and operated by Immuron Directors Peter and Stephen Anastasiou. Mr David Plush is also an owner of Grandlodge, and its associated entities. Grandlodge, and its associated entities, are marketing, warehousing and distribution logistics companies. Commencing on 1 June 2013, Grandlodge was contracted on commercial market arms-length terms to provide warehousing, distribution and invoicing services for Immuron's products for $70,000 per annum. These fees will be payable in new fully paid ordinary shares in Immuron Limited at a set price of $0.16 per share representing Immuron Limited's share price at the commencement of the agreement. The shares to be issued to Grandlodge, or its associated entities, as compensation in lieu of cash payment for the services rendered under this agreement have been subject to the approval of Immuron shareholders at Company shareholder meetings held over the past 18 months. 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:	$70,000	$140,000
Total paid by the Company to Grandlodge Pty Ltd during the year:	$70,000	$Nil
At the period end the Company owed Grandlodge Pty Ltd:	$Nil	$Nil

7 Revenue

The Company derives the following types of revenue:

	Consolidated entity	
	31 December 2018	31 December 2017
	$	$
Revenue from operating activities		
Sales of good	**1,083,805**	1,010,919
Less: discounts and rebates	**(105,572)**	(91,781)
Total revenue from operating activities	**978,233**	919,138
Other income		
Interest on financial assets held as investments	**39**	43
Other items	**231**	207
R&D tax concession refund	**310,166**	1,386,789
Total other income	**310,436**	1,387,039

8 Inventories

	Consolidated entity	
	31 December 2018	30 June 2018
	$	$
Raw materials - Colostrum	**294,769**	198,585
Work in progress	**-**	33,625
Finished goods - Travelan and Protectyn	**235,726**	265,692
Total of inventories classified under current asset	**530,495**	497,902

	Consolidated entity	
	31 December 2018	30 June 2018
	$	$
Colostrum Inventory - Non Current	**2,075,683**	2,171,867
Total of inventories classified under non-current asset	**2,075,683**	2,171,867

There was no impairment of inventories recognised during financial year 2018 (2017: $163,600 for stock obsolescence in the Statement of Profit or Loss and Other Comprehensive Income.

During the current financial period, management have performed an assessment on its raw materials and its utilisation within 12 months from reporting date and have determined $294,769 of raw materials relating to Colostrum will be consumed within 12 months and remaining balance of $2,075,683 will be consumed after 12 months from reporting date.

9 Loss per share

(a) Basic/diluted loss per share

	Consolidated entity	
	31 December 2018	31 December 2017
	Cents	Cents
From continuing operations attributable to the ordinary equity holders of the company	(1.2)	(1.5)

(b) Reconciliation of earnings used in calculating earnings per share

	Consolidated entity	
	31 December 2018	31 December 2017
	$	$
Basic/diluted loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic/diluted earnings per share:		
From continuing operations	**(1,581,899)**	(1,891,944)

9 Loss per share (continued)

(c) Weighted average number of shares used as denominator

	Consolidated entity	
	2018	2017
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic/diluted loss per share	**136,365,586**	130,086,505

The Company is currently in a loss making position and thus the impact of any potential shares is concluded as anti-dilutive which includes the Company's options and Convertible Note payable and warrants. Treasury shares are excluded from the calculation of weighted average number of ordinary shares.

10 Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Immuron Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period and the adoption of the new and amended standards as set out below. The Interim Financial Statements have been approved and authorised for issue by the board on 27 February 2019.

(a) New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies and applying the modified retrospective method where required as a result of adopting the following standards:

- AASB 9 *Financial Instruments*, and
- AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed in note below. The other standards did not have any impact on the Company's accounting policies and did not require retrospective adjustments.

(b) Impact of new and amended standards adopted by the Company

(i) AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: recognition and measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

While this represents significant new guidance, the implementation of the new guidance did not have a material impact on trade receivables. As such, the Company has elected not to restate prior periods and have not recognised differences in opening retained earnings as at 1 July 2018.

(ii) AASB 15 Revenue from Contracts with Customers

The Company has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018 which did not result in changes in the accounting policies and adjustments to the amounts recognised in the financial statements.

10 Basis of preparation of half-year report (continued)

(c) Impact of standards issued but not yet applied by the entity

(i) AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $39,525. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Company does not intend to adopt the standard before its effective date.

(d) Changes in accounting policies

(I) AASB 9 Financial Instruments – Accounting policies applied from 1 January 2018

Impairment of financial assets

For trade receivables under AASB 9 the Company applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component.

(II) AASB 15 Revenue from Contracts with Customers – Accounting policies applied from 1 January 2018

Revenue is earned from the sale of Travelan and Protectyn.

The Company 's revenue from contracts with customers arise from the sale of goods within Australia, USA and other world markets, through a variety of avenues including pharmacies, clinics and the internet.

Based on the Company's revenue recognition process and the nature of the Company's revenue stream from contracts with customers, the Company recognises revenue at a point in time when the performance obligation is satisfied upon the delivery of goods to customers.

11 Summary of significant accounting policies

(a) Going concern

Some of the risks inherent in the development of pharmaceutical products 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, and obtaining the necessary drug clinical regulatory authority approvals. Furthermore, a particular project may fail the research and the clinical development process through lack of efficacy or safety, or may be stopped or abandoned due to strategic imperatives including an assessment that the projects will not deliver a sufficient return on investment or have been superseded by newer competitive products or technologies. There is a risk that the Company will be unable to find suitable development or commercial partners for its projects, and that these arrangements may not generate a material return for the Company.

Based on current budget forecast assumptions, the Company is in a position to meet future commitments in the current business cycle and pay its debts as and when they fall due. Furthermore, the Company is able to progress its research and development programs for at least the next 12 months.

The interim financial report has been prepared on a going concern basis. Accordingly, the interim financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 8 to 19 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the Immuron Limited will be able to pay its debts as and when they become due and payable.

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

Dr. Roger Aston
Director

Melbourne
27 February 2019

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Independent Auditor's Review Report

To the Members of Immuron Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Immuron Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Immuron Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Immuron Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham

Partner – Audit & Assurance

Melbourne, 27 February 2019