



ABN 53 075 582 740

BIONOMICS LIMITED

ASX half-year information –
31 December 2012

Lodged with the ASX under Listing Rule 4.2A

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BIONOMICS LIMITED

Half-year ended 31 December 2012

(Previous corresponding period: Half-year ended 31 December 2011)

Results for announcement to the market

				\$
Cash and cash equivalents as at 31 December 2012 from 30 June 2012	decreased by	46%	to	9,288,732
Net operating and investing cash outflows for the period (excluding the payments for the purchase of the business)	increased by	144%	to	6,874,239
Revenue from ordinary activities	increased by	162%	to	5,400,892
Loss for the half-year before income tax expense	increased by	17%	to	4,039,473
Loss from ordinary activities after tax attributable to members	increased by	17%	to	4,039,473

Explanation of cash and cash equivalents position as at 31 December 2012:

Closing cash and cash equivalents is in line with expectations with funds used to enable Bionomics to continue with the clinical trials for BNC105 (Phase II renal cancer and the commencement of Phase I/II ovarian cancer trial), select drug candidate BNC375 for the improvement of memory in Alzheimer's disease and the acquisition and progression of the San Diego-based cancer stem cell research and development activities. The Research and Development Tax Incentive refund of \$4.2m was received on 4 February 2013.

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 assistance (including the Research and Development Tax Incentive effective from 1 July 2011), 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 2012.

NTA Backing

	<u>Half-year</u>	
	<u>2012</u>	<u>2011</u>
Net tangible asset backing per ordinary share	2.4 cents	4.8 cents

ASX ANNOUNCEMENT
14 February 2013

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 2012.

Key Points – Financial

- Cash at the end of the half-year was \$9,288,732, with a further \$4.2 million received on 4 February 2013 as a result of the R&D Tax Incentive for the year ended 30 June 2012.
- Revenue for the period including other income was \$5,400,892 compared with revenue of \$2,058,657 for the period ending 31 December 2011.
- The operating loss after tax of the Group for the half-year ended 31 December 2012 was \$4,039,473 compared to a loss of \$3,465,425 for the half-year ended 31 December 2011. This was in line with expectations and reflects the Company's continued investment in research and development.
- Investment in the strategic area of cancer stem cell research and a US platform for Bionomics resulted in certain one off expenses (\$1.4 million). In addition capability in global clinical development was strengthened.

R&D Highlights

- Over the period Bionomics progressed the global clinical development of BNC105 in both ovarian cancer and renal cancer. The Phase I/II clinical trial in women with ovarian cancer is evaluating BNC105 in combination with current standard therapies carboplatin and gemcitabine. The study is being conducted by the Australian and New Zealand Gynaecological Oncology Group (ANZGOG) working with the National Health and Medical Research Council Clinical Trials Centre (NH&MRC CTC) in Australia and the Hoosier Oncology Group in the United States. It is anticipated that up to 134 women will be enrolled at 18 sites across Australia, New Zealand and the United States, including sites in Indiana and Wisconsin. Additional sites were opened in Australia and Singapore in the renal cancer trial. This Phase II trial is evaluating BNC105 in combination with Afinitor.
- On August 15 Bionomics announced that it had been granted its key patent (US 8,198,466) relating to its vascular disrupting agent BNC105 by the United States Patent and Trademark Office.
- As a result of Bionomics' acquisition of Biogen Idec's San Diego spinout Eclipse Therapeutics in September 2012, Bionomics acquired ET-101 a cancer stem cell (CSC) targeting humanised antibody, now referred to as BNC101. BNC101 has demonstrated functional activity against CSCs in tumour samples from patients with colon cancer. In particular BNC101 significantly reduces *in vivo* CSC frequency in serial re-implantation studies and significantly prevents tumour re-growth in long term (6 months) studies and increases survival and inhibits weight loss in a cachexic colon cancer model. Following the completion of IND enabling studies BNC101 is anticipated to enter clinical trials in 2014. The clinical strategy for BNC101 will target cancers where there is a high rate of relapse, including pancreatic and colon cancers.
- On December 14, 2012 Bionomics announced that BNC375 had been selected as Bionomics' drug candidate for the improvement of memory in Alzheimer's disease, Parkinson's disease, schizophrenia and other conditions where memory is

compromised. BNC375 data was presented on February 4, 2013 at the 33rd Annual Meeting of the Australian Neuroscience Society. The data demonstrated that BNC375 enhances both episodic and working memory and that the performance of BNC375 matches that of Donepezil (Aricept, marketed by Pfizer, US\$2.5 billion sales in 2011) in animal tests. BNC375 has now entered into a formal development program and is anticipated to commence clinical trials in 2014.

- KV1.3 program was expanded with in-house research focussed on new commercialisation opportunities including psoriasis. The program has a robust intellectual property position, with the granting of a key patent (US 8,202,513) by the USPTO in 2012.
- IW-2143 (formerly BNC210) development has moved forward. On November 8, 2012 Bionomics announced that its licensee Ironwood Pharmaceuticals has submitted an Investigational New Drug application to the US Food & Drug Administration (FDA). An IND is a precursor to proceeding with clinical trials on IW-2143 in the US. Subsequently on December 21 Bionomics announced that it had been advised by Ironwood that the planned Phase I clinical trial of the investigational anti-anxiety drug candidate IW-2143 (BNC210) had begun in the US. The trial is designed to assess the safety and pharmacokinetics of IW-2143 in healthy volunteers, using single and multi-dose administration. As this trial progresses it is anticipated that a US\$2 million milestone payment to Bionomics by Ironwood will be triggered. Ironwood is responsible for developing and, if approved, commercialising IW-2143 and related compounds, including paying for the costs of clinical development.

Outlook

Bionomics has strengthened both its pipeline and team in the areas of clinical development, business development and cancer stem cell biology in recent months. Key appointments and an exciting pipeline of drug candidates have laid the foundations for the execution of Bionomics' strategy across the company's entire portfolio. The achievement of the company's business objectives and progress in its clinical activities is being strongly facilitated through Bionomics presence in the US.

BNC105, BNC101 and BNC375 will continue to be the focus of the Company's investment in R&D in FY13 and into FY14 as these programs achieve key value inflection points. Bionomics will also continue to invest in its other pipeline programs, including the Kv1.3 program, positioning them for licensing.

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About Bionomics Limited

Bionomics (ASX: BNO) is an Australian based 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, memory loss and autoimmune disorders, several of which are in or approaching clinical development stage. Its oncology approach includes cancer stem cell therapeutics as well as vascular disruption in solid tumours.

BNC105, which is undergoing Phase II clinical development for the treatment in a range of solid tumour types, is based upon the identification of a novel compound that potently and selectively restricts blood flow within tumours. BNC105 offer blockbuster potential if successfully developed. A clinical program is also underway for the treatment of anxiety disorders and depression based on IW-2143 (BNC210), a novel compound which stimulates neurite outgrowth. IW-2143 is partnered with Ironwood Pharmaceuticals.

Bionomics' discovery and development activities are driven by its four 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®, 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; 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.

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, including, without limitation, statements made regarding Bionomics' development candidates BNC105, IW-2143 (BNC210), BNC101 and BNC375, our acquisition of Eclipse Therapeutics and ability to develop products from their platform, its licensing deal with Ironwood Pharmaceuticals, drug discovery programs, including Kv1.3 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, Ironwood's decisions to continue or not continue development of IW-2143, 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 press release.



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BIONOMICS LIMITED

Half-Year Report – 31 December 2012

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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 2012 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 2012.

DIRECTORS

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

- Mr Graeme Kaufman, Non-Executive Director and Chairman (appointed as Non-Executive Director 18 September 2012 and Chairman 14 November 2012)
- Mr Christopher Fullerton, Non-Executive Director and Chairman (retired as Chairman 14 November 2012 and Non-Executive Director 31 December 2012)
- 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 (appointed 14 September 2012)

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, Alzheimer's Disease, 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

Cash at the end of the half-year was \$9,288,732 (\$17,336,609 at 30 June 2012) and net cash outflow for the six month period was \$8,047,877, compared to net cash inflow of \$1,834,161 for the six month period ended 31 December 2011, which included net proceeds of \$4.1 million due to the sale of the building in July 2011.

Revenue for the period including other income was \$5,400,892, including an R&D Tax Incentive estimate for the half-year ended 31 December 2012 and a true-up of the FY12 estimate that received a favourable Advance Finding from AusIndustry for overseas expenditure, compared with revenue of \$2,058,657 for the period to 31 December 2011.

The operating loss after tax of the Group for the half-year ended 31 December 2012 was \$4,039,473, compared to \$3,465,425 for the prior comparable period ended 31 December 2011, which was in line with expectations and reflects the Company's continued investment in research and development.

DIVIDENDS

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

REVIEW OF OPERATIONS

Oncology

BNC105: A potent and highly selective treatment for solid tumours

Bionomics has continued to execute its international clinical trials program for BNC105 in metastatic renal cancer and ovarian cancer. Clinical trial sites were opened in Australia and Singapore in addition to the US-wide clinical trial sites enrolling patients in the Phase II renal cancer trial. The Phase I data has provided some encouragement. Of the 12 patients enrolled in this stage of the trial, 8 patients showed stable disease with one patient receiving 24 cycles (18 months) of treatment. BNC105 is being used in combination with Afinitor following unsuccessful prior treatment. The median time to relapse on Afinitor treatment alone is 4.9 months.

The Phase I/II clinical trial in women with ovarian cancer is evaluating BNC105 in combination with current standard therapies carboplatin and gemcitabine. The study is being conducted by the Australian and New Zealand Gynaecological Oncology Group (ANZGOG) working with the National Health and Medical Research Council Clinical Trials Centre (NH&MRC CTC) in Australia and the Hoosier Oncology Group in the United States. It is anticipated that up to 134 women will be enrolled at 18 sites across Australia, New Zealand and the United States, including sites in Indiana and Wisconsin.

An enforceable intellectual property position is critical to the future value of any biotechnology product and Bionomics has a very comprehensive IP portfolio surrounding BNC105. On August 15 Bionomics announced that it had been granted its key patent (US 8,198,466) relating to its vascular disrupting agent BNC105 by the United States Patent and Trademark Office.

BNC101: A new addition to the drug pipeline targeting cancer stem cells

Bionomics acquisition of San Diego-based private biotechnology company Eclipse Therapeutics Inc (Eclipse) announced on September 17 2012 established Bionomics as a global leader at the forefront of cancer stem cell therapeutics.

Cancer stem cells (CSC) have been described as the seeds at the root of cancer, and CSC technology is thus viewed by many oncologists and pharmaceutical companies as a high priority, new oncology drug frontier. Scientific and clinical research supports the concept that CSCs are responsible for tumour initiation and recurrence. Cancer stem cells tend to be resistant to chemotherapy and other conventional forms of cancer treatment.

BNC101, a humanised monoclonal antibody acquired with Eclipse, that has demonstrated a high level of activity against cancer stem cells from colon cancer patient samples is being progressed towards clinical trials. BNC101 is anticipated to enter clinical trials in 2014.

CNS

IW-2143 (BNC210): US clinical trial initiated by Ironwood

Following an IND submission in November, on December 21 Bionomics announced that it had been advised by Ironwood that the planned Phase I clinical trial of the investigational anti-anxiety drug candidate IW-2143 (BNC210) had begun in the US. The trial is designed to assess the safety and pharmacokinetics of IW-2143 in healthy volunteers, using single and multi-dose administration. As this trial progresses it is anticipated that a US\$2 million milestone payment to Bionomics by Ironwood will be triggered. Ironwood is responsible for developing and, if approved, commercialising IW-2143 and related compounds, including paying for the costs of clinical development.

The start of this first US clinical trial of IW-2143 is welcomed by Bionomics as a strong signal of the progress being made by Ironwood.

BNC375: Improving memory

On December 14 2012 Bionomics announced that BNC375 had entered the company's pipeline. BNC375 is proprietary to Bionomics and is a positive allosteric modulator of the $\alpha 7$ nicotinic acetylcholine receptor ($\alpha 7$ nAChR), an important target for the improvement of memory and learning deficits that occur in illnesses like Alzheimer's disease.

Bionomics will commence GMP manufacturing scale-up and formal toxicology studies with the objective of filing an Investigational New Drug (IND) application with the US Food and Drug Administration (FDA), as it further enhances the licensing package around BNC375. BNC375 has been found to be effective across a panel of animal models of impaired learning and memory. To date it has shown no signs of side-effects.

In preclinical testing BNC375 outperformed benchmark compounds including Donepezil, a Pfizer product marketed as Aricept with reported US\$2.5 billion sales in 2011. BNC375 competitive advantages include:

- Rapid onset of action combined with a high degree of selectivity
- Modulation of $\alpha 7$ nAChR without causing side-effects or lack of response due to receptor desensitisation
- Preservation of the normal signalling patterns of the receptor
- Suitable for concomitant use with other medicines e.g., acetylcholinesterase inhibitors in Alzheimer's disease

The estimated worldwide costs of dementia, including direct and indirect costs of care, was \$604 billion with an estimated 35.6 million people worldwide affected by dementia in 2010. This is expected to double every 20 years reaching 65.7 million in 2030 and 115.4 million in 2050. In the US alone an estimated 5.3 million people have Alzheimer's disease including 14% of people over 71 years of age (Source: *Business Insights, May 2011, Advances in Alzheimer's Disease Drug Discovery: Innovations, challenges, and future directions*).

Autoimmune disease

Kv1.3: Expanded possibilities

Throughout the six months to 31 December Bionomics expanded its Kv1.3 program targeting inflammatory and autoimmune conditions, pursuing a broader range of commercial opportunities for the program. A high priority has been placed on new commercialisation opportunities such as Crohn's Disease, psoriasis and dermatitis. Through the Kv1.3 program Bionomics is now targeting a large slice of the global immunomodulators market which was estimated at US\$46.8 billion in 2010.

OUTLOOK

Bionomics is well positioned to progress its portfolio of drug candidates. The achievement of the company's business objectives and progress in its clinical activities is being strongly facilitated through Bionomics presence in the US.

BNC105, BNC101 and BNC375 will continue to be the focus of the Company's investment in R&D in FY13 and into FY14 as these programs achieve key value inflection points. Bionomics will also continue to invest in its other pipeline programs, including the Kv1.3 program, positioning them for licensing. Licensing discussions with Pharmaceutical companies have been progressed across a number of projects in Bionomics' pipeline.

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 14th day of February 2013.



Graeme Kaufman
Chairman



Deborah Rathjen
CEO & Managing Director

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

14 February 2013

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 2012, 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.



DELOITTE TOUCHE TOHMATSU



Philip Teale
Partner
Chartered Accountants

BIONOMICS LIMITED**Condensed Consolidated Statement of Comprehensive Income**

for the half-year ended 31 December 2012

	<u>Note</u>	<u>Half-year ended</u>	
		<u>31 December</u>	<u>31 December</u>
		<u>2012</u>	<u>2011</u>
		<u>\$</u>	<u>\$</u>
Continuing operations			
Revenue		1,699,105	2,055,820
Other Income		3,701,787	2,837
Total revenue		<u>5,400,892</u>	<u>2,058,657</u>
Expenses			
Administrative		(1,404,431)	(843,261)
Financing costs		(34,922)	(24,761)
Occupancy		(717,654)	(661,804)
Compliance		(262,144)	(207,636)
Research and development		(7,021,214)	(3,786,620)
Loss before tax		<u>(4,039,473)</u>	<u>(3,465,425)</u>
Income tax expense		-	-
Loss for the half-year after income tax from continuing operations		<u>(4,039,473)</u>	<u>(3,465,425)</u>
Other comprehensive income			
Exchange differences arising on translation of foreign operations		119,950	(71,812)
Loss on cash flow hedges taken to equity		-	-
Total comprehensive income for the half-year from continuing operations		<u>(3,919,523)</u>	<u>(3,537,237)</u>
Loss attributable to:			
Owners of the Company		<u>(3,919,523)</u>	<u>(3,537,237)</u>
Earnings per share from continuing operations		<u>Cents</u>	<u>Cents</u>
Basic loss per share	5	(1.1)	(1.0)
Diluted loss per share	5	(1.1)	(1.0)

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 2012

	Note	31 December 2012 \$	30 June 2012 \$
<u>CURRENT ASSETS</u>			
Cash and cash equivalents		9,288,732	17,336,609
Trade and other receivables		589,780	411,417
Other financial assets		-	36,232
Inventories		71,060	135,284
Current tax asset		290,008	360,386
Research and development receivable		6,801,787	3,100,000
Other assets		258,469	358,142
<u>TOTAL CURRENT ASSETS</u>		17,299,836	21,738,070
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment		777,742	773,247
Intangible assets	3	20,897,658	8,520,206
Deferred tax asset		70,665	70,665
<u>TOTAL NON-CURRENT ASSETS</u>		21,746,065	9,364,118
<u>TOTAL ASSETS</u>		39,045,901	31,102,188
<u>CURRENT LIABILITIES</u>			
Trade and other payables		2,177,412	2,828,220
Borrowings		709,048	732,819
Provisions		921,057	888,808
Other liabilities		31,494	18,188
<u>TOTAL CURRENT LIABILITIES</u>		3,839,011	4,468,035
<u>NON-CURRENT LIABILITIES</u>			
Other payables		279,416	272,855
Borrowings		382,703	443,942
Provisions		54,995	18,239
Contingent consideration	8	4,710,214	-
<u>TOTAL NON-CURRENT LIABILITIES</u>		5,427,328	735,036
<u>TOTAL LIABILITIES</u>		9,266,339	5,203,071
<u>NET ASSETS</u>		29,779,562	25,899,117
<u>EQUITY</u>			
Capital		95,545,294	87,834,778
Reserves		1,096,650	887,248
Accumulated losses		(66,862,382)	(62,822,909)
<u>TOTAL EQUITY</u>		29,779,562	25,899,117

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 2012

<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 2011	87,690,990	-	(552,274)	1,247,135	(59,686,670)	28,699,181
Loss for the period	-	-	-	-	(3,465,425)	(3,465,425)
Other comprehensive income for the period	-	-	(71,812)	-	-	(71,812)
Total comprehensive income for the period	-	-	(71,812)	-	(3,465,425)	(3,537,237)
Employee share options	-	-	-	124,114	-	124,114
Issue of ordinary shares under Employee Share Option Plan (note 4)	11,500	-	-	-	-	11,500
Balance at 31 December 2011	87,702,490	-	(624,086)	1,371,249	(63,152,095)	25,297,558
Balance at 1 July 2012	87,834,778	-	(645,886)	1,533,134	(62,822,909)	25,899,117
Loss for the period	-	-	-	-	(4,039,473)	(4,039,473)
Other comprehensive income for the period	-	-	119,950	-	-	119,950
Total comprehensive income for the period	-	-	119,950	-	(4,039,473)	(3,919,523)
Recognition of Share-based payments	-	-	-	89,452	-	89,452
Issue of ordinary shares	6,116,024	-	-	-	-	6,116,024
Ordinary shares not yet issued	-	1,532,567	-	-	-	1,532,567
Issue of ordinary shares under Employee Share Option Plan (note 4)	61,925	-	-	-	-	61,925
Balance at 31 December 2012	94,012,727	1,532,567	(525,936)	1,622,586	(66,862,382)	29,779,562

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 2012

	Half-year ended	
	31 December 2012	31 December 2011
	\$	\$
Cash flows from operating activities		
Grants received	-	568,648
Receipts from customers	1,208,088	1,529,781
Payments to suppliers and employees	(8,339,833)	(4,690,602)
Financing costs	(34,922)	(24,761)
Net cash outflow from operating activities	(7,166,667)	(2,616,934)
Cash flows from investing activities		
Interest received	297,707	321,129
Proceeds from sale of PPE	-	6,388,521
Payments for purchases of PPE	(5,279)	(521,016)
Net cash acquired on acquisition	256,279	-
Acquisition transaction costs	(1,409,134)	-
Net cash (outflow) / inflow from investing activities	(860,427)	6,188,634
Cash flows from financing activities		
Proceeds from share issues	61,925	11,500
Proceeds of borrowings	-	522,840
Repayments of borrowings	(85,010)	(2,264,189)
Net cash outflow from financing activities	(23,085)	(1,729,849)
Net (decrease) / increase in cash and cash equivalents	(8,050,179)	1,841,851
Cash at the beginning of the half-year	17,336,609	16,052,230
Effect of exchange rate changes on the balances of cash held in foreign currency	2,302	(7,690)
Cash and cash equivalents at the end of the half-year	9,288,732	17,886,391

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 2012

NOTE 1: Summary of significant accounting policies

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.

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 2012 annual financial report for the financial year ended 30 June 2012 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.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect of the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

NOTE 2: Segment information

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 2012</u>	<u>31 Dec 2011</u>	<u>31 Dec 2012</u>	<u>31 Dec 2011</u>
	\$	\$	\$	\$
Drug discovery	154,808	821,549	(1,262,827)	(1,003,173)
Drug development	775,856	81,995	(1,288,292)	(1,698,589)
Contract services	1,555,707	781,558	296,460	(74,329)
	2,486,371	1,685,102	(2,254,659)	(2,776,091)
Less:				
Intercompany revenue included in:				
Contract services	(1,221,441)	(291,932)		
Investment & other revenue	434,175	662,650	434,175	662,650
	1,699,105	2,055,820	(1,820,484)	(2,113,441)
Unallocated financing costs			(31,011)	(21,892)
Central administration costs			(2,187,978)	(1,330,092)
Loss before income tax			(4,039,473)	(3,465,425)

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 2012</u>	<u>30 June 2012</u>
	\$	\$
Drug discovery	18,277,907	3,093,726
Drug development	10,012,497	8,578,963
Contract services	1,223,491	1,712,836
	29,513,895	13,385,525
Unallocated assets	9,532,006	17,716,663
Total assets	39,045,901	31,102,188

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

NOTE 3: Intangible assets

	<u>Goodwill</u>	<u>Intellectual Property</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Gross carrying amount at 1 July 2011	5,147,990	6,806,632	11,954,622
Foreign currency exchange differences	-	(107,653)	(107,653)
Gross carrying amount at 31 December 2011	5,147,990	6,698,979	11,846,969
Gross carrying amount at 1 July 2012	5,147,990	6,655,082	11,803,072
Additions	-	12,703,228	12,703,228
Foreign currency exchange differences	-	123,178	123,178
Gross carrying amount at 31 December 2012	5,147,990	19,481,488	24,629,478
Accumulated amortisation amount at 1 July 2011	-	(2,834,442)	(2,834,442)
Foreign currency exchange differences	-	54,957	54,957
Amortisation	-	(267,616)	(267,616)
Accumulated amortisation amount at 31 December 2011	-	(3,047,101)	(3,047,101)
Accumulated amortisation amount at 1 July 2012	-	(3,282,866)	(3,282,866)
Foreign currency exchange differences	-	(119,699)	(119,699)
Amortisation	-	(329,255)	(329,255)
Accumulated amortisation amount at 31 December 2012	-	(3,731,820)	(3,731,820)
Net carrying amounts 30 June 2012	5,147,990	3,372,216	8,520,206
Net carrying amounts 31 December 2012	5,147,990	15,749,668	20,897,658

NOTE 4: Equity securities issued

	<u>Half-year</u>		<u>Half-year</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</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	345,384,619	344,731,779	87,834,778	87,690,990
Shares issued:				
• to shareholders upon the exercise of options	232,500	50,000	61,925	11,500
• To Eclipse Therapeutics, Inc Shareholders on acquisition	19,112,575	-	6,116,024	-
Balance at the end of the half-year	364,729,694	344,781,779	94,012,727	87,702,490

In addition to the above, 4,778,142 (\$1,532,567) shares are due to be issued to the Eclipse Therapeutics, Inc shareholders relating to the acquisition and are currently recorded as "other capital contributed" in the Condensed Consolidated Statement of Changes in Equity

NOTE 5: Earnings per share

	<u>Half-year</u>	
	<u>2012</u>	<u>2011</u>
	<u>Cents</u>	<u>Cents</u>
Basic loss per share	(1.1)	(1.0)
Diluted loss per share	(1.1)	(1.0)

Half-year**2012**
Number**2011**
Number**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

356,257,315

344,739,714

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: Acquisition of Eclipse Therapeutics, Inc

On 17 September 2012, the Company announced the acquisition of Eclipse Therapeutics, Inc into the wholly owned subsidiary Bionomics, Inc with effect from 14 September 2012. Bionomics, Inc is engaged in Cancer Stem Cell research and development activities and is complementary to the Group's existing oncology research and development program.

Consideration transferred

		\$
Shares issued	19,112,575	6,116,024
Shares issuable (estimated maximum)	4,778,143	1,532,567
Cash	-	14,246
Total shares consideration	<u>23,890,718</u>	<u>7,662,837</u>
Contingent consideration (i)		<u>4,681,749</u>
		<u><u>12,344,586</u></u>

- (i) The contingent consideration is the estimated fair value of the potential cash earn-outs to Eclipse shareholders based on achieving late stage development success or partnering outcomes based on Eclipse assets.

Assets acquired and liabilities assumed at the date of acquisition

Current assets	\$
Cash and cash equivalents	270,525
Other current assets	7,256
Non-current assets	
Plant and equipment	109,853
Intellectual Property	12,703,228
Current liabilities	
Trade and other payables	<u>(746,276)</u>
	<u><u>12,344,586</u></u>

In accordance with the Accounting Standard AASB 3 'Business Combinations', the Company is able to provisionally determine the initial accounting for the acquisition. At the end of the half-year, the intangible assets have been provisionally determined based on the directors' best estimate of the likely fair value at \$12,703,228. The calculation of the consideration transferred and intangible assets including, but not limited to intellectual property, goodwill and deferred tax assets may be amended when further information to support these values is obtained. .

Impact of acquisition on the results of the Group

Included in the loss for the half-year is \$434,272 attributable to this acquisition. Had the acquisition been effected at 1 July 2012, the loss from continuing operations for the six months ended 31 December 2012 would have increased by a total of \$833,000. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group. This may provide a reference point for comparison in future half-years, but will depend on the progress of the research and development.

In determining the 'pro-forma' loss of the Group had the Eclipse Therapeutics, Inc been acquired at the beginning of the current half-year, the directors have:

- Calculated depreciation of 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;
- Included savings for work performed within the Group rather than outsourced; and
- Assumed a similar rate of progress for the research and development.

NOTE 9: Subsequent events

No matter or circumstance has arisen since 31 December 2012 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 other than described below:

- The Group received a cash refund for the Research and Development Tax Incentive for the year ended 30 June 2012 on 4 February 2013 of \$4.2 million.

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, 14 February 2013

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 2012, the condensed consolidated statement of 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 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 2012 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.

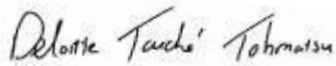
Auditor's Independence Declaration

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.

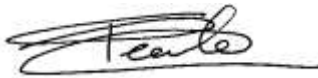
Conclusion

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 2012 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



Philip Teale
Partner
Chartered Accountants
Adelaide, 14 February 2013