ABN 53 075 582 740

BIONOMICS LIMITED

ASX half year information –
31 December 2010

Lodged with the ASX under Listing Rule 4.2A

Contents

Results for announcement to the market

				$
Cash and cash equivalents as at 31 December 2010 from 30 June 2010	decreased by	33%	to	8,475,214
Net operating and investing cash outflows for the period	increased by	19%	to	3,882,792
Revenue from ordinary activities	increased by	32%	to	2,289,325
Loss from ordinary activities after tax attributable to members	increased by	12%	to	4,536,640
Loss for the half year before income tax expense	increased by	12%	to	4,536,640

Explanation of cash and cash equivalents position as at 31 December 2010:
Closing cash and cash equivalents is in line with expectations with funds used to enable Bionomics to continue with the clinical trials for BNC105 and BNC210 and continue core research & development and commercialisation strategies.

Explanation of revenue from ordinary activities:
Revenue consists of licence fees, royalties, sales income, rental income and interest income received as a result of ordinary activities. Government grants and other sundry forms of income are separately classified under other income. The increase for the period reflects additional research funding generated under the development and licensing agreement with Merck KGaA (Merck Serono) which was extended for a further 12 month period in June 2010 together with strong growth in revenue by subsidiary company Neurofit.

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 2010.

ABN 53 075 582 740

ASX ANNOUNCEMENT
11 February 2011

BIONOMICS' HALF YEAR REPORT

Adelaide, Australia: Bionomics Limited (ASX: BNO) (ADR: BMICY) today announced its half year report for the six months ended 31 December 2010.

Key Points – Financial

- Revenue for the period excluding other income was $2,289,325, up 32% compared with revenue of $1,732,923 for the comparable period to 31 December 2009. The increase reflects additional research funding generated under the development and licensing agreement with Merck KGaA (Merck Serono) which was extended for a further 12 month period in June 2010 together with strong growth in revenue by subsidiary company Neurofit.
- Cash at the end of the half year was $8,475,214, a net decrease of $4,137,030 for the six month period.
- The loss after tax recorded for the period was $4,536,640. This was in line with expectations and occurred as a consequence of the Company's continued investment in clinical trial activities associated with anti-cancer drug BNC105 and anti-anxiety / depression drug BNC210. A loss of $4,056,572 was recorded for the comparable period to 31 December 2009.

Corporate

On 10 November Start-up Australia Ventures Pty Ltd (Start-up) lodged an announcement with the ASX of an invitation to tender for the acquisition of Start-up's entire 27.76 per cent shareholding in Bionomics in accordance with ASIC Regulatory Guide 102. The tender process is scheduled to close on 31 March 2011, unless varied by Start-up at its discretion. A successful tenderer would be required to make a takeover bid for all the shares in Bionomics.

On 26 November the Company announced the appointment of Greenhill Caliburn Pty Ltd to advise the Bionomics Board on corporate and strategic matters relating to the tender process. The Company also indicated that irrespective of the outcome of the tender process, management remains focused on executing its existing strategy as previously articulated to the market. The Bionomics Board believes that Bionomics has an exciting independent future and is well positioned to deliver value to its shareholders.

R&D Highlights

A highlight of the period under review was the initiation in Europe of two Phase Ib clinical trials of BNC210, Bionomics' drug candidate for the treatment of anxiety and depression.

One clinical trial is examining whether BNC210 reduces panic and anxiety symptoms induced by pharmacological means in healthy volunteers. The peptide CCK-4 has been used to induce symptoms of panic and anxiety. Bionomics has previously reported that BNC210, in a rodent model of CCK induced anxiety, overcomes the effects of CCK. The pre-clinical results were presented at a major international conference, the European Congress of Neuropsychopharmacology (ECNP) in August 2010.

The second trial is evaluating the effects of BNC210 on the brain using electro-encephalograph (EEG) and quantitative assessments of memory function in normal human volunteers. In this trial the effects of BNC210 will be compared with Lorazepam, a drug closely related to Valium, which is known to have the adverse side effect of causing memory impairment.

Both trials have been conducted in France by Forenap Pharma, an International Contract Research Organization (CRO), which has 20 years experience in early drug development and conducting studies into the effects of drugs on the central nervous system. Bionomics' subsidiary, Neurofit SAS, is the designated sponsor of the trials. Forenap has the capacity to run both clinical studies in parallel and it is anticipated that data from both trials will be available in the first quarter of 2011.

Positive data from the trials will indicate BNC210 has a clear competitive advantage over current anxiety and panic attack drugs, including billion dollar products like Xanax and Valium.

The design of the Phase Ib BNC210 clinical trials have been supported by both the earlier clinical trials and an extensive body of preclinical data, some of which was presented at the major international conference Neuroscience 2010.

The data presented at Neuroscience indicated that BNC210 is highly effective in preclinical models of drug-induced anxiety. The data also indicates that BNC210 modulates molecular pathways that are targeted by several marketed drugs, including selective serotonin reuptake inhibitors (SSRI's) such as Prozac, Lexapro, Effexor and Zoloft which are used to treat chronic forms of anxiety and depression.

However, unlike these drugs, BNC210 has demonstrated rapid onset of action in animal studies. It does not require prolonged treatment for its activity to develop. Furthermore, animal studies indicate that chronic use of BNC210 does not lead to symptoms of physical dependence and is unlikely to produce the withdrawal symptoms experienced by benzodiazepam (eg Valium) and SSRI users. BNC210 does not inhibit important drug metabolising enzymes in the liver, indicating that it is safe to take with other medications.

In addition to its beneficial effects in overcoming drug-induced anxiety, BNC210 is active in reducing stress-induced anxiety in animal studies. The new data further supports the potential of BNC210 for treating anxiety disorders and expands its anxiolytic profile to include panic disorder.

Anxiety is a common debilitating condition that affects 40 million patients over the age of 18 years in the US alone, with anxiety drugs having an estimated market value of up to US$15 billion pa worldwide.

Depression is a common mental disorder that presents with depressed mood, loss of interest or pleasure, feelings of guilt or low self esteem, disturbed sleep or appetite, low energy or poor concentration. Each year an estimated 6% of adult Australians are affected by a depressive illness. The global anti-depressant market has sales in excess of US$10 billion.

Bionomics has two Phase II trials of BNC105 in progress, one trial in patients with metastatic renal cancer which is being undertaken in association with the Hoosier Oncology Group in the US; the other trial is in patients with mesothelioma undertaken by the Australasian Lung Cancer Trials Group across Australia. Both trials are expected to report interim data prior to 30 June 2011 and it is pleasing to report that BNC105 has been well tolerated by patients in both the renal cancer and mesothelioma trials with some individual patients continuing on treatment for over nine months.

Renal cell cancer accounts for approximately 85% of kidney cancers and the five-year survival rate for patients with metastatic disease is less than 2%. In choosing renal cancer as one of the Phase II clinical trials of BNC105, Bionomics is responding to the need for new and effective treatments for this form of cancer. Renal cell cancer is also a strong market opportunity with blockbuster potential.

Mesothelioma is a form of cancer that is usually caused by exposure to asbestos. In this disease malignant cells develop in the protective lining that covers most of the body’s internal organs. Its most common site is the outer lining of the lungs and internal chest wall. This condition has virtually no effective treatments after first line chemotherapy and patients typically have a life expectancy of less than one year.

Outlook

Results from our ongoing clinical trials are eagerly awaited in the coming period. The Phase Ib BNC210 clinical trials are anticipated to report prior to 31 March 2011, whilst

both the renal cancer trials and mesothelioma clinical trial of BNC105 are expected to report initial and interim data respectively prior to 30 June 2011.

We will continue to execute Bionomics established business strategy and we are committed to securing partners for our key compounds. The Bionomics Board believes the Company has an exciting independent future and is well positioned to deliver value to its shareholders.

Financially the Company is well placed to continue to execute its business strategy. We expect to further strengthen our cash position through the sale and lease-back of our research facility in Adelaide in the coming months. Agents have been engaged and marketing of the property has commenced. The book value of the property is $7.36 million and our outstanding debt to the Land Management Corporation of the South Australian Government is $2.45 million. The sale and lease-back will free up capital to further support our clinical programs and enable us to execute our partnership strategy.

FOR FURTHER INFORMATION PLEASE CONTACT:

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

MR TREVOR THIELE
CFO & COMPANY SECRETARY
BIONOMICS LIMITED
Ph: +61 8 8354 6107

About Bionomics Limited

Bionomics (ASX: BNO) (ADR: BMICY) is a leading international biotechnology 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, epilepsy and multiple sclerosis. BNC105, which is undergoing clinical development for the treatment of cancer, is based upon the identification of a novel compound that potently and selectively restricts blood flow within tumours. A clinical program is also underway for the treatment of anxiety disorders based on BNC210 which exhibits strong anxiolytic and anti-depression activity without side effects in preclinical models. Both compounds offer blockbuster potential if successfully developed.

Bionomics' discovery and development activities are driven by its three technology platforms: 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). MultiCore® is Bionomics' proprietary, diversity orientated chemistry platform for the discovery of small molecule drugs. ionX® is a set of novel technologies for the identification of drugs targeting ion channels for diseases of the central nervous system.

For more information about Bionomics, visit 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 press release that relate to prospective events or developments 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 the clinical evaluation of either BNC105 or BNC210, 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, 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. 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 press release.

ABN 53 075 582 740

BIONOMICS LIMITED

Half Year Report – 31 December 2010

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 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*.

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 2010.

DIRECTORS

The following persons were directors of the Company during the period and up to the date of this report:

- Mr Christopher Fullerton, 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

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were:

a) 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), including anxiety, Multiple Sclerosis and epilepsy,
b) To commercialise intellectual property assets, and
c) To identify strategic alliances and project opportunities capable of increasing shareholder value and of enhancing the competitive advantage of Bionomics within the biotechnology industry.

OPERATING RESULTS

Revenue for the period excluding other income was $2,289,325, up 32% compared with revenue of $1,732,923 for the comparable period to 31 December 2009. The increase reflects additional research funding generated under the development and licensing agreement with Merck KGaA (Merck Serono) which was extended for a further 12 month period in June 2010 together with strong growth in revenue by subsidiary company Neurofit.

Cash at the end of the half year was $8,475,214 and net cash outflow for the six month period was $4,137,030.

The operating loss after tax of the Group for the half year ended 31 December 2010 was $4,536,640 which was in line with expectations and reflects the Company's continued investment in BNC105 and BNC210 clinical activities.

DIVIDENDS

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

REVIEW OF OPERATIONS

BNC105

BNC105 is a potent and highly selective Vascular Disrupting Agent (VDA) with the potential to treat all solid tumour types.

Among its advantages BNC105 has a well defined mechanism of action and importantly is the first of the VDAs to show "on target" activity in cancer patients. The high level of selectivity BNC105 has for the blood vessels which feed solid tumours clearly differentiates BNC105 from the most advanced VDAs in development. Selectivity for cancer blood vessels provides BNC105 with a broader therapeutic window than its competitors with the potential for fewer side-effects. When this high level of selectivity is combined with the ability of BNC105 to cause direct cancer cell killing it gives rise to a very potent anti-cancer agent.

Two BNC105 trials are currently in progress, one trial in patients with metastatic renal cancer which is being undertaken in association with the Hoosier Oncology Group in the US; the other trial is in patients with mesothelioma undertaken by the Australasian Lung Cancer Trials Group across Australia. Both trials are expected to report data prior to 30 June 2011. It is pleasing to report that

BNC105 has been well tolerated by patients in both the renal cancer and mesothelioma trials with some individual patients continuing on treatment for over nine months.

In addition to the potential clinical benefits of BNC105, renal cell cancer offers a strong market opportunity for BNC105 if successfully developed. Worldwide sales of Sutent® were US$1.066 billion in 2010, whilst reported sales of Nexavar® in 2009 were US$806.48 million. Sales projections for Afinitor® which gained marketing approval in the US and Europe in 2009 for the treatment of renal cancer exceed US$500 million.

Mesothelioma is a form of cancer that is usually caused by exposure to asbestos. In this disease malignant cells develop in the protective lining that covers most of the body's internal organs. Its most common site is the outer lining of the lungs and internal chest wall. This condition has virtually no effective treatments after first line chemotherapy and patients typically have a life expectancy of less than one year. Bionomics strategy for BNC105 is to partner with Phase II clinical trial data. If the interim analysis from the mesothelioma clinical trial is positive Bionomics will seek FDA fast track designation of BNC105 for the treatment of mesothelioma. This will add substantial value to the BNC105 licensing package.

BNC210

BNC210 is a novel, proprietary compound being developed by Bionomics for the treatment of anxiety and depression. During the reporting period the Company initiated two Phase Ib clinical trials of BNC210.

One clinical trial is examining whether BNC210 reduces panic and anxiety symptoms induced by pharmacological means in healthy volunteers. The peptide CCK-4 has been used to induce symptoms of panic and anxiety.

The second trial is evaluating the effects of BNC210 on the brain using electro-encephalograph (EEG) and quantitative assessments of memory function. In this trial the effects of BNC210 will be compared with Lorazepam, a drug closely related to Valium, which is known to have the adverse side effect of causing memory impairment.

Both trials have been conducted in France by Forenap Pharma, an International Contract Research Organization (CRO), which has 20 years experience in early drug development and conducting studies into the effects of drugs on the central nervous system. Bionomics' subsidiary, Neurofit SAS, is the designated sponsor of the trials. Forenap has the capacity to run both clinical studies in parallel and it is anticipated that data from both trials will be available in the first quarter of 2011.

Positive data from the trials will indicate BNC210 has a clear competitive advantage over current anxiety and panic attack drugs, including billion dollar products like Xanax and Valium.

Many of the properties of BNC210 address the issues or deficiencies of current marketed anti-anxiety drugs. For example, Valium can cause memory loss, sedation and reduce motor co-ordination and is addictive when used for long periods of time. Prozac takes a longer amount of time to exert its anti-anxiety effects. In contrast, the animal model investigations undertaken by Bionomics suggest that BNC210 is free of the side effects of Valium and in contrast to Prozac is rapidly acting.

In the reporting period Bionomics presented the results of its Phase I clinical trials of BNC210 at the European Congress of Neuropsychopharmacology (ECNP) in August 2010. The Phase I trial showed that BNC210 was safe and well tolerated up to and including doses as high as 2,000mg with no clinically significant adverse events reported. In addition, the administered doses of BNC210 achieved blood levels consistent with the activity of BNC210 observed in preclinical models and there was no evidence of sedation. The observed pharmacokinetics also confirmed the potential for once a day oral administration of BNC210.

Bionomics also presented new data at Neuroscience 2010 showing that BNC210 is highly effective in preclinical models of drug-induced anxiety. The data also indicates that BNC210 modulates molecular pathways that are targeted by several marketed drugs, including selective serotonin reuptake inhibitors (SSRI's) such as Prozac, Lexapro, Effexor and Zoloft which are used to treat chronic forms of anxiety and depression. However animal studies indicate that chronic use of BNC210 does not lead to symptoms of physical dependence and is unlikely to produce the withdrawal symptoms experienced by benzodiazepam (eg Valium) and SSRI users. BNC210 does not inhibit important drug metabolising enzymes in the liver, indicating that it is safe to take with other medications.

This data from our ongoing animal studies as well as the Phase I clinical data reinforces the superiority of BNC210 over current marketed blockbuster drugs.

Compound Class / Attribute	No Sedation	No Addiction	No Memory Impairment	Fast Acting	No Drug-Drug Interaction*
BNC210	✓	✓	✓	✓	✓
Valium	×	×	×	✓	✓
Prozac	✓	✓	✓	×	×

*As determined by effects on liver enzymes

Partnership with Merck Serono

Bionomics has a development and licensing agreement with Merck KGaA (Merck Serono) covering its drug discovery project targeting the potassium ion channel Kv1.3. Kv1.3 blockers have the potential to be used in the treatment of Multiple Sclerosis and other autoimmune diseases. Under our research agreement and licensing deal with Merck Serono, we received an upfront payment of US$2 million and receive ongoing, dedicated research funding for all activities plus milestone payments up to US$47 million for each compound selected by Merck Serono, noting that Merck Serono intends to select an undisclosed number of compounds during the research collaboration. Merck Serono is responsible for meeting all development costs.

The collaboration was extended for an additional 12 month period from 13 June 2010 and is progressing satisfactorily.

CRC

Bionomics continues its close association with the CRC for Cancer Therapeutics. The arrangement with the CRC allows Bionomics to incubate new oncology projects in a cost and time efficient manner. It also provides Bionomics with the opportunity to work with many of the best cancer researchers and clinicians in Australia. Current discovery programs include compounds for the treatment of both solid tumours and haematological malignancies with an undisclosed kinase target.

Alpha 7 Nicotinic Acetylcholine Receptor Project

Bionomics has now formally brought into its pipeline a project which has been incubated over 2010. This project has drawn on the expertise in CNS models and resources of our subsidiary Neurofit to discover compounds which modulate the function of an ion channel called the alpha 7 nicotinic acetylcholine receptor. Switching on this receptor improves memory. Compounds which switch on the receptor have potential applicability across a broad range of conditions including Alzheimer's disease, schizophrenia, Attention Deficit Hyperactivity Disorder (ADHD) as well as mood and anxiety disorders. The program is very well matched to our ionX® drug discovery platform and we have already been able to identify compounds which modulate the receptor to restore memory in animals whose memory has been lost through treatment with an agent called scopolamine. Our aim with this program is to identify compounds with the potential to become drug candidates and to seek an early stage partnership similar to our Merck Serono collaboration in Multiple Sclerosis.

OUTLOOK

Results from our ongoing clinical trials are eagerly awaited in the coming period. The Phase Ib BNC210 clinical trials are anticipated to report prior to 31 March 2011, whilst both the renal cancer trials and mesothelioma clinical trial of BNC105 are expected to report initial and interim data respectively prior to 30 June 2011.

We will continue to execute Bionomics established business strategy and we are committed to securing partners for our key compounds. The Bionomics Board believes the Company has an exciting independent future and is well positioned to deliver value to its shareholders.

Financially the Company is well placed to continue to execute its business strategy. We expect to further strengthen our cash position through the sale and lease-back of our research facility in Thebarton in the coming months. Agents have been engaged and marketing of the property has commenced. The book value of the property is $7.36 million and our outstanding debt to the Land Management Corporation of the South Australian Government is $2.45 million. The sale and lease-back will free up capital to further support our clinical programs and enable us to execute our partnership strategy.

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 11.

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 11th day of February 2011.

Christopher Fullerton
Chairman

Deborah Rathjen
CEO & Managing Director

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

11 Waymouth Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

DX: 664
Tel: +61 (0) 8 8407 7000
Fax: +61 (0) 8 8407 7001
www.deloitte.com.au

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

11 February 2011

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 2010, 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

Jordan Handel.

J J Handel
Partner
Chartered Accountants

BIONOMICS LIMITED
Condensed Consolidated Statement of Comprehensive Income
for the half year ended 31 December 2010

	Note	Half year 2010 $	Half year 2009 $
Revenue			
From operations		2,044,192	1,562,918
Interest received / receivable		245,133	170,005
Total revenue		2,289,325	1,732,923
Other income		27,500	99,776
Expenses			
Administrative		(1,184,383)	(1,006,859)
Financing costs		(116,182)	(125,704)
Occupancy		(460,426)	(471,824)
Compliance		(154,490)	(306,607)
Research and development		(4,937,984)	(3,978,277)
Loss for the half year before income tax		(4,536,640)	(4,056,572)
Income tax expense		-	-
Loss for the half year after income tax from continuing operations		(4,536,640)	(4,056,572)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(111,896)	(143,077)
Loss on cash flow hedges taken to equity		(87,493)	-
Income tax effect		-	-
Other comprehensive income for the half year		(199,389)	(143,077)
Total comprehensive income for the half year		(4,736,029)	(4,199,649)
		Cents	**Cents**
Basic and diluted earnings / (loss) per share	4	(1.4)	(1.4)

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

BIONOMICS LIMITED
Condensed Consolidated Statement of Financial Position
as at 31 December 2010

	Note	31 December 2010 $	30 June 2010 $
CURRENT ASSETS			
Cash and cash equivalents		8,475,214	12,612,244
Trade and other receivables		805,309	847,104
Inventories		46,725	113,075
Other assets		87,919	323,640
		9,415,167	13,896,063
Assets classified as held for sale	7	7,360,075	-
TOTAL CURRENT ASSETS		16,775,242	13,896,063
NON-CURRENT ASSETS			
Property, plant and equipment		319,458	7,907,530
Intangible assets		9,386,232	9,710,878
TOTAL NON-CURRENT ASSETS		9,705,690	17,618,408
TOTAL ASSETS		26,480,932	31,514,471
CURRENT LIABILITIES			
Trade and other payables		1,827,900	1,937,712
Borrowings		546,882	626,944
Provisions		615,486	600,642
Other liabilities		69,025	70,396
TOTAL CURRENT LIABILITIES		3,059,293	3,235,694
NON-CURRENT LIABILITIES			
Other payables		50,000	50,000
Borrowings	7	2,502,872	2,692,209
Provisions		66,653	70,680
TOTAL NON-CURRENT LIABILITIES		2,619,525	2,812,889
TOTAL LIABILITIES		5,678,818	6,048,583
NET ASSETS		20,802,114	25,465,888
SHAREHOLDERS' EQUITY			
Issued capital		75,138,469	75,114,469
Reserves		3,035,968	3,187,102
Accumulated losses		(57,372,323)	(52,835,683)
TOTAL SHAREHOLDERS' EQUITY		20,802,114	25,465,888

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

BIONOMICS LIMITED
Condensed Consolidated Statement of Cash Flows
for the half year ended 31 December 2010

	Half year	
	2010	**2009**
	$	**$**
Cash flows from operating activities		
Grants received	27,500	-
Receipts from customers	2,174,051	1,968,054
Payments to suppliers and employees	(6,193,611)	(5,232,027)
	(3,992,060)	(3,263,973)
Financing costs	(116,182)	(125,704)
Net cash outflow from operating activities	(4,108,242)	(3,389,677)
Cash flows from investing activities		
Interest received	235,833	141,452
Payments for purchases of PPE	(10,383)	(14,901)
Net cash inflow from investing activities	225,450	126,551
Cash flows from financing activities		
Proceeds from share issues (net of expenses)	24,000	14,806,230
Proceeds of borrowings	-	-
Repayments of borrowings	(269,399)	(254,763)
Net cash inflow / (outflow) from financing activities	(245,399)	14,551,467
Net increase / (decrease) in cash and cash equivalents	(4,128,191)	11,288,341
Cash at the beginning of the half year	12,612,244	4,757,200
Effects of exchange rate changes on the balances of cash held in foreign currency	(8,839)	(16,041)
Cash and cash equivalents at the end of the half year	8,475,214	16,029,500

The above condensed consolidated statement of cash flows 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 2010

Consolidated	Issued capital	Foreign currency translation reserve	Share based payments reserve	Hedging reserve	Asset revaluation reserve	Accumulated losses	Total
	$	$	$	$	$	$	$
Balance at 1 July 2009	59,969,571	(188,315)	1,029,404	-	2,505,509	(44,621,601)	18,694,568
Loss for the period	-	-	-	-	-	(4,056,572)	(4,056,572)
Other comprehensive income for the period	-	(143,077)	-	-	-	-	(143,077)
Total comprehensive income for the period	-	(143,077)	-	-	-	(4,056,572)	(4,199,649)
Employee share options	-	-	69,189		-	-	69,189
Contributions of equity, net of transaction costs (note 3)	15,007,098	-	-	-	-	-	15,007,098
Balance at 31 December 2009	74,976,669	(331,392)	1,098,593	-	2,505,509	(48,678,173)	29,571,206
Balance at 1 July 2010	75,114,469	(483,071)	1,164,664	-	2,505,509	(52,835,683)	25,465,888
Loss for the period	-	-	-	-	-	(4,536,640)	(4,536,640)
Other comprehensive income for the period	-	(111,896)	-	(87,493)	-	-	(199,389)
Total comprehensive income for the period	-	(111,896)	-	(87,493)	-	(4,536,640)	(4,736,029)
Employee share options	-	-	48,255	-	-	-	48,255
Contributions of equity, net of transaction costs (note 3)	24,000	-	-	-	-	-	24,000
Balance at 31 December 2010	75,138,469	(594,967)	1,212,919	(87,493)	2,505,509	(57,372,323)	20,802,114

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

NOTE 1: Basis of preparation of half year financial report

The Board has reviewed current operating plans and budgets and are of the opinion that sufficient cash flows adequate for the Company's requirements are in place.

Summary of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.* Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.*

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 2010 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.*

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 2010 annual financial report for the year ended 30 June 2010.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of financial assets and liabilities at fair value.

In the current half year, 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 its operations and effective for the current half year period.

Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations does not affect the Group's present policies and operations. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will not materially affect the amounts recognised in the financial statements of the Company or the Group but may change the disclosure presently made in the financial statements of the Company or 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 Board of Directors for the purpose of resource allocation and assessment of performance clearly separates the Bionomics Group into three distinct reportable segments:

- 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.

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

	Segment revenue Half year ended		Segment result Half year ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	$	$	$	$
Drug discovery	883,942	574,551	(872,641)	(767,663)
Drug development	68,439	83,490	(2,973,149)	(2,382,057)
Contract services	1,470,205	1,264,949	399,755	316,452
	2,422,586	1,922,990	(3,446,035)	(2,833,268)
Less: Intercompany revenue included in:				
Contract services	(456,190)	(475,013)		
Drug discovery	(64,679)	-		
Investment & other revenue	387,608	284,946	387,608	284,946
	2,289,325	1,732,923	(3,058,427)	(2,548,322)
Unallocated financing costs			(45,106)	(56,333)
Central administration costs			(1,433,107)	(1,451,917)
Loss after income tax			(4,536,640)	(4,056,572)

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 result 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.

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

	31 Dec 2010	30 June 2010
	$	$
Drug discovery	1,930,592	2,038,222
Drug development	7,010,020	7,112,259
Contract services	1,688,011	2,089,494
	10,628,623	11,239,975
Unallocated assets	15,852,309	20,274,496
Total assets	26,480,932	31,514,471

Assets used jointly by reporting segments are allocated on the basis of employee numbers of the individual reportable segment. The reduction in assets in the Contract services segment from the prior period is due to a reduction in the level of working capital (including cash on hand) necessary to manage the business. Included in Unallocated assets is the property classified as Assets held for sale referred to in Note 7.

NOTE 3: Equity securities issued

	Half year		Half year	
	2010 Number of shares	2009 Number of shares	2010 $	2009 $
Movements in ordinary share capital				
Balance at the beginning of the half year	318,354,279	253,799,591	75,114,469	59,969,571
Shares issued:				
• to directors and officers in lieu of fees and salary	-	845,754	-	200,868
• to shareholders upon the exercise of options	100,000	599,000	24,000	126,230
• to shareholders pursuant to				
• share placement	-	53,333,332	-	12,800,000
• Share Purchase Plan (SPP)	-	9,166,602	-	2,200,000
• cost of placement and SPP	-	-	-	(320,000)
Balance at the end of the half year	318,454,279	317,744,279	75,138,469	74,976,669

NOTE 4: Earnings per share

	Half year	
	2010 Cents	2009 Cents
Basic and diluted loss per share	(1.4)	(1.4)

	Half year	
	2010 Number	2009 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	318,385,257	283,658,817

NOTE 5: Change in accounting estimates

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

NOTE 6: Contingencies and commitments

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

NOTE 7: Disclosure of additional information

Since completion of the Company's 30 June 2010 annual financial report, the Board has decided to dispose of the Company's premises at Thebarton, South Australia. Marketing of the property had commenced prior to the half year end. Accordingly, the carrying value of the land, buildings and related fit-out has been disclosed as Assets held for sale. Debt totalling $2,456,253 that will be repaid at the time of settlement of the property remains disclosed as either current or non-current borrowings in accordance with contractual requirements.

NOTE 8: Subsequent events

No matter or circumstance has arisen since 31 December 2010 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.

In the directors' opinion:

(a) the financial statements and notes set out on pages 12 to 18 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations, its changes in equity and its cash flows, for the half year ended on that date; and

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

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.

Christopher Fullerton
Chairman

Deborah Rathjen
CEO & Managing Director

Dated at Adelaide this 11th day of February 2011.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

11 Waymouth Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

DX: 664
Tel: +61 (0) 8 8407 7000
Fax: +61 (0) 8 8407 7001
www.deloitte.com.au

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bionomics Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed 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 12 to 19.

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 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 2010 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 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 2010 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

J J Handel
Partner
Chartered Accountants
Adelaide, 11 February 2011

NTA Backing

	Half year	
	2010	**2009**
Net tangible asset backing per ordinary share	3.6 cents	6.1 cents