Immuron Limited.
ABN 80 063 114 045

ASX Preliminary final report – 30 June 2012

Appendix 4E - Lodged with the ASX under Listing Rule 4.3A

Contents

Immuron Limited
Preliminary Statement of Comprehensive Income
For the year ended 30 June 2012

	Notes	2012	2011
		$	$
Revenue from continuing operations	2	463,261	297,891
Other income	3	734,723	213,899
Other gains /(losses)	4	367,589	-
Raw materials & consumables used		(363,717)	(216,641)
Employee and consultants costs	5	(1,039,235)	(985,793)
Depreciation and amortisation	5	(72,566)	(21,327)
Research and commercialisation	5	(850,625)	(1,143,187)
Non – Executive Directors' fees		(193,600)	(198,926)
Product marketing & export development		(145,339)	(104,688)
Shareholder relations		(144,967)	(69,816)
Finance costs	5	(111,111)	(3,735)
Corporate and administrative	5	(941,933)	(362,856)
Loss before income tax		(2,297,520)	(2,595,179)
Income tax benefit		-	-
Loss for year attributable to members of Immuron Limited		(2,297,520)	(2,595,179)
Total comprehensive loss for year		(2,297,520)	(2,595,179)
		Cents	**Cents**
Loss per share attributable to the ordinary equity holders of the company			
Basic earnings (loss) per share	10	(0.67)	(0.82)
Diluted earnings (loss) per share	10	(0.67)	(0.82)
Net Tangible Asset backing per Ordinary Share		0.2	0.01

The above unaudited preliminary Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

Immuron Limited
Preliminary Balance Sheet
As at 30 June 2012

	Notes	2012	2011
		$	$
ASSETS			
Current Assets			
Cash & cash equivalents		1,443,928	750,814
Trade & other receivables		204,752	33,594
Inventories		214,400	290,900
Other assets		356,131	96,127
Total Current Assets		2,219,211	1,171,435
Non-Current Assets			
Property, plant and equipment		18,457	28,162
Intangible assets	7	1,400,587	1,460,587
Investments		31	31
Total Non-Current Assets		1,419,075	1,488,780
TOTAL ASSETS		3,638,286	2,660,215
LIABILITIES			
Current Liabilities			
Trade & other payables		947,545	924,836
Financial liabilities	8	81,186	-
Provisions		-	3,000
Total Current Liabilities		1,028,731	927,836
Non-Current Liabilities			
Financial liabilities	8	559,574	-
Total Non-Current Liabilities		559,574	-
TOTAL LIABILITIES		1,588,305	927,836
NET ASSETS		**2,049,981**	**1,732,379**
EQUITY			
Contributed equity	9	30,024,787	27,721,517
Reserves	9	907,059	595,207
Accumulated losses	9	(28,881,865)	(26,584,345)
TOTAL EQUITY		**2,049,981**	**1,732,379**

The above unaudited preliminary Balance Sheet should be read in conjunction with the accompanying Notes.

Immuron Limited
Preliminary Statement of Changes in Equity
For the year ended 30 June, 2012

	Notes	Contributed equity	Reserves	Accumulated losses	Total
Balance 30 June 2010		**26,964,091**	**388,366**	**(23,989,166)**	**3,363,291**
Total comprehensive loss for year		-	-	(2,595,179)	(2,595,179)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	9	757,426	200,613	-	958,039
Employee share options – value of employee services	9	-	6,228	-	6,228
Balance 30 June 2011		**27,721,517**	**595,207**	**(26,584,345)**	**1,732,379**
Total comprehensive loss for year		-	-	(2,297,520)	(2,297,520)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	9	2,303,270	171,009	-	2,474,279
Share options issued to employees and consultants - value of services provided	9	-	140,843	-	140,843
Balance 30 June 2012		**30,024,787**	**907,059**	**(28,881,865)**	**2,049,981**

The above unaudited Preliminary Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Immuron Limited
Preliminary Statement of Cash Flows
For the year ended 30 June 2012

	2012 Inflow / (Outflow) $	2011 Inflow / (Outflow) $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	802,970	386,215
Payments to suppliers and employees (inclusive of goods and services tax)	(3,235,973)	(2,618,421)
	(2,433,003)	(2,232,206)
Interest received	14,249	52,606
Interest paid	(43,905)	(3,735)
R& D tax offset receipt	-	213,899
Net Cash (outflow) from Operating Activities	(2,462,659)	(1,969,436)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(2,861)	(18,197)
Net Cash inflow/(outflow) from Investing Activities	(2,861)	(18,197)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares & other equities	2,300,252	908,549
Share placement cost	(90,996)	(52,326)
Funds received from convertible debenture borrowings	949,378	-
Net Cash inflow from Financing Activities	3,158,634	856,223
Net increase/(decrease) in cash and cash equivalents	693,114	(1,131,410)
Cash and cash equivalents at beginning of financial year	750,814	1,882,224
Cash and cash equivalents at end of financial year	**1,443,928**	**750,814**

The above unaudited Preliminary Statement of Cash Flows should be read in conjunction with the accompanying Notes.

This preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Immuron Limited during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the preliminary final report are consistent with those applied in the 30 June 2011 financial report. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company reviewed the estimated useful life of its intellectual property from an indefinite life to a finite life which resulted in a change in accounting estimates. The effect of this change is shown in note 7 to the preliminary financial statements.

(a) Basis of preparation

This preliminary final report for the year ended 30 June 2012 has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

(b) Going concern

At 30 June 2012, the Company's cash and cash equivalents amounted to $1,443,928 (2011:$750,814) and for the year ended 30 June 2012, the Company experienced an operating loss of $2,297,520 (2011: $2,595,179) and a net cash outflow of $2,462,659 (2011: $1,969,436) from operating activities and expenses associated with research and commercialisation programs.

During the 2012 financial year the Company entered into a Debenture Subscription Agreement with Paladin Labs Inc. for the issue of up to $CAD 1.5 million convertible debentures of which $CAD1.0 million was drawn down at 30 June 2012. The debentures are repayable by 23 December 2014 or are convertible at the option of the holder into fully paid ordinary shares of the Company at any time prior to maturity.

For the 2013 financial year the Company has budgeted for operating cash outflows to exceed operating cash inflows as it continues its global commercialisation of Travelan and its various research programs. Although the Company is projecting losses and a net cash outflow from operations for the 2013 financial year, the Directors have taken a number of steps to reduce the level of recurring expenses whilst it continues to seek additional licensing arrangements for its Travelan and other products. Ultimately the ability of the Company to fund the expansion of the Travelan markets, and continue with its current research programs, will depend upon its current commercialisation program and its ability to raise additional capital from investors as required.

Given the difficulty in predicting the timing and quantum of income from the commercialisation of its products and technology, the inherent uncertainties in raising funds from investors, and adherence to cash flow budgets, there is significant uncertainty whether the Company will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

However, the Directors are confident that the Company's planned initiatives will be successfully achieved during the next twelve months and provide adequate access to financial resources. The Directors are also confident of the company's ability to raise further capital if the need arises.

Accordingly, the Directors have prepared the financial statements on a going concern basis. As such, the financial statements do not include any adjustments as to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

Note 2. Revenue

From continuing operations	2012 $	2011 $
Sales revenue		
Sale of goods	449,012	213,951
Other revenue		
Interest	14,249	52,606
Rental and other income	-	31,334
	463,261	**297,891**

Note 3. Other income

License fees received	480,215	-
R & D tax offset receipt	254,508	213,899
	734,723	**213,899**

The revenue received from the R & D tax offset has been disclosed as other income. The comparative amount for the 2011 year has been restated as it was previously disclosed as an income tax benefit in the statement of comprehensive income.

Note 4 Other gains/ (losses)

Fair value gain on convertible debenture derivative (refer note 8)	**367,589**	**-**

Note 5 Expenses

The loss for the year includes the following expenses items:

Employee and consultants costs		
Defined contribution superannuation expense	9,406	12,468
Other employment related expenses	1,029,829	973,325
Total employee and consultants costs	**1,039,235**	**985,793**
Research and commercialisation		
Patent registration costs	294,251	198,103
Research projects in – Australia	56,119	94,226
- Israel	151,736	536,121
International regulatory registrations	60,300	-
NASH FDA IND application	191,964	279,875
Other research and commercialisation costs	96,255	34,862
Total research and commercialisation expenses	**850,625**	**1,143,187**
Corporate and administrative		
Audit and taxation services	107,431	91,344
Legal services	152,026	15,022
Corporate and product development consultants	324,233	132,679
Shares and options issued to external consultants	130,713	6,600
Net foreign exchange losses (gains)	21,415	(22,527)
Rental expense relating to operating leases	43,442	39,844
Other corporate costs	162,673	99,894
Total corporate and administrative expenses	**941,933**	**362,856**

Depreciation and amortisation		
Depreciation of plant, equipment and furnishings	12,566	19,847
Amortisation of intellectual property	60,000	-
Loss on disposal of plant and office equipment	-	1,480
	72,566	**21,327**
Finance costs		
Interest paid/payable on financial liabilities and other payables	110,592	3,735
Exchange losses on foreign currency borrowings	519	-
	111,111	**3,735**

Note 6. Segment Information

(a) Description of segments

Management has determined that the business segments of research, development and commercialisation (R & D) and hyperimmune products are the main business segments used for internal reporting purposes to the Management Executive Team. Other items of income and expense not directly attributable to those two segments are disclosed as a corporate cost segment. Income from license fees is classified as income from commercialisation activities and is included in the R & D segment.

(b) Segment information provided to the Management Executive Team

2012	**R & D**	**Hyper Immune Products**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Segment revenue and other income				
Revenue from external customers		449,012	-	449,012
License fees	480,215	-	-	480,215
R & D tax offset receipt	254,508	-	-	254,508
Interest revenue	-	-	14,249	14,249
Other gains/(losses)			367,589	367,589
Total segment revenue and other income	**734,723**	**449,012**	**381,838**	**1,565,573**
Adjusted EBITDA (loss)	(777,761)	85,295	(1,662,372)	(2,354,838)
Depreciation expense	-	-	12,566	12,566
Amortisation	60,000	-	-	60,000
Interest expense	-	-	111,111	111,111
Total segment assets	**1,674,597**	**456,620**	**1,507,069**	**3,638,286**
Total assets includes:				
Investments in associates	**-**	**-**	30	30
Additions to non-current assets	**-**	**-**	2,861	2,861
Total segment liabilities	**366,840**	**149,367**	**1,072,098**	**1,588,305**
2011				
Segment revenue and other incomes				
Revenue from external customers	-	213,951	31,334	245,285
R & D tax offset receipt	213,899	-	-	213,899
Interest revenue	-	-	52,606	52,606
Total segment revenue and other income	**213,899**	**213,951**	**83,940**	**511,790**
Adjusted EBITDA (loss)	(1,730,622)	(2,690)	(883,183)	(2,616,495)

Depreciation expense	-	886	18,961	19,847
Loss on disposal of fixed assets	-	-	1,480	1,480
Interest expense	-	-	3,735	3,735
Total segment assets	**1,461,920**	**361,408**	**836,887**	**2,660,215**
Total assets includes:				
Investments in associates	**-**	**-**	30	30
Additions to non-current assets	**-**	**-**	18,198	18,198
Total segment liabilities	**516,660**	**88,074**	**323,102**	**927,836**

(c) Other segment information

The Company is domiciled in Australia. The revenues and license fees from external customers were derived as follows:

	2012 $	2011 $
Within Australia	449,012	245,285
Outside Australia	480,215	-
	929,227	245,285

(d) Adjusted EBITDA

A reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA) to net loss for the financial year from continuing operations is as follows:

Adjusted EIBTDA (loss)	(2,354,838)	(2,616,495)
Interest revenue	14,249	52,606
Finance costs	(111,111)	(3,735)
Depreciation and amortisation	(72,566)	(21,327)
Share option costs	(140,843)	(6,228)
Unrealised financial instruments gain	367,589	-
Loss for year before income tax	**(2,297,520)**	**(2,595,179)**

Note 7. Intangible assets

Intellectual property at cost	1,460,587	1,460,587
Amortisation charge	(60,000)	-
	1,400,587	**1,460,587**

The intellectual property was acquired from Hadasit Medical Research Services and Development Limited the consideration for which was the issue of 56,484,023 fully paid shares. During the year the estimated useful life of the intellectual property was reviewed and its estimated life changed from an indefinite life to a finite life of two years. The net effect of that change in the current financial year was to increase the depreciation and amortisation expense by $60,000. Assuming that the asset is held to the end of its currently assessed useful life, the amortisation charge for future years will be increased by the following amounts:

Year ended 30 June 2013	$720,000
Year ended 30 June 2014	$680,587
	$1,400,587

Note 8. Financial liabilities

Secured	**2012** **$**	**2011** **$**
Convertible debenture		
Current liability – value of convertible debenture derivative	81,186	
Non-current liability – host debt borrowings	559,574	
Total secured financial liabilities	**$ 640,760**	-

The Company entered into a Debenture Subscription Agreement on 23 December 2011 for the issue of senior secured convertible interest bearing debentures up to a value of $1.5 million Canadian Dollars (CAD). As at the reporting date the Company has drawn down CAD1million on 17 January 2012. The balance of CAD 500,000 can be drawn down, if required, at any time before 23 June 2013.

The maturity date for repayment of the borrowings, or the conversion into equity, is no later than 23 December 2014 for both the initial drawn down of CAD 1 million and for the subsequent draw down of CAD500,000, if that drawdown is made. Interest is payable on the borrowings at a fixed rate of 10% per annum.

The holder of the convertible debenture has the right to convert the borrowings into equity at any time prior to the maturity date of 23 December 2014. The debenture agreement also allows for an automatic conversion if the capitalised value of the Company exceeds $AUD100 million prior to the maturity date. The conversion price is AUD 4.73 cents.

The convertible debenture and derivative have been accounted for in accordance with AASB 132: Financial Instruments, Presentation and AASB 139: Financial Instruments, Recognition and Measurement. The derivative on the convertible bond is carried at fair value. The movement in fair value from inception to year end resulted in an unrealised gain of $367,589 which has been taken direct to the profit and loss as income from other gains (refer note 4).

Based on the face value of the liability outstanding at 30 June 2012 AUD 960,522 (CAD 1.0 M), approximately 20,307,000 fully paid ordinary shares would be issued on the full conversion of that borrowing into equity. That issue represents approximately 4.9% of the ordinary shares on issue at 30 June 2012.

Assets pledged as security

The convertible debenture is secured by a fixed and floating charge over certain of the Company's assets. The respective values of the assets pledged as security as at 30 June 2012 are as follows:

Fixed charge	
Cash and cash equivalents	1,443,928
Floating charge	
Trade receivables and other assets (excluding IP)	527,346
Inventories	214,400
	741,746

Note 9. Contributed equity and reserves

	2012 $	2011 $
(a) Reserves		
Share-based payments reserve	907,059	595,207
Movements:		
Balance 1 July 2011	595,207	388,366
Value attributable to options attaching to shares issued during the year	171,009	200,613
Option expense		
Options issued to consultants and staff	140,843	6,228
Balance 30 June 2012	**907,059**	**595,207**

(b) Accumulated losses

Movements in accumulated losses were as follows:

	2012 $	2011 $
Balance 1 July 2011	(26,584,345)	(23,989,166)
Net loss for the year	(2,297,520)	(2,595,179)
Balance 30 June 2012	**(28,881,865)**	**(26,584,345)**

(c) Issued and Paid Up Capital

	2012	2011
414,096,557 (2011: 325,714,800) ordinary shares fully paid	**$30,024,787**	**$27,721,517**

Movements in ordinary share capital

Date of Issue		Number of Shares	Issue Price	$
	Shares on Issue at 1 July 2010	**311,051,948**		**26,964,091**
02/07/2010	Shares issued for cash	2,523,076	$0.065	164,000
02/08/2010	Shares issued for cash	843,142	$0.065	54,804
18/02/2011	Issued to consultants in lieu of fees	465,952	$0.0696	32,413
	Issued to Chief Executive Officer	500,000	$0.072	36,000
13/05/2011	Shares and options issued for cash	7,877,143	$0.07	551,400
	Value of options issued transferred to options reserve			(160,757)
	Issued to consultants in lieu of fees	301,643	$0.07	21,115
	Shares issued to Directors in lieu of Directors fees	131,257	$0.07	9,188
	Shares issued to staff	14,285	$0.07	1,000
28/06/2011	Shares and options issued for cash	1,976,354	$0.07	138,345
	Value of options issued transferred to options reserve			(39,856)
	Issued to consultant in lieu of fees	30,000	$0.07	2,100
	Less costs associated with issuing shares			(52,326)
	Shares on issue at 30 June 2011	**325,714,800**		**27,721,517**

25/08/2011	Issued for cash	7,380,000	$0.07	516,600
	Value of options issued transferred to options reserve			(27,552)
8/11/2011	Issued for cash and offset against payables	7,613,663	$0.07	532,957
30/11/2011	Issued to consultants in lieu of fees	1,010,504	$0.069	70,000
	Value of options issued transferred to options reserve			(50,956)
27/04/2012	Issued for cash	30,725,000	$0.02	614,500
8/06 2012	Issued for cash	19,275,000	$0.02	385,500
	Value of options issued transferred to options reserve			(96,250)
18/06/2012	Issued for cash Share Purchase Plan	22,102,500	$0.02	442,050
29/06/2012	Issued to consultant in lieu of fees	275,090	$0.027	7,417
	Less costs associated with issuing shares			(90,996)
	Shares on issue at 30 June 2012	**414,096,557**		**30,024,787**

(d) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amount paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Options

Details of the options outstanding at 30 June 2012 are as follows:

Date options granted	Number under option	Exercise price $	Expiry date
18 February 2011	750,000	$0.0945	31 May 2013
25 August 2011	2,460,000	$0.10	31 August 2012
8 November 2011	2,752,230	$0.12	15 December 2013
19 December 2011	4,000,000	$0.07	30 June 2014
8 June 2012	12,500,000	$0.04	30 April 2015
29 June 2012	579,736	$0.0497	30 November 2021
29 June 2012	1,186,729	$0.048	17 January 2022
	24,228,695		

(d) Convertible debenture

The Company has issued a convertible debenture to the value of AUD 960,522 (CAD1,000,000) as at 30 June 2012, which, at the option of the holder, can be converted into fully paid ordinary shares in the Company. Refer note 8 for details of the conversion price and the number of shares that would be issued as at 30 June 2012 if the conversion took place at that date.

Note 10. Earnings Per Share

	2012 Cents	2011 Cents
(a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	(0. 67)	(0.82)
Loss attributable to the ordinary equity holders of the company	**(0.67)**	**(0.82)**

(b) Diluted earnings per share

Loss from continuing operations attributable to the ordinary equity holders of the company	(0.67)	(0.82)
Loss attributable to the ordinary equity holders of the company	**(0.67)**	**(0.82)**

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

Basic earnings per share	**2012** **$**	**2011** **$**
Loss from continuing operations	**(2,297,520)**	**(2,595,179)**
Loss attributable to the ordinary equity holders of Immuron Limited in calculating basic earnings per share	**(2,297,520)**	**(2,595,179)**

There are no reconciling items to the above two loss amounts in calculating the earnings per share.

(d) Weighted average number of shares used as the denominator

	2012	**2011**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share from continuing operations	344,688,598	315,683,833
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	344,688,598	315,683,833

(e) Information concerning the classification of securities

Options
Options that have been granted are considered to be potential ordinary shares, however their conversion to ordinary shares does not increase the loss per share, as such the options are not dilutive and have not been included in the determination of diluted earnings per share.

The options have not been included in the determination of basic earnings per share.

Note 11 Events occurring after balance sheet date

Subsequent to 30 June 2012 the following significant event occurred:
The Company issued 103,524.381 bonus options to all shareholders on 23 July 2012 under the terms of the prospectus dated 6 July 2012. The options expire on 30 April 2015 and are exercisable into ordinary shares in the company on the payment of $0.04 per share.

No funds were raised from the issue of the options.

Other Appendix 4E information

Annual Meeting

The date of the annual general meeting will be advised to members at a subsequent date.

Audit

This preliminary final report is based on unaudited accounts.
The Audit Report will be made available with the Company’s annual financial report.