ABN 53 075 582 740

BIONOMICS LIMITED

ASX half-year information – 31 December 2013

Lodged with the ASX under Listing Rule 4.2A

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Results for announcement to the market

				$
Cash and cash equivalents as at 31 December 2013 from 30 June 2013	decreased by	8.82%	to	20,471,279
Net operating and investing cash outflows for the period (excluding the payments for the purchase of the business)	decreased by	66.26%	to	2,319,203
Revenue from ordinary activities	decreased by	5.35%	to	5,112,154
Loss for the half-year before income tax expense	increased by	69.25%	to	6,836,619
Loss from ordinary activities after tax attributable to members	increased by	69.25%	to	6,836,619

Explanation of cash and cash equivalents position as at 31 December 2013:
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 progress BNC101 through IND enabling studies. The R&D Tax Incentive refund for FY13 was received in December 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), 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 2013.

NTA Backing

	Half-year	
	2013	**2012**
Net tangible asset backing per ordinary share	2.2 cents	2.4 cents

Bionomics Limited

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ASX ANNOUNCEMENT
18 February 2014

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 2013.

Key Points – Financial

- Cash at the end of the half-year was $20,471,279. This is compared to 30 June 2013 cash of $22,452,089.
- Revenue for the period including other income was $5,112,154 compared with revenue of $5,400,892 for the period ending 31 December 2012.
- The comprehensive loss after tax of the Group for the half-year ended 31 December 2013 was $6,836,619 compared to a loss of $4,039,473 for the half-year ended 31 December 2012. This was in line with expectations and reflects the Company's continued investment in research and development.

Corporate and R&D Highlights

- On 31 July 2013 Bionomics announced an agreement with Merck, known as MSD outside the United States and Canada, to discover and develop novel small molecule candidates for the treatment of chronic pain, including neuropathic pain. Under the terms of the agreement, Merck will have the option to exclusively license a compound from Bionomics for development and commercialisation. In return, Bionomics may receive option exercise fees and development and regulatory milestone payments of up to US$172 million. Bionomics is using its ionX drug discovery platform and MultiCore chemistry to identify potential drug candidates. Bionomics retains the right to develop and commercialise certain compounds for which Merck does not exercise its option.
- Data on Bionomics' drug candidate BNC375 for memory loss in conditions such as Alzheimer's disease and Parkinson's disease was presented at the COGNITO meeting in Copenhagen, Denmark and at Neuroscience 2013 and its associated satellite meeting on Nicotinic Acetylcholine Receptors as Therapeutic Targets in the US. BNC375 has shown potent efficacy in animal cognitive impairment models and has the potential to be effective against a range of disease states from mild to severe. In the animal models BNC375 is benchmarked against Donepezil (Aricept). Aricept, first approved in 1996, is the largest selling drug for treatment of cognitive deficit in Alzheimer's disease.
- New BNC105 data was presented to the AACR International Conference on Molecular Targets and Cancer Therapeutics in October 2013. The BNC105 presentation highlighted data that further expands and consolidates the potential therapeutic utility of BNC105 in renal cancer. Using animal models of kidney cancer Bionomics has demonstrated BNC105 combines effectively with therapies that are the current standard of care in the first and second lines of treatment for patients with metastatic renal cancer. Votrient® (GSK) and Afinitor® (Novartis) are drugs used as first and second line therapies respectively. Both combine safely with BNC105 in animal studies and show significantly improved therapeutic benefit compared to their use in isolation.
- BNC101 made considerable progress towards the clinic with IND enabling studies, initiated on 29 July 2013, now at an advanced stage. BNC101 also attracted attention

at key international conferences including at the European Cancer Stem Cell Research Institute's Targeting Cancer Conference, UK (July 2013) and the AACR International Conference on Molecular Targets and Cancer Therapeutics in Boston, USA (October 2013). Throughout the period preclinical data supporting Bionomics' therapeutic strategy for treating cancer by the targeting of Cancer Stem Cells (CSCs) with BNC101, prolonging patient survival by preventing CSCs from re-seeding cancer following frontline surgery and standard of care chemotherapy was generated. BNC101 is a humanised monoclonal antibody which binds to LGR5, a validated CSC receptor over expressed in colorectal cancer, pancreatic, breast and most other solid tumours.

Outlook

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

Bionomics' partnership with Merck marked an important milestone in our strategic partnering for the development and commercialisation of selected programs within our pipeline. Partnering discussions on BNC375 and a compound from the Company's Kv1.3 program, BNC164 continue, and are anticipated to yield significant value for Bionomics.

Bionomics' lead anti-cancer drug BNC105 is poised to reach a significant value inflection point with Phase II data from its trial in patients with metastatic renal cell carcinoma anticipated and encouraging data from the Phase I component of its Phase I/II ovarian cancer clinical trial announced on 3 February 2014.

Bionomics has committed to being a leader in the cancer stem cell therapeutic space. As commented above, BNC101 has made considerable progress towards the objective of filing an Investigational New Drug Application (IND) and commencing the first trials in patients with metastatic colorectal cancer and pancreatic cancer in 2014.

FOR FURTHER INFORMATION PLEASE CONTACT:

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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.

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.

Bionomics Limited

ABN 53 075 582 740

BIONOMICS LIMITED

Half-Year Report – 31 December 2013

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 2013 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 2013. 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), including anxiety, Alzheimer's Disease, Multiple Sclerosis and epilepsy;
- 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 $20,471,279 ($22,452,089 at 30 June 2013) and net cash outflow for the six month period was $2,036,973, compared to net cash outflow of $8,050,179 for the six month period ended 31 December 2012. Cash inflows for the current period included $7,004,342 of R&D Tax Incentive. The prior comparable period did not include any R&D Tax Incentive received as the $4.2m refund relating the FY2012 was received in February 2013.

Revenue for the period including other income was $5,112,154, including an R&D Tax Incentive estimate for the half-year ended 31 December 2013, compared with revenue of $5,400,892 for the period to 31 December 2012.

The operating loss after tax of the Group for the half-year ended 31 December 2013 was $6,836,619, compared to $4,039,473 for the prior comparable period ended 31 December 2012, which was in line with expectations and reflects the Company's continued investment in research and development.

Announcements by the Company during the period indicative of both corporate and R&D progress included:

- July 23, 2013 Bionomics' Cancer Stem Cells progress highlighted at key European conference
- July 29, 2013 Bionomics initiates IND-enabling studies with BNC101
- July 31, 2013 Bionomics signs option and licence agreement with Merck
- September 27, 2013 Bionomics to present BNC375 at Cognito neuroscience meeting
- October 18, 2013 Bionomics to present cancer compounds at AACR international conference
- November 6, 2013 Bionomics to present Alzheimer's drug candidate at US neuroscience conferences
- December 18, 2013 Bionomics receives $7.04M 2013 R&D tax incentive

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.

Bionomics' partnership with Merck (MSD) marked an important milestone in our strategic partnering for the development and commercialisation of selected programs within our pipeline. Partnering discussions on BNC375 and a compound from the Company's Kv1.3 program, BNC164, continue and are anticipated to yield significant near term value for Bionomics. Bionomics will continue to invest in its other pipeline programs, positioning them for licensing at the appropriate time.

Bionomics' lead anti-cancer drug BNC105 is poised to reach a significant value inflection point with Phase II data from its trial in patients with metastatic renal cell carcinoma anticipated and encouraging data from the Phase I component of its Phase I/II ovarian cancer clinical trial reported on 3 February 2014.

Bionomics has committed to being a leader in the cancer stem cell therapeutic space. As commented above, BNC101 has made considerable progress towards the objective of filing an Investigational New Drug application (IND) and commencing the first clinical trials of this exciting cancer stem cell agent in patients with metastatic colorectal cancer and pancreatic cancer in 2014.

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 9.

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 18th day of February 2014.

Graeme Kaufman	**Deborah Rathjen**
Chairman	**CEO & Managing Director**

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

18 February 2014
Our Ref: PWT/JZ

Dear Board Members

Re: 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 2013, 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 faithfully

DELOITTE TOUCHE TOHMATSU

Philip Teale
Partner
Deloitte Touche Tohmatsu

BIONOMICS LIMITED

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2013

	Note	Half-year ended 31 December 2013 $	31 December 2012 $
Continuing operations			
Revenue		1,583,241	1,699,105
Other Income		3,528,913	3,701,787
Total revenue		5,112,154	5,400,892
Expenses			
Administrative		(1,698,745)	(1,404,431)
Financing costs		(415,833)	(34,922)
Occupancy		(871,796)	(717,654)
Compliance		(247,175)	(262,144)
Research and development		(8,715,224)	(7,021,214)
Loss before tax		(6,836,619)	(4,039,473)
Income tax expense		-	-
Loss for the period after income tax from continuing operations		(6,836,619)	(4,039,473)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		467,940	119,950
Total comprehensive income for the period from continuing operations		(6,368,679)	(3,919,523)
Loss attributable to:			
Owners of the Company		(6,368,679)	(3,919,523)
Earnings per share from continuing operations			
		Cents	**Cents**
Basic loss per share	5	(1.6)	(1.1)
Diluted loss per share	5	(1.6)	(1.1)

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 2013

	Note	31 December 2013 $	30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents		20,471,279	22,452,089
Trade and other receivables		683,249	705,722
Inventories		67,791	98,526
Current tax asset		37,350	36,648
R&D Incentive receivable		3,510,000	7,000,000
Other assets		261,519	422,513
TOTAL CURRENT ASSETS		25,031,188	30,715,498
NON-CURRENT ASSETS			
Property, plant and equipment		792,882	842,850
Intangible assets	4	26,450,705	22,052,744
TOTAL NON-CURRENT ASSETS		27,243,587	22,895,594
TOTAL ASSETS		52,274,775	53,611,092
CURRENT LIABILITIES			
Trade and other payables		3,458,154	4,283,609
Borrowings		685,030	680,376
Provisions		1,055,634	1,081,086
Other liabilities		186,521	37,447
TOTAL CURRENT LIABILITIES		5,385,339	6,082,518
NON-CURRENT LIABILITIES			
Other payables		329,286	306,410
Borrowings		337,478	400,159
Provisions		93,090	66,327
Deferred tax liability	9	4,607,531	-
Contingent consideration	9	5,896,270	5,348,695
TOTAL NON-CURRENT LIABILITIES		11,263,655	6,121,591
TOTAL LIABILITIES		16,648,994	12,204,109
NET ASSETS		35,625,781	41,406,983
EQUITY			
Capital		111,650,263	111,312,572
Reserves		3,636,396	2,918,670
Accumulated losses		(79,660,878)	(72,824,259)
TOTAL EQUITY		35,625,781	41,406,983

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 2013

Consolidated	Issued capital	Other capital contributed	Foreign currency translation reserve	Share-based payments reserve	Accumulated losses	Total
	$	$	$	$	$	$
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)
Exchange differences on translation of foreign operations	-	-	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 3)	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
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

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 2013

	Half-year ended	
	31 December 2013	31 December 2012
	$	$
Cash flows from operating activities		
R&D Incentive received	7,004,342	-
Receipts from customers	1,386,193	1,208,088
Payments to suppliers and employees	(10,901,393)	(8,339,833)
Financing costs	(39,452)	(34,922)
Net cash outflow from operating activities	(2,550,310)	(7,166,667)
Cash flows from investing activities		
Interest received	275,991	297,707
Payments for purchases of PPE	(44,885)	(5,279)
Net cash acquired on acquisition	-	256,279
Acquisition transaction costs	-	(1,409,134)
Net cash inflow/(outflow) from investing activities	231,106	(860,427)
Cash flows from financing activities		
Proceeds from share issues	337,692	61,925
Repayments of borrowings	(55,461)	(85,010)
Net cash inflow/(outflow) from financing activities	282,231	(23,085)
Net (decrease) / increase in cash and cash equivalents	(2,036,973)	(8,050,179)
Cash at the beginning of the half-year	22,452,089	17,336,609
Effect of exchange rate changes on the balances of cash held in foreign currency	56,163	2,302
Cash and cash equivalents at the end of the half-year	20,471,279	9,288,732

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

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 2013 annual financial report for the financial year ended 30 June 2013 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:

- AASB10 'Consolidated Financial Statements' and AASB2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13', and
- AASB119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119' (2011)

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 have 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

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:

	Segment revenue		Segment result	
	Half-year ended		Half-year ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	$	$	$	$
Drug discovery	14,571	154,808	(4,237,435)	(1,262,827)
Drug development	294,878	775,856	(449,710)	(1,288,292)
Contract services	1,105,566	1,555,707	61,265	296,460
	1,415,015	2,486,371	(4,625,880)	(2,254,659)
Less: Intercompany revenue included in:				
Contract services	(240,508)	(1,221,441)	-	-
Investment & other revenue	408,734	434,175	423,305	434,175
	1,583,241	1,699,105	(4,202,575)	(1,820,484)
Unallocated financing costs			(415,833)	(31,011)
Central administration costs			(2,218,211)	(2,187,978)
Loss before income tax			(6,836,619)	(4,039,473)

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	31 Dec 2013	30 June 2013
	$	$
Drug discovery	23,088,918	20,260,167
Drug development	7,392,978	10,131,324
Contract services	1,624,559	825,460
	32,106,455	31,216,951
Unallocated assets	20,168,320	22,394,141
Total assets	52,274,775	53,611,092

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

NOTE 3: Equity securities issued

	Half-year		Half-year	
	2013 Number of shares	2012 Number of shares	2013 $	2012 $
Movements in ordinary share capital				
Balance at the beginning of the half-year	415,879,455	345,384,619	111,312,572	87,834,778
Shares issued:				
• to shareholders upon the exercise of options	1,243,242	232,500	337,691	61,925
• To Eclipse Therapeutics, Inc Shareholders on acquisition	-	119,112,575	-	6,116,024
Balance at the end of the half-year	417,122,697	364,729,694	111,650,263	94,012,727

In addition to the above, 4,778,143 ($1,532,567) shares were issued on 6 January 2014 to the Eclipse Therapeutics, Inc shareholders relating to the acquisition in September 2012 and are currently recorded as “other capital contributed” in the Condensed Consolidated Statement of Changes in Equity.

NOTE 4: Intangible assets

	Goodwill $	Intellectual Property $	Total $
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
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
Accumulated amortisation amount at 1 July 2012	-	(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 2012	-	(3,047,101)	(3,047,101)
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)
Net carrying amounts 30 June 2013	5,147,990	16,904,754	22,052,744
Net carrying amounts 31 December 2013	9,755,521	16,695,184	26,450,705

NOTE 5: Earnings per share

	Half-year 2013 Cents	Half-year 2012 Cents
Basic loss per share	(1.6)	(1.1)
Diluted loss per share	(1.6)	(1.1)

	Half-year 2013 Number	Half-year 2012 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	375,098,252	356,257,315

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: Acquisition of Eclipse Therapeutics, Inc in the half-year ended 31 December 2012

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/transferrable

		$
Shares issued	19,112,575	6,116,024
Shares issuable (estimated maximum)	4,778,143	1,529,005
Cash	-	17,808
Total shares consideration	23,890,718	7,662,837
Contingent consideration (i)		4,681,749
		12,344,586

(i) The contingent consideration is the estimated fair value at the date of acquisition of the potential cash earn-outs to Eclipse shareholders based on achieving late stage development success or partnering outcomes based on Eclipse assets. Due to the movement in the US dollar and unwinding of interest, at 31 December 2013 this was $5,896,270 (30 June 2013: $5,348,695).

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
Goodwill	4,607,531
Current liabilities	
Trade and other payables	(746,276)
Non-current liabilities	
Deferred tax liability	(4,607,531)
	12,344,586

In accordance with the Accounting Standard AASB 3 'Business Combinations', the Company is able to provisionally determine the initial accounting for the acquisition. The intangible assets had been provisionally determined based on the directors' best estimate of the likely fair value at $12,703,228. It has been noted that the calculation of the consideration transferred and intangible assets including, but not limited to intellectual property, goodwill and deferred tax assets has been amended as further information to support these values was obtained. For the half-year ended 31 December 2013, a deferred tax liability has been recognised as the carrying amount of the Intellectual Property exceeds its tax base which affects goodwill. This is partially offset by the deferred tax asset that has been offset for the recognition of unused tax losses available as part of the acquisition.

Impact of acquisition on the results of the Group for the half-year ended 31 December 2012

Included in the loss for the 2012 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 prior 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 10: Subsequent events

No matter or circumstance has arisen since 31 December 2013 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.

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	**Deborah Rathjen**
Chairman	**CEO & Managing Director**

Adelaide, 18 February 2014

Deloitte.

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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 2013, 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 10 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 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 2013 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 2013 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

Philip Teale
Partner
Chartered Accountants
Adelaide, 18 February 2014