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 2016
Previous Reporting Period:	Financial year ended 30 June 2015

The results of Immuron Limited for the year ended 30 June 2016 are as follows:

Revenues	Up	2.83%	to	$1,155,523
Loss after tax attributable to members	Down	27.31%	to	($4,389,667)
Net loss for the period attributable to members	Down	27.31%	to	($4,389,667)

Brief explanation of figures reported above

The loss for the Group after income tax for the reporting period was $4,389,667 (2015: $3,447,951).

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 2016 $	30 June 2015 $
Net Tangible Assets	5,740,563	3,340,839
Shares (No.)	80,099,646	74,964,232
Net Tangible Assets (cents)	7.167	4.457

Loss per Share

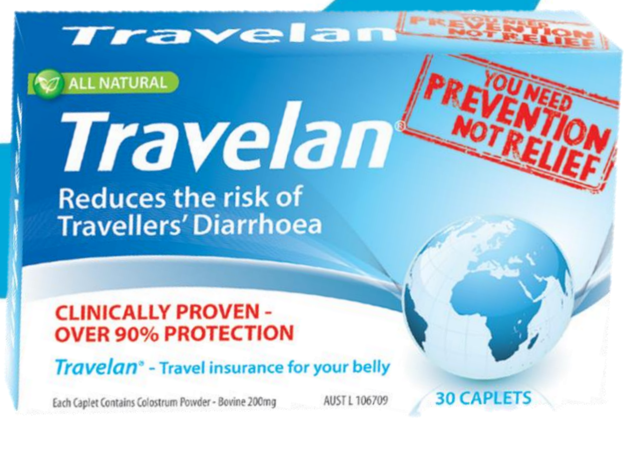
	30 June 2016 $	30 June 2015 $
Basic/Diluted loss per share (cents)	5.705	4.603

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 2016



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Dear Shareholders,

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OVERVIEW

This year was marketed by several important developments that confirmed the validity and the versatility of our platform. Not only were we able to secure additional collaborations with world-class institutions (NIH, US Navy and US Army), but we also proved that we could generate significantly positive data beyond fatty-liver diseases (C-*difficile*), which provides another therapeutic area of growth for the company.

The signed collaborations with the US Army and the US Navy, and our 2nd NIH grant in fatty liver diseases (pediatric NASH), are an extraordinary endorsement of the potential of our platform to deliver impactful therapeutics. Beyond providing further validation to the strength of our technology, these agreements have also enabled us to:

(1) Expand our fatty-liver portfolio and in the process build one of the most promising and comprehensive fatty-liver programs in the industry. In addition, the NASH Pediatric trial provides substantial new opportunity for the company.

(2) Provide a proof-of-concept as to the strength of our value proposition as an anti-infective platform for infections of high unmet need beyond Travelan. This is a new and very exciting area for Immuron, as our assets represent yet unrealized ways to target deadly pathogens without side effects or concerns about bacterial resistance.

Beyond these collaborations, our NASH and ASH trials remain on track, and Travelan continues to grow. FY2017 will be a transformational year, and we are entering the year in a position of strength. We look forward to continued strong news throughout the year and we thank you for your support as we continue to build assets that can generate significant returns for our investors.

Fatty liver trials (NASH and ASH) remain on track and Portfolio Expands (Pediatric NASH)

To date, 27 patients have completed treatment in our Phase II NASH trial. The trial remains on track to complete recruitment by the end of the year with currently 72 patients enrolled and another 12 patients already confirmed for enrollment before end of August and awaiting randomization. We have an additional 23 patients undergoing screening. The major amendment to the protocol completed in May 2016 has allowed our sites to recruit more efficiently and has boosted our rate of patient recruitment significantly.

In the NIH-funded ASH trial, 30 patients have finalized treatment. We expect the results of the NASH trial by mid-2017 and the ASH trial by 2018.

It is important to note that at the half-way point of recruitment in the NASH and ASH trials, no significant drug-related adverse events have emerged.

We were thrilled to learn that the NIH also selected IMM-124E for a second fatty-liver trial, this one in Pediatric NASH. This trial, which will be run in collaboration with Emory University, will recruit 40 patients.

With this trial, Immuron now has one of the most compelling portfolio of fatty-liver trials in the industry. We have been working toward this goal in FY2016, and we are encouraged by the three shots on goal we are providing to our investors and potential partners.

It is now increasingly recognized that NASH is a multi-factorial disease, that needs to be targeted from a range of MOAs (Mechanism Of Action), not simply by targeting one MOA. NASH KOLs feel that is the reason why our major competitors have shown lackluster results to date (see below) and why we are uniquely positioned for long-term success.

Company	Phase II Results	Date
Intercept Pharma	18% above placebo	January 2014
Genfit SA	Trial did not meet primary endpoint	March 2015
Tobira Therapeutics	Trial did not meet primary endpoint	July 2016

Unlike our competitors, IMM-124E targets the disease upstream, allowing a much broader impact on lowering systemic and liver inflammation. In combination with our unique safety profile, this should allow IMM-124E the ability to (1) Be used on a long-term chronic basis and (2) Target a broaded NASH patient population including late NASH patients as well as early stage patients. This is truly unique among all of current competitors.

Travelan sales and distribution network continues expansion

Our sales target for this year was A$1.3M, a target growth of 15% over the previous year. We would have reached this goal, had the order from our Canadian partner Canada been shipped in the current fiscal year, but Endo asked for the shipment to be received in August. This shipment will now count against the FY2017 sales.

Travelan registered strong growth in all our markets including Australia (9%) and the US (1,077%). Sales were $1.2M vs. $1.1M for last fiscal year (3% growth), not including the recent order from Endo. This growth in sales is very encouraging, especially considering the limited funds available for marketing and promotion in the last financial year.

Protectyn remains in a launch phase in Australia, as we aim to establish it within the naturopath professionals to gain medical traction.

Travelan is a product with great potential, both as an OTC and as a prescription product We are significantly increasing our marketing and sales spending in FY2017 in the US, Australia and in China to take advantage on this opportunity, and we are exploring the possibility of undertaking clinical trials in order to support the registration of Travelan or a variation of Travelan as a prescription product.

US Growth - It was important in FY2016 to expand the reach of Travelan within the travel clinics and with distributors. Travelan is now available throughout the largest chains of travel clinics including Passport Health and Travel Clinics of America. We also closed a further five major distribution agreements including with Medique, one of the largest distributors in the US for OTCs/health products.

While pushing our presence in the travel clinics and with distributors will continue to be a significant part of our focus, we are also focused on increasing our retail presence both with traditional retailers (e.g., CVS and Bi-Mart) and with online retailers such as Amazon and Magellan's.

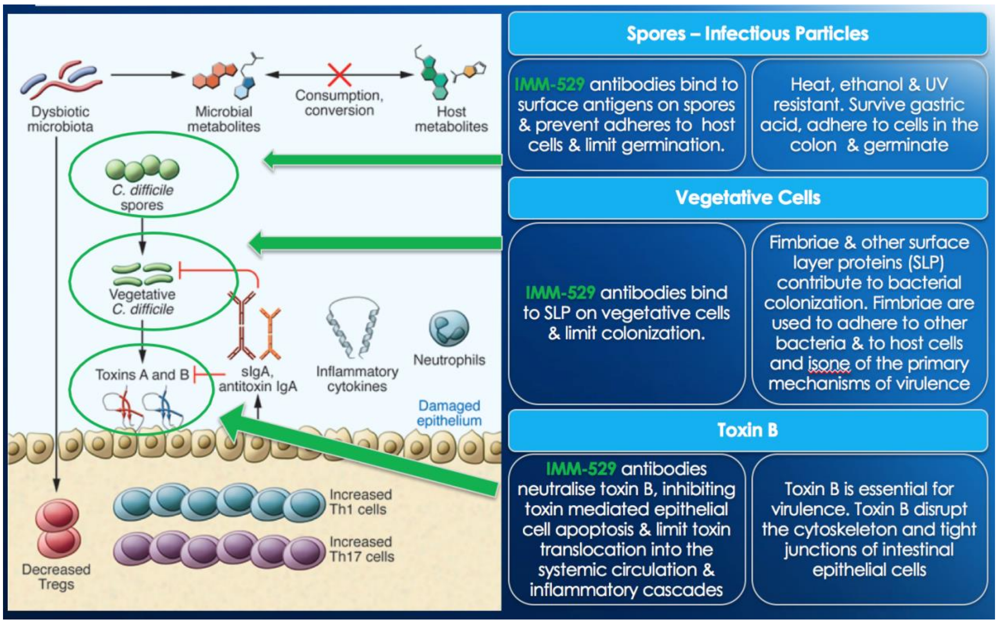
To support our US growth, we also significantly focused on PR and online media pull through strategies to reach as many consumers as possible.

China - In May, we concluded an agreement for both Travelan and Protectyn, with QBID, a leader in the Australia-China e-commerce, commencing June 1. QBID is an official partner of JD.com, China's largest online sales company. The products have been available on QBID's store since July.

Travelan and Protectyn are both ideally targeted at the Chinese consumers. More than 100 million Chinese traveled overseas last year more than 130 million Chinese have diabetes, a third of the world's diabetic population of around 430 million. Estimates suggest that 27 percent of the urban population is affected by fatty liver diseases, which has in part pushing mainland vitamin sales in the last 10 years to more than AU$17 billion a year, of which around AU$200 million comes from online sales of Australian brands.

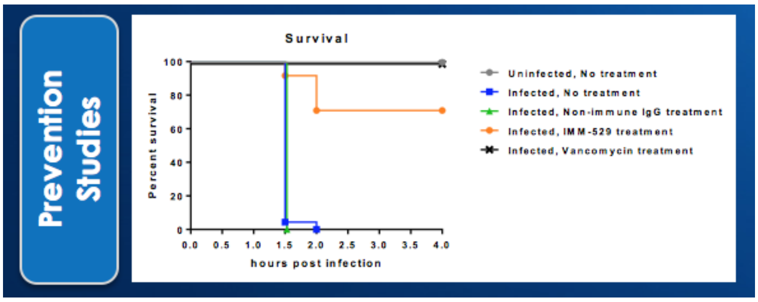
Clinical potential confirmed for C. *difficile* treatment

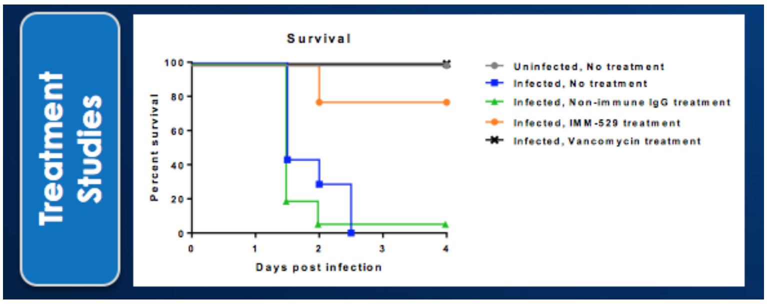
Our IMM-529 first-in-class oral *C. difficile* trial developed in collaboration with Professor Dena Lyras at Monash University, successfully concluded its pre-clinical program. It is truly a unique product, with a unique triple action MOA targeting toxin B, the spores and the vegetative cells.

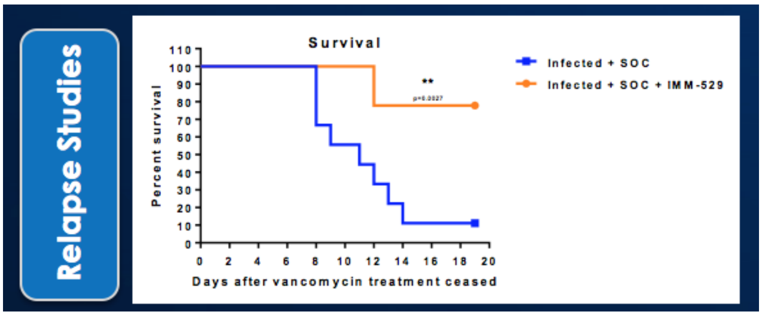


Our program registered world-class and statistically significant results in all three of our programs:

- Prevention of disease: ~70% survival vs. 0% survival in the control group
- Treatment of Primary disease: ~79% of survival vs. 0% survival in the control group
- Recurrence: ~78% survival vs 11% survival for the control group







We have submitted these results to a major scientific publication for review and are awaiting date of publication.

C- difficile is a billion dollar commercial opportunity. *C. difficile* saddles international health systems with an estimated US$10 billion annual burden. The condition is dangerous and often fatal, even in sophisticated health facilities. Nearly 30,000 patients die from the infection in the US alone, with a further 100,000 affected by recurrent infections.

Vancomycin and metronidazole are the current standard of care, accounting for 80% of patient share (US). However, these two therapies are plagued by a 25% rate of CDI recurrences, underscoring the need for new treatments. There is also growing concern of resistance to vancomycin treatment.

Our lead competitor Seres Therapeutics recently announced that the Phase II of its leading asset, SER-102, did not meet its primary endpoint in recurrent C. *difficile*. We are not surprised by this result, as SER-102 does not specifically target toxin B, which has been proved time and again, especially through the work of Dr Dena Lyras, to be the main driver of disease morbidity and mortality. We are confident in the long-term success of IMM-529 given its unique triple-action MOA which targets the Toxin B, the spores and the vegetative cells. We look forward to more positive data in the years ahead as we continue to develop this greatly differentiated asset in collaboration with Dr Lyras.

Pre-clinical colitis initiative attracts Swiss leader

The University of Zurich's world renowned inflammatory bowel diseases researcher, Professor Gerhard Rogler, has teamed with Immuron to launch a pre-clinical development program in colitis. The three stage program will use well-known acute and chronic colitis models and will take place throughout 2016/2017.

Colitis, manifesting as a group of inflammatory bowel conditions, including Crohn's Disease and Ulcerative Colitis, affects millions of people around the world. The global market for treatments of irritable bowel diseases (IBD), of which colitis is a significant component, is expected to reach an annual US$10 billion by 2021.

Professor Rogler is Professor of Gastroenterology and Hepatology and Consultant Gastroenterologist at Zurich University Hospital Switzerland. He is also principal investigator of the Swiss Irritable Bowel Diseases cohort study, and the author of 200 original peer-reviewed articles.

His interest in IMM-124 as a 'unique compound' and a potential 'game changer for many patients' is a ringing endorsement of the quality of Immuron's work.

Anti-Infectives portfolio expands with collaboration with the US Army and US Navy collaborations

Our collaborations with the US Army and now with the US Navy are a powerful validation of the potential of our platform to develop novel anti-infectives. It opens the door to explore and develop potentially low risk / low cost therapeutics with some of the most advanced facilities of its kind in the world.

US Army – In June 2016, Immuron signed an agreement with WRAIR of the US Army to develop a vaccine for a form of dysentery that kills up to one million people a year. Walter Reed Army Research Agreement (WRAIR) is the largest and most diverse biomedical research laboratory in the Department of Defense.

The project hopes to develop a vaccine for shigellosis, a severe form of dysentery that affects about 165 million people a year, mostly children, and causes up to a million deaths. Symptoms of shigellosis, also known as bacillary dysentery, include severe and bloody diarrhoea, fever, and stomach cramps. WRAIR aims to develop the vaccine for both civilian and military use in areas where endemic diseases such as shigellosis can compromise the health and readiness of both travellers, contractors and defence personnel.

The research will be based on the antibodies in Travelan, Immuron's unique diarrhoea preventative.

US Navy – In August 2016, we signed an agreement with the US Navy to test Travelan in campylobacter and Enterotoxigenic Escherichia coli (ETEC), two common gram negative bacterium. Based on the results, the US Navy will decide if developing new vaccines are needed.

Campylobacter's main reservoir is poultry, however humans can contract the disease from contaminated food. At least a dozen species of Campylobacter have been implicated in human disease, with C. jejuni and C. coli being the most common. C. jejuni is now recognized as one of the main causes of bacterial foodborne disease in many developed countries as well as developing countries were poultry is common.

Enterotoxigenic Escherichia coli (ETEC) is a type of Escherichia coli (E-coli) and one of the leading bacterial causes of diarrhea in the developing world, as well as the most common cause of travelers' diarrhea. Conservative estimates suggest that each year, about 157,000 deaths occur, mostly in children, from ETEC, but no vaccines exist, highlighting the need for new treatment modalities.

Study explores potential of IMM-124E in autism

In July 2016, we announced a strategic partnership with three leading Australian research institutes focused on understanding how the genetic basis underlying Autism Spectrum Disorder (ASD) relates to changes to the gut, and how Immuron's anti-LPS IMM-124E compound affects changes in mouse models for autism. This effort involves the University of Melbourne, La Trove University and Murdoch Children's Hospital.

Except for clinical supplies, this unique collaboration involves very little R&D investment from Immuron, but has the potential for tremendous upside given that are no treatments approved for autism, and very few assets in development. This could also potentially open the door for other development partnerships in Central Nervous System (CNS) conditions such as Alzheimer's.

Corporate and governance update

US analysts deepen interest in Immuron

Leading US pharmaceutical and therapeutics observers extended their analysis of both Immuron as a company, and its candidate therapeutics.

In August last year, investor relations specialist, RedChip Companies Inc, which looks after some of our advisory interests in the US, described our NASH product (IMM-124E), as 'a potential blockbuster and also reported positively on our other products and programs including IMM-529 for C. *difficile.*

In February, US-based equities specialists, SeeThruEquity, also released a comprehensive report on the company and its operations. The report stated that: 'Immuron has accumulated a highly intriguing clinical pipeline targeting large unmet needs.'

It concluded: 'We view the company as an attractive high risk / high reward company [in] the biotechnology industry with novel products targeting several large opportunities.'

The firm is an approved research contributor to a range of equity indices, including Thomson Estimates, Wall Street's leading estimates platform.

Tax refunds and rights issues consolidate funds

A government tax refund, a US funding agreement, and a multi million rights issue have underpinned Immuron's financial stability as it presses home its R&D program.

In February, the Australian Government presented the company with a $1.47 million Research and Development Incentive Program refund. The refund reflected Immuron's $3.3 million investment in R&D over a range of innovative biotechnology programs.

In the same month, we announced a $1.7 million funding agreement with a New York-based investment fund, aimed at underwriting Immuron's development program and a planned listing on the US equity markets.

And in May, we announced a three-for-ten shareholder rights issue aimed at raising a further $6 million to fund continuation of promising NASH Phase II/III studies, progression into a *C. difficile* Phase I trial, completion of colitis pre-clinical studies, further promotion of our OTC products, and for corporate and working capital. We also announced that the remaining of the Sea Otter facility would be repaid in cash to avoid further dilution to our shareholders.

Summary

As shown by the results in C. *difficile*, by our ability to recruit our NASH trial, by the collaborations with the US Army and US Navy and by the granting of a 2nd NIH grant, Immuron has a very strong and versatile platform that is making significant progress in advancing our therapeutic programs.

We will continue to expand capital prudently in support of these programs and look forward to continue growing Travelan, advancing our NASH Phase II trial and C. *difficile* asset as well as supporting our various collaborations with the view to bring these assets to market as quickly as possible.

For and on behalf of the Company;

Mr. Thomas Liquard
Chief Executive Officer
Immuron Limited

Dated: This the Tuesday, 30th August 2016

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 2016, 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
Travelan: Composition and Method for the Treatment and Prevention of Enteric Bacterial Infections			
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
16020270.1	Europe	New Div. Pending	4 March 2024
4478/DELNP/2005	India	Granted	4 March 2024
542088	New Zealand	Granted	4 March 2024
10/548,156	USA	Granted	4 March 2024
8,637,025	USA	Granted	4 March 2024
Immuno-Modulating Compositions for the Treatment of Immune-Mediated Disorders			
2009222965	Australia	Granted	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
Method and Apparatus for the Collection of Fluids			
2,527,260	Canada	Granted	10 June 2024
2004244673	Australia	Granted	10 June 2024
544198	New Zealand	Granted	10 June 2024
'LPS1' Anti LPS Enriched Immunoglobulin Preparation for use in Treatment and/or Prophylaxis of a Pathologic Disorder			
2010243205	Australia	Granted	27 April 2030
2760096	Canada	Pending	27 April 2030
13/265,252	USA	Published	27 April 2030
10721856.2	Europe	Published	27 April 2030
12103554.8	Hong Kong	Published	27 April 2030
315924	Israel	Pending	27 April 2030
2012-507877	Japan	Granted	27 April 2030
10-2011-7027634	Korea	Pending	27 April 2030
MX/a/2011/011376	Mexico	Published	27 April 2030
201171304	Eurasia	Pending	27 April 2030

'LPS2' Anti LPS Enriched Immunoglobulin Preparation for Use In Treatment and/or Prophylaxis of a Pathologic Disorder			
2011290478	Australia	Granted	27 April 2030
2808361	Canada	Pending	27 April 2030
11793860.5	Europe	Published	27 April 2030
13/817,414	USA	Published	27 April 2030
13112530.7	Hong Kong	Published	27 April 2030
IMM 529 Methods and Compositions for the Treatment and/or Prophylaxis of Clostridium Difficile Associated Disease			
PCT/AU2014/000447	PCT	Pending	19 April 2034
2014253685	Australia	Pending	19 April 2034
2,909,636	Canada	Pending	19 April 2034
14784945.9	Europe	Pending	19 April 2034
14/785,527	USA	Pending	19 April 2034
201480034857.3	China	Pending	19 April 2034
713233	NZ	Pending	19 April 2034

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 2016. 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:

Dr. Roger Aston	Independent Non-Executive Chairman
Appointed to the Board	20 March 2012
Last elected by shareholders	13 November 2014
Qualifications	BSc (Hons), PhD
Experience	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. 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 Bio Focus Plc (formally: Cambridge Drug Discovery Limited). 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. 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.
Interest in shares and options	607,116ordinary shares and 3,500,000 options over ordinary shares.
Committees	Chairman and Member of the Company's Remuneration Committee; and Member of the Company's Audit and Risk Committee.
Directorships held in other public entities	Dr. Aston is currently a director of: - Pharmaust Limited (ASX:PAA) - Current Executive Chairman (12 Aug 2013) - Oncosil Limited (ASX:OSL) - Current Non-Executive Chairman (28 Mar 2013) - Regeneus Limited (ASX:RGS) - Current Non-Executive Chairman (21 Sep 2012) - Resapp Health Limited (ASX:RAP) - Current Chairman (2 Jul 2015)
Other listed directorships held during the past 3 years	Dr. Aston has been a Director of the following entities in the past 3 years: - PolyNovo Limited (ASX:PBV) (Formally: Calzada Limited (ASX:CZD)) - 15 November 2013 to 10 September 2014 - IDT Limited (ASX:IDT) - 20 March 2012 to 20 November 2013

Mr. Daniel Pollock	Independent Non-Executive Director
Appointed to the Board	11 October 2012
Last elected by shareholders	25 November 2015
Qualifications	LL.B; Dip L.P
Experience	Mr. Pollock is a lawyer admitted in both Scotland and Australia and holding Practicing Certificates in both Jurisdictions. He is a sole practitioner in his own legal firm based in Melbourne, Australia which operates internationally and specializes in commercial law. Mr. Pollock is Chairman of Amaero Pty Ltd, a company established to commercialise laser based additive manufacturing emerging from Monash University. He is also Executive Director and co-owner of Great Accommodation P/L a property management business operating in Victoria. 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.
Interest in shares and options	319,640 ordinary shares and 1,250,000 options over ordinary shares.
Committees	Chairman and Member of the Company's Audit and Risk Committee; and Member of the Company's Remuneration Committee.
Directorships held in other public entities	Nil
Other listed directorships held during the past 3 years	Nil

Mr. Stephen Anastasiou	Non-Executive Director
Appointed to the Board	28 May 2013
Last elected by shareholders	29 November 2013
Qualifications	BSc (Hons), Grad. Dip MKTG, MBA
Experience	Mr. Anastasiou has over 20 years' experience in general management, marketing and strategic planning within the healthcare industry. His breadth of experience incorporates medical diagnostics, pharmaceuticals, hospital, dental and OTC products, with companies including the international pharmaceutical company Bristol Myer Squibb. 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. Mr. Anastasiou's companies have participated in several corporate transactions involving business units and brands of multinational and Australian companies
Interest in shares and options	4,067,857 ordinary shares and 1,250,000 options over ordinary shares.
Committees	Nil
Directorships held in other public entities	Nil
Other listed directorships held during the past 3 years	Nil

Mr. Peter Anastasiou	**Executive Vice Chairman**
Appointed to the Board	21 May 2015
Last elected by shareholders	25 November 2015
Qualifications	B.Psych
Experience	Mr. Anastasiou is a serial entrepreneur and investor with extensive experience in business both in Australia and overseas. Over the past 25 years, he has been credited with rebuilding a number of companies through the implementation of various corporate restructurings, acquisitions and solid financial management practices, with his most recent success being managing the restructuring of SABCO to ensure the future of this 100 year old iconic Australian company. Mr. Anastasiou's involvement with Immuron commenced in May 2013 following his substantial underwriting support of the Company's Renounceable Rights Issue, which was surpassed by his further funding support of the $9.66M (before costs) capital raising in February 2014 resulting in an ownership of approx. 15% of the Company via his associated investment funds. Mr. Anastasiou was the founding Chairman of the ACSI Group of Companies, which has owned and managed successful consumer companies such as SABCO, Britex Carpet care, Rug Doctor and Crystal Clear. Mr. Anastasiou also has a number of philanthropic interests including being a patron of the Identity Theatre for men, a prior board member and supporter of the Indigenous Eye Health Unit at Melbourne University, a supporter of the John Fawcett Foundation in Bali, and a founding investor and Director of Melbourne Victory Football Club.
Interest in shares and options	13,663,364 ordinary shares and 1,000,000 options over ordinary shares.
Committees	Nil
Directorships held in other public entities	Nil
Other listed directorships held during the past 3 years	Nil

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

Company Secretary

Mr. Phillip Hains	**Joint Company Secretary & Chief Financial Officer**

Mr. Hains was appointed as Company Secretary on19th 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 of Australia.

Mr. Peter Vaughan	**Joint Company Secretary & Chief Financial Officer**

Mr. Vaughan was appointed as Company Secretary on 19th April 2013.

Mr. Vaughan is a Chartered Accountant who has worked in the listed company environment for more than 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.

Chief Executive Officer

Mr. Thomas Liquard	Chief Executive Officer (CEO)
Appointed as CEO	25 August 2015
Qualifications	BBus, MBA,
Experience	Mr. Liquard has held various commercialisation, product development, and leadership roles with large pharma and biotech companies. He holds an MBA from Columbia Business School and a Bachelor of Science degree from the University of Southern California. From 2013 to 2014, Mr. Liquard was Chief Operating Officer (COO) of Australian biotech company Alchemia Limited (ASX:ACL) before then becoming CEO of the Company. Throughout his time will Alchemia, Mr. Liquard managed a $22M operating budget, introduced two major investors onto the register, and led all major business development and corporate development activities for the company. Prior to joining Alchemia, Mr. Liquard spent seven years with Pfizer in New York, where he held various commercial roles of increasing scope and responsibility. In his most recent role with Pfizer as the Senior Director, Portfolio Development Leader Emerging Markets for the Established Products, Mr. Liquard was pivotal in driving business development (M&A, licensing, partnerships) and internal product development initiatives which involved managing more than 70 project opportunities which were throughout various stages of execution. During his tenure at Pfizer, Mr. Liquard also spent three years as a key member of Pfizer's Established Products US Brands P&L Leadership Team where he engineered the group's 505(b)(2) investment strategy, culminating in the $700M acquisition of NextWave Pharmaceuticals, Inc. (NextWave), where Mr. Liquard led the pre-and post-acquisition integration efforts of NextWave into the existing Pfizer business. The two clinical assets acquired through the NextWave acquisition have both successfully been approval by the FDA, launched by Pfizer and are now more than $250M in annual revenues. From 2004 to 2007, Mr. Liquard served as a Senior Consultant with the Frankel Group, where he specialised in the life sciences.
Directorships held in other public entities	Director of PharmaCyte Biotechnology

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 (2015: Nil). The Directors do not recommend the payment of a dividend in respect of the 2016financial 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

7 July 2016 - The Company issued 21,320,978 new fully paid ordinary shares in the company to subscribers and shortfall participants of the Rights Issue Capital Raising which raised a total of AUD $5,330,245.

- The Company is also committed to issue 21,320,978 free-attaching 1:1 new Unlisted Options exercisable at $0.55 expiring 3 years from the date of issue to subscribers and shortfall participants of the Rights Issue. This issuance of these options is subject to shareholder approval.

Other than the events listed above, there have not been any other 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, the US, and China. The Company is engaged in active discussions with other prospective partners in a number of other countries such as Russia and India, 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 however, in the longer term, and pending a successful development outcome in particular the NASH and ASH 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 $4,389,667 is after fully expensing all of the Company's research and development expenditure and patenting costs of $3,623,961 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 2016, 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 $1,155,523, which is an increase of approximately $31,816 from financial year 2015.

Statement of Financial Position

At 30 June 2016 the Company's cash position was $2,290,639 (June 2015: $3,116,074). The Company had trade and other receivables of $5,187,772 (June 2015: $221,866). This receivables amount includes any anticipated future receivables from the Australian Government under the R&D Tax Incentive program mentioned above.

Based on Companies accounting policy, the R&D tax concession refund for the 2015 financial year was unable to be reasonably determined and therefore financial year 2016 includes a refund of $1,469,763 which protrudes to financial year 2015. The company estimated the R&D tax concession refund to be $1,512,840 for financial year 2016.

The Company entered into a short-term funding arrangement as a cash advance with Grandlodge Capital Pty Ltd, entity part-owned and operated by Immuron Directors Peter and Stephen Anastasiou, against the anticipated refund Immuron will receive from the Australian Taxation Office under the Research and Development Income Tax Concession Incentive for the Company's eligible R&D expenditure incurred between July - Dec 2015. The loan from Grandlodge, plus applicable fees, will be repaid by the Company upon receipt of the FY2016 R&D Tax Incentive refund which is anticipated to be received in October 2016.

As announced to the market on 17 February 2016, the Company secured AUD $1,700,000 in funding with a New York-based Investment Fund. This facility is being used to fund the immediate start of the clinical phase for IMM-529 in Costridium difficile which recently completed a very successful pre-clinical program. The investment was structured in 3 tranches as disclosed to the market. Given the strong support from both existing shareholders and new investors from the Capital Raising that was closed on 7 July 2016, Immuron will be able to execute its commitment to shareholder and repay all future obligations pertaining to the Convertible Note in cash, rather than via the issuance of new securities.

Statement of Cash Flows

The net operating and investing cash outflows for the year were $4,914,276 (2015: $3,020,933) which included costs associated with the Company's further development of its research and development programs, together with significant clinical trial cost expenditure associated with the NASH and ASH clinical trials. During the financial year $1,469,763 was received from the Australian Government's R&D tax concession refund incentives associated with eligible research and development expenditure and activities. The company will continue to take advantage of the available Australian Government Research and Development incentives available.

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 (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 & competiveness – 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 2016.

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			
			Audit and Risk		Remuneration	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Dr. Roger Aston	13	13	2	2	1	1
Mr. Daniel Pollock	13	13	2	2	1	1
Mr. Stephen Anastasiou	13	13	-	-	-	-
Mr. Peter Anastasiou	13	13	-	-	-	-

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:

(a) 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.

(b) 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 2016. 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 Directors and Officers Insurance Policy in respect of the Directors; 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	Date of Expiry	Exercise Price	No. Under Option
Unlisted Options	4 December 2016	$0.456	1,250,000
Unlisted Options	1 November 2017	$1.556	62,500
Unlisted Options	30 November 2021	$1.944	14,493
Unlisted Options	17 January 2022	$1.876	29,668
Unlisted Options	28 February 2019	$1.892	15,380
Unlisted Options	28 May 2019	$0.300	140,056
Unlisted Options	27 November 2019	$0.500	6,425,532
Unlisted Options	24 February 2019	$0.570	1,000,000

* The Company is pending shareholder approval to issue 21,320,978 new Unlisted Options exercisable at $0.55 expiring 3 years from the date of issue. The issue is to subscribers and shortfall participants of the Rights Issue as described in the Offer Booklet announced to the ASX on 31 May 2016.

Shares Issued as a Result of the Exercise of Options

No fully paid ordinary shares were issued from the exercise of options during the year ended 30 June 2016.

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 2016 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 2016 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 available on the Company's website together with the Board Skills Matrix at www.immuron.com.

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. Peter Anastasiou	Executive Vice Chairman
Mr. Daniel Pollock	Independent Non-Executive Director
Mr. Stephen Anastasiou	Non-Executive Director

The other Key Management Personnel of Immuron Limited during, and subsequent to the year were:

Ms. Leearne Hinch	Chief Executive Officer (CEO)	(Resigned: 8 July 2015)
Mr. Thomas Liquard	Chief Executive Officer (CEO)	(Commenced: 31 August 2015)
Mr. Jerry Kenellos	Chief Operating & Scientific Officer (COSO)	(Commenced: 27 July 2015)

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
2016	$ 4,389,667	$0.25
2015	$ 3,447,951	$0.23 *
2014	$2,544,550	$0.20 *
2013	$3,539,117	$0.16 *
2012	$2,297,520	$0.72 *

* Share prices have been adjusted to reflect a 40:1 capital consolidation which was completed on 20 Nov 2014.

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

<u>Objective</u>

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 2016, the Non-Executive Directors and Executive Directors were remunerated an aggregate $481,530 and $113,120, respectively per annum, including superannuation. This includes the issue 6,000,000 unlisted vesting options for additional remuneration in recognition of the additional services which each director has performed which have been deemed far in excess of those services usual for Non-Executive Directors of a company, as approved by shareholders at Companies Annual General Meeting held in November 2015.

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) 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 Annual General Meeting held on 13 November 2014. 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 2015 Annual General Meeting

The Company received 99.41% of the "YES" votes on the resolution pertaining to shareholders voting on the remuneration report for the 2015 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 2016

The remuneration for each Director and each of the other Key Management Personnel of the Company during the year ended 30 June 2016 was as follows:

30 June 2016	Short-term Employment Benefits			Post-Employment Benefits	Share-based Payments	Total
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation Contribution $	Shares/Options $	$
Directors						
Dr. Roger Aston	62,500	-	-	5,938	177,577	246,015
Mr. Daniel Pollock	45,000	-	-	4,275	73,120	122,395
Mr. Stephen Anastasiou	40,000	-	-	-	73,120	113,120
Mr. Peter Anastasiou	40,000	-	-	-	73,120	113,120
	187,500	**-**	**-**	**10,213**	**396,937**	**594,650**
Key Management Personnel						
Mr. Thomas Liquard [1]	287,485	-	-	-	-	287,485
Mr. Jerry Kenellos [1]	149,744	-	-	14,226	-	163,970
Dr. Leearne Hinch [1]	27,785	-	-	1,565	-	29,350
	465,014	**-**	**-**	**15,791**	**-**	**480,805**
	652,514	**-**	**-**	**26,004**	**396,937**	**1,075,455**

1 Denotes a person(s) who was appointed or resigned during or after the year. Please see the Directors Report for more information.

Details of Remuneration for the year ended 30 June 2015

The remuneration for each Director and each of the other Key Management Personnel of the Company during the year ended 30 June 2015was as follows:

30 June 2015	Short-term Employment Benefits			Post-Employment Benefits	Share-based Payments	Total
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation Contribution $	Shares/Options $	$
Directors						
Dr. Roger Aston	62,500	-	-	5,938	-	68,438
Mr. Daniel Pollock	45,000	-	-	4,275	-	49,275
Mr. Stephen Anastasiou *	-	-	-	-	-	-
Mr. Peter Anastasiou 1 *	-	-	-	-	-	-
	107,500	**-**	**-**	**10,213**	**-**	**117,713**
Key Management Personnel						
Dr. Leearne Hinch 1	63,742	-	-	4,696	-	68,438
Mr. Amos Meltzer 1	187,667	-	-	-	4,375	187,667
	251,408	**-**	**-**	**4,696**	**4,375**	**256,104**
	358,908	**-**	**-**	**14,908**	**4,375**	**373,817**

1 Denotes a person(s) who was appointed or resigned during or after the year. Please see the Directors Report for more information.

* These Directors were not remunerated for being Directors, but a related entity of these Directors, Grandlodge Pty Ltd, was remunerated for the provision of warehousing, distribution and invoicing services in relation to Immuron products. Grandlodge was contracted on commercial arms-length terms for $70,000 per annum on 1 June 2013.

Performance based Remuneration for the year ended 30 June 2016:

30 June 2016	Shares Issued in Lieu of Cash Payment for Salary/Fees $	Shares Issued Under ESOP $	Shares Issued in Lieu of Cash Bonus Payment $	Share Option Expense $	Total $
Directors					
Dr. Roger Aston	-	-	-	177,577	177,577
Mr. Daniel Pollock	-	-	-	73,120	73,120
Mr. Stephen Anastasiou	-	-	-	73,120	73,120
Mr. Peter Anastasiou	-	-	-	73,120	73,120
Key Management Personnel					
Mr. Thomas Liquard [1]	-	-	-	-	-
Mr. Jerry Kenellos [1]	-	-	-	-	-
Dr. Leearne Hinch [1]	-	-	-	-	-
	-	**-**	**-**	**396,937**	**396,937**

1 Denotes a person(s) who was appointed or resigned during or after the year. Please see the Directors Report for more information.

Performance based Remuneration for the year ended 30 June 2015:

30 June 2015	Shares Issued in Lieu of Cash Payment for Salary/Fees $	Shares Issued Under ESOP $	Shares Issued in Lieu of Cash Bonus Payment $	Share Option Expense $	Total $
Key Management Personnel					
Dr. Leearne Hinch	-	-	-	-	-
Mr. Amos Meltzer	-	-	-	4,375	**4,375**
	-	**-**	**-**	**4,375**	**4,375**

(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 2016	Balance at Start of the Year No.	Granted as Compensation No.	Net Change Other No.	Balance at Year End No.
Directors				
Dr. Roger Aston	468,166	-	138,950 [2]	607,116
Mr. Daniel Pollock	304,640	-	15,000 [2]	319,640
Mr. Stephen Anastasiou	2,035,371	-	2,032,486 [2]	4,067,857
Mr. Peter Anastasiou	10,022,360	-	3,641,004 [2]	13,663,364
	12,830,537	**-**	**5,827,440**	**18,657,977**
Key Management Personnel				
Mr. Thomas Liquard [1]	-	-	-	-
Mr. Jerry Kenellos [1]	-	-	-	-
Dr. Leearne Hinch [1]	-	-	-	-
	-	**-**	**-**	**-**
	12,830,537	**-**	**5,827,440**	**18,657,977**

1 Denotes a person(s) who was appointed or resigned during or after the year. Please see the Directors Report for more information.

2 Securities acquired or disposed of on market during the period, including securities acquired via the Rights Issue as announced to the market on 5 July 2016. No shares were granted to Directors or Key Management in relation to remuneration during the 2016 financial year.

30 June 2015	Balance at Start of the Year No.	Granted as Compensation No.	40:1 Capital Consolidation No.	Net Change Other No.	Balance at Year End No.
Directors					
Dr. Roger Aston	18,726,649	-	(18,258,483)		468,166
Mr. Daniel Pollock	14,985,661	-	(14,611,021)	(70,000) [1]	304,640
Mr. Stephen Anastasiou	363,103,200	-	(354,025,620)	(7,042,209) [2]	2,035,371
Mr. Peter Anastasiou	386,588,344	-	(376,923,637)	357,653 [1]	10,022,360
	783,403,854	**-**	**(763,818,761)**	**(6,754,556)**	**12,830,537**
Key Management Personnel					
Dr. Leearne Hinch	-	-	-	-	-
Mr. Amos Meltzer	8,073,505	-	(7,871,668)	-	201,837
	8,073,505	**-**	**(7,871,668)**	**-**	**201,837**
	791,477,359	**-**	**(771,690,429)**	**(6,754,556)**	**13,032,374**

1 Securities acquired or disposed of on market during the period.

2 Non-disposal due to ownership change of former director related entity. No shares were granted to Directors or Key Management in relation to remuneration during the 2016 financial year.

Shares and options may be 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.

(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 2016	Balance at Start of the Year No.	Options Expired or Lapsed No.	Net Change Other No.	Balance at Year End No.	Vested and Exercisable No.	Unvested No.
Directors						
Dr. Roger Aston	604,166	(104,166)	3,000,000 [2]	3,500,000	500,000	3,000,000
Mr. Daniel Pollock	291,666	(41,666)	1,000,000 [2]	1,250,000	250,000	1,000,000
Mr. Stephen Anastasiou	250,000	-	1,000,000 [2]	1,250,000	250,000	1,000,000
Mr. Peter Anastasiou	1,666,666	(1,110,666)	444,000 [2,3]	1,000,000	-	1,000,000
	2,812,498	**(1,256,498)**	**5,444,000**	**7,000,000**	**1,000,000**	**6,000,000**
Key Management Personnel						
Mr. Thomas Liquard [1]	-	-	-	-	-	-
Mr. Jerry Kenellos [1]	-	-	-	-	-	-
Dr. Leearne Hinch [1]	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
	2,812,498	**(1,256,498)**	**5,444,000**	**7,000,000**	**1,000,000**	**6,000,000**

1 Denotes a person(s) who was appointed or resigned during or after the year. Please see the Directors Report for more information.
2 Issue of Unlisted Options in lieu of cash payment for additional services as per Resolution 5A - 5D of the AGM held on 25 Nov 2015.
3 Mr Peter Anastasiou exercised 556,000 IMCAI Unlisted Options into Ordinary Shares at exercise price of $0.376.

30 June 2015	Balance at Start of the Year No.	40:1 Capital Consolidation No.	Options Expired or Lapsed No.	Net Change Other No.	Balance at Year End No.	Vested and Exercisable No.	Unvested No.
Directors							
Dr. Roger Aston	24,216,667	(23,611,250)	(1,251)	-	604,166	604,166	-
Mr. Daniel Pollock	11,766,667	(11,472,501)	(2,500)	-	291,666	291,666	-
Mr. Stephen Anastasiou	76,666,667	(74,750,001)	-	(1,666,666) [2]	250,000	250,000	-
Mr. Peter Anastasiou [1]	1,666,666	-	-	-	1,666,666	1,666,666	-
	114,316,667	**(109,833,752)**	**(3,751)**	**(1,666,666)**	**2,812,498**	**2,812,498**	**-**
Key Management Personnel							
Dr. Leearne Hinch	-	-	-	-	-	-	-
Mr. Amos Meltzer [1]	30,730,120	(29,961,867)	-	-	768,253	768,253	-
	30,730,120	**(29,961,867)**	**-**	**-**	**768,253**	**768,253**	**-**
	145,046,787	**139,795,619**	**(3,751)**	**(1,666,666)**	**3,580,751**	**3,580,751**	**-**

1 Denotes a person(s) who was appointed or resigned during the year. Please see the Director's Report for more information.
2 Securities issued in as per Resolution 5, 6 and 7 approved by shareholders at the Annual General Meeting held on 29 November 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 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
1,250,000	4 Dec 2013	4 Dec 2013	4 Dec 2016	$0.456	$0.100
5,000,000	27 Nov 2015	6 Aug 2016	27 Nov 2019	$0.500	$0.082
1,000,000	27 Nov 2015	6 Aug 2017	27 Nov 2019	$0.500	$0.082

The above quantities and values have been adjusted to reflect a 40:1 capital consolidation which was completed on 20 Nov 2014.

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 key management personnel as part of compensation is set out below:

	Total value of Options granted during the Year		Value of Options exercised during the Year		Value of Options lapsed during the Year	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Directors						
Dr. Roger Aston	246,780	-	-	-	(8,762)	-
Mr. Daniel Pollock	82,260	-	-	-	(3,505)	-
Mr. Stephen Anastasiou	82,260	-	-	-	-	-
Mr. Peter Anastasiou	82,260	-	(35,806)	-	(93,426)	-
	493,560	**-**	**(35,806)**	**-**	**(105,693)**	**-**
Key Management Personnel						
Mr. Thomas Liquard [1]	-	-	-	-	-	-
Mr. Jerry Kenellos [1]	-	-	-	-	-	-
Mr. Amos Meltzer [1]	-	-	-	-	-	(14,071)
Dr. Leearne Hinch [1]	-	-	-	-	-	-
	-	-	-	-	-	(14,071)
	493,560	**-**	**(35,806)**	**-**	**(105,693)**	**(14,071)**

1 Denotes a person(s) who was appointed or resigned during the year. Please see the Director's Report for more information.

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	
	2016	2015	2016	2015	2016	2015
Directors						
Dr. Roger Aston	61%	-	39%	-	-	-
Mr. Daniel Pollock	33%	-	67%	-	-	-
Mr. Stephen Anastasiou	45%	-	55%	-	-	-
Mr. Peter Anastasiou	45%	-	55%	-	-	-
Key Management Personnel						
Mr. Thomas Liquard [1]	100%	-	-	-	-	-
Mr. Jerry Kenellos [1]	100%	-	-	-	-	-
Ms. Leearne Hinch [1]	-	-	-	-	-	-
Mr. Amos Meltzer [1]	-	-	-	-	-	-

1 Denotes a person(s) who was appointed or resigned during the year. Please see the Director's Report for more information.

(c) Loans to/from Directors and Other Key Management Personnel

The Company received a short term Loan from Grandlodge Capital Pty Ltd, part-owned and operated by Immuron Directors Peter and Stephen Anastasious.

The short-term funding is a cash advance against the anticipated refund Immuron will receive from the Australian Taxation Office under the Research and Development Income Tax Concession Incentive for the Company's eligible R&D expenditure incurred for financial year of 2015 and 2016.

Refer to Note 23 for further disclosure details.

(d) Other transactions with Directors or Other Key Management Personnel

Services rendered by Grandlodge Pty Ltd to Immuron Ltd:

Grandlodge, and its associated entities, are marketing, warehousing and distribution logistics companies which is part-owned and operated by Immuron Limited's Executive Vice Chairman Peter Anastasiou and Non-Executive Director Stephen Anastasiou.

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.

Refer to Note 23 for further disclosure details.

Premises Rental services received from Wattle Laboratories Pty Ltd to Immuron Ltd:

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 3 year 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.

Refer to Note 23 for further disclosure details.

Section C: Share-based Compensation

(i) Shares

(a) Executive Share &Option Plan (ESOP)

At the General Meeting of shareholders held on 13 November 2014 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 no options were issued under the rules of the ESOP to any Directors or Key Management Personnel.

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
1 November 2012	25% - 1 Nov 2012	1 Nov 2017	$1.556	$0.280	N/A	100%
1 November 2012	25% - 1 July 2013	1 Nov 2017	$1.556	$0.280	N/A	100%
1 November 2012	25% - 1 July 2014	1 Nov 2017	$1.556	$0.280	N/A	100%
1 November 2012	25% - 1 July 2015	1 Nov 2017	$1.556	$0.280	N/A	100%
4 July 2013	Immediately	30 June 2016	$0.276	$0.080	N/A	100%

The above quantities and values have been adjusted to reflect a 40:1 capital consolidation which was completed on 20 Nov 2014.

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 2016 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

As at 30 June 2016, the following contracts are in place for Directors or Key Management Personnel:

Key Management personnel	Duration	Notice Requirements	Termination Requirements
Thomas Liquard	Until termination by either party.	For any reason MrLiquard may terminate the agreement by providing 6 months' notice.	Pay MrLiquard on termination any unpaid salary, reimburse all business expenses submitted with appropriate documentation.
Jerry Kenellos	Until termination by either party.	For any reason MrKenellos may terminate the agreement by providing 30 days' notice.	Pay MrKenellos on termination any unpaid salary, reimburse all business expenses submitted with appropriate documentation.

Section E: Additional Information

Loans to Directors and Executives

No loans have been made to any Director, any member of the Key Management Personnel, or any of their related entities, or any executive during the 2016 financial year (2015: $Nil).

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

For and on behalf of the Board;

Dr Roger Aston
Independent Non-Executive Chairman

Dated: This the Tuesday, 30th August 2016

William Buck

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2016 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
Director

Dated this 30th day of August, 2016

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Telephone: +61 3 9824 8555
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Annual Financial Statements

For the year ended 30 June 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	30 June 2016 $	30 June 2015 $
Revenue			
Total Operating Revenue	2	1,155,523	1,123,707
Total Operating Revenue		**1,155,523**	**1,123,707**
Cost of Goods Sold		(301,435)	(316,128)
Gross Profit		**854,088**	**807,579**
Direct Selling Costs			
Sales and Marketing Costs		(288,227)	(360,073)
Freight Costs		(134,967)	(116,379)
Total Gross Revenue		**430,894**	**331,127**
Other Income	2	3,008,778	834,890
Expenses			
Consulting, Employee and Director	3	(1,630,700)	(728,140)
Corporate Administration	3	(1,320,570)	(557,422)
Depreciation		(3,892)	(3,719)
Finance Fee Costs		(341,600)	-
Impairment of Inventory		(4,176)	(35,340)
Marketing and Promotion		(487,591)	(142,735)
Research and Development		(3,623,961)	(3,018,294)
Travel and Entertainment		(416,849)	(128,318)
Loss Before Income Tax		**(4,389,667)**	**(3,447,951)**
Income Tax Expense	4	-	-
Loss for the Period		**(4,389,667)**	**(3,447,951)**
Other Comprehensive Income		-	-
Total Comprehensive Loss for the Period		**(4,389,667)**	**(3,447,951)**
Basic/Diluted Loss per Share (cents per share)	6	5.705	4.603

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

For the year ended 30 June 2016

	Notes	30 June 2016 $	30 June 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	2,290,639	3,116,074
Trade and other receivables	9	4,387,772	221,866
Inventories	10	2,056,067	1,146,267
Other	11	74,942	44,927
Total Current Assets		**8,809,420**	**4,529,134**
Non-Current Assets			
Trade and other receivables	9	800,000	-
Other financial assets	12	1	1
Property, plant and equipment	13	18,063	19,514
Total Non-Current Assets		**818,064**	**19,515**
TOTAL ASSETS		**9,627,484**	**4,548,649**
LIABILITIES			
Current liabilities			
Trade and other payables	14	1,986,407	1,207,810
Borrowings	23	772,397	-
Other financial liabilities	16	1,128,117	-
Total Current Liabilities		**3,886,921**	**1,207,810**
TOTAL LIABILITIES		**3,886,921**	**1,207,810**
NET ASSETS		**5,740,563**	**3,340,839**
EQUITY			
Issued capital	18	46,505,229	40,335,347
Reserves	19	847,353	548,065
Retained earnings		(41,612,019)	(37,542,573)
TOTAL EQUITY		**5,740,563**	**3,340,839**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Share Capital $	Option Reserves $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance as at 30 June 2014	**40,325,295**	**666,592**	**-**	**(34,204,942)**	**6,786,945**
Loss after income tax expense for the year	-	-	-	(3,447,951)	(3,447,951)
Other comprehensive loss for the period	-	-	(12,581)	-	(12,581)
Total comprehensive loss for the period	**-**	**-**	**(12,581)**	**(3,447,951)**	**(3,460,532)**
Employee and consultant share options	-	4,375	-	-	4,375
Lapse or exercise of share options	-	(110,321)	-	110,321	-
Transactions with owners in their capacity as owners					
Shares issued, net of costs	10,052	-	-	-	10,052
Balance as at 30 June 2015	**40,335,347**	**560,646**	**(12,581)**	**(37,542,572)**	**3,340,840**
Loss after income tax expense for the year	-	-	-	(4,389,667)	(4,389,667)
Other comprehensive loss for the period	-	-	8,846	-	8,846
Total comprehensive loss for the period	**-**	**-**	**8,846**	**(4,389,667)**	**(4,380,821)**
Options exercised		(71,875)	-	-	(71,875)
Options issued/expensed	-	682,537	-	-	682,537
Lapse or exercise of share options	-	(320,220)	-	320,220	-
Transactions with owners in their capacity as owners					
Shares issued, net of costs	1,658,504	-	-	-	1,658,504
Share to be issued	4,511,378	-	-	-	4,511,378
Balance as at 30 June 2016	**46,505,229**	**851,088**	**(3,735)**	**(41,612,019)**	**5,740,563**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
Cash flows Related to Operating Activities			
Receipts from customers		1,242,884	1,402,958
Payments to suppliers and employees		(7,639,088)	(5,286,772)
Interest received		12,165	112,440
Interest and other costs of finance paid		-	27,991
Other - R&D Tax Concession Refund		1,469,763	722,450
Net Cash Flows Used In Operating Activities	**21**	**(4,914,276)**	**(3,020,933)**
Cash Flows Related to Investing Activities			
Payment for purchases of plant and equipment		(2,441)	(3,168)
Net Cash Flows Used In Investing Activities		**(2,441)**	**(3,168)**
Cash Flows Related to Financing Activities			
Proceeds from issues of securities		2,282,861	-
Capital raising costs		(20,299)	(1,614)
Proceeds from borrowings		2,950,000	-
Repayment of borrowings		(1,121,080)	-
Net Cash Flows Used In Financing Activities		**4,091,482**	**(1,614)**
Net increase/(decrease) in cash and cash equivalents		(825,235)	(3,025,715)
Cash and cash equivalents at the beginning of the year		3,116,074	6,141,789
Effects of exchange rate changes on cash and cash equivalents		(200)	-
Cash and Cash Equivalents at the End of the Year		**2,290,639**	**3,116,074**

The accompanying notes form part of these financial statements.

Note 1. Summary of Significant Accounting Policies

Corporate Information

The consolidated financial report of Immuron Limited ('the Company', 'Group') for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on Tuesday, 30thAugust 2016.

Immuron Limited is a listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities 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.

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.

Statement of Compliance

This financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2016 are outlined in the table below.

Standard	Mandatory date for annual reporting periods beginning on or after	Reporting period standard adopted by the company
AASB 9 Financial Instruments and related standards	1 January 2018	1 July 2018
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	1 July 2016
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian. Accounting Standards arising from AASB 15	1 January 2018	1 July 2018
AASB 2014-9 Equity method in separate financial statements	1 January 2016	1 July 2016
AASB 2015-1 Annual improvements 2012 – 2014 cycle	1 January 2016	1 July 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	1 July 2016
AASB 2015-9 Amendments to Australian Accounting Standards	1 January 2016	1 July 2016
AASB 16 - Leases	1 January 2019	1 July 2019

Management is currently assessing the impact of these standards on the Group, however they are not expected to have a material impact on the Group.

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) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) refered to as ‘the Group’ in the financial statements. Control is achieved where the consolidated entity is exposed to, or has rights to, variables returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a 30 June financial year-end.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity. Subsidiaries are accounted for at cost in the parent entity.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

(b) Segment Reporting

The Company determines and presents operating segments using the ‘management approach’ where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance and provide 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) Cash and Cash Equivalents

For 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.

(i) 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 profit or loss and other comprehensive income.

(j) 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.

(k) 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 profit or loss and other 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 (3 - 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 profit or loss and other comprehensive income.

(l) 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 profit or loss and other 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 profit or loss and other comprehensive income as an expense as incurred.

(m) 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.

(n) 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 Statement of financial position 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.

(iv) 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 profit or loss and other comprehensive in come 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.

(v) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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 profit or loss and other 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.

Note 2. Revenue and other income

	30 June 2016 $	30 June 2015 $
Revenue		
Revenue from Operating Activities		
Sale of goods	1,155,523	1,123,707
Total Revenue from Operating Activities	**1,155,523**	**1,123,707**
Other Income		
Other income	14,010	-
Interest income	12,165	112,440
R&D tax concession refund [1]	2,982,603	722,450
Total Revenue from Operating Activities	**3,008,778**	**834,890**
Total Revenue and Other Income	**4,164,301**	**1,958,597**

1 Based on Companies accounting policy, the R&D tax concession refund for the 2015 financial year was unable to be reasonably determined and therefore financial year 2016 includes a refund of $1,469,763 which protrudes to financial year 2015. The company estimated the R&D tax concession refund to be $1,512,840 for financial year 2016.

Note 3. Expenses

	30 June 2016 $	30 June 2015 $
Expenses		
a) Consulting, Employee and Director Expenses		
Consulting expenses	46,776	38,955
Wages and salaries expenses	956,737	548,350
Superannuation and other employee related expenses	32,537	23,122
Director expenses	197,713	117,713
Share- based payments	396,937	-
Total Consulting, Employee and Director Expenses	**1,630,700**	**728,140**
b) Corporate Administrative Costs		
Audit and accounting fees	62,825	84,250
Insurances	100,609	85,316
Foreign exchange (gain) / losses	248,196	34,850
Corporate administration costs	908,940	353,006
Total Corporate Administrative Costs	**1,320,570**	**557,422**

Note 4. Income Tax Benefit

	30 June 2016 $	30 June 2015 $
(a) The prima facie tax on loss from ordinary activities before the loss is reconciled to the income tax as follows:		
Loss before income tax	**(4,389,667)**	**(3,447,951)**
Income tax benefit calculated at 30% (2015:30%)	(1,316,900)	(1,034,385)
Impairment and amortisation expenses	1,168	1,116
Share-based payments expenses	401,450	3,500
Other expenses not deductable	(3,964)	7,746
Tax benefit associated with R&D rebates	(894,781)	(214,412)
Temporary differences not recognised	(566,880)	100,998
Deferred tax assets relating to tax losses not recognised	2,379,907	1,135,438
Income tax expense	**-**	**-**

The Company has estimated total tax losses of $30,046,606, representing a Deferred Tax Asset of $9,013,982 (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 Key Management Personnel.

The Directors of Immuron Limited during the year were:

Dr. Roger Aston	Independent Non-Executive Chairman
Mr. Peter Anastasiou	Executive Vice Chairman
Mr. Daniel Pollock	Independent Non-Executive Director
Mr. Stephen Anastasiou	Non-Executive Director

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

Ms. Leearne Hinch [1]	Chief Executive Officer (CEO)
Mr. Thomas Liquard [1]	Chief Executive Officer (CEO)
Mr. Jerry Kenellos [1]	Chief Operating & Scientific Officer (COSO)

1 Denotes a person(s) who was appointed or resigned during or after the year. Please see the Directors Report for more information.

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

	30 June 2016 $	30 June 2015 $
Key Management Personnel Compensation		
Short-term employee benefits	652,514	358,908
Post-employment benefits	26,004	14,908
Share-based payments	396,937	-
Total Key Management Personnel Compensation	**1,075,455**	**373,817**

Note 6. Loss per Share

	30 June 2016 $	30 June 2015 $
Basic/Diluted loss per share (cents)	5.705	4.603
a) Net loss used in the calculation of basic and diluted loss per share	4,389,667	3,447,951
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	76,944,879	74,907,491

Note 7. Auditor's Remuneration

	30 June 2016 $	30 June 2015 $
Remuneration of the current auditor of the Company, William Buck for:		
- auditing or reviewing the financial report of the Group	36,100	35,500
- other assurance services	-	-

Note 8. Cash and Cash Equivalents

	30 June 2016 $	30 June 2015 $
Cash at Bank:		
Cash at bank	2,290,639	3,116,074
Total Cash and Cash Equivalents	**2,290,639**	**3,116,074**

The interest rates on cash at bank at 30 June 2016was 16.47%(2015: 0.52% and 0.03%).

Note 9. Trade and Other Receivables

	30 June 2016 $	30 June 2015 $
Current		
Trade receivables	154,217	216,207
Accrued income	1,621,416	5,659
Other receivables [1]	2,612,139	-
Non - Current		
Other receivables [2]	800,000	-
Total Trade and Other Receivables	**5,187,772**	**221,866**

* All trade receivables are non-interest bearing.
1 Represents uncleared funds from the Capital Raising as at 30 June 2016. Funds received 7 July 2016 upon the issuance of shares.
2 Issued escrow shares as security for any repayment default of the Convertible Loan in accordance with executed funding agreement with a New York based Investment fund provider as announced to the ASX on 17 Feb 2016.

Note 10. Inventories

	30 June 2016 $	30 June 2015 $
Inventory		
Raw materials and stores	1,528,601	984,758
Work in Progress	527,466	161,509
Total Inventory	**2,056,067**	**1,146,267**

There was no write down of inventories to net realisable value recognised as an expense during the year ended 30 June 2016 (2015: $25,266) for stock obsolescence and is included in raw materials and consumables used in the Statement of Profit or Loss and Other Comprehensive Income.

Note 11. Other Assets

	30 June 2016 $	30 June 2015 $
Current		
Prepayments	74,942	44,927
Total Other Assets	**74,942**	**44,927**

Note 12. Controlled Entities

	30 June 2016 $	30 June 2015 $
Shares in subsidiary company (at cost)	1	1
	1	**1**

	Country of Incorporation	Percentage of Ownership 30 Jun 2016	30 Jun 2015
Parent Entity:			
Immuron Limited	Australia	-	-
Subsidiaries of Immuron Limited:			
Immuron Inc.	USA	100%	100%
Anadis EPS Pty Ltd [1]	Australia	100%	100%

1 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 2016 $	30 June 2015 $
Plant & Equipment		
At cost	304,215	304,215
Accumulated depreciation	(290,705)	(289,568)
Total Plan & Equipment	**13,510**	**14,647**
Computer Equipment		
At cost	29,628	27,186
Accumulated depreciation	(25,887)	(24,132)
Total Computer Equipment	**3,741**	**3,054**
Furniture & Fittings		
At cost	34,177	34,177
Accumulated depreciation	(33,365)	(32,364)
Total Furniture & Fittings	**812**	**1,813**
Total Plant and Equipment	**18,063**	**19,514**

	Plant & Equipment $	Computer Equipment $	Furniture & Fittings $	Total $
Balance as at 1 July 2014	**15,783**	**-**	**4,282**	**20,065**
Additions	-	3,167	-	3,167
Depreciation expenses	(1,136)	(113)	(2,469)	(3,718)
Carrying Amount as at 30 June 2015	**14,647**	**3,054**	**1,813**	**19,514**
Additions	-	2,442	-	2,442
Depreciation expenses	(1,137)	(1,755)	(1,001)	(3,893)
Carrying Amount as at 30 June 2016	**13,510**	**3,741**	**812**	**18,063**

Note 14. Trade and Other Payables

	30 June 2016 $	30 June 2015 $
Current		
Trade payables	1,517,255	918,493
Accrued expenses	417,090	253,607
Other payables	52,061	35,710
Total	**1,986,407**	**1,207,810**

Note 16. Other Financial Liabilities

	30 June 2016 $	30 June 2015 $
Other Financial Liabilities		
Convertible Note	1,128,117	-
Total	**1,128,117**	**-**

On 17 February 2016, the Company secured AUD $1,700,000 in funding with a New York-based Investment Fund. The facility is being used to fund the immediate start of the clinical phase for IMM-529 in Costridium difficile.

The investment is structured in 3 tranches with a mix of equity financing and convertible securities:

Tranche #1 - AUD$100,000 private placement of securities plus a $600,000 Face Value repayable Convertible Note with $78,000 finance charge;

Tranche #2 - 45 days after issuance of the tranche 1, the company can call a second Tranche as per Tranche 1 terms.

Tranche #3 - by mutual consent, $339,000 Face Value repayable Convertible Note issued on same terms as Tranche 1 and 2.

The Convertible Notes are repayable monthly over an 18 month period with each repayment to be settled at Immuron's discretion monthly by:

a) the issuance of new shares at a 10% discount to a 5 Day Volume Weighted Average Price (VWAP) over the 20 trading days immediately prior to a repayment due date; or

b) cash repayment plus a 2.5% premium to the repayment amount;

at Immuron's discretion.

Immuron repaid $150,667 in shares as disclosed under Note 18, together with a cash amount of $77,216 prior to 30 June 2016.

Given the strong support from both existing shareholders and new investors from the Capital Raising that was closed on 7 July 2016, Immuron will be able to execute its commitment to shareholder and repay all future obligations pertaining to the Convertible Note in cash, rather than via the issuance of new securities.

Note 17. Commitments and Contingencies

	Note	30 June 2016 $	30 June 2015 $
Lease commitments not recognised in the financial statements:			
- not later than 12 months	1	38,940	7,394
- between 1 and 5 years		58,410	-
Total		**97,350**	**7,394**

1 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 CPI per annum. An option exists to renew the lease at the end of the 3 year term for an additional term of 1 year. The current 3 year lease period expires in December 2018.

Other Commitments

The Group does not have any other contingent liabilities and commitments.

Note 18. Contributed Equity

	30 June 2016		30 June 2015	
	No.	$	No.	$
Fully Paid Ordinary Shares				
Balance at beginning of year	74,964,232	40,335,347	2,995,662,120	40,325,295
Capital consolidation (40:1)	-	-	(2,920,770,804)	-
Shares issued during the year	5,135,414	1,793,664	72,916	11,667
Shares to be issued	-	4,511,378	-	-
Transactions costs (cash-based)	-	(135,160)	-	(1,615)
Total Contributed Equity	**80,099,646**	**46,505,229**	**74,964,232**	**40,335,347**

During the Full Year ended 30 June 2016, the Company issued the following securities:

Date	Details	No.	Issue Price $	Total Value $
18 Sep 2015	Exercise of IMCAI Unlisted Options	218,750	0.376	96,338
30 Sep 2015	Exercise of IMCAI Unlisted Options	93,750	0.376	41,288
19 Oct 2015	Exercise of IMCAI Unlisted Options	556,000	0.376	244,862
13 Nov 2015	Exercise of IMCAI Unlisted Options	41,666	0.376	18,350
27 Nov 2015	Issue of Shares in lieu of cash payment for services as per Resolution 4 of the AGM held on 25 Nov 2015	546,875	0.160	87,500
24 Feb 2016	Issue in accordance with executed funding agreement with a New York based Investment fund provider announced to the ASX on 17 Feb 2016	294,118	0.340	100,000
24 Feb 2016	Issue of fully paid escrow shares as security for any repayment default of the Convertible Loan in accordance with executed funding agreement with a New York based Investment fund provider and announced to the ASX on 17 Feb 2016	2,000,000	0.400	800,000
13 Apr 2016	Issue in accordance with executed funding agreement with a New York based Investment fund provider announced to the ASX on 17 Feb 2016	326,797	0.306	100,000
18 Apr 2016	First repayment of Convertible Note Security in accordance with executed funding agreement with a New York based investment fund provider announced to the ASX on 17 Feb 2016	241,764	0.312	75,333
16 May 2016	Exercise of IMCAI Unlisted Options	150,000	0.276	54,660
16 May 2016	Second repayment of Convertible Note Security in accordance with executed funding agreement with a New York based investment fund provider announced to the ASX on 17 Feb 2016	265,694	0.284	75,333
31 May 2016	Issue of Shares in lieu of cash payment for services received	400,000	0.250	100,000
30 Jun 2016	Shares to be Issued from Capital Raising as at 30 June 2016	-	-	4,511,378
Total 2016 Movement		**5,135,414**		**6,305,041**

During the Full Year ended 30 June 2015, the Company issued the following securities:

Date	Details	No.	Issue Price $	Total Value $
20 Nov 2014	Capital Consolidation on a 40:1 basis approved by shareholders at the Company's Annual General Meeting held on 13 Nov 2014	(2,920,770,804)	-	-
21 Nov 2014	Issue of shares to supplier in lieu of cash payment for services rendered approved by shareholders at the Company's Annual general Meeting held on 13 Nov 2014	72,916	0.160	11,666
Total 2015 Movement		**(2,920,697,888)**		**11,666**

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 expenserecognisedin respect of share based payments.

	30 June 2016		30 June 2015	
	No.	$	No.	$
Options over Fully Paid Ordinary Shares				
Balance at beginning of year	6,188,676	560,646	365,542,766	666,592
Capital consolidation (40:1)	-	-	(356,404,893)	-
Options issued during the year	1,425,532	285,600	-	-
Options exercised during the year	(1,060,166)	(71,875)	-	-
Expense of vested options	6,000,000	396,937	-	4,375
Lapse of unexercised options	(3,616,413)	(320,220)	(2,949,197)	(110,321)
Total Reserves	**8,937,629**	**851,088**	**6,188,676**	**560,646**

During the Full Year ended 30 June 2016, the Company issued the following options:

Date		No.	Issue Price $	Total Value $
27 Nov 2015	Issue of Unlisted Options in lieu of cash payment for additional services as per Resolution 5A - 5D of the AGM held on 25 Nov 2015	6,000,000	-	396,937
18 Feb 2016	Issue in accordance with executed funding agreement with a New York based Investment fund provider announced to the ASX on 17 Feb 2016	1,000,000	0.186	185,600
31 May 2016	Issue of Unlisted Options in lieu of cash payment for services received	425,532	0.235	100,000
Total 2016 Movement		**7,425,532**		**682,537**

Option reserve movements during the year ended 30 June 2015:

Date		No.	Issue Price $	Total Value $
20 Nov 2014	Capital Consolidation on a 40:1 basis approved by shareholders at the Company's Annual General Meeting held on 13 Nov 2014	(356,404,893)	-	-
30 Jun 2015	Lapse of unexercised options	(2,949,197)	0.037	(110,321)
Total 2015 Movement		**(359,354,090)**		**(110,321)**

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.

30 June 2016	Research & Development $	HyperImmune Products $	Corporate $	Total $
Segment Revenue				
Revenue from external customers	-	1,155,523	-	1,155,523
R&D tax concession refund	2,982,603	-	-	2,982,603
Interest revenue	-	-	12,165	12,165
Other revenue	-	10,200	3,810	14,010
Total Segment Revenues	**2,982,603**	**1,165,723**	**15,975**	**4,164,301**
Segment Expenses				
Segment Expenses	(3,623,961)	(724,629)	(4,205,378)	(8,553,968)
Total Segment Expenses	**(3,623,961)**	**(724,629)**	**(4,205,378)**	**(8,553,968)**
Income Tax Expenses	-	-	-	-
Net Result	**(641,358)**	**441,094**	**(4,189,403)**	**(4,389,667)**
Assets				
Segment assets	1,512,840	2,318,860	5,795,784	9,627,484
Total Assets	**1,512,840**	**2,318,860**	**5,795,784**	**9,627,484**
Liabilities				
Segment liabilities	(136,806)	(14,040)	(3,736,075)	(3,886,921)
Total Liabilities	**(136,806)**	**(14,040)**	**(3,736,075)**	**(3,886,921)**

30 June 2015	Research & Development $	HyperImmune Products $	Corporate $	Total $
Segment Revenue				
Revenue from external customers	-	1,123,707	-	1,123,707
R&D tax concession refund	722,450	-	-	722,450
Interest revenue	-	-	112,440	112,440
Total Segment Revenues	**722,450**	**1,123,707**	**112,440**	**1,958,597**
Segment Expenses				
Segment Expenses	(2,708,086)	(1,023,459)	(1,675,003)	(5,406,548)
Total Segment Expenses	**(2,708,086)**	**(1,023,459)**	**(1,675,003)**	**(5,406,548)**
Income Tax Expenses	-	-	-	-
Net Result	**(1,985,636)**	**100,248**	**(1,562,563)**	**(3,447,951)**
Assets				
Segment assets	-	1,265,925	3,282,724	4,548,649
Total Assets	**-**	**1,265,925**	**3,282,724**	**4,548,649**
Liabilities				
Segment liabilities	(456,398)	(545,449)	(205,963)	(1,207,810)
Total Liabilities	**(456,398)**	**(545,449)**	**(205,963)**	**(1,207,810)**

Note 21. Cash Flow Information

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

	30 June 2016 $	30 June 2015 $
Net Loss for the Year	**(4,389,667)**	**(3,447,951)**
Non-Cash		
Add depreciation expense	3,892	3,719
Add back equity issued for nil consideration	507,720	11,666
Add back share based payments expense	682,537	-
Add (gain) / loss on foreign exchange adjustments	(3,773)	(17,372)
Changes in Working Capital		
Add (increases) / decreases in current trade and other receivables	(1,553,767)	295,927
Add (increases) / decreases in other current assets	(30,015)	350,878
Add (Increases) / decreases in inventory	(909,800)	(580,310)
Add increases / (decreases) in current trade and other payables	778,597	362,510
	(4,914,276)	**(3,020,933)**

(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 June 2016		30 June 2015	
	Number of Options	Weighted Avg Exercise Price $	Number of Options	Weighted Avg Exercise Price $
Outstanding at the beginning of the year	856,150	0.163	36,246,031	0.011
Capital consolidation (40:1)	-	-	(35,339,881)	-
Options granted during the year	-	-	-	-
Options exercised	(150,000)	0.276	-	-
Lapse of unexercised options	(643,650)	0.276	(50,000)	(1.556)
Options Outstanding at End of the Year	**62,500**	**1.556**	**856,150**	**0.163**
Options Exercisable at the End of the Year	62,500	1.556	856,150	0.163

The options outstanding at 30 June 2016 have a weighted average remaining contractual life of 1.40 years.

(b) Options Issued to Directors

	30 June 2016		30 June 2015	
	Number of Options	Weighted Avg Exercise Price $	Number of Options	Weighted Avg Exercise Price $
Outstanding at the beginning of the year	1,000,000	0.456	40,000,000	0.011
Capital consolidation (40:1)	-	-	(39,000,000)	-
Options granted during the year	6,000,000	0.500	-	-
Lapse of unexercised options	-	-	-	-
Options Outstanding at End of the Year	**7,000,000**	**0.478**	**1,000,000**	**0.456**
Options Exercisable at the End of the Year	7,000,000	0.478	1,000,000	0.456

The options outstanding at 30 June 2016 have a weighted average remaining contractual life of 1.92 years.

(c) Options Issued to third parties

	30 June 2016		30 June 2015	
	Number of Options	Weighted Avg Exercise Price $	Number of Options	Weighted Avg Exercise Price $
Outstanding at the beginning of the year	-	-	-	-
Options granted during the year	1,425,532	0.535	-	-
Lapse of unexercised options	-	-	-	-
Options Outstanding at End of the Year	**1,425,532**	**0.535**	**-**	**-**
Options Exercisable at the End of the Year	1,425,532	0.535	-	-

The options outstanding at 30 June 2016 have a weighted average remaining contractual life of 3.5 years.

(d) Vesting Terms of Options

The following summarises information about options held by employees, Directors and third parties as at 30 June 2016:

Issue Date	Number of Options	Vesting Conditions	Expiry Date	Exercise Price $
15 Nov 2012	62,500	25% per annum	1 Nov 2017	$1.556
4 Dec 2013	1,000,000	Nil	4 Dec 2016	$0.456
27 Nov 2015	6,000,000	See below	27 Nov 2019	$0.500
18 Feb 2016	1,000,000	Nil	24 Feb 2019	$0.570
31 May 2016	425,532	Nil	27 Nov 2019	$0.500

November 2012 Options

The options with an issue date of 15 November 2012, entitle the holder to purchase one ordinary share in Immuron Limited at an exercise price of $1.556*. 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

December 2013 Options

The options with an issue date of 4December 2013, entitle the holder to purchase one ordinary share in Immuron Limited at an exercise price of $0.456*. There are no performance conditions attached to the options. The options were deemed to have been fully vested on their date on issue.

November 2015 Options

The options with an issue date of 27 November 2015, entitle the holder to purchase one ordinary share in Immuron Limited at an exercise price of $0.500. Options vest based on month of continuous services completed as per the following:

- 4,000,000 Options which will vest on 6th August 2016 – subject to completion of 12 months' continuous services as a Director of the Company
- 2,000,000 Options which will vest on 6th August 2017 – subject to completion of 24 months' continuous services as a Director of the Company

February 2016 Options

The options with an issue date of 18 February 2016, entitle the holder to purchase one ordinary share in Immuron Limited at an exercise price of $0.0.570. There are no performance conditions attached to the options. The options were deemed to have been fully vested on their date on issue.

May 2016 Options

The options with an issue date of 31 May 2016, entitle the holder to purchase one ordinary share in Immuron Limited at an exercise price of $0.500. There are no performance conditions attached to the options. The options were deemed to have been fully vested on their date on issue.

* The above value has been adjusted for 40:1 share consolidation which was completed on 20 Nov 2014.

(e) 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.

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	As per above
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	$0.280*

* The above value has been adjusted for 40:1 share consolidation which was completed on 20 Nov 2014.

At 30 June 2016 the market share price was $0.25.

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	$0.1016*

* The above values have been adjusted for 40:1 share consolidation which was completed on 20 Nov 2014.

At 30 June 2016 the market share price was $0.25.

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 2015 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	As per above
Dividend yield	-
Expected volatility	42%
Risk-free interest rate	2.09%
Expected life of option (years)	4 years
Option exercise price	$0.5000
Weighted average share price at grant date	$0.49
Value per option	$0.08226

At 30 June 2016 the market share price was $0.25.

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.

February 2016 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	97%
Risk-free interest rate	1.73%
Expected life of option (years)	3 years
Option exercise price	$0.5700
Weighted average share price at grant date	$0.36
Value per option	$0.1856

At 30 June 2016 the market share price was $0.25.

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.

May 2016 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	84%
Risk-free interest rate	2.11%
Expected life of option (years)	4 years
Option exercise price	$0.5000
Weighted average share price at grant date	$0.41
Value per option	$0.235

At 30 June 2016 the market share price was $0.25.

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 2016 $	30 June 2015 $
<u>Short-term Loan from Grandlodge Capital Pty Ltd:</u> Grandlodge Capital Pty Ltd (Grandlodge) is an entity part-owned and operated by Immuron Directors Peter and Stephen Anastasiou. On 1st December 2016 and on 6th June 2016, Immuron executed a short-term funding agreement with Grandlodge for a principle amount of $1,000,000 and $750,000 respectively, plus associated arms-length commerical establishment and interest charges. The short-term funding is a cash advance against the anticipated refund Immuron will receive from the Australian Taxation Office under the Research and Development Income Tax Concession Incentive for the Company's eligible R&D expenditure incurred for financial year of 2015 and 2016. Loan from 1st December 2015 has been repaid to Grandlodge on 10th February 2016. The June 2016, loan from Grandlodge, plus applicable fees, will be repaid by the Company upon receipt of the FY2016 R&D Tax Incentive refund which is anticipated to be received in October 2016.		
Total paid by the Company to Grandlodge Pty Ltd during the year:	**1,043,863**	**N/A**
At year end the Company owed Grandlodge Pty Ltd:	772,397	N/A

	30 June 2016 $	30 June 2015 $
Services rendered by Grandlodge Pty Ltdto Immuron Ltd:		
Grandlodge,and its associated entities, are marketing, warehousing and distribution logistics companies which is part-owned and operated by Immuron Limited's Executive Vice Chairman Peter Anastasiou and Non-Executive Director Stephen Anastasiou.		
Mr David Plush is also an owner of Grandlodge, and its associated entities, and owns a top 20 shareholding in Immuron Limited.		
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:	87,500	11,667
Total paid by the Company to Grandlodge Pty Ltd during the year:	**87,500**	**11,667**
At year end the Company owed Grandlodge Pty Ltd:	35,000	58,333

	30 June 2016 $	30 June 2015 $
Premises Rental services received from Wattle Laboratories Pty Ltd to Immuron Ltd:		
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 lease is for a 3 year term with an additional 1 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	N/A
Total paid by the Company to Wattle Laboratories Pty Ltd during the year:	**19,470**	**N/A**
At year end the Company owed Wattle Laboratories Pty Ltd:	Nil	N/A

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 June 2016 $	30 June 2015 $
Cash and cash equivalents	2,290,639	3,116,074
Trade and other receivables	4,387,772	221,866
Trade and other payables	(1,986,407)	(1,207,810)

The fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying amounts largely due to being liquid assets and will be settled within 12 months.

(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 Policies

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.

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.

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 2016.

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 June 2016 $	30 June 2015 $
Cash and cash equivalents (AUD/USD)	40,702	6,840
Trade and other receivable (AUD/USD)	127,110	-
Trade and other payables (AUD/USD)	564,104	204,705
Trade and other payables (AUD/CHF)	10,069	-
Trade and other payables (AUD/NZD)	452,599	394,064
Trade and other payables (AUD/ISL)	46,260	9,613

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 2016.

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.

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:

Trade and Other Payables	30 June 2016 (Higher) / Lower $	30 June 2015 (Higher) / Lower $
AUD / USD: 2016 +8.00% (2015: +8.00%)	45,128	16,376
AUD / USD: 2016 -8.00% (2015:-8.00%)	(45,128)	(16,376)
AUD / CHF: 2016 +11.00%	1,108	-
AUD / CHF: 2016 -11.00%	(1,108)	-
AUD / NZD: 2016 +11.00% (2015: +11.00%)	49,786	43,347
AUD / NZD: 2016 -11.00% (2015: -11.00%)	(49,786)	(43,347)
AUD / ISL: 2016 +11.00% (2015: +11.00%)	5,089	1,057
AUD / ISL: 2016 -11.00% (2015: -11.00%)	(5,089)	(1,057)

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 + $	Total $
2016 Trade and other receivables	5,129,527	50,284	832	7,129	5,187,772
2015 Trade and other receivables	108,440	72,202	37,325	3,899	221,866

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 + $	Total $
2016 Trade and other payables	1,008,089	659,494	299,239	19,585	1,986,407
2015 Trade and other payables	923,181	96,888	15,318	172,423	1,207,810

Note 25. Events after the Reporting Date

7 July 2016 - The Company issued 21,320,978 new fully paid ordinary shares in the company to subscribers and shortfall participants of the Rights Issue Capital Raising which raised a total of AUD $5,330,245.

- The Company is also committed to issue 21,320,978 free-attaching 1:1 new Unlisted Options exercisable at $0.55 expiring 3 years from the date of issue to subscribers and shortfall participants of the Rights Issue. This issuance of these options is subject to shareholder approval.

Other than the events listed above, there have not been any other 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:

Unit 10, 25 – 37 Chapman Street, Blackburn North, Victoria, Australia 3130.

Directors' Declaration

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 63 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 2016 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 by the Chief Executive Officer and the Chief Financial Officer in accordance with Section 295A of the *Corporations Act 2011* for the financial year ended 30 June 2016.

For and on behalf of the Board;

Dr Roger Aston
Independent Non-Executive Chairman

Dated: This the Tuesday, 30th August 2016

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMURON LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Immuron Limited and its controlled entities (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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.

Independence

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

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

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMURON LIMITED AND CONTROLLED ENTITIES (CONT)

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 and consolidated entity's financial position as at 30 June 2016 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 2016. 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 2016, complies with section 300A of the Corporations Act 2001.

Yours faithfully

William Buck

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

J.C. Luckins
Director

Dated this 30th day of August, 2016

Shareholder Information (as at 25th August 2016)

Number of Holders of Equity Securities

Ordinary Shares

101,420,624 fully paid ordinary shares are held by 1,318 individual holders.

All ordinary shares carry one vote per share.

Distribution of Ordinary Fully Paid Shareholders:

	Ordinary Shares	
Holding Ranges	No. of Holders	Total Units
1 - 1,000	225	58,115
1,001 - 5,000	334	1,032,702
5,001 - 10,000	180	1,382,786
10,001 - 100,000	429	15,568,076
100,001 +	150	83,378,945
Totals	**1,318**	**101,420,624**
Unmarketable parcels	264	111,116

Twenty Largest Ordinary Fully Paid Shareholders:

Shareholders		Number	%
1	GRANDLODGE PL *	9,056,682	8.93%
2	AUTHENTICS AUST PL	8,624,999	8.50%
3	ANASTASIOU PETER + K P*	2,907,236	2.87%
4	STOJANOVSKI J + RETZOS C*	2,800,000	2.76%
5	INVERAREY PL	2,731,632	2.69%
6	FIFTY-FIFTH LEPRECHAUN PL*	2,645,983	2.61%
7	INSYNC INV PL*	2,100,000	2.07%
8	SBI INV PR LLC	2,000,000	1.97%
9	ADVANCE PUBLICITY PL*	2,000,000	1.97%
10	BIDDICK KENNETH + C	1,624,999	1.60%
11	HADASIT MEDICAL RESEARCH	1,479,102	1.46%
12	HAMBLETON STREET PL	1,425,000	1.41%
13	ADVANCE CLINICAL SYSTEMS	1,421,874	1.40%
14	PLUSH DAVID A + A L*	1,334,075	1.32%
15	G & N LORD SUPER PL*	1,331,744	1.31%
16	CHIMAERA CAP LTD	1,061,537	1.05%
17	REED DALE ANTHONY	1,000,000	0.99%
18	T E & J PASIAS PL	1,000,000	0.99%
19	HANCOCK RUSSELL KAY*	1,000,000	0.99%
20	PATTISON I D + FORREST K*	854,977	0.84%
	Total	**48,399,840**	**47.73%**
	Total balance of remaining holders	53,020,770	52.27%
	Total on Issue	**101,420,624**	**100.00%**

* Denotes merged holders.

Unlisted Options

- 1,250,000 (ASX: IMCAI) unlisted options exercisable at $0.456 on or before 4 December 2016, are held by 4 individual shareholders
- 62,500 (ASX: IMCSO2) unlisted options exercisable at $1.556 on or before 1 November 2017, are held by 1 individual shareholder
- 14,493 (ASX: IMCRM1) unlisted options exercisable at $1.944 on or before 30 November 2021, are held by 1 individual shareholder
- 29,668 (ASX: IMCRM2) unlisted options exercisable at $1.876 on or before 17January 2022, are held by 1 individual shareholder
- 15,380 (ASX: IMCAI) unlisted options exercisable at $1.892 on or before 28February 2019, are held by 1 individual shareholder
- 140,056 (ASX: IMCAI) unlisted options exercisable at $0.300 on or before 28May 2019, are held by 1 individual shareholder
- 6,425,532 (ASX: IMCAI) unlisted options exercisable at $0.500 on or before 27 November 2019, are held by 5 individual shareholders
- 1,000,000 (ASX: IMCAI) unlisted options exercisable at $0.570 on or before 24 February 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 21 October 2015)	10,698,360	14.11%
Inverarey Pty Ltd and Associates (as notified to the Company on 15 July 2016)	5,875,567	5.79%
Total Number of Shares Held by Substantial Shareholders	**16,573,927**	**19.90%**

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)893152233

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

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	Independent Non-Executive Chairman
Mr. Peter Anastasiou	Executive Vice Chairman
Mr. Daniel Pollock	Independent Non-Executive Director
Mr. Stephen Anastasiou	Non-Executive Director

CHIEF EXECUTIVE OFFICER (CEO)
Mr. Thomas Liquard

COMPANY SECRETARIES
Mr. Phillip Hains
Mr. Peter Vaughan

PRINCIPAL PLACE OF BUSINESS
Unit 10, 25 – 37 Chapman Street,
Blackburn North, Victoria, 3130
Australia
Telephone: + 61 (0)3 8892 4854

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
Francis Abourizk Lightowlers (FAL)
Level 14, 114 William Street,
Melbourne Victoria, 3000
Australia
Telephone: + 61 (0)3 9642 2252
Facsimile: + 61 (0)3 9642 2272

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
www.travelan.com.au

SECURITIES QUOTED

Australian Securities Exchange
- Ordinary Fully Paid Shares (Code: IMC)