



ABN 53 075 582 740

BIONOMICS LIMITED

ASX half-year information –
31 December 2014

Lodged with the ASX under Listing Rule 4.2A

Contents	Page
Results for Announcement to the Market	2
Announcement	3
Half-year Report	6

BIONOMICS LIMITED

Half-year ended 31 December 2014

(Previous corresponding period: Half-year ended 31 December 2013)

Results for announcement to the market

				\$
Cash and cash equivalents as at 31 December 2014 from 30 June 2014	increased by	265%	to	38,369,162
Net operating and investing cash inflows for the period (excluding the payments for the purchase of the business)	increased by	843%	to	17,242,739
Revenue from ordinary activities	increased by	43%	to	7,325,124
Loss for the half-year before income tax expense	decreased by	17%	to	5,676,687
Loss from ordinary activities after tax attributable to members	decreased by	17%	to	5,676,687

Explanation of cash and cash equivalents position as at 31 December 2014:

Closing cash and cash equivalents is in line with expectations, with funds used to enable Bionomics to progress BNC101 through IND enabling studies and continue to develop the pipeline of programs, including the re-acquisition of BNC210 to accelerate the clinical development for the treatment of anxiety and depression. The R&D Tax Incentive refund for FY14 was received in September 2014.

Explanation of revenue from ordinary activities:

Revenue consists of licence fees, collaboration income, royalties, sales income, rental income and interest income received as a result of ordinary activities. Government grants and assistance (including the Research and Development Tax Incentive), and other sundry forms of income are classified as other income.

Explanation of net loss from ordinary activities after tax:

The loss was in line with Directors' and Management expectations.

Dividends / distributions:

Bionomics Limited does not propose to pay any dividends for the half-year ended 31 December 2014.

NTA Backing

	<u>Half-year</u>	
	<u>2014</u>	<u>2013</u>
Net tangible asset backing per ordinary share	6.1 cents	4.7 cents

ASX ANNOUNCEMENT
23 February 2015

BIONOMICS' HALF-YEAR REPORT

Adelaide, Australia: Bionomics Limited (ASX: BNO) today announced its half-year report for the six months ended 31 December 2014.

Key Points – Financial

- Cash at the end of the half-year was \$38,369,162. This is compared to 30 June 2014 cash of \$10,501,307.
- Revenue for the period including other income was \$7,325,124 compared with revenue of \$5,112,154 for the period ending 31 December 2013.
- The comprehensive loss after tax of the Group for the half-year ended 31 December 2014 was \$5,676,687 compared to a loss of \$6,836,619 for the half-year ended 31 December 2013. This was in line with expectations and reflects the Company's continued investment in research and development.

Corporate and R&D Highlights

A number of events were reported in the period supportive of Bionomics global strategy and business model, across both the neuroscience and oncology components of the Company's robust pipeline.

- On September 23, 2014 Bionomics announced the acquisition of Prestwick Chemical. The acquisition became effective on 1 October 2014. Prestwick is a premium provider of medicinal chemistry services and smart screening libraries. It specialises in research and development services in early drug discovery including hit identification and validation, hit to lead, and lead optimisation based on its expertise and state-of-the-art computational technology. From its contract research services, Prestwick has one marketed product as well as several compounds in Phase III clinical trials.

Bionomics has been an active Prestwick customer since 2009, with Prestwick currently involved in Bionomics' pain program and previously contracted to work on Bionomics' BNC375 program. Both programs are partnered with Merck & Co. The acquisition of Prestwick vertically integrates key functions within Bionomics in early stage drug discovery and development in neuroscience and oncology. A very valuable asset of Prestwick is its blue chip customer list.

Bionomics has built a globally competitive business with integrated drug discovery and development expertise to support strategic partnerships. Prestwick adds to Bionomics' capacity to rapidly identify and advance high value drug candidates for partnering and development.

- On September 29, 2014 Bionomics announced the presentation of BNC105 Phase II renal cancer biomarker data at the European Society for Medical Oncology Congress in Spain. Sixty percent of patients with the preferred biomarker signature following administration of BNC105, were in Progression Free Survival (PFS) at 6 months compared to 5% for those patients who did not show the preferred biomarker change.

Further BNC105 biomarker data will be presented at the upcoming ASCO-GU conference in the US. This data, which can be described as groundbreaking, strongly supports the continued development of BNC105 for the treatment of renal cancer. Discussions are ongoing with a global pharmaceutical company to fund the next clinical trial in this setting.

- In November 2014 Bionomics announced the termination of its license agreement with Ironwood Pharmaceuticals covering BNC210 which is in development for the treatment of anxiety and depression. Bionomics is in a strong position to dedicate the necessary internal resources and has secured non-dilutive funding specifically for the purpose of progressing BNC210 into the next stage of development. Since that announcement Bionomics has moved quickly to implement the BNC210 clinical trial program with one trial initiated this month and the second clinical trial, a Phase IIa clinical trial in anxious patients, is anticipated to be initiated in the current quarter.

Also in November 2014 new BNC210 data was presented at the Society for Neuroscience 2014 conference in the US. The presentation focussed on the mechanism of action of BNC210 and its role in anxiety. The novel mechanism of action of BNC210 represents a new approach which is first in class for anxiety and supportive of the unique, side-effect free profile demonstrated by BNC210 to date across 5 international clinical trials.

- BNC101 is an exciting first in class antibody drug candidate targeting cancer stem cells which has now completed IND enabling studies. In November 2014 new data on BNC101 was presented at the 26th EORTC-NCI-AACR Symposium on Molecular Targets and Cancer Therapeutics in Barcelona. The new data presented included the preclinical activity of BNC101 in primary lung cancer and additional triple negative breast models. It is anticipated that BNC101 may improve patient outcomes in colorectal cancer, pancreatic cancer and other solid tumour types.

Outlook

Bionomics has continued to focus on the execution of its business strategy, progressing key assets in development through advancing clinical trials and building momentum in its licensing activities.

Our partnerships with Merck & Co., cemented in FY14, marked important milestones in our strategic partnering for the development and commercialisation of selected programs within our pipeline. The partnerships have also validated Bionomics' platform technologies for drug discovery, ionX and MultiCore. Partnering discussions are ongoing around a number of Bionomics current R&D programs, in line with our business strategy.

In addition, the next period is anticipated to be a period of considerable R&D progress.

We have moved quickly to implement the next clinical trials of BNC210. A Phase Ib clinical trial has already been initiated. The trial, which is being conducted by Biotrial International, is investigating the safety, tolerability, pharmacokinetics, and pharmacodynamics of BNC210 given in multiple doses over 7 days. This is a randomised, double-blind, placebo-controlled trial and is anticipated to involve over 50 healthy male volunteers. With the Phase Ib trial now underway we anticipate data from the trial becoming available in Q3, 2015. A parallel Phase IIa trial in patients with anxiety is anticipated to commence this quarter with a potential data readout in Q2, 2016.

Bionomics has committed to being a leader in the cancer stem cell therapeutic space, an area which holds much promise in the eradication of cancer. The Company's first cancer stem cell targeting agent, BNC101, is in the advanced stages prior to entry into clinical trials. We are working towards the completion of manufacture and submission of an Investigational New Drug (IND application) to the US FDA, with an anticipated initiation of a clinical trial in patients with colorectal and pancreatic cancer in the second half of 2015.

On the BNC105 front the Company is in discussion with a global pharma company regarding a funded clinical trial of BNC105 in the renal cancer setting. This trial will follow-up the biomarker data obtained in the previous trial. A potential trial is in planning which will investigate the use of BNC105 in the treatment of Chronic Lymphocytic Leukaemia.

With a robust pipeline and partnerable assets, major validating partnerships in place with Merck & Co in pain and cognition, clinical progress across key programs and a strong balance sheet, Bionomics is well placed to attract recognition in global capital markets, an important objective for 2015.

FOR FURTHER INFORMATION PLEASE CONTACT:

DR DEBORAH RATHJEN
CEO & MANAGING DIRECTOR
BIONOMICS LIMITED
Ph: +61 8 8354 6101

MS MELANIE YOUNG
CFO & COMPANY SECRETARY
BIONOMICS LIMITED
Ph: +61 8 8354 6107

About Bionomics Limited

Bionomics (ASX: BNO) is a biopharmaceutical company which discovers and develops innovative therapeutics for cancer and diseases of the central nervous system. Bionomics has small molecule product development programs in the areas of cancer, anxiety, memory loss and pain. Its oncology approach includes cancer stem cell therapeutics as well as vascular disruption in solid tumours.

Bionomics' discovery and development activities are driven by its four proprietary technology platforms: MultiCore®, a diversity orientated chemistry platform for the discovery of small molecule drugs; ionX®, a set of novel technologies for the identification of drugs targeting ion channels for diseases of the central nervous system; Angene®, a drug discovery platform which incorporates a variety of genomics tools to identify and validate novel angiogenesis targets (involved in the formation of new blood vessels); and CSC Rx Discovery™, which identifies antibody and small molecule therapeutics that inhibit the growth of cancer stem cells. These platforms drive Bionomics' pipeline and underpin its established business strategy of securing partners for its key compounds. Bionomics partners include Merck & Co.

www.bionomics.com.au

Factors Affecting Future Performance

This announcement contains "forward-looking" statements within the meaning of the United States' Private Securities Litigation Reform Act of 1995. Any statements contained in this presentation that relate to prospective events or developments, including, without limitation, statements made regarding Bionomics' development candidates BNC105, BNC210, BNC101 and BNC375, our acquisition of Eclipse Therapeutics and ability to develop products from their platform, its licensing deals with Merck & Co, drug discovery programs and pending patent applications are deemed to be forward-looking statements. Words such as "believes," "anticipates," "plans," "expects," "projects," "forecasts," "will" and similar expressions are intended to identify forward-looking statements.

There are a number of important factors that could cause actual results or events to differ materially from those indicated by these forward-looking statements, including risks related to our available funds or existing funding arrangements, a downturn in our customers' markets, our failure to introduce new products or technologies in a timely manner, Merck's decisions to continue or not to continue development of partnered compounds, regulatory changes, risks related to our international operations, our inability to integrate acquired businesses and technologies into our existing business and to our competitive advantages, as well as other factors. Results of studies performed on competitors' products may vary from those reported when tested in different settings.

Subject to the requirements of any applicable legislation or the listing rules of any stock exchange on which our securities are quoted, we disclaim any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this presentation.



ABN 53 075 582 740

BIONOMICS LIMITED

Half-Year Report – 31 December 2014

Contents

Directors' Report	7
Auditor's Independence Declaration	10
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Condensed Consolidated Statement of Financial Position	12
Condensed Consolidated Statement of Changes in Equity	13
Condensed Consolidated Statement of Cash Flows	14
Notes to the Condensed Consolidated Financial Statements	15
Directors' Declaration	20
Independent Auditor's Review Report to the Members	21

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Bionomics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

BIONOMICS LIMITED

Directors' Report

The directors present their report on the consolidated entity ("the Group") consisting of Bionomics Limited ("the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

The names of the directors of the company during or since the end of the half-year are:

- Mr Graeme Kaufman, Non-Executive Director and Chairman
- Dr Deborah Rathjen, Chief Executive Officer and Managing Director
- Mr Trevor Tappenden, Non-Executive Director
- Dr Errol De Souza, Non-Executive Director
- Dr Jonathan Lim, Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were:

- To undertake research and development utilising Bionomics' proprietary technology platforms with the aim of identifying and developing therapies to treat cancer and conditions of the Central Nervous System (CNS);
- To commercialise intellectual property assets; and
- To identify strategic alliances and project opportunities capable of increasing shareholder value and of enhancing the competitive advantage of Bionomics within the biotechnology industry.

DIVIDENDS

The directors do not propose to make any recommendation for dividends for the current financial year.

REVIEW OF OPERATIONS

Cash at the end of the half-year was \$38,369,162 (\$10,501,307 at 30 June 2014) and net cash inflow for the six month period was \$27,835,411, compared to net cash outflow of \$2,036,973 for the six month period ended 31 December 2013. Cash inflows for the current period included \$7,501,256 of R&D Tax Incentive, compared to \$7,004,342 for the six month period ended 31 December 2013.

Revenue for the period including other income was \$7,325,124, including the R&D Tax Incentive estimate for the half-year ended 31 December 2014, compared with revenue of \$5,112,154 for the period to 31 December 2013.

The operating loss after tax of the Group for the half-year ended 31 December 2014 was \$5,676,687, compared to \$6,836,619 for the prior comparable period ended 31 December 2013, which was in line with expectations and reflects the Company's continued investment in research and development.

Bionomics continued to progress its deep portfolio of proprietary drug candidates across both the neuroscience and oncology pipelines.

The first half of FY15 has seen the maturation of Bionomics CNS assets with the re-acquisition of BNC210 in development for the treatment of anxiety and depression. Bionomics has moved quickly to implement the next clinical trials of BNC210. A Phase Ib clinical trial has already been initiated. The trial, which is being conducted by Biotrial International, is investigating the safety, tolerability, pharmacokinetics, and pharmacodynamics of BNC210 given in multiple doses over 7 days. This is a randomised, double-blind, placebo-controlled trial and is anticipated to involve over 50 healthy male volunteers.

Target engagement by BNC210 will be investigated through the use of a nicotine challenge where subjects' response to nicotine will be monitored by brain EEG. All subjects on the study will undergo a standard battery of pharmacodynamic assessments. Data from this trial is anticipated in the second half of 2015. In parallel a Phase IIa clinical trial in anxious people is anticipated to commence in the current quarter with data anticipated in the second half of FY16.

Bionomics' two landmark partnerships with Merck & Co (MSD) signed during FY14, in pain and cognition (memory) marked an important milestone in our strategic partnering for the development and

commercialisation of selected programs within our pipeline. The partnerships are also validating for Bionomics' platform technologies ionX and MultiCore.

Cancer stem cell therapies are an emerging, important area in the treatment of cancer as conventional therapies such as chemotherapy do not target the cancer stem cells which give rise to cancer and cancer recurrence. During the period IND enabling studies were successfully completed on Bionomics' lead cancer stem cell product BNC101. In addition new data on BNC101 was presented at the 26th EORTC-NCI-AACR Symposium on Molecular Targets and Cancer Therapeutics in Barcelona. The new data presented included the preclinical activity of BNC101 in primary lung cancer and additional triple negative breast models. It is anticipated that BNC101 may improve patient outcomes in colorectal cancer, pancreatic cancer and other solid tumours. Eliminating cancer stem cells, in conjunction with other therapies that address the tumour bulk, represents a new cancer treatment paradigm that could offer a distinct advantage over existing strategies and a solution in circumstances where cancers are resistant to chemotherapy.

As more mature data becomes available from the Phase II renal cancer trial of BNC105, it will be presented at major international conferences. Throughout the clinical trials of BNC105 Bionomics has analyzed a panel of blood biomarkers. This was done to detect changes resulting from the administration of BNC105 and to determine whether such changes can indicate BNC105 clinical benefit. In September 2014 new data was presented at the European Society for Medical Oncology and received considerable attention.

In the trial blood samples were obtained from 44 patients before and after treatment with BNC105 in the BNC105+Afinitor arm. This large sample size enabled statistical correlation of blood biomarker changes with disease status at six months of treatment. This correlation analysis revealed four biomarkers can be used to significantly enrich treatment success for this patient group treated with BNC105 plus Afinitor. Sixty percent of patients showing biomarker changes were disease progression free at six months. In contrast, only 5% of the patients that were negative for the 4 biomarker signature changes were progression free at six months. This is the first time a biomarker signature associated with clinical outcomes for a vascular disrupting agent such as BNC105 has been reported for renal cancer patients. It is anticipated that these biomarkers will be further evaluated in future studies, within the frame of personalised medicine, to guide drug administration in those patients with the highest chances of benefiting from a significant clinical outcome.

The achievement of the company's business objectives and progress in its clinical activities is being strongly facilitated through Bionomics expanded activities in Australia, USA and France. The acquisition of Prestwick Chemical in October 2014 was a strategic initiative to further strengthen Bionomics' capabilities in drug discovery and expand the Company's European base. The acquisition added an impressive external customer base, core expertise in drug discovery and medicinal chemistry services and a highly sought after library of compounds.

OUTLOOK

Bionomics will continue to invest in its pipeline programs, positioning them for partnering at the appropriate time, in line with its business strategy.

We anticipate significant progress across three clinical programs.

BNC210: We have been eager to get back to the clinic with BNC210 and unlock the potential of this compound. We expect this to be a pivotal year in its development and given the data thus far are confident it will be another Bionomics drug candidate that will attract the interest of big pharma companies. With the Phase Ib trial now underway we anticipate data from the trial becoming available in Q3, 2015. A parallel Phase IIa trial in patients with anxiety is anticipated to commence this quarter with a potential data readout in Q2, 2016.

BNC101: BNC101 is an exciting first in class antibody drug candidate targeting cancer stem cells. We are working towards the completion of manufacture and submission of an Investigational New Drug (IND application) to the US FDA, with an anticipated initiation of a clinical trial in patients with colorectal and pancreatic cancer in the second half of 2015.

BNC105: As advised at the Company's AGM Bionomics is in discussion with a global pharma company regarding a funded clinical trial of BNC105 in the renal cancer setting. This trial will follow-up the biomarker data obtained in the previous trial. A potential trial is in planning which will investigate the use of BNC105 in the treatment of Chronic Lymphocytic Leukaemia.

With a robust pipeline and partnerable assets, major validating partnerships in place with Merck & Co in pain and cognition, clinical progress across key programs and a strong balance sheet Bionomics is well placed to attract recognition in global capital markets, an important objective for 2015.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Signed in accordance with a resolution of the directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors

Dated at Adelaide this 23rd day of February 2015.



Graeme Kaufman
Chairman



Deborah Rathjen
CEO & Managing Director

The Board of Directors
Bionomics Limited
31 Dalglish Street
THEBARTON SA 5031

23 February 2015

Dear Board Members

Bionomics Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Bionomics Limited.

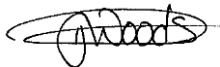
As lead audit partner for the review of the financial statements of Bionomics Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



P J Woods
Partner
Chartered Accountants

BIONOMICS LIMITED**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

for the half-year ended 31 December 2014

		<u>Half-year ended</u>	
	<u>Note</u>	<u>31 December</u>	<u>31 December</u>
		<u>2014</u>	<u>2013</u>
		<u>\$</u>	<u>\$</u>
Continuing operations			
Revenue		3,469,912	1,583,241
Other Income		3,855,212	3,528,913
Total revenue		<u>7,325,124</u>	<u>5,112,154</u>
Expenses			
Administrative		(1,171,996)	(1,698,745)
Financing costs		(281,069)	(415,833)
Occupancy		(1,222,133)	(871,796)
Compliance		(772,939)	(247,175)
Gain on disposal of assets		239	-
Research and development		(9,553,913)	(8,715,224)
Loss before tax		<u>(5,676,687)</u>	<u>(6,836,619)</u>
Income tax expense		<u>-</u>	<u>-</u>
Loss for the period after income tax from continuing operations		<u>(5,676,687)</u>	<u>(6,836,619)</u>
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		975,390	467,940
Total comprehensive income for the period from continuing operations		<u>(4,701,297)</u>	<u>(6,368,679)</u>
Earnings per share from continuing operations		<u>Cents</u>	<u>Cents</u>
Basic loss per share	5	(1.4)	(1.6)
Diluted loss per share	5	(1.4)	(1.6)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

BIONOMICS LIMITED
Condensed Consolidated Statement of Financial Position
as at 31 December 2014

	<u>Note</u>	<u>31 December</u> <u>2014</u> \$	<u>30 June 2014</u> \$
<u>CURRENT ASSETS</u>			
Cash and cash equivalents		38,369,162	10,501,307
Trade and other receivables		894,168	20,740,347
Inventories		283,162	83,423
Current tax asset		188,886	244,965
R&D Incentive receivable		3,660,000	7,501,256
Other assets		677,809	446,770
<u>TOTAL CURRENT ASSETS</u>		<u>44,073,187</u>	<u>39,518,068</u>
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment		1,326,967	828,361
Intangible assets	4	26,776,843	24,714,188
<u>TOTAL NON-CURRENT ASSETS</u>		<u>28,103,810</u>	<u>25,542,549</u>
<u>TOTAL ASSETS</u>		<u>72,176,997</u>	<u>65,060,617</u>
<u>CURRENT LIABILITIES</u>			
Trade and other payables		2,581,570	4,038,054
Borrowings		2,349,091	788,600
Provisions		1,427,510	1,186,482
Other liabilities		1,833,251	3,267,589
<u>TOTAL CURRENT LIABILITIES</u>		<u>8,191,422</u>	<u>9,280,725</u>
<u>NON-CURRENT LIABILITIES</u>			
Other payables		318,256	310,794
Borrowings	9	11,273,204	505,641
Provisions		106,542	108,320
Deferred tax liability		5,012,584	4,340,443
Contingent consideration		6,782,580	5,696,087
<u>TOTAL NON-CURRENT LIABILITIES</u>		<u>23,493,166</u>	<u>10,961,285</u>
<u>TOTAL LIABILITIES</u>		<u>31,684,588</u>	<u>20,242,010</u>
<u>NET ASSETS</u>		<u>40,492,409</u>	<u>44,818,607</u>
<u>EQUITY</u>			
Capital	3	111,754,426	111,721,671
Reserves		4,032,313	2,714,579
Accumulated losses		(75,294,330)	(69,617,643)
<u>TOTAL EQUITY</u>		<u>40,492,409</u>	<u>44,818,607</u>

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

BIONOMICS LIMITED**Condensed Consolidated Statement of Changes in Equity**

for the half-year ended 31 December 2014

<u>Consolidated</u>	<u>Issued capital</u>	<u>Other capital contributed</u>	<u>Foreign currency translation reserve</u>	<u>Share-based payments reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	109,780,005	1,532,567	1,248,628	1,670,042	(72,824,259)	41,406,983
Loss for the period	-	-	-	-	(6,836,619)	(6,836,619)
Exchange differences on translation of foreign operations	-	-	467,940	-	-	467,940
Total comprehensive income for the period	-	-	467,940	-	(6,836,619)	(6,368,679)
Recognition of Share-based payments	-	-	-	249,786	-	249,786
Issue of ordinary shares	-	-	-	-	-	-
Ordinary shares not yet issued	-	-	-	-	-	-
Issue of ordinary shares under Employee Share Option Plan (note 3)	337,691	-	-	-	-	337,691
Balance at 31 December 2013	110,117,696	1,532,567	1,716,568	1,919,828	(79,660,878)	35,625,781
Balance at 1 July 2014	111,721,671	-	893,614	1,820,965	(69,617,643)	44,818,607
Loss for the period	-	-	-	-	(5,676,687)	(5,676,687)
Exchange differences on translation of foreign operations	-	-	975,390	-	-	975,390
Total comprehensive income for the period	-	-	975,390	-	(5,676,687)	(4,701,297)
Recognition of Share-based payments	-	-	-	342,344	-	342,344
Issue of ordinary shares	-	-	-	-	-	-
Ordinary shares not yet issued	-	-	-	-	-	-
Issue of ordinary shares under Employee Share Option Plan (note 3)	32,755	-	-	-	-	32,755
Balance at 31 December 2014	111,754,426	-	1,869,004	2,163,309	(75,294,330)	40,492,409

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

BIONOMICS LIMITED**Condensed Consolidated Statement of Cash Flows**

for the half-year ended 31 December 2014

	<u>Half-year ended</u>	
	<u>31 December 2014</u>	<u>31 December 2013</u>
	<u>\$</u>	<u>\$</u>
Cash flows from operating activities		
R&D Incentive received	7,501,256	7,004,342
Receipts from customers	21,521,414	1,386,193
Payments to suppliers and employees	(11,843,257)	(10,901,393)
Tax refund	82,090	-
Financing costs	(93,859)	(39,452)
Net cash inflow/(outflow) from operating activities	<u>17,167,644</u>	<u>(2,550,310)</u>
Cash flows from investing activities		
Interest received	164,582	275,991
Payments for purchases of PPE	(22,891)	(44,885)
Acquisition of Prestwick Chemical 10	(391,136)	-
Acquisition transaction costs 10	(66,596)	-
Net cash (outflow)/inflow from investing activities	<u>(316,041)</u>	<u>231,106</u>
Cash flows from financing activities		
Proceeds from share issues	32,755	337,692
Proceeds from borrowings 9	11,468,000	-
Repayments of borrowings	(516,947)	(55,461)
Net cash inflow from financing activities	<u>10,983,808</u>	<u>282,231</u>
Net increase/(decrease) in cash and cash equivalents	<u>27,835,411</u>	<u>(2,036,973)</u>
Cash at the beginning of the half-year	10,501,307	22,452,089
Effect of exchange rate changes on the balances of cash held in foreign currency	<u>32,444</u>	<u>56,163</u>
Cash and cash equivalents at the end of the half-year	<u><u>38,369,162</u></u>	<u><u>20,471,279</u></u>

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

BIONOMICS LIMITED

Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2014

NOTE 1: Summary of significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and any public announcements made by Bionomics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2014 annual financial report for the financial year ended 30 June 2014 except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group.

NOTE 2: Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the nature of work processes performed. The Group's reportable segments under AASB 8 are:

- Drug discovery
- Drug development
- Contract services

Drug discovery is the creation and ongoing testing of compounds to determine the best compound that matches the product profile. Drug development is defined as the ongoing testing including clinical trials of the best compound with a view to commercialisation of the compound. Contract services is the provision of scientific services on a fee for service basis to both external and internal customers.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

a) Segment Revenues and Results

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	<u>Segment revenue</u>		<u>Segment result</u>	
	<u>Half-year ended</u>		<u>Half-year ended</u>	
	<u>31 Dec 2014</u>	<u>31 Dec 2013</u>	<u>31 Dec 2014</u>	<u>31 Dec 2013</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Drug discovery	1,979,799	14,571	(2,158,738)	(4,237,435)
Drug development	35,155	294,878	(1,018,544)	(449,710)
Contract services	1,743,412	1,105,566	(334,978)	61,265
	3,758,366	1,415,015	(3,512,260)	(4,625,880)
Less:				
Intercompany revenue included in:				
Contract services	(772,830)	(240,508)	-	-
Investment & other revenue	484,376	408,734	484,376	423,305
	3,469,912	1,583,241	(3,027,884)	(4,202,575)
Unallocated financing costs			(275,271)	(415,833)
Central administration costs			(2,373,532)	(2,218,211)
Loss before income tax			(5,676,687)	(6,836,619)

Revenue reported above for Contract services and Drug discovery includes intersegment sales. There were no intersegment sales for the other reportable segment.

Segment result represents the profit/(loss) for each segment without allocation of central administration costs and investment and other revenue. Financing costs are allocated to segments with a residual amount being unallocated financing costs.

b) Segment Assets

The following is an analysis of the Group's assets by reportable operating segment:

ASSETS	<u>31 Dec 2014</u>	<u>30 June 2014</u>
	<u>\$</u>	<u>\$</u>
Drug discovery	19,542,552	41,230,720
Drug development	11,915,177	11,745,021
Contract services	2,458,239	1,371,560
	33,915,968	54,347,301
Unallocated assets	38,261,029	10,713,316
Total assets	72,176,997	65,060,617

Assets used jointly by reporting segments are allocated on the basis of employee numbers of the individual reportable segment.

NOTE 3: Equity securities issued

	<u>Half-year</u>		<u>Half-year</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>Number of shares</u>	<u>Number of shares</u>	<u>\$</u>	<u>\$</u>
Movements in ordinary share capital				
Balance at the beginning of the half-year	417,356,567	415,879,455	111,721,671	111,312,572
Shares issued:				
• to shareholders upon the exercise of options	113,000	1,243,242	32,755	337,691
Balance at the end of the half-year	417,469,567	417,122,697	111,754,426	111,650,263

NOTE 4: Intangible assets

	Goodwill	Intellectual Property	Total
	\$	\$	\$
Gross carrying amount at 1 July 2013	5,147,990	21,402,923	26,550,913
Additions	4,607,531	-	4,607,531
Foreign currency exchange differences	-	585,439	585,439
Gross carrying amount at 31 December 2013	9,755,521	21,988,362	31,743,883
Gross carrying amount at 1 July 2014	9,488,432	20,992,946	30,481,378
Foreign currency exchange differences	672,140	2,231,410	2,903,550
Gross carrying amount at 31 December 2014	10,160,572	23,224,356	33,384,928
Accumulated amortisation amount at 1 July 2013	-	(4,498,169)	(4,498,169)
Foreign currency exchange differences	-	(159,183)	(159,183)
Amortisation	-	(635,826)	(635,826)
Accumulated amortisation amount at 31 December 2013	-	(5,293,178)	(5,293,178)
Accumulated amortisation amount at 1 July 2014	-	(5,767,190)	(5,767,190)
Foreign currency exchange differences	-	(267,758)	(267,758)
Amortisation	-	(573,137)	(573,137)
Accumulated amortisation amount at 31 December 2014	-	(6,608,085)	(6,608,085)
Net carrying amounts 30 June 2014	9,488,432	15,225,756	24,714,188
Net carrying amounts 31 December 2014	10,160,572	16,616,271	26,776,843

NOTE 5: Earnings per share

	<u>2014</u> <u>Cents</u>	<u>Half-year</u> <u>2013</u> <u>Cents</u>
Basic loss per share	(1.4)	(1.6)
Diluted loss per share	(1.4)	(1.6)

	<u>2014</u> <u>Number</u>	<u>Half-year</u> <u>2013</u> <u>Number</u>
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	417,385,463	416,538,977

NOTE 6: Change in accounting estimates

There has been no change in the basis of accounting estimates since the last annual reporting date.

NOTE 7: Contingencies and commitments

There has been no change in contingent liabilities and commitments since the last annual reporting date.

NOTE 8: Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

NOTE 9: Borrowings

Included in Borrowings is a new secured bank loan to the amount of US \$10 million. The loan bears interest at a fixed rate and is interest only for the first 12 months and subsequently repayable in equal instalments over 30 months.

NOTE 10: Acquisition of Prestwick Chemical

On 23 September 2014, the Company announced the acquisition of Prestwick Chemical into a new wholly owned subsidiary PC SAS with effect from 1 October 2014. Prestwick is a premium provider of medicinal chemistry services and smart screening libraries. It specialises in research and development services in early drug discovery based on its expertise and state-of-the-art computational technology. The acquisition of Prestwick vertically integrates key functions within Bionomics in early stage drug discovery and development in neuroscience and oncology.

Consideration transferred

	\$
Cash	391,136

Acquisition-related costs amounting to \$66,596 have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the half year, within the "administrative costs" line item.

Assets acquired and liabilities assumed at the date of acquisition

	\$
Current assets	
Inventory	374,045
Other assets	159,351
Non-current assets	
Plant and equipment	76,422
Current liabilities	
Employee provisions	(218,682)
	<hr/> 391,136 <hr/>

The initial accounting for the acquisition has only been provisionally determined at the end of the half-year. At the date of finalisation of this half-year financial report, the necessary market valuations and other calculations had not yet been finalised and the fair value of assets noted above have therefore only been provisionally determined based on the directors' best estimate of the likely fair values.

Impact of acquisition on the results of the Group for the half-year ended 31 December 2014

Included in the loss for the 2014 half-year is \$615,000 attributable to this acquisition. Revenue for the half-year includes \$702,000 in respect of this acquisition.

Had the acquisition been effected at 1 July 2014, the revenue of the Group from continuing operations for the six months ended 31 December 2014 would have increased by \$1,675,000, and the loss from continuing operations for the six months ended 31 December 2014 would have increased by a total of \$45,000. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on a half-yearly basis. This may provide a reference point for comparison in future half-years, but will depend on the revenue and profit derived from external customers versus internal customers.

In determining the 'pro-forma' loss of the Group had Prestwick been acquired at the beginning of the half-year:

- Depreciation has been calculated for plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- An assumption of a similar level of contract research work and chemical library sales has been made.

NOTE 11: Non-cash Transactions

During the half-year, the Group entered into the following non-cash investing and financing activities which are excluded from the Condensed Consolidated Statement of Cash Flows:

- The Group acquired \$509,463 of equipment under a Finance Lease (2013: Nil).

NOTE 12: Subsequent events

No matter or circumstance has arisen since 31 December 2014 that has significantly affected or may affect the consolidated entity's operations, the results of those operations or the state of affairs in future financial years.

BIONOMICS LIMITED
Directors' Declaration

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors



Graeme Kaufman
Chairman



Deborah Rathjen
CEO & Managing Director

Adelaide, 23 February 2015

Independent Auditor's Review Report to the members of Bionomics Limited

We have reviewed the accompanying half-year financial report of Bionomics Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 11 to 20.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bionomics Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bionomics Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

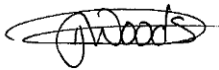
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bionomics Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



P J Woods
Partner
Chartered Accountants
Adelaide, 23 February 2015