Immuron Limited
Year ended 30 June 2012
Results for Announcement to the Market

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Revenue from continuing operations	**Up**	**55.5%**	**To**	**463,261**
(Loss) from continuing operations after tax attributable to members	**Down**	**11.5%**	**To**	**2,297,520**
Net (loss) for the period attributable to members of Immuron Limited	**Down**	**11.5%**	**To**	**2,297,520**

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	NIL	NIL
Interim dividend	NIL	NIL

Record date for determining entitlements to the dividend | N/A

Review of operations

During the 2012 financial year the Company's focus was directed towards achieving the following objectives:

1. Travelan: increasing sales of Travelan through distribution agreements with significant partners for overseas markets.

   In November 2011, Immuron received its first upfront licence fee of $480,215 ($CAD500,000) from Paladin Labs Inc. for an initial 15 year licence for the territories of Canada, Latin America and a number of sub-Saharan African countries.

   In addition there was a significant increase in the revenues from Travelan sales in Australia with a volume increase of 112%, with a similar increase in revenues. There were no export sales in the current year.

   Based on the current launch program for Travelan in Canada, revenues from first export sales to Paladin Labs Inc. are expected in the March 2013 quarter.

   We are also anticipating that first orders for Travelan will be received in the March 2013 quarter from a number of the South Eastern Asian companies with whom we finalised distribution agreements during the current year.

2. NASH: obtaining FDA clearance for the IND (investigational new drug) enabling the Company to commence its Phase IIb clinical trial for its NASH product, IMM124E, once funds are available through partnership or strategic investor.

   The Company achieved an important milestone during the year: FDA (US Food and Drug Administration) approval to conduct a Phase IIb clinical trial for the NASH/Fatty Liver product. Initial planning has been completed; the trial will only commence when sufficient funds become available. Based on the proposed protocol for the trial, the cost is estimated to be in the range of $4.5M TO $5.0M.

3. Continuing the development of the influenza and Clostridium difficile products.
   While the main focus of product development during the current period was NASH (preparation of the IND application and the critically important task of building the relevant intellectual property portfolio), we continued our influenza and Clostridium difficile programs with our partners, University of Melbourne and Monash University respectively. Both projects are being conducted with specific grants provided to the respective Universities with a small financial commitment required from the Company.

4. Controlling expenditures in respect of R & D costs incurred by our collaboration partners.
   A number of development projects being conducted at Hadassah Medical Center by our Medical Director, Professor Yaron Ilan, were put on hold.

The Company continued to engage the advisory services of the New York based firm, Roberts Mitani LLC to assist with identifying and providing introductions to potential partners for the NASH/fatty liver product and Travelan. This firm specialises in the biotech sector and was instrumental in introducing and assisting with the Paladin licence transaction. Their fees and expenses for the current year were $200,729 (2011: $35,307) together with options to the value of $85,776 (2011: nil). Legal costs associated with the Paladin transaction were $55,196 with no comparable costs for the previous year.

There was a significant increase in corporate activity during the year in terms of license transactions, capital raisings and other issues which, in addition to the Annual General Meeting, necessitated the holding of two other meetings of shareholders for the approval of a number of resolutions. The associated legal and share registry costs for preparing the meeting documents for the three meetings and share registry requirements amounted to $ 208,492 (2011:$33,648).

During the year the Directors assessed the estimated useful life of the Company's intellectual property assets and determined that the previous indefinite life should be changed to a finite life of two years. Accordingly an amortisation charge of $60,000 was made in the current year with no corresponding charge for the previous year.

The Company applied the Accounting Standard AASB139 in valuing the embedded option derivative in the convertible debenture loan from Paladin Labs Inc. The movement in fair value from inception to year end resulted in an unrealised gain of $367,589 being taken direct to the profit and loss as income from other gains (refer note 4). Details of the convertible debenture are set out in note 8 of the preliminary final report for 30 June 2012.

Note 5 to the preliminary statement of comprehensive income sets out the comparative level of expenses for the major expense categories for the current and previous year.