

**2019**  
BIONOMICS  
ANNUAL  
REPORT



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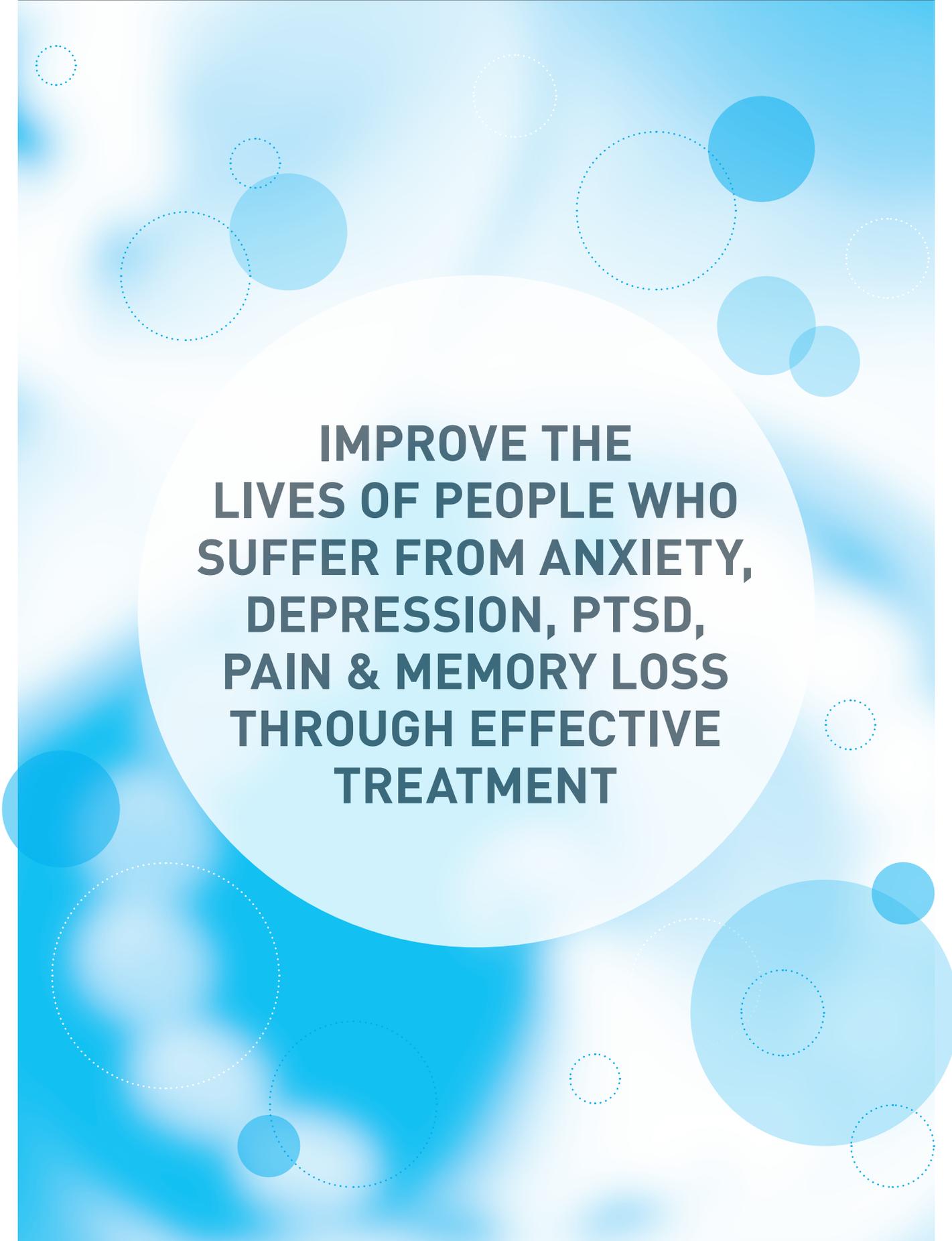
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**IMPROVE THE  
LIVES OF PEOPLE WHO  
SUFFER FROM ANXIETY,  
DEPRESSION, PTSD,  
PAIN & MEMORY LOSS  
THROUGH EFFECTIVE  
TREATMENT**



## DEAR SHAREHOLDERS

The year was a challenging one for Bionomics, highlighted by a number of setbacks for our lead drug candidate BNC210 which is a novel, orally-administered, first-in-class, negative allosteric modulator of the  $\alpha 7$  nicotinic acetylcholine receptor, in development for anxiety, panic, agitation, and post-traumatic stress disorder (PTSD). BNC210 had a difficult year in clinical trials for the treatment of PTSD and agitation in elderly patients, but it has proven to be a safe and well-tolerated treatment, and we continue to believe that at the right blood levels, the drug has a role to play in the treatment of PTSD, and further out, possibly also generalised anxiety disorder.

In October 2018, we reported the disappointing result that the Phase 2 trial of BNC210 in 193 PTSD patients across 26 sites in the US and Australia did not meet the primary endpoint of decrease in PTSD symptoms as measured by the CAPS-5 scale, at 12 weeks. The CAPS-5 scale, which stands for the Clinician-Administered PTSD Scale, is a standardised structured clinical interview, and serves as the standard in clinical practice for measuring the symptom severity of PTSD. We found that BNC210 showed excellent tolerability and safety, and there were improvements seen on select components of the CAPS-5 scale that are attributable to the mood and anxiety symptoms of PTSD, but there was no overall treatment effect assessed by CAPS-5.

The results of the PTSD trial reported in October 2018 were based on standard-dose data, but this may have been compromised in an out-patient setting by the fact that the formulation of BNC210 used in the Phase 2 PTSD trial was a liquid suspension formulation of BNC210 that needed to be taken with food, for best possible absorption. Subsequently, Swedish drug development research consultancy Pharmetheus conducted further analyses of the data, specifically exposure response analysis, to determine the actual drug levels in the patients' blood, and the response generated. In February



**BNC210 IMPROVEMENTS SEEN ON SELECT COMPONENTS OF THE CAPS-5 SCALE THAT ARE ATTRIBUTABLE TO THE MOOD AND ANXIETY SYMPTOMS OF PTSD, BUT THERE WAS NO OVERALL TREATMENT EFFECT ASSESSED BY CAPS-5.**

2019, we reported the analysis of the exposure-response relationship, which is the patients' response to, and the effect on their symptoms of, the actual levels of the drug in each individual patient's blood, which showed a statistically significant response of BNC210 in treatment of PTSD symptoms, as measured by CAPS-5 at 12 weeks. In other words, when exposure to the drug is adequate, there is the potential for significant patient benefit.

**Cohen Veterans Bioscience**

**POST-TRAUMATIC STRESS DISORDER (PTSD)** is a mental health condition that some people develop after experiencing or witnessing a violent or life-threatening event, such as combat, a natural disaster, a terrorist attack, or sexual assault.

**SYMPTOMS CAN INCLUDE:**

**ON ALERT FOR DANGER** **HYPER-AROUSAL** **SUICIDAL THOUGHTS** **PANIC ATTACKS** **FEELING STRANDED OR ISOLATED** **NOT ABLE TO COMPLETE DAILY TASKS** **LOSING INTEREST** **TROUBLE CONCENTRATING OR SLEEPING**

**FLASHBACKS** **GUILT** **FEELING ANXIOUS** **FEAR** **SHAME** **DEPRESSION**

**How Prevalent is PTSD?**

**8.6 MILLION ADULTS** have PTSD in a given year in the United States.<sup>12</sup>

**ABOUT 50% OF WOMEN AND 60% MEN** experience at least one trauma in their lives.<sup>13</sup>

**7-8 OUT OF EVERY 100 AMERICANS** will experience PTSD at some point during their lives.<sup>14</sup>

**WOMEN ARE TWICE AS LIKELY** to develop PTSD as men.<sup>11</sup>

**What Conditions Co-Occur with PTSD?**

**78% OF THOSE WITH A DIAGNOSIS** experienced depression at some point in their lifetime.<sup>21</sup>

**PEOPLE WHO SUFFER FROM PTSD** may be more likely to attempt suicide.<sup>21</sup>

**INDIVIDUALS WITH PTSD ARE 2X-4X MORE LIKELY** to have a substance use disorder.<sup>17</sup>

**70-91%** of PTSD patients have difficulty falling or staying asleep.<sup>16</sup>

**How Does PTSD Affect Veterans?**

**NEARLY 300,000 VETERANS** who have returned from Iraq and Afghanistan are currently suffering from PTSD.<sup>23</sup>

**300,000**

**2/3 OF VETERANS WITH PTSD** within an Iraq & Afghanistan veteran population also had major depression.<sup>25</sup>

**20 VETERANS COMMIT SUICIDE** each day in the United States.<sup>25</sup>

**1/3 OF VETERANS** with a probable Traumatic Brain Injury also met criteria for probable PTSD.<sup>24</sup>

**What Treatment is Available for PTSD?**

**NO DEFINITIVE DIAGNOSTIC TESTS HAVE BEEN DEVELOPED FOR PTSD.** Studies have shown that genetics influence a person's risk of developing PTSD after trauma; a landmark global collaboration of more than 80,000 biosamples identified three possible loci or chromosomal points involved in PTSD.

**WHAT TREATMENT IS AVAILABLE?** There has been no FDA-approved therapeutic for PTSD in nearly 20 years. The only approved medications for the treatment of PTSD are the selective serotonin reuptake inhibitors, but these medications are only fully effective for less than a third of patients and, in some studies, have not demonstrated superiority over placebo in managing the core symptoms, particularly in complex PTSD.

**What is Cohen Veterans Bioscience Doing to Address PTSD?**

Cohen Veterans Bioscience is a national, nonpartisan research 501(c)(3) organization dedicated to fast-tracking the development of diagnostic tests and personalized therapeutics for the millions of veterans and civilians who suffer the devastating effects of trauma-related and other brain disorders.

We are accelerating the development of next-generation diagnostics and treatments for brain disorders by harnessing the power of biotechnology (including neuroimaging, 'omics, and biosensors) in combination with high-performance computing and data analytics, to understand the underlying mechanisms of disease and discover new ways to improve brain health.

**Cohen Veterans Bioscience**

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The results of the further analysis are meaningful for future development of BNC210 and they support its continued development for PTSD, as well as other indications, and our ongoing partnering activities. This changed the market perspective on what had been considered a failed trial!

With the new information we immediately set about remedying the variable absorption of the liquid formulation of BNC210 used in the PTSD trial, and the requirement for the drug to be taken with food. We have developed a tablet formulation of BNC210, which has been evaluated in healthy human volunteers and demonstrated to overcome the reliance on food for absorption, and correct the issue for future studies. In continuing to build the case for BNC210, following feedback from potential partners and investors, we invested in an additional single ascending dose (SAD) study in healthy volunteers and reported in late September 2019 that the blood levels of BNC210 we believe are necessary to meet the primary endpoints for effectiveness in treating PTSD in any further trial are achievable using the new solid dose formulation.

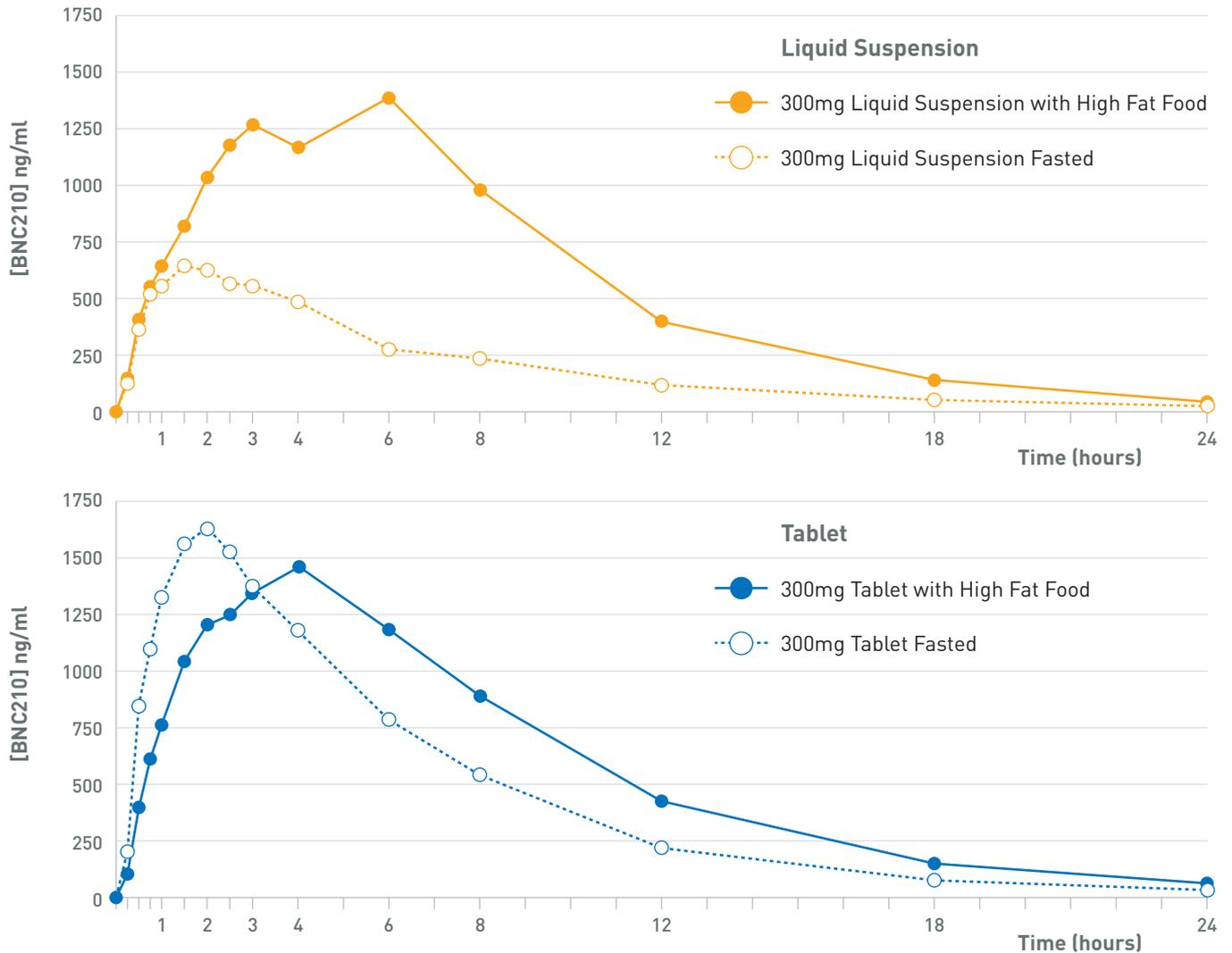
## WE HAVE DEVELOPED A TABLET FORMULATION OF BNC210, WHICH HAS BEEN EVALUATED IN HEALTHY HUMAN VOLUNTEERS AND DEMONSTRATED TO OVERCOME THE RELIANCE ON FOOD FOR ABSORPTION, AND CORRECT THE ISSUE FOR FUTURE STUDIES.

In parallel, we sought FDA guidance on the next steps for BNC210 development for PTSD. We had a Type C meeting with the FDA at which we updated the agency on how the optimal tablet formulation of BNC210 may achieve the blood levels predicted to be necessary to treat PTSD patients. In mid September 2019, we announced positive feedback from the FDA which was supportive of the approaches outlined by Bionomics. Furthermore, following discussions with the FDA, Bionomics has submitted an application for Fast Track designation for BNC210 for the treatment of PTSD. Fast Track is a process developed to facilitate the development and expedite the review of drugs to treat serious conditions and fill an unmet medical need.

The positive feedback from the FDA and the results of the recently reported SAD study with the new solid dose formulation of BNC210 provide support for a second trial of BNC210 in PTSD which represents the best option

## THE TABLET FORMULATION OF BNC210 CAN ACHIEVE THE BLOOD LEVELS PREDICTED TO BE NECESSARY TO TREAT PTSD PATIENTS.

## A TABLET FORMULATION OF BNC210 HAS BEEN DEVELOPED TO OVERCOME THE RELIANCE ON FATTY FOOD FOR ABSORPTION



available to Bionomics to rebuild shareholder value either through internal development and/or partnering. However, it is clear that internal development of BNC210 in a second Phase 2b PTSD trial will require funding beyond our current resources to do so.

The exploratory 36 patient Phase 2 agitation study reported in June 2019 was designed to assess the therapeutic potential of BNC210 to treat agitation in hospitalised elderly patients as a separate indication and to evaluate safety of BNC210 in the elderly patient population. There was no evidence of a treatment effect: the results indicated that BNC210 treatment did not differentiate from placebo on the primary and secondary efficacy end points, as assessed by the mean

peak daily Pittsburgh Agitation Scale scores readings (observations of aberrant vocalisation, motor agitation, aggressiveness and resisting care), over the five-day trial period. The study did confirm the good safety profile of BNC210 in elderly patients. Unlike the PTSD study, the initial data from the agitation trial suggest that adequate blood exposure of BNC210 was achieved when the drug was administered in a controlled hospital setting and as such the results of the trial do not support further development of BNC210 for treatment of agitation.

While BNC210 has taken most of the spotlight, and management time, we continue to progress our other therapeutic candidates with external partners which fully fund the cost of clinical development. We have an ongoing

## SAFETY SUMMARY

The safety data from Study BNC210.008 is an important addition to the BNC210 safety dossier

- The trial was conducted in an acutely ill and frail elderly population who are prone to medication-related adverse effects
- There was no pattern of adverse events which were thought to be at least “possibly” to be related to BNC210 treatment in comparison to placebo
- Potential central nervous system symptoms common to other anti-anxiety and anti-agitation drugs such as drowsiness were reported at the same frequency for BNC210 and placebo treatments
- These observations are consistent with BNC210’s excellent safety profile, in which no pattern of adverse effects related to BNC210 treatment have been identified in animal studies or clinical trials

collaboration with Merck & Co. (known as MSD outside the United States and Canada) which is progressing clinical development of our partnered therapeutic candidate for the treatment of cognitive dysfunction in Alzheimer’s disease and other conditions. Under the 2014 agreement, MSD funds all early-stage and clinical development of any candidate within the collaboration and is responsible for worldwide commercialisation. Bionomics received US\$20 million in upfront payments, US\$10 million upon initiation of Phase 1 clinical trials in February 2017 and is eligible to receive up to US\$506 million for reaching predefined research and clinical development milestones, plus eventual undisclosed royalties on any product sales.

We announced in January 2019, an experimental Phase 2 clinical trial of BNC105, our cancer vascular disrupting candidate, in combination with Bristol-Myers Squibb’s immunotherapy agent nivolumab, commenced in patients with metastatic colorectal cancer, in an Australasian Gastro-Intestinal Trials Group (AGITG)-sponsored trial, supported by Bristol-Myers Squibb.

Bionomics also continues to progress early stage ion channel programs targeting pain, depression, cognition and epilepsy, looking to identify potential therapeutic candidates for partnering. We have identified a Nav1.7/1.8 candidate

for the treatment of pain and are progressing work in our Kv3.1/3.2 program for the treatment of cognitive deficits with the goal of identifying a candidate in 4Q CY2019.

On the corporate front, we made some significant changes during the financial year. In November 2018, I moved from non-executive Chairman to Executive Chairman, replacing Dr Deborah Rathjen, who retired as Managing Director with effect from 9 November 2018, and who served as Chief Executive Officer until 31 January 2019.

Also, in November 2018, we appointed leading New York-based independent investment bank Greenhill & Co. to conduct a strategic review of our business options. This review was completed in May this year, and from that, your company continues to evaluate out-licensing opportunities and potential merger candidates. However, no assurance can be given that these efforts will lead to a proposal that the Board can recommend to shareholders.

Bionomics has an ongoing process to monetise its oncology programs through the sale and/or out-licensing of both our BNC101 and BNC105 therapeutic candidates, as the company focuses on our CNS programs as part of our prioritization and cost reduction efforts to extend our cash runway.



On the financial front, Bionomics undertook a recapitalisation in November 2018 led by the Company's largest shareholder BVF Partners L.P. A private placement to BVF raised \$9.8 million and saw BVF's holding in Bionomics increase from approximately 10.02% of issued capital to approximately 19.9%, after which a representative of BVF, Mr. Mitchell Kaye, joined the Board of Bionomics.

From a cash balance at 30 June 2018 of \$24.93 million, the cash balance moved to \$13.98 million at 30 June 2019.

Consolidated revenue for the year to 30 June 2019 was \$4 million compared to \$3,953,990 at 30 June 2018. Other income for the year to 30 June 2019 was \$7.6 million compared to \$8,502,456 at 30 June 2018. This primarily relates to Government Research and Development incentives. The operating loss after tax of the Group for the year to 30 June 2019 was \$9.7 million compared with the prior year after tax loss of \$25,085,564.

I wish to finish by acknowledging the collective effort of our strong, experienced board and leadership team, and indeed every person at Bionomics, all of whom have worked with energy and purpose to deliver on our goal of leveraging our proprietary platform technologies to discover and develop a pipeline of best-in-class, novel drug candidates focused on disorders of the central nervous system. We have faced a challenging year with determination and remain convinced that our lead candidate, BNC210, can ultimately prove to be effective against the problem of PTSD, in particular.

Handwritten signature of Errol De Souza in black ink.

Yours faithfully  
**Errol De Souza**  
Executive Chairman

## BIONOMICS ASSETS



TARGET - MOA	INDICATION	LEAD OPTIMISATION	PRECLINICAL	PHASE 1	PHASE 2	PHASE 3
α7 nAChR NAM	PTSD and other anxiety and stressor-related disorders	<b>BNC210</b>				
Solid Cancer - Multimodal	Colorectal Cancer, in combination with Nivolumab	<b>BNC105 Investigator Initiated Trial</b>				
Blood Cancer- Multimodal	Chronic Lymphocytic Leukemia , in combination with Ibrutinib	<b>BNC105 Investigator Initiated Trial</b>				
Targeting LGR5 in Solid Cancer	Metastatic Colorectal Cancer	<b>BNC101</b>				
α7 nAChR PAM	Cognitive Impairment in Alzheimer's Disease	<b>Merck Collaboration: US\$506M total deal value including upfront and milestone payments; Tiered royalties</b>				
Nav1.7/Nav1.8 Inhibitors	Chronic Pain					
Kv3.X Activators	Cognitive Impairment and Social Withdrawal in SCZ, Autism, AD					

WE ARE THE OWNER ON RECORD OF 140 ISSUED PATENTS ACROSS 40 FAMILIES AND 95 PENDING PATENT APPLICATIONS ACROSS 37 FAMILIES FILED IN EUROPE, THE UNITED STATES AND ASIA.  
THE BIONOMICS PATENT PORTFOLIO INCLUDES:

7

patent families covering BNC210 and congeners and their use in the treatment of anxiety and other disorders

19

patent families covering BNC105 and congeners and their use in the treatment of cancer

12

patent families covering BNC101 and its use in targeting cancer stem cells

2

patent families covering BNC375 and congeners and their use in the treatment of memory enhancement and related disorders

5

patent families covering BNC164 and congeners and their use in the treatment of autoimmune disease

3

patent applications covering chronic pain

2

patent families covering Parkinson's Disease and related disorders

2

patent families covering BNC210 Next Generation and congeners and their use in the treatment of pain treating compounds

10

patent families covering discoveries made utilising Bionomics' technology platforms.

Through the worldwide Patent Cooperation Treaty (PCT) mechanism, Bionomics and its related companies were granted 15 patents this financial year, 22 PCT patent applications entered the national and regional phases of examination, 7 PCT patent applications and 6 provisional patent applications were filed.

**DR ERROL DE SOUZA** PhD  
**EXECUTIVE CHAIRMAN**

Dr De Souza is a leader in the development of therapeutics for treatment of central nervous system (CNS) disorders. He is currently President and CEO of Neuropore Therapies Inc. and is the former President and CEO of US biotech companies Bionomics Inc. (NASDAQ:BIOD), Archemix Corporation and Synaptic Pharmaceutical Corporation (NASDAQ:SNAP). Dr De Souza formerly held senior management positions at Aventis Pharmaceuticals, Inc. (now Sanofi) and its predecessor Hoechst Marion Roussel Pharmaceuticals, Inc. Most recently, he was Senior Vice President and Site Head of US Drug Innovation and Approval (R&D), at Aventis, where he was responsible for the discovery and development of drug candidates through Phase IIa clinical trials for CNS and inflammatory disorders. Prior to Aventis, he was a co-founder and Chief Scientific Officer of Neurocrine Biosciences (NASDAQ:NBIX). Dr De Souza has served on multiple editorial boards, National Institutes of Health (NIH) Committees and is currently a Director of several public and private companies.



**MR PETER TURNER** BSc, MBA, GAICD  
**NON-EXECUTIVE DIRECTOR**

Mr Turner is a former senior executive with global experience in CSL, a large multinational organisation in the biopharmaceutical industry. He has been an Executive Director and COO of CSL and was the founding President of CSL Behring working in Europe and the United States from 2000 to 2011. Mr Turner provided strategic, technical and commercial leadership and was responsible for the integration of large company acquisitions in Europe, the United States and Japan. He has been responsible for significant company re-structuring and turnaround and has overseen thirteen new product launches in the United States and Europe and more in other jurisdictions. During his tenure, overseas sales grew from US\$140 million to \$3.4 billion. Mr Turner is the Chair of NPS MedicineWise and a Non-Executive Director of Virtus Health (retired November 2018). He is a former Chair of Ashley Services Group.



**MR DAVID WILSON**  
**NON-EXECUTIVE DIRECTOR**

Mr Wilson is Chairman and founding partner of WG Partners and has over 30 years' experience in investment banking in the City of London. Previously Mr Wilson was CEO of Piper Jaffray Ltd, where he also served as Global Chairman of Healthcare and on the Group Leadership Team. Mr Wilson has held senior positions at ING Barings as Joint Head of UK Investment Banking Group, Deutsche Bank as Head of Small Companies Corporate Finance and UBS as Head of Small Companies Corporate Broking. Mr Wilson was previously Senior Independent Director of Optos plc prior to its successful sale of Nikon Corporation for c.\$400m as well as a Non-Executive Director of BerGenBio AS.



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**MR ALAN FISHER** BCom, FCA, MAICD  
**NON-EXECUTIVE DIRECTOR**

Mr Fisher has extensive and proven experience in restoring and enhancing shareholder value. He spent 24 years at world-leading accounting firm Coopers & Lybrand as Lead Advisory Partner where he headed and grew the Melbourne Corporate Finance Division. Following this tenure, Alan developed his own corporate advisory business specialising in M&A, business restructurings, strategic advice and capital raisings.



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**MR MITCHELL KAYE** BA, JD  
**NON-EXECUTIVE DIRECTOR**

Mitchell Kaye joined BVF Partners LP in 2013. Mr Kaye was the founding member of Xmark Opportunity Partners, LLC, an investment fund exclusively focused on investments in publicly traded life sciences companies and was also a founding member of Brown Simpson Asset Management, LLC, an investment fund that was at the foreground of private placement investing in the public markets. He ran the two funds from 2001-2008 and 1996-2001, respectively. Mr Kaye was the Founder of MedClaims Liaison, LLC, a consumer advocacy business and served as its Chief Executive Officer from its inception in 2010 until he joined BVF. From 2008-2010, Mr Kaye was a Managing Director with Navigant Capital Advisors, a financial and strategic advisory services firm and head of Navigant's Financial Institutions Restructuring Solutions Team. He has served on the boards of several private and public companies, as well as the board of the New York Alzheimer's Association. Mr Kaye received his BA from Wesleyan University, and his JD from Northwestern University School of Law.



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**MR JACK MOSCHAKIS** BEd, DPLaw (BAB) NSW, GDipBA, FCIS  
**LEGAL COUNSEL AND COMPANY SECRETARY**

Mr Moschakis brings a depth of legal knowledge with over 26 years' experience as a legal practitioner. He has worked in senior legal / company secretary roles in the South Australian electricity industry for over 10 years and has expertise in energy law and energy related commercial and contractual matters. His most recent position was at mining company Rex Minerals Ltd where he worked as a legal consultant. Prior to this, Mr Moschakis worked at Thomsons Lawyers, now part of the national law firm of Thomson Geer, as an energy and infrastructure consultant. Mr Moschakis holds a Bachelor of Economics (Adelaide), Diploma in Law (BAB-NSW) and Graduate Diploma in Business Administration (Adelaide). He is a Fellow of the Institute of Chartered Secretaries / Governance Institute of Australia, Member of the Law Society of South Australia and the Association of Corporate Counsel.



**MR ADRIAN HINTON** BEd, FCA  
**CHIEF FINANCIAL OFFICER (ACTING)**

Adrian has had a long career with Deloitte (Adelaide) of over 43 years, retiring in July 2018 as Principle in the Audit and Assurance Group. He was responsible for managing the audit services to various Adelaide based public and private companies. His experience has given Adrian a broad-based knowledge of contemporary accounting and audit issues inclusive of experience in working with a wide range of clients in different industries, from listed entities, private corporations to major subsidiaries of multinational listed companies, covering consumer, agriculture, retail, manufacturing, automotive, biopharmaceutical and resources sectors. Adrian also has experience in preparing due diligence reviews, investigative accounting reports and the review of profit forecasts. Adrian's experience is currently benefited by being on the Boards of The Multiple Sclerosis Society of South Australia & Northern Territory Inc, Carers Association of SA Inc, Australia PNG Alliance Group Pty Ltd, and the Audit and Risk Committee of the University of South Australia. Adrian also volunteers his time and skill set to aiding community groups both locally and internationally.



Your directors present their report on the financial statements of the Group for the year ended 30 June 2019, comprising the parent entity Bionomics Limited (Bionomics) and its subsidiaries. In compliance with the *Corporations Act 2001*, the directors report as follows:

### Directors

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

- Dr Errol De Souza, Executive Chairman
- Dr Deborah Rathjen, Chief Executive Officer and Managing Director (retired as Managing Director on 9 November 2018 and as Chief Executive Officer on 31 January 2019)
- Mr David Wilson, Non-Executive Director
- Mr Peter Turner, Non-Executive Director
- Mr Alan Fisher, Non-Executive Director
- Mr Mitchell Kaye, Non-Executive Director from 23 November 2018

The directors, other than Dr Rathjen and Mr Kaye, held office during the whole of the financial year and since the end of the financial year.

### Principal Activities

The principal activities of the Company and its controlled entities (the Group) during the period include the discovery and development of novel drug candidates focused on the treatment of Central Nervous System (CNS) disorders.

### Operating Results

Consolidated revenue for the year to 30 June 2019 increased by 1.9% to \$4,029,059. Other income for the year to 30 June 2019 decreased by 10.5% to \$7,612,947 and primarily relates to reduced Research and Development (R&D) Tax Incentive, foreign government grants and interest income. This compared with revenue of \$3,953,990 and other income of \$8,502,456 for the year to 30 June 2018. The operating loss after tax of the Group for the year to 30 June 2019 was \$9,669,115 compared with the prior year after tax loss of \$25,085,564.

The cash position at 30 June 2019 was \$13,985,447 with restricted cash of \$550,000 and \$384,000 classified as current and non-current other financial assets, respectively (2018: \$24,930,461 with restricted cash of \$550,000 and \$384,000 classified as current and non-current other financial assets, respectively).

The financial performance of key operating segments of drug discovery and development and Contract services are included in Note 4.

### Review of Operations

Bionomics is a global, clinical-stage biopharmaceutical company, leveraging our proprietary platform technologies to discover and develop a deep pipeline of best-in-class, novel

drug candidates focused on ion channel mediated disorders of the Central Nervous System.

### ***Ion Channel Expertise to Drive Growth***

Our ionX and MultiCore drug discovery platforms are validated through our partnership with MSD (known as Merck & Co., Inc., Kenilworth NJ, USA in the US and Canada) and both platforms serve as a source of significant competitive advantage in addressing under-served therapeutic areas including anxiety, Post-Traumatic Stress Disorder (PTSD), agitation, depression, pain and Alzheimer's disease.

### ***Our Important Relationship with MSD Continues to Make Progress***

During FY18 MSD continued to progress a candidate therapy for the treatment of cognitive dysfunction in Alzheimer's disease through a Phase 1 clinical program. The next milestone is initiation of a Phase 2 clinical trial. The portfolio of products under our collaboration with MSD are designed to address cognitive dysfunction in important CNS indications, and Alzheimer's disease is of chief importance among these as there remains an urgent need for new treatments.

Under the 2014 agreement, MSD funds all early-stage and clinical development of any candidate within the collaboration and is responsible for worldwide commercialisation. Bionomics previously received US\$20 million in upfront payments, a US\$10 million Phase 1 initiation milestone payment and additional research payments and is eligible to receive up to an additional US\$465 million for MSD reaching predefined milestones, plus eventual undisclosed royalties on any product sales.

### ***Recent Clinical Developments: Phase 2 PTSD Trial and Phase 2 Trial in Agitation Completed***

BNC210, is a novel, orally-administered, first-in-class, negative allosteric modulator of the  $\alpha 7$  nicotinic acetylcholine receptor, in development for the treatment of anxiety, panic, agitation, and PTSD with a rapid onset of action and improved safety and tolerability compared to currently marketed products including benzodiazepines, anti-depressants and anti-psychotics, providing a compelling therapeutic profile in areas of significant unmet clinical need.

To date, BNC210 has been evaluated in seven completed clinical trials that investigated efficacy, safety and tolerability, target engagement and proof of biology. BNC210 has demonstrated efficacy in suppressing panic attack symptoms and in Generalised Anxiety Disorder (GAD) patients, BNC210 demonstrated rapid onset of anxiolytic activity following a single administration.

In October 2018, we announced the results of the Phase 2 clinical trial of BNC210 in 193 patients with PTSD across 25 sites in the US and Australia (referred to as the "RESTORE" trial). The primary endpoint of this study was a decrease in PTSD symptoms between placebo and BNC210 treatment

groups as measured by the Clinician-Administered PTSD Scale (CAPS-5) at 12 weeks. The CAPS-5 is a standardised structured clinical interview and serves as the standard in clinical development and regulatory approval for measuring the symptom severity of PTSD. Earlier versions of the CAPS were used to support the approval of the two currently marketed PTSD treatments. We found that BNC210 showed excellent tolerability and safety but the primary end point was not met.

In February 2019, we announced that additional data analysis conducted in Sweden by Pharmetheus AB showed a statistically significant response when drug exposure versus response was measured in the Phase 2 PTSD RESTORE Trial. The exposure-response analysis uses patient blood levels of the drug, regardless of the administered dose, to relate estimates of drug exposure to the response measured in the trial patients. The analysis demonstrated reduction in total PTSD symptoms as measured by total CAPS-5, the endpoint mandated by the US Food & Drug Administration (FDA) for PTSD trials.

The Company determined to seek FDA guidance on the next steps for BNC210 for PTSD including the design of a further trial and whether BNC210 may be eligible for Fast Track designation whilst also identifying an improved solid dose formulation of BNC210 with potential to overcome the "food effect" and the consequent variable blood levels that were evident in the PTSD trial where the patients were administered BNC210 in a liquid suspension formulation.

Bionomics has invested in a single ascending dose study in healthy volunteers to demonstrate that blood levels of BNC210 believed to be necessary to meet the primary endpoints for effectiveness in treating PTSD in any further trial, are achievable using the new solid dose formulation.

In May 2018, Bionomics initiated an exploratory Phase 2 clinical trial of BNC210 in elderly patients with agitation in the hospital setting. The trial, designed for short treatment and rapid recruitment, evaluated the effect of BNC210 on the resolution of agitation in hospitalised elderly patients and assessed the safety and tolerability of BNC210 in this elderly patient population. It recruited 38 elderly patients in five specialist geriatric hospital wards across Australia, in a randomised, double-blind, placebo-controlled design with a 5-day treatment period. The results of the Agitation trial reported in June 2019 indicated that BNC210 treatment did not differentiate from placebo on the primary and secondary efficacy endpoints. Comparison of mean peak daily Pittsburgh Agitation Scale scores (observations of aberrant vocalisation, motor agitation, aggressiveness and resisting care) showed a gradual improvement for both BNC210 and placebo over the 5-day treatment period, but without evidence of a treatment effect. The safety of BNC210 was confirmed, but the results of the trial did not support further development of BNC210 for treatment of agitation.

If successfully developed BNC210 would represent a paradigm shift in the treatment of anxiety disorders including GAD and Panic Disorder, conditions characterised by high levels of co-morbid anxiety such as bipolar disorder and major depressive disorder as well as trauma and stress-related disorders such as PTSD.

#### **Strong Market Opportunity for BNC210**

Market research commissioned by Bionomics and conducted by market research firm Bluestar BioAdvisors indicates that the US market opportunity for BNC210 in PTSD is estimated to be US\$4.7 billion pa with a more rapid and cost-effective path to market for BNC210 than either GAD or Panic Disorder and the potential for FDA Fast Track and/or Breakthrough designations.

#### **Strategic Review & Recapitalisation**

In November 2018, we appointed leading New York-based independent investment bank Greenhill & Co. to conduct a strategic review of our business options. This review was completed in May 2019 and from that, your Company continues to evaluate out-licensing opportunities and potential merger candidates. However, no assurance can be given that these efforts will lead to a proposal that the Board can recommend to shareholders.

Bionomics has an ongoing process to monetise its legacy oncology programs through the sale and/or out-licensing of both our BNC101 and BNC105 therapeutic candidates, as the company focuses on our CNS programs as part of our prioritisation and cost reduction efforts to extend our cash runway.

Bionomics undertook a recapitalisation in November 2018 led by the Company's largest shareholder BVF Partners L.P. A private placement to BVF raised \$9.8 million and saw BVF's holding in Bionomics increase from approximately 10.02% of issued capital to approximately 19.9%, after which a representative of BVF, Mr Mitchell Kaye, joined the Board of Bionomics.

#### **Outlook**

The Company believes a second trial of BNC210 in PTSD is the best option to rebuild shareholder value. However, this will require funds beyond Bionomics current financial resources and therefore the Company will undertake a formal process of active engagement with shareholders, partners and others to identify the best available solution in a timely manner.

Bionomics continues to progress a number of early stage ion channel programs targeting pain, depression, cognition, PTSD and epilepsy. We have identified a Nav1.7 / Nav1.8 candidate for the treatment of pain and are progressing work in our Kv3.1 / Kv3.2 program for the treatment of cognitive deficits with the goal of identifying a candidate in 3Q CY2019.

We are continuing in our efforts to monetise our oncology programs, BNC101 and BNC105.

**Dividends**

The directors do not propose to make any recommendation for dividends for the current financial year. There were no dividends declared in respect of the previous financial year.

**Significant Changes in the State of Affairs**

There were no significant changes in the Group during the financial year.

**Subsequent Events**

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the results of the operations of the Group.

**Likely Developments and Expected Results of Operations**

The Group will continue to undertake drug discovery and clinical development and will seek to commercialise the outcomes.

**Environmental Regulation**

The Group is subject to environmental regulations and other licenses in respect of its facilities in Australia and France. The Group is subject to regular inspections and audits by responsible State and Federal authorities. The Group was in compliance with all the necessary environmental regulations throughout the year ended 30 June 2019 and no related issues have arisen since the end of the financial year to the date of this report.

**INFORMATION ON DIRECTORS****Dr ERROL DE SOUZA** PhD

Non-Executive Director since 28 February 2008, Chairman from 1 September 2016 and Executive Chairman from 12 November 2018

**Experience and Expertise**

Dr De Souza is a leader in the development of therapeutics for treatment of central nervous system (CNS) disorders. He is currently President and CEO of Neuropore Therapies Inc. and is the former President and CEO of US biotech companies Biodel Inc. (NASDAQ:BIOD), Archemix Corporation and Synaptic Pharmaceutical Corporation (NASDAQ:SNAP). Dr De Souza formerly held senior management positions at Aventis Pharmaceuticals, Inc. (now Sanofi) and its predecessor Hoechst Marion Roussel Pharmaceuticals, Inc. Most recently, he was Senior Vice President and Site Head of US Drug Innovation and Approval (R&D) at Aventis, where he was responsible for the discovery and development of drug candidates through Phase 2a clinical trials for CNS and inflammatory disorders. Prior to Aventis, he was a co-founder and Chief Scientific Officer of Neurocrine Biosciences (NASDAQ:NBIX). Dr De Souza has served on multiple editorial boards, National Institutes of Health (NIH) Committees and is currently a Director of several public and private companies.

**Current Directorships (in addition to Bionomics Limited)**

Listed: Director of Catalyst Biosciences Inc. (NASDAQ:CBIO)

**Former Listed Directorships in Last Three Years**

Nil

**Special Responsibilities**

Executive Chairman

**Interests in Shares and Options at Date of Report**

366,698 ordinary shares in Bionomics Limited

500,000 unlisted options over ordinary shares in Bionomics Limited

**DR DEBORAH RATHJEN** BSc (Hons), MAICD, PhD, FTSE

Chief Executive Officer and Managing Director

Director since 18 May 2000. Retired as Managing Director on 9 November 2018 and as Chief Executive Officer on 31 January 2019.

**Experience and Expertise**

Dr Rathjen joined Bionomics in 2000 from Peptech Limited, where she was general manager of business development and licensing. Dr Rathjen was a co-inventor of Peptech's TNF technology and leader of the company's successful defence of its key TNF patents against a legal challenge by BASF. Dr

Rathjen has significant experience in company building and financing, mergers and acquisitions, therapeutic product research and development, business development, licensing and commercialisation. Dr Rathjen has been recognised both in Australia and internationally through awards and honours including the 2004 AusBiotech President's Medal, 2006 Flinders University Distinguished Alumni Award, 2009 BioSingapore Asia Pacific Biotechnology Woman Entrepreneur of the Year, 2009 Regional Finalist Ernst & Young, Young Entrepreneur of the Year and 2014 Woman Executive of the Year BioPharm Industry Awards. In 2015 Dr Rathjen was included in the Top 50 most influential Australia business women by The Australian newspaper.

**Current Directorship (in addition to Bionomics Limited)**

Listed: Executive Chairman of Bioasis Technologies Inc.

**Former Listed Directorships in Last Three Years**

None

**Special Responsibilities**

Nil

**Interests in Shares and Options at Date of Report**

3,050,901 ordinary shares in Bionomics Limited  
0 unlisted options over ordinary shares in Bionomics Limited

**MR DAVID WILSON**

Non-Executive Director  
Director since 16 June 2016

**Experience and Expertise**

Mr Wilson is Chairman and founding partner of WG Partners and has over 30 years' experience in investment banking in the City of London. Previously Mr Wilson was CEO of Piper Jaffray Ltd, where he also served as Global Chairman of Healthcare and on the Group Leadership Team. Mr Wilson has held senior positions at ING Barings as Joint Head of UK Investment Banking Group, Deutsche Bank as Head of Small Companies Corporate Finance and UBS as Head of Small Companies Corporate Broking. Mr Wilson was previously Senior Independent Director of Optos plc prior to its successful sale of Nikon Corporation for c.\$400m as well as a Non-Executive Director of BerGenBio AS.

**Current Directorships (in addition to Bionomics Limited)**

Listed: Nil

**Former Listed Directorships in Last Three Years**

Nil

**Special Responsibilities**

Member of Audit and Risk Management Committee  
Member of the Nomination and Remuneration Committee

**Interests in Shares and Options at Date of Report**

200,000 ordinary shares in Bionomics Limited  
500,000 unlisted options over ordinary shares in Bionomics Limited

**MR PETER TURNER** BSc, MBA, GAICD

Non-Executive Director  
Director since 16 June 2016

**Experience and Expertise**

Mr Turner is a former senior executive with global experience in CSL, a large multinational organisation in the biopharmaceutical industry. He has been an Executive Director and COO of CSL and was the founding President of CSL Behring working in Europe and the United States from 2000 to 2011. Mr Turner provided strategic, technical and commercial leadership and was responsible for the integration of large company acquisitions in Europe, the United States and Japan. He has been responsible for significant company re-structuring and turnaround and has overseen thirteen new product launches in the United States and Europe and more in other jurisdictions. During his tenure, overseas sales of CSL grew from US\$140 million to \$3.4 billion. Mr Turner is the Chair of NPS MedicineWise and a Non-Executive Director of Virtus Health (retired November 2018). He is a former Chair of Ashley Services Group.

**Current Directorships (in addition to Bionomics Limited)**

Listed: Director, Virtus Health Limited (ASX:VRT) (June 2013 to November 2018)

**Former Listed Directorships in Last Three Years**

None

**Special Responsibilities**

Chair of Nomination and Remuneration Committee  
Member of the Audit & Risk Management Committee

**Interests in Shares and Options at Date of Report**

200,000 ordinary shares in Bionomics Limited  
400,000 unlisted options over ordinary shares in Bionomics Limited

**MR ALAN FISHER** BCom, FCA, MAICD

Non-Executive Director  
Director since 1 September 2016

**Experience and Expertise**

Mr Fisher has extensive and proven experience in restoring and enhancing shareholder value. He spent 24 years at world-leading accounting firm Coopers & Lybrand as Lead

Advisory Partner where he headed and grew the Melbourne Corporate Finance Division. Following this tenure, Alan developed his own corporate advisory business specialising in M&A, business restructurings, strategic advice and capital raisings.

**Current Directorships (in addition to Bionomics Limited)**

Listed NED and Chairman of: Centrepoint Alliance Limited and IDT Australia Limited.  
NED and Chairman of A&RC: Thorney Technologies Limited and Simavita Limited.

**Former Listed Directorships in Last Three Years**

Nil

**Special Responsibilities**

Member of Nomination and Remuneration Committee  
Chair of the Audit & Risk Management Committee

**Interests in Shares and Options at Date of Report**

Nil ordinary shares in Bionomics Limited  
500,000 unlisted options over ordinary shares in Bionomics Limited

**MR MITCHELL KAYE** BA, JD

Non-Executive Director  
Director since 23 November 2018

Under a Placement Agreement between the Company and BVF Partners L.P ("BVF") dated 9 November 2018, BVF may nominate one person to be appointed as a director of the Company whilst BVF hold at least 15% of the ordinary shares of the Company. BVF nominated Mr Mitchell Kaye.

**Experience and Expertise**

Mr Kaye joined BVF Partners LP in 2013. Mr Kaye was the founding member of Xmark Opportunity Partners, LLC, an investment fund exclusively focused on investments in publicly traded life sciences companies and was also a founding member of Brown Simpson Asset Management, LLC, an investment fund that was at the foreground of private placement investing in the public markets. He ran the two funds from 2001-2008 and 1996-2001, respectively. Mr Kaye was the Founder of MedClaims Liaison, LLC, a consumer advocacy business and served as its Chief Executive Officer from its inception in 2010 until he joined BVF. From 2008-2010, Mr Kaye was a Managing Director with Navigant Capital Advisors, a financial and strategic advisory services firm and head of Navigant's Financial Institutions Restructuring Solutions Team. He has served on the boards of several private and public companies, as well as the board of the New York Alzheimer's Association. Mr Kaye received his BA from Wesleyan University, and his JD from Northwestern University School of Law.

**Current Directorships (in addition to Bionomics Limited)**

Nil

**Former Listed Directorships in Last Three Years**

Aeolus Pharmaceuticals, Inc.

**Special Responsibilities**

Nil

**Interests in Shares and Options at Date of Report**

Nil ordinary shares in Bionomics Limited  
Nil unlisted options over ordinary shares in Bionomics Limited

**MR JACK MOSCHAKIS** BEc, DIPLaw (BAB) NSW, GDipBA, FCIS  
Legal Counsel and Company Secretary

Mr Moschakis brings a depth of legal knowledge with over 26 years' experience as a legal practitioner. He has worked in senior legal / company secretary roles in the South Australian electricity industry for over 10 years and has expertise in energy law and energy related commercial and contractual matters. His most recent position was at mining company Rex Minerals Ltd where he worked as a legal consultant. Prior to this, Mr Moschakis worked at Thomsons Lawyers, now part of the national law firm of Thomson Geer, as an energy and infrastructure consultant. Mr Moschakis holds a Bachelor of Economics (Adelaide), Diploma in Law (BAB-NSW) and Graduate Diploma in Business Administration (Adelaide). He is a Fellow of the Institute of Chartered Secretaries / Governance Institute of Australia, Member of the Law Society of South Australia and the Association of Corporate Counsel.

**MEETINGS OF DIRECTORS**

The following table sets out the number of scheduled Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each director.

	MEETINGS OF DIRECTORS			MEETINGS OF AUDIT AND RISK MANAGEMENT (ARM) COMMITTEE			MEETINGS OF THE NOMINATION AND REMUNERATION COMMITTEE		
	Held	ETA	Attended	Held	ETA	Attended	Held	ETA	Attended
Dr Errol De Souza	8	8	8	4	2	2	3	1	1
Dr Deborah Rathjen <sup>1</sup>	8	2	2	4	0	0	3	0	0
Mr David Wilson	8	8	8	4	4	4	3	3	3
Mr Peter Turner <sup>2</sup>	8	8	8	4	2	2	3	3	3
Mr Alan Fisher <sup>3</sup>	8	8	8	4	4	4	3	2	2
Mr Mitchell Kaye	8	5	5	4	0	0	3	0	0

ETA – Eligible to attend

<sup>1</sup> Attends ARM Committee, Nomination and Remuneration Committee by invitation.

<sup>2</sup> Replaced Dr De Souza on the ARM Committee following Dr De Souza's appointment as Executive Chairman

<sup>3</sup> Replaced Dr De Souza on the Nomination & Remuneration Committee following Dr De Souza's appointment as Executive Chairman

**REMUNERATION REPORT**

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's Key Management Personnel (KMP) for the financial year ended 30 June 2019. The term 'KMP' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity (the Group), directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

1. Key Management Personnel
2. Remuneration Policy
3. Relationship Between the Remuneration Policy and Company Performance
4. Remuneration of Key Management Personnel
5. Key Terms of Service Agreements

**1. Key Management Personnel (KMP)**

NON-EXECUTIVE DIRECTORS	POSITION
Dr Errol De Souza	Non-Executive Director/Chairman to 9 November 2018 and Executive Chairman from 12 November 2018 until 20 November 2019
Mr David Wilson	Non-Executive Director
Mr Peter Turner	Non-Executive Director
Mr Alan Fisher	Non-Executive Director
Mr Mitchell Kaye	Non-Executive Director from 23 November 2018
EXECUTIVE DIRECTOR	
Dr Deborah Rathjen	Managing Director until 9 November 2018 and Chief Executive Officer until 31 January 2019
OTHER KMP	
Dr Paul Rolan	Consultant Chief Medical Officer, Clinical Neuroscience
Mr Jack Moschakis	Legal Counsel & Company Secretary
Mr Steven Lydeamore	Chief Financial Officer - to 23 November 2019
Mr Stephen Birrell	Interim Chief Financial Officer - from 26 November 2018 to 2 May 2019
Mr Adrian Hinton	Acting Chief Financial Officer - from 3 May 2019

Except as noted, the above persons held their current position for the whole of the financial year and since the end of the financial year.

## 2. Remuneration Policy

### Non-Executive Director Remuneration Policy

The Non-Executive Directors' fee pool is reviewed from time to time, taking into account comparable remuneration data for the biotechnology sector provided by an independent remuneration consultancy. Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit that is approved by shareholders. The current aggregate Non-Executive Directors' fee pool limit is \$500,000 per annum and was approved by shareholders on 14 November 2012. This amount (or some part of it) is to be divided among the Non-Executive Directors as determined by the Board and reflecting the time and responsibility related to the Board and committees. The Group does not provide for retirement allowances to its Non-Executive Directors.

There was no increase in board fees during the financial year.

The total fees paid to Non-Executive Directors for the year ended 30 June 2019 was \$451,538 compared to the aggregate Directors' fee pool limit of \$500,000.

Fees for the Chairman are \$154,000 per annum and \$77,000 per annum for the other Non-Executive Directors (inclusive of superannuation), with the Committee Chair receiving an additional \$10,000 per annum.

From 15 November 2018 to 20 November 2019 Dr De Souza was paid \$18,000 per month for 10 days per month for his role as Executive Chairman, under the terms of a Consultancy Agreement between the Company and Dr De Souza.

Non-Executive Directors may receive share options on their initial appointment to the Board or at other such times, as approved by shareholders.

Any value that may be attributed to options issued to non-executive directors is not included in the shareholder approved aggregate limit of Directors' fees. There were no share options granted to Non-Executive Directors during the year.

### Executive Remuneration Policy and Framework

The objective of the Group's executive remuneration policy and framework is to ensure that the Group can attract and retain high calibre executives capable of managing the Group's operations and achieving the Group's strategic objectives and focus these executives on outcomes necessary for success.

The Executives total remuneration package framework comprises:

- Base pay and benefits, including superannuation and other entitlements;
- Performance incentives paid as shares, share options, cash or a combination thereof; and
- Equity awards through participation in the Bionomics employee equity plans.

The combination of these comprises the executive KMP's total remuneration.

The Board reviews and approves the base pay, benefits, incentive payments and equity awards of the Chief Executive Officer and Managing Director/Executive Chairman and other executives reporting directly to the Chief Executive Officer and Managing Director/Executive Chairman. The Board took advice on executive remuneration from an independent remuneration consultancy during the year.

### Base Pay and Benefits

Executives receive their base pay and benefits structured as a Total Fixed Remuneration (TFR) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion. Superannuation (or local equivalent) is included in TFR. There are no guaranteed base pay increases in any executive contract.

Base pay and benefit levels are reviewed annually, and an assessment made against market comparable positions. Factors taken into account in determining remuneration include levels of remuneration in other biotechnology companies, a demonstrated record of performance, internal relativities, and the company's capacity to pay. An executive's base pay and benefit levels may also be reviewed if the position's accountabilities increase in scope and impact.

During the year there were no increases in Total Fixed Remuneration provided to the Chief Executive Officer and Managing Director or KMP.

### Performance Incentives

Executive positions have no pre-determined bonus or equity opportunity; however, performance incentives may be awarded at the end of the performance review cycle upon achievement of specific Board approved (i) individual, and (ii) company-related KPIs with a weighting of 50% each.

Following a performance evaluation against these KPIs, the amount of possible incentive payable to each executive is determined by the Board based on the Executive Chairman's recommendation. The Board determines whether the incentive award should be in share options, shares and/or cash. In this financial year the Board determined that no short-term incentive payment or bonus would be paid.

For the year ended 30 June 2018 the Board determined that the maximum short-term incentive (STI) potential should be 15% for KMP as listed below, 50% paid in cash and 50% in shares. The number of shares to be awarded will be calculated by multiplying the executive's fixed pay by the incentive award percentage, multiplying this by 50% to determine the value to be paid in shares, and dividing this by the 5-day volume weighted average price (VWAP) of shares prior to the grant date of 14 August 2018. Details are below:

KMP	POSITION	NUMBER OF ORDINARY SHARES	SHARE VALUE (\$)	CASH VALUE (\$)	REMUNERATION % PERFORMANCE RELATED	REMUNERATION % NOT PERFORMANCE RELATED
Jack Moschakis	Legal Counsel & Company Secretary	35,518	16,800	16,800	9.72	90.28
Steven Lydeamore	Chief Financial Officer	34,091	16,125	16,125	8.34	91.66

The Board continues to review the performance assessment and incentive structure to ensure it remains effective.

### Equity Awards

Equity awards for executives and employees are provided by a combination of equity plans that include the:

- Employee Share Plan;
- Employee Share Plan (\$1,000 Plan);
- Employee Share Option Plan; and
- Employee Equity Plan

Participation in these plans is at the Board's discretion and no individual has an ongoing contractual right to participate in a plan or to receive any guaranteed benefits. For key appointments, an initial allocation of equity may be offered as a component of their initial employment agreement. The structure of equity awards is under the active review of the Nomination & Remuneration Committee to ensure it meets good corporate practice for a company of Bionomics' size, nature and company lifecycle.

### Employee Share Plan (ESP)

The ESP was approved by shareholders at the November 2014 Annual General Meeting. It may involve the Company providing an interest-free limited recourse loan to eligible employees to purchase shares under this ESP. The Company takes security over the Shares to secure repayment of the loan. The purpose of this ESP is to provide eligible employees with an incentive to remain with the Company and to improve the longer-term performance of the Company and its returns to shareholders. The issue price will be determined by the Board at its sole discretion, with the intention to base it on market value at the time.

No shares were issued to employees under the ESP during this financial year or to the date of this report.

### Employee Share Plan (\$1,000 Plan)

All executives and staff, excluding directors, are eligible to participate in the Bionomics Employee Share Plan (\$1,000 Plan). The objective of the \$1,000 Plan is to assist in the attraction and retention of employees of the Company, and to provide encouragement to become shareholders. An annual allocation of up to \$1,000 of shares may be granted and taxed on a concessional basis. Shares are granted under the \$1,000

Plan for no consideration and are escrowed for three years while participants are employed by the Company.

None were issued during this financial year or to the date of this report.

### Employee Share Option Plan (ESOP)

Options may have been granted under the ESOP which was last approved by shareholders at the 2014 Annual General Meeting. This has now been superseded by the Employee Equity Plan (see below). All executives and staff were eligible to participate in the ESOP. The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees of the company. Options are granted under the ESOP for no consideration. More particularly, the ESOP was utilised to award options to executives if they achieve specified KPIs. It may also be used for shareholder approved non-executive director grants in addition to cash fees. The exercise price of options granted under the ESOP must be not less than the market price at the time the decision is made to invite a participant to apply for options. The exercise price is calculated as the volume-weighted average price (VWAP) of the shares in the seven days preceding the approval to grant the options.

### Employee Equity Plan (EEP)

The EEP replaces the ESOP. The EEP was approved by shareholders at the 2017 Annual General Meeting and was drafted to reflect changes to the income tax legislation governing employee share schemes, governance changes in respect of the type of equity instruments that are granted to employees and directors, the circumstances in which they are granted, and to provide administrative flexibility. The underlying purpose of the EEP is to align employees' and directors' interests with shareholders' interests by providing them with equity as part of their remuneration arrangements. This will enable the Company to attract and retain top-level employees and directors. The procurement and retention of first-class executives and employees capable of managing the Company's operations and achieving the Company's strategic objectives is always a difficult task for a relatively young Company, without an earnings history, such as Bionomics. In order to compete with well-established companies, the Board considers the Company essentially has one of two choices: either offer higher cash remuneration or issue equity under a plan such as the EEP. The EEP enables the Board to award different types

of equity instruments tailored to specific application. These can include Rights to acquire shares contingent on meeting specified performance metrics, Options to acquire shares on payment of an exercise price, Rights and/or Options that are contingent on remaining in employment, among others.

There were no shares, options or other forms of equity issued to employees under the EEP during this financial year or to the date of this report, other than those awarded to KMP & Executives in the previous financial year and issued on 24 August 2018 (Refer to page 23 of the 2018 Annual Report).

### 3. Relationship Between the Remuneration Policy and Company Performance

The Company's remuneration policy aligns executive reward with the interests of shareholders. The primary focus is on growth in shareholder value through the achievement of research, development, regulatory and commercial milestones. The performance goals are not necessarily linked to financial performance measures typical of companies operating in other market segments.

Share options, shares and/or cash bonuses are granted to executive KMP based on their level of key performance indicator (KPI) achievement. Achievement of KPIs should result in increases in shareholder value.

Bionomics' approach to its remuneration framework ensures:

- Executives focus on meaningful KPIs,
- The best performers receive higher reward,
- Executives must continue to perform to realise value, and
- Executive reward is aligned with shareholder interests.

KPIs may include (but are not limited to) successful negotiations of commercial contracts, achieving key research,

development and regulatory milestones, and ensuring the availability of adequate capital to achieve stated objectives.

There is no direct link between the determination of fixed pay and the Company's financial performance (specifically, revenue and net (loss)/profit included in the table below) or share price.

The calculation of the annual incentive award for executive KMP is by reference to the achievement of specific milestones and targets approved by the Board. Milestones and targets generally relate to:

- Efficiently conducting the Company's development programs;
- Executing Bionomics' partnership strategy, both new and existing;
- Demonstrating the power of Bionomics' discovery capabilities; and
- Maintaining adequate capital reserves.

These KPIs have been established to support the Company achieving its overall objectives. Executive KMP (other than the Chief Executive Officer & Managing Director) have 50% of their performance incentives tied to the achievement of corporate goals and the remaining 50% is tied to the achievement of individual goals. The Chief Executive Officer & Managing Director has 100% of her performance incentives tied to the achievement of corporate goals.

The Board determined that no incentive payments would be paid given the Company's performance this financial year.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2019.

	30 JUNE 2019 \$	30 JUNE 2018 \$	30 JUNE 2017 \$	30 JUNE 2016 \$	30 JUNE 2015 \$
Revenue	4,029,125	3,953,990	18,806,356	8,143,288	6,827,277
Net (Loss)	(9,907,851)	(26,246,699)	(6,227,039)	(17,324,118)	(17,277,206)
Net (Loss) after tax	(9,669,115)	(25,085,564)	(6,749,615)	(16,592,410)	(16,949,405)

	30 JUNE 2019 CENTS	30 JUNE 2018 CENTS	30 JUNE 2017 CENTS	30 JUNE 2016 CENTS	30 JUNE 2015 CENTS
Share price at start of year	53.0	40.0	28.0	41.5	55.0
Share price at end of year	3.0	53.0	40.0	28.0	41.5
Dividends paid	-	-	-	-	-
Basic earnings per share	(0.02)	(5.0)	(1.0)	(3.0)	(4.0)
Diluted earnings per share	(0.02)	(5.0)	(1.0)	(3.0)	(4.0)

#### 4. Remuneration of Key Management Personnel

The following tables show details of the remuneration received by the directors and the executive key management personnel of the Group for the current and previous financial years.

##### Directors and Other Key Management Personnel – 2019

NAME	SHORT-TERM BENEFITS			POST-EMPLOYMENT	LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS <sup>8, 9, 10</sup>	TOTAL
	CASH SALARY AND FEES \$	NON-MONETARY BENEFITS \$	RETENTION PAYMENT <sup>4</sup> \$	SUPER-ANNUATION \$	ANNUAL & LONG SERVICE LEAVE \$	SHARES AND OPTIONS \$	
Dr Errol De Souza	291,670 <sup>5</sup>	-	-	-	-	27,289	318,959
Dr Deborah Rathjen	1,144,942 <sup>6</sup>	-	-	14,433	-	(81,270)	1,078,105
Mr David Wilson	77,000	-	-	-	-	26,290	103,290
Mr Peter Turner	79,452	-	-	7,547	-	26,290	113,289
Mr Alan Fisher	79,452	-	-	7,547	-	27,289	114,288
Mr Mitchell Kaye	46,538	-	-	-	-	-	46,538
Mr Jack Moschakis	300,041	-	89,895	26,546	8,474	23,092	448,048
Dr Paul Rolan	102,000	-	-	-	-	-	102,000
Mr Adrian Hinton	33,000	-	-	-	-	-	33,000
Mr Steven Lydeamore	127,052	-	-	9,920	-	(16,324)	120,649
Mr Stephen Birrell	93,916	-	33,581	11,270	-	1,080	139,847
	<b>2,375,063</b>	<b>-</b>	<b>123,476</b>	<b>77,263</b>	<b>8,474</b>	<b>33,736</b>	<b>2,618,013</b>

##### Directors and Other Key Management Personnel – 2018

NAME	SHORT-TERM BENEFITS		POST-EMPLOYMENT	LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS	TOTAL
	CASH SALARY AND FEES \$	NON-MONETARY BENEFITS \$	SUPER-ANNUATION \$	ANNUAL AND LONG SERVICE LEAVE \$	OPTIONS \$	
Dr Errol De Souza	135,815	-	-	-	45,335	181,150
Dr Deborah Rathjen	498,222	-	21,719	61,181	10,620	591,742
Mr David Wilson	68,954	-	-	-	43,464	112,418
Mr Peter Turner	71,614	-	6,803	-	33,630	112,047
Mr Alan Fisher	73,059	-	6,941	-	45,335	125,335
Mr Steven Lydeamore	382,979	-	19,910	42,400	42,297	487,586
Mr Jack Moschakis	325,314	-	21,645	28,079	11,853	386,891
Dr Paul Rolan	80,000	-	-	-	-	80,000
Dr Jens Mikkelsen	62,063	-	-	-	-	62,063
Mr Stephen Birrell	20,901	-	1,986	1,470	5,678	30,035
	<b>1,718,921</b>	<b>-</b>	<b>79,004</b>	<b>133,130</b>	<b>238,212</b>	<b>2,169,267</b>

<sup>4</sup> Retention payment paid as an incentive to retain KMP post the Phase 2 PTSD Trial results and covering the period of the Strategic Review

<sup>5</sup> Comprises Chairman's fee of \$154,000 and Executive Chairman's consultancy fee of \$137,670

<sup>6</sup> Includes a retirement payment (\$526,119) based on 12 months base pay in accordance with Section 200F of the Corporations Act 2001 and does not require shareholder approval

<sup>8</sup> Share options do not represent cash payments to Directors and other key management personnel. Share options granted may or may not be exercised by Directors and other key management personnel.

<sup>9</sup> Amortisation cost of share options granted over vesting period. The amounts include a negative adjustment for share options granted in prior years that were forfeited during the year due to not meeting the performance conditions (Dr Deborah Rathjen \$120,274 and Mr Steven Lydeamore \$44,143)

<sup>10</sup> Included in share-based payments are bonus shares granted for performance, for the year ended 30 June 2018, to Mr Moschakis and Mr Lydeamore that had a value of \$16,800 and \$16,125 respectively. Details about the calculation of the bonus' are disclosed in section 2 above, including the amount paid in cash which is included in the cash salary and fee section a. For the current year there is no bonus payable.

## 5. Key Terms of Service Agreements

Remuneration and other terms of employment for the Chief Executive Officer and Managing Director and the other executive KMP are formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below:

### Dr Deborah Rathjen, Chief Executive Officer and Managing Director

- Term of agreement – five years commencing 15 August 2015.
- Total remuneration package, to be reviewed annually by the Board
- Payment of termination benefit on early termination by the employer without cause equal to six months' salary. In the event of redundancy, purchase or merger of Bionomics by a third party resulting in a material diminution in duties, an additional six months' salary will be paid
- Retired as Managing Director on 9 November 2018 and as Chief Executive Officer on 31 January 2019

### Dr Errol De Souza, Executive Chairman

- Term of Consultancy Agreement - 12 months from 12 November 2018
- Appointment to 20 November 2019
- Fixed Remuneration of \$18,000 per month for 10 working days per month
- Termination by either party on seven days' notice

### Mr Jack Moschakis, Legal Counsel and Company Secretary

- Term of agreement – open, commencing 4 May 2015
- Total remuneration package to be reviewed annually by the Chief Executive Officer and Managing Director and approved by the Board
- Payment of termination benefit on early termination by the employer without cause equal to six months' salary. In the event of redundancy, purchase or merger of Bionomics by a third party resulting in a material diminution in duties, six months' salary will be paid

### Mr Steven Lydeamore, Chief Financial Officer

- Term of agreement – open, commencing 10 August 2017
- Total remuneration package to be reviewed annually by the Chief Executive Officer and Managing Director and approved by the Board
- Payment of termination benefit on early termination by the employer without cause equal to six months' salary. In the event of purchase or merger of Bionomics by a third party resulting in a material diminution in duties, six months' salary will be paid
- Resigned 23 November 2018

### Dr Paul Rolan, Consultant Medical Officer Clinical Neuroscience

- Term of agreement - From 1 February 2017 – 30 June 2018 (through the University of Adelaide) and directly from 1 July 2018 to 31 August 2019
- Part-time Consulting

### Mr Stephen Birrell, Interim Chief Financial Officer

- Term of agreement - from 26 November 2018 to 2 May 2019 (otherwise employed as Group Financial Controller).
- Total Remuneration package increased for this period.
- Payment of termination benefit on early termination by the employer without cause equal to three months' salary.
- Resigned 2 May 2019

### Mr Adrian Hinton, Acting Chief Financial Officer

- Consultancy Agreement – From 25 March 2019 to 25 March 2020
- Termination by either party on one months' notice
- Commenced as Acting CFO on 2 May 2019
- Part-time Consulting

### Share-based Payments

Share-based payment benefits are provided to employees via the Bionomics ESOP, EEP and the ESP. There were no share-based payments under the ESP during the financial year.

The market value of shares issued to employees for no cash consideration under the ESP and the EEP is recognised as an employee benefits expense with a corresponding increase in equity when the employees become unconditionally entitled to the shares.

The Bionomics EEP was approved by the Board and Shareholders in 2017. Employees eligible to participate in the plan are those who have been a full-time or part-time employee of the Group for a period of not less than six months or a director of the Company.

Options are granted under the ESOP (prior to approval of the EEP by shareholders at the 2017 AGM) and Options under the EEP are issued for no consideration and vest equally over five years, provided a person remains employed subject to good leaver provisions (death, retrenchment or retirement). Equities issued under the EEP vest at the time of grant or upon satisfaction of conditions stipulated by the Board at that time, if any.

The amounts disclosed as remuneration relating to options are the assessed fair values at grant date of those options allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Incentive options are issued at the discretion of the Board and vest immediately. There are no subsequent performance conditions attached to incentive options.

The terms and conditions of each grant of options affecting remuneration of directors and other KMP in this or future reporting periods are as follows:

GRANT DATE	EXPIRY DATE	REVISED EXERCISE PRICE	FAIR VALUE PER OPTION AT GRANT DATE	VESTING DATE
<b>Granted in Prior Periods</b>				
30-Dec-15	30-Dec-21	\$0.5102	\$0.2810	30-Dec-16
30-Dec-15	30-Dec-22	\$0.5102	\$0.2810	30-Dec-17
30-Dec-15	30-Dec-23	\$0.5102	\$0.2716	30-Dec-18
30-Dec-15	30-Dec-24	\$0.5102	\$0.2716	30-Dec-19
30-Dec-15	30-Dec-25	\$0.5102	\$0.2152	30-Dec-20
28-Nov-16	28-Nov-22	\$0.2613	\$0.1617	28-Nov-17
28-Nov-16	28-Nov-23	\$0.2613	\$0.2505	28-Nov-18
28-Nov-16	28-Nov-24	\$0.2613	\$0.2505	28-Nov-19
28-Nov-16	28-Nov-25	\$0.2613	\$0.2377	28-Nov-20
28-Nov-16	28-Nov-26	\$0.2613	\$0.1772	28-Nov-21
28-Nov-16	28-Nov-22	\$0.3130	\$0.2621	28-Nov-17
28-Nov-16	28-Nov-23	\$0.3130	\$0.2621	28-Nov-18
28-Nov-16	28-Nov-24	\$0.3130	\$0.2504	28-Nov-19
28-Nov-16	28-Nov-25	\$0.3130	\$0.2504	28-Nov-20
28-Nov-16	28-Nov-26	\$0.3130	\$0.1912	28-Nov-21
28-Nov-16	28-Nov-22	\$0.2613	\$0.2721	28-Nov-17
28-Nov-16	28-Nov-23	\$0.2613	\$0.2721	28-Nov-18
28-Nov-16	28-Nov-24	\$0.2613	\$0.2616	28-Nov-19
28-Nov-16	28-Nov-25	\$0.2613	\$0.2616	28-Nov-20
28-Nov-16	28-Nov-26	\$0.2613	\$0.2038	28-Nov-21
28-Nov-16	28-Nov-23	\$0.3130	\$0.2890	28-Nov-18
28-Nov-16	28-Nov-24	\$0.3130	\$0.2804	28-Nov-19
28-Nov-16	28-Nov-25	\$0.3130	\$0.2804	28-Nov-20
28-Nov-16	28-Nov-26	\$0.3130	\$0.2839	28-Nov-21
5-Sep-17	5-Sep-22	\$0.4400	\$0.2890	5-Sep-17

**Granted in current period**

Nil

Options granted under the EEP or ESOP carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of Bionomics.

During the year, and since the end of the year to the date of this report, no Options were issued to Directors and other key management personnel.

During the year no Directors or other key management personnel exercised options that were granted to them as part of their compensation.

**Fully Paid Ordinary Shares of Bionomics Limited**

	BALANCE AT 30 JUNE 2018 NUMBER	GRANTED AS COMPENSATION NUMBER	RECEIVED ON EXERCISE OF OPTIONS NUMBER	NET OTHER CHANGE NUMBER	BALANCE AT 30 JUNE 2019 NUMBER	BALANCE HELD NOMINALLY NUMBER
Dr Errol De Souza	366,698	-	-	-	366,698	-
Dr Deborah Rathjen	2,550,901	-	-	(2,550,901)	-	-
Mr David Wilson	200,000	-	-	-	200,000	200,000
Mr Peter Turner	200,000	-	-	-	400,000	-
Mr Alan Fisher	-	-	-	-	-	-
Mr Mitchell Kaye	-	-	-	-	-	-
Mr Jack Moschakis	-	35,518*	-	-	35,518	-
Dr Paul Rolan	-	-	-	-	-	-
Mr Adrian Hinton	-	-	-	-	-	-
Mr Steven Lydeamore	100,000	34,091*	-	(134,091)	-	-

\*Granted for performance in FY2018 and issued on 24 August 2018

**Share options of Bionomics Limited**

	BALANCE VESTED AND EXERCISABLE AT 30 JUNE 2018 NUMBER	GRANTED AS COMPEN- SATION NUMBER	EXERCISED NUMBER	NET OTHER CHANGE NUMBER	BALANCE AT 30 JUNE NUMBER	BALANCE VESTED AND EXERCISABLE AT 30 JUNE 2019 NUMBER	OPTIONS VESTED DURING YEAR NUMBER
Dr Errol De Souza	500,000	-	-	-	500,000	200,000	100,000
Dr Deborah Rathjen	1,265,000	-	-	(1,265,000)	-	-	-
Mr David Wilson	500,000	-	-	-	500,000	200,000	100,000
Mr Peter Turner	400,000	-	-	-	400,000	100,000	100,000
Mr Alan Fisher	500,000	-	-	-	500,000	200,000	100,000
Mr Mitchell Kaye	-	-	-	-	-	-	-
Mr Jack Moschakis	291,750	-	-	-	291,750	191,750	50,000
Dr Paul Rolan	-	-	-	-	-	-	-
Mr Steven Lydeamore	800,000	-	-	(800,000)	-	-	-

No share options issued to KMP during the financial year under the provisions of the ESOP or the EEP.

Details of the value of the employee share option plan and share options are contained in Note 22 to the financial statements.

**Other Transactions with Directors and Other Key Management Personnel**

Bionomics has strong disciplines to avoid any real or perceived conflict of interest with respect to related party transactions. Prospective related party transactions are reviewed by board excluding Directors not associated with the prospective transaction. Related party Directors must have no involvement in the evaluation, negotiation or management

of transactions in which they have an interest. Full disclosure is made in the Annual Report. The Company will continue to assess any prospective agreements on an arm's length basis.

During the year the Company contracted with WG Partners LP ("WG Partners"), related party to Mr David Wilson. This transaction is arm's length within the meaning of Section 210 of the Corporations Act 2001 and therefore shareholder approval is not required. Under the contract between the Company and WG Partners, WG Partners provides Bionomics with general financial advisory services in Europe and the US for a retainer of A\$10,000 per month (plus GST), terminable on one months' notice. The contract ended on 8 December 2018.

## OTHER INFORMATION

### Shares Under Option

Information relating to shares under option is set out in section 4 of the Remuneration Report. The total number of shares under option at 30 June 2019 was 7,686,550 under the Employee Share Option Plan and no shares under option were issued under the Employee Equity Plan. Shares under option total 1.4% of common shares outstanding as at 30 June 2019.

### Shares Issued on the Exercise of Options

No ordinary shares of Bionomics were issued during the year ended 30 June 2019 on the exercise of options granted under the Bionomics ESOP or EEP.

### Warrants

In December 2016 the Company issued 16,082,988 warrants at an exercise price of \$0.5938, being the second tranche in connection with a private placement to US equity holders. These warrants are exercisable at the discretion of the holder and exchangeable for 16,082,988 ordinary shares.

The Company issued 24,124,484 warrants in December 2015 being the first tranche in connection with the private placement to US equity holders, exchangeable for 24,124,484 ordinary shares at a fixed price of \$0.5938.

The company previously issued 988,843 warrants exchangeable for 988,843 ordinary shares at a fixed price (345,232 at \$0.5288 and 643,611 at \$0.54) in connection with a US Dollar Loan or a lower number of shares for nil consideration, with the number of shares calculated based on a formula which takes into account the movement in the share price of the Company from the date of issue to date of exercise of the warrant.

### Insurance of Officers

During the financial year, the Company paid a premium to insure the Directors and Officers (D&O) of the Company. Under the terms of this policy the premium paid by the Company is not permitted to be disclosed.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the D&O in their capacity as D&O of the Company, and any other payments arising from liabilities incurred by the D&O in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the D&O or the improper use by the D&O of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

### Non-Audit Services

The Company may decide to employ the external auditor on assignments additional to their statutory audit duties where the external auditor's expertise and experience with the Group are important.

Details of the amounts paid to the external auditor for audit and non-audit services provided during the year are set out in Note 28 to the financial statements.

The Board has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for external auditors imposed by the *Corporations Act 2001*.

### External Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327B of the *Corporations Act 2001*.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 27.

This directors' report is signed in accordance with a resolution of directors made pursuant to Section 298(2) of the *Corporations Act 2001*.



**Errol De Souza**

Executive Chairman

20 August 2019

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# Deloitte.

Deloitte Touche Tohmatsu  
ABN 74 490 121 060  
11 Waymouth Street  
Adelaide, SA, 5000  
Australia

Phone: +61 8 8407 7000  
[www.deloitte.com.au](http://www.deloitte.com.au)

19 August 2019

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

Dear Board Members

**Auditor's Independence Declaration to 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 audit of the financial report of Bionomics Limited for the year ended 30 June 2019, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Penny Woods  
Partner

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## FINANCIAL STATEMENTS

This financial statement covers both Bionomics Limited ("Bionomics") as an individual entity (Note 32) and the Group consisting of Bionomics and its subsidiaries. A description of the nature of the Group's operations and its principal activities is included throughout the Annual Report and the Directors' Report. The financial statement is presented in Australian dollars.

Bionomics is a company limited by shares, incorporated and domiciled in Australia. It is listed on the Australian Securities Exchange (ASX) (ASX:BNO) and its registered office is 31 Dalglish Street, Thebarton, SA 5031.

Through the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All press releases, financial statements and other information are available on our website [www.bionomics.com.au](http://www.bionomics.com.au).

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CONSOLIDATED STATEMENT OF PROFIT OR  
LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	NOTE	30 JUNE 2019 \$	30 JUNE 2018 \$
<b>CONTINUING OPERATIONS</b>			
Revenue	5	4,029,059	3,953,990
Other income	5	7,612,947	8,502,456
<b>EXPENSES</b>			
Research and development expenses	6	(8,977,465)	(25,246,525)
Administration expenses		(7,468,374)	(9,269,438)
Occupancy expenses		(1,885,519)	(1,416,637)
Compliance expenses		(852,198)	(712,746)
Finance expenses		(2,364,301)	(2,057,799)
<b>LOSS BEFORE TAX</b>		<b>(9,905,851)</b>	<b>(26,246,699)</b>
Income tax benefit	7	236,736	1,161,135
<b>LOSS AFTER TAX</b>		<b>(9,669,115)</b>	<b>(25,085,564)</b>
<b>Other Comprehensive Income, Net of Income Tax</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		691,587	502,141
<b>Total Comprehensive Loss for the Year</b>		<b>(8,977,528)</b>	<b>(24,583,423)</b>
<b>LOSS PER SHARE FROM CONTINUING OPERATIONS</b>			
	NOTE	2019	2018
Basic Loss per share	30	(\$0.02) (2 cents)	(\$0.05) (5 cents)
Diluted Loss per share	30	(\$0.02) (2 cents)	(\$0.05) (5 cents)

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

CONSOLIDATED STATEMENT  
OF FINANCIAL POSITION

AS AT JUNE 30 2019

	NOTE	30 JUNE 2019 \$	30 JUNE 2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	13,985,477	24,930,461
Trade and other receivables	10	886,739	712,643
Other financial assets	9	550,000	550,000
Inventories	11	664,541	490,090
Research and development incentives receivable		7,835,254	8,269,118
Other assets	12	1,210,203	968,011
<b>TOTAL CURRENT ASSETS</b>		<b>25,132,214</b>	<b>35,920,323</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	2,507,469	2,744,155
Goodwill	15	12,761,430	12,469,535
Other intangible assets	16	12,874,177	13,547,816
Other financial assets	9	384,000	384,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>28,527,076</b>	<b>29,145,506</b>
<b>TOTAL ASSETS</b>		<b>53,659,290</b>	<b>65,065,829</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	4,190,840	5,859,857
Borrowings	18	8,451,733	5,696,255
Provisions	19	933,979	1,503,562
Other financial liabilities	21	-	137,600
Other liabilities	20	225,736	87,351
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,802,288</b>	<b>13,284,625</b>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	17	741,704	363,636
Borrowings	18	8,647,490	15,736,333
Provisions	19	32,217	37,882
Deferred tax liabilities	7	2,938,417	3,003,389
Contingent consideration	33	9,799,033	15,682,109
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>22,158,861</b>	<b>34,823,349</b>
<b>TOTAL LIABILITIES</b>		<b>35,961,149</b>	<b>48,107,974</b>
<b>NET ASSETS</b>		<b>17,698,141</b>	<b>16,957,855</b>
<b>EQUITY</b>			
Issued capital	22	144,944,233	135,211,955
Reserves	23	13,619,537	13,098,497
Accumulated losses		(140,865,629)	(131,352,597)
<b>TOTAL EQUITY</b>		<b>17,698,141</b>	<b>16,957,855</b>

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

31  
CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	ISSUED CAPITAL \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	SHARE-BASED PAYMENTS RESERVE \$	ACCUMU- LATED LOSSES \$	TOTAL EQUITY \$
<b>BALANCE AT 30 JUNE 2017</b>	<b>134,536,428</b>	<b>5,060,539</b>	<b>9,052,338</b>	<b>(108,195,732)</b>	<b>40,453,573</b>
Loss for the period	-	-	-	(25,085,564)	<b>(25,085,564)</b>
Exchange differences on translation of foreign operations	-	502,141	-	-	<b>502,141</b>
<b>Total Comprehensive Income</b>	<b>-</b>	<b>502,141</b>	<b>-</b>	<b>(25,085,564)</b>	<b>(24,583,423)</b>
Recognition of share-based payments	-	-	537,259	-	<b>537,259</b>
SBP cost of exercised options	264,373	-	(264,373)	-	-
Transfer of cancelled options	-	-	(1,789,407)	1,789,407	-
Prior year tax entries	-	-	-	139,292	<b>139,292</b>
Issue of ordinary shares under Employee Share Option Plan	411,154	-	-	-	<b>411,154</b>
<b>BALANCE AT 30 JUNE 2018</b>	<b>135,211,955</b>	<b>5,562,680</b>	<b>7,535,817</b>	<b>(131,352,597)</b>	<b>16,957,855</b>
Loss for the period	-	-	-	(9,669,115)	<b>(9,669,115)</b>
Exchange differences on translation of foreign operations	-	691,587	-	-	<b>691,587</b>
<b>Total Comprehensive Income</b>	<b>-</b>	<b>691,587</b>	<b>-</b>	<b>(9,669,115)</b>	<b>(8,977,528)</b>
Recognition of share-based payments	-	-	(14,464)	-	<b>(14,464)</b>
Transfer of cancelled options	-	-	(156,083)	156,083	-
Issue of ordinary shares under a share placement	9,849,787	-	-	-	<b>9,849,787</b>
Issue of ordinary shares under a share purchase plan	250,000	-	-	-	<b>250,000</b>
Issue of ordinary shares to employees	52,860	-	-	-	<b>52,860</b>
Share issue costs	(420,369)	-	-	-	<b>(420,369)</b>
<b>BALANCE AT 30 JUNE 2019</b>	<b>144,944,233</b>	<b>6,254,267</b>	<b>7,365,270</b>	<b>(140,865,629)</b>	<b>17,698,141</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	NOTE	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Research and development incentives received		6,568,807	8,196,353
Receipts from customers		5,067,487	5,498,757
Payments to suppliers and employees		(25,283,546)	(32,218,600)
Interest paid		(1,934,652)	(1,929,303)
<b>Net Cash Used By Operating Activities</b>	<b>29(b)</b>	<b>(15,581,904)</b>	<b>(20,452,793)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		282,649	568,741
Payments for purchases of property, plant and equipment		(98,927)	(487,495)
Proceeds from disposals		13,930	-
<b>Net Cash Generated By Investing Activities</b>		<b>197,652</b>	<b>81,246</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(5,327,426)	(154,584)
Proceeds from borrowings		-	2,377,649
Proceeds from share issues		10,099,787	411,154
Share issue costs paid		(420,369)	-
<b>Net Cash Generated By Financing Activities</b>		<b>4,351,992</b>	<b>2,634,219</b>
<b>Net Decrease In Cash and Cash Equivalents</b>		<b>(11,032,260)</b>	<b>(17,737,328)</b>
Cash and cash equivalents at the beginning of the financial year		24,930,461	42,873,656
Effects of exchange rate changes on the balance of cash held in foreign currencies		87,276	(205,867)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>29(a)</b>	<b>13,985,477</b>	<b>24,930,461</b>

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

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**NOTE 1: GENERAL INFORMATION**

Bionomics Limited (the Company) is a listed public company incorporated in Australia. The address of its registered office and principal place of business is as follows:

31 Dalgleish Street  
Thebarton, South Australia, 5031  
Tel: 08 8354 6100

**Principal Activities**

The principal activities of the Company and its controlled entities (the Group) during the period include the discovery and development of novel drug candidates focused on the treatment of serious central nervous system disorders and cancer by leveraging proprietary platform technologies.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report includes the consolidated financial statements and notes of the Group.

**(i) Statement of Compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards (AASB). Compliance with AASB ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Directors on 20 August 2019.

**(ii) Basis of Preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date. Fair

value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 (IFRS 2), leasing transactions that are within the scope of AASB 117 (IAS 17), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 (IFRS 2) or value in use in AASB 136 (IAS 36).

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for that asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**(iii) Going Concern**

The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

For the year ended 30 June 2019 the Group incurred a net loss of \$9,669,115 (30 June 2018: \$25,085,564) and had a net cash outflow from operating activities of \$15,581,904 (30 June 2018: \$20,452,793). At 30 June 2019, the Group has cash reserves of \$13,985,477 (30 June 2018: \$24,930,461).

During July 2019 the Group received a \$1,324,459 R&D Tax Incentive refund relating to the year ended 30 June 2018, following an internal review of the Group's application by the Department of Industry, Innovation & Science, refer Note 27 Subsequent Events for additional information.

For the Group to fund a second BNC210 Phase 2 PTSD clinical trial, meet administration costs and continue to pay its debts as and when they fall due and payable, the Group is dependent on raising additional funds, which may include:

- Raising capital by one or a combination of the following; a private placement of shares, a pro-rata issue to shareholders, the exercise of outstanding share options and warrants, and/or a further issue of shares to the public; and
- Sale or partial sale of some of the Group's assets, or licensing of some of the Group's compounds which are currently in the drug development stage.

Excluding the funding for a second BNC210 Phase 2 PTSD clinical trial, the amount that the Group will be required to raise during the second half of the financial year is at least \$3,000,000.

At the date of signing this report, the Board of Directors have reasonable grounds to believe that the Group will be able to raise additional funds by one or more of the methods outlined above and that it is therefore appropriate to prepare the financial report on the going concern basis.

Should the Group be unable to raise additional funds there is a material uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

#### (iv) Application of New and Revised Accounting Standards

In the current year, the Group has adopted all 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 an accounting period that begins on or after 1 July 2018, or the current annual reporting period.

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

- AASB 9 Financial Instruments and related amending Standards
- AASB 15 Revenue from Contracts with Customers and related amending Standards

#### AASB 9 Financial Instruments and Related Amending Standards

In the current year, the Group has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives.

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under AASB 139 that were subject to reclassification or which the Group has elected to reclassify upon the application of AASB 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of AASB 9.

The Directors of the Company reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that exist at that date and concluded that the initial application of AASB 9 has had no material impact on the Group's financial assets as regards their classification and measurement.

#### AASB15 Revenue from Contracts with Customers and Related Amending Standards

In the current year, the Group has applied AASB15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB15 to deal with specific scenarios.

The Group's accounting policies for its revenue streams are disclosed in detail in note (v) (c) below.

The application of AASB 15 has had no material impact on the Group's loss after tax or balance sheet

*Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group. With the exception of AASB 16, the Group do not expect those new standards and interpretations will have a material impact on the financial statements of the Group in future periods. The Group's assessment of the impact of AASB 16 is set out below.*

#### AASB 16 Leases

The Group will be adopting the new accounting standard on leases from 1 July 2019, using the "modified retrospective approach" for all leases as allowed in the transitional provisions of the standard. The new accounting standard requires all leases to be recognised on the balance sheet, except for short-term leases and leases of low value assets, by recognising a right-of-use asset and a corresponding liability of the leased asset.

Under the modified retrospective approach on initial application the right-of-use asset will be measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Subsequently, the right-of-use asset will be measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

On initial application the lease liability will be measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

The classification of cash flows will also be affected as operating lease payments are currently presented as operating cash flows; whereas under the new standard, the lease payments will be split into principal and interest which will be presented as financing and operating cash flows.

The Group will recognise the lease payments associated with short-term leases and leases of low value assets as an expense on a straight-line basis over the lease term.

The financial effect of adopting this standard:

- In the balance sheet will be the recognition of right-of-use asset and Lease liability of \$2,985,049 as at 1 July 2019.
- In profit and loss for the year ended 30 June 2020 will be the reduction in rent expense by \$991,960, increase in amortisation of \$920,970 and increase in interest expense of \$87,095.

#### (v) Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

##### (a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

##### (b) Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are

retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

##### (c) Revenue Recognition

- Licence revenues in connection with licensing of the Group's intellectual property (including patents) to collaborators are recognised as a right to use the entity's intellectual property as it exists at the point in time at which the licence is granted. This is because the contracts for the licence of intellectual property are distinct and do not require, nor does the customer reasonably expect, that the Group will undertake further activities that significantly affect the intellectual property to which the collaborator has rights. Although the Group is entitled to sales-based royalties from any eventual sales of goods and services to third parties using the intellectual property transferred, these royalty arrangements do not of themselves indicate that the collaborator would reasonably expect the Group to undertake such activities, and no such activities are undertaken or contracted in practice. Accordingly, the promise to provide rights to the Group's intellectual property is accounted for as a performance obligation satisfied at a point in time.

The following consideration is received in exchange for licences of intellectual property:

(a) Up-front payments - These are fixed amounts and are recognised at the point in time when the Group transfers the intellectual property to the collaborator.

(b) Milestone payments - These are variable consideration that depends upon the collaborator reaching certain milestones in relation to the intellectual property licenced. Such amounts are only recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration (ie. the collaborator meeting the conditions to trigger payment) is subsequently resolved.

(c) Sales-based royalties - These are variable consideration amounts promised in exchange for the licence of intellectual property that occur late in the collaborator's development of the intellectual property and are recognised when the sales to third parties occur (as the performance obligation to transfer the intellectual property to the collaborator is already satisfied).

(ii) For contracted research and development work, the customer controls all the work in progress as the work is being carried out, as the work is called out to the customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms and invoiced amounts are presented as other receivables.

Any amounts received from customers prior to the performance obligations being completed are recorded as unearned income and held on the balance sheet, until the relevant performance obligations have been completed in line with the policies above.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(iii) Rental income is recognised on a straight-line basis over the term of the lease.

**(d) Government Research and Development Incentives**

Government grants, including Research and Development incentives, are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met.

Grants relating to cost reimbursements are recognised as other income in profit or loss in the period when the costs were incurred or when the incentive meets the recognition requirements (if later).

**(e) Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Current and Deferred Tax for the Year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other

comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**(i) Tax Consolidation Legislation**

Bionomics and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation effective 31 December 2005.

The head entity, Bionomics, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Bionomics also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

**(f) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 9 or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' respectively, as appropriate, with the corresponding gain or loss being recognised in profit or loss, respectively.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

**(g) Impairment of Tangible and Intangible Assets Other than Goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

A CGU is the smallest identifiable group of assets that generates cash flow that are largely independent of cash flows from other assets or group of assets. The cash generating units are defined as a research program that has the potential to be commercialised at some point in the future. Achievement of certain milestones within the research program will determine when a CGU comes into existence.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(h) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

**(i) Inventories**

Consumables are stated at the lower of cost and net realisable value.

**(j) Property, Plant and Equipment**

Land is stated at cost less any impairment losses if applicable and is not depreciated.

Building, plant and equipment are stated at cost less accumulated depreciation or accumulated impairment losses, where applicable.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the diminishing value or straight-line methods, depending on the type of asset. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

The depreciation rates for each class of depreciable assets are:

- Buildings 25 years
- Plant and equipment 20 – 40%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**(k) Financial Assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measure subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flow; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the forgoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

*(i) Amortised Cost and Effective Interest Method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocation interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired, (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item.

*(ii) Financial Assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt

instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instructions as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair values gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

*(iii) Impairment of Financial Assets*

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or a FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

**(l) Intangible Assets**

*(i) Intellectual Property*

Acquired intellectual property is recognised as an asset at cost and amortised over its useful life. There is currently no internally generated intellectual property that has been capitalised. Intellectual property with a finite life is amortised on a straight-line basis over that life. Intellectual property with an indefinite useful life is subjected to an annual impairment review. There is currently no intellectual property with an indefinite life.

Current useful life of all existing intellectual property is in the range of 5 to 20 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

*(ii) Goodwill*

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see Note 2(f) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGU) (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

*(iii) Intangible Assets Acquired in a Business Combination*

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**(m) Research and Development**

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised as an expense when it

is incurred. Expenditure on development activities are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. At year end there are currently no capitalised development costs.

#### **(n) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

#### **(o) Employee Benefits**

##### *(i) Short-term and Long-term Employee Benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

##### *(ii) Retirement Benefits Costs*

Retirement benefits are contributions made to employee superannuation funds and are charged as expenses when incurred. These contributions are made to external superannuation funds and are not defined benefits programs. Consequently, there is no exposure to market movements on employee superannuation liabilities or entitlements.

##### *(iii) Share-based Payments*

Share-based compensation benefits are provided to employees via the Bionomics Employee Equity Plan (EEP).

The fair value of shares issued to employees for no cash consideration under the EEP is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

The disclosure in the Remuneration Reports and Note 22 relates to the former ESOP and the EEP. The Bionomics EEP was approved by the Board and shareholders in 2017. Staff eligible to participate in the plan are those who have been a full-time or part-time employee of the Group for a period of not less than six months or

a Director of the Group. Options are granted under the plan for no consideration and vest equally over five years, unless they are bonus options which vest immediately. The amounts disclosed as remuneration relating to options are the assessed fair values at grant date of those options allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option and the vesting criteria.

#### **(p) Borrowings (Other Financial Liabilities)**

##### *(i) Warrants*

Warrants issued by the Group in connection with bank loans or issued capital are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Where the warrants do not meet the definition of equity, they are initially measured at fair value with a corresponding reduction to the associated borrowings if associated with bank loans or as an allocation of proceeds received if associated with a share issue. Subsequent to initial recognition, the liability is fair valued until the warrant is issued, with gains or losses recognised in the profit or loss. See Note 21 for further details.

##### *(ii) Other Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

##### *(iii) Classification*

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### **(q) Borrowing Costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **(r) Leases**

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The

interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

#### **(s) Issued Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are deducted directly from equity.

#### **(t) Earnings/(Loss) per Share**

##### *(i) Basic Earnings/(Loss) per Share*

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) after income tax attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

##### *(ii) Diluted Earnings/(Loss) per Share*

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to options.

#### **(u) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flow arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

#### **NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of our consolidated financial statements requires the Group to make estimates and judgments that can affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. The Group analyses the estimates and judgments and base estimates and judgments on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may vary from the estimates. The significant accounting policies are detailed in Note 2 for the year ended 30 June 2019. Summarised below are the accounting policies of particular importance to the portrayal of the financial position and results of operations and that require the application of significant judgment or estimates by management.

#### **Impairment of Goodwill and Other Intangible Assets**

The Group assesses annually, or whenever there is a change in circumstances, whether goodwill or other intangible assets may be impaired. Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash generating units to which goodwill or other intangible assets have been allocated. The value in use calculation is judgmental in nature and requires the Group to make a number of estimates including the future cash flows expected to arise from the cash generating units based on actual current market deals for drug compounds within the cash generating unit and over a period covering drug discovery, development, approval and marketing as well as, a suitable discount rate in order to calculate present value. The cash flow projections are further weighted based on the observable market comparables probability of realising projected milestone and royalty payments. When the carrying value of the cash generating unit exceeds its recoverable amount, the cash generating unit is considered impaired and the assets in the cash generating unit are written down to their recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. A detailed valuation was performed as of 30 June 2019 and each computed fair value (based on a value-in-use model) of our cash generating unit was in excess of the carrying amount respectively. As a result of this evaluation, it was determined that no impairment of goodwill or other intangible assets existed at 30 June 2019.

#### **Contingent Consideration**

As a result of the acquisition of Eclipse Therapeutic, Inc. (Eclipse) during the year ended 30 June 2013, the Group determines and recognises at each reporting date the fair value of the additional consideration that may be payable to Eclipse security holders due to potential royalty payments based on achieving late-stage development success or partnering outcomes based on Eclipse assets. Such potential earn-out payments are recorded at fair value and include a number of significant estimates including adjusted revenue projections and expenses, probability of such projections and a suitable discount rate to calculate present value. During the year there has been a change in estimate in the revenue projections to align more closely to other signed contracts.

#### NOTE 4: 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 and development is the discovery, development and commercialisation of compounds to match a target product profile; and
- 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.

#### (a) Segment Revenues and Results

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

	SEGMENT REVENUE YEAR ENDED		SEGMENT PROFIT YEAR ENDED	
	30 JUNE 2019 \$	30 JUNE 2018 \$	30 JUNE 2019 \$	30 JUNE 2018 \$
Drug discovery and development	701,486	-	(4,969,944)	(17,706,864)
Contract services	7,099,150	8,283,753	(22,712)	1,854,721
	<b>7,800,636</b>	<b>8,283,753</b>	<b>(4,992,656)</b>	<b>(15,852,143)</b>
Less intercompany revenue included in contract services	(3,976,210)	(4,530,295)	-	-
Corporate (rent income)	204,633	200,532	204,633	200,532
	<b>4,029,059</b>	<b>3,953,990</b>	<b>(4,788,023)</b>	<b>(15,651,611)</b>
Interest income			282,649	574,904
Financing expenses			(2,364,301)	(2,031,784)
Adjustment for changes in timing of expected revenue projections relating to contingent consideration (note 33)			7,169,915	-
Corporate administration expenses			(10,208,091)	(9,138,208)
<b>Loss before income tax</b>			<b>(9,907,851)</b>	<b>(26,246,699)</b>

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

Segment profit represents the result for each segment without allocation of central administration expenses and investment and other revenue.

#### (b) Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable operating segment, excluding intercompany assets and liabilities:

	30 JUNE 2019 \$	30 JUNE 2018 \$
<b>ASSETS</b>		
Drug discovery and development	32,748,293	33,105,728
Contract services	5,176,320	7,469,574
	<b>37,924,613</b>	<b>40,575,302</b>
Corporate	15,734,677	24,490,527
<b>Total Assets</b>	<b>53,659,290</b>	<b>65,065,829</b>
<b>LIABILITIES</b>		
Drug discovery and development	1,336,607	3,597,172
Contract services	3,667,546	2,917,952
	<b>5,004,153</b>	<b>6,515,124</b>
Corporate	30,956,996	41,592,850
<b>Total liabilities</b>	<b>35,961,149</b>	<b>48,107,974</b>

**NOTE 4: SEGMENT INFORMATION CONT.**

<b>(b) Segment Assets and Liabilities CONT.</b>	<b>30 JUNE 2019</b>	<b>30 JUNE 2018</b>
	<b>\$</b>	<b>\$</b>
<b>ADDITIONS TO NON-CURRENT ASSETS</b>		
Drug discovery and development	-	399,846
Contract services	98,927	87,649
	<b>98,927</b>	<b>487,495</b>

**(c) Other Segment Information**

The segment result above has been determined after including the following items:

<b>DEPRECIATION AND AMORTISATION YEAR ENDED</b>	<b>30 JUNE 2019</b>	<b>30 JUNE 2018</b>
	<b>\$</b>	<b>\$</b>
Drug discovery and development	1,502,598	1,412,840
Contract services	136,955	254,970
	<b>1,639,553</b>	<b>1,667,810</b>

**(d) Revenue from Major Products and Services**

The following is an analysis of the Group's external revenue from its major products and services:

	<b>30 JUNE 2019</b>	<b>30 JUNE 2018</b>
	<b>\$</b>	<b>\$</b>
Drug discovery and development	701,486	-
Contract services	3,122,940	3,753,458
Corporate (rent income)	204,633	200,532
	<b>4,029,059</b>	<b>3,953,990</b>

**(e) Geographical Information**

The Group operates in three geographical areas, Australia, France and United States of America.

The Group's external revenue and information about its non-current assets by geographical segment are detailed below:

	<b>REVENUE FROM EXTERNAL CUSTOMERS YEAR ENDED</b>		<b>NON-CURRENT ASSETS YEAR ENDED</b>	
	<b>30 JUNE 2019</b>	<b>30 JUNE 2018</b>	<b>30 JUNE 2019</b>	<b>30 JUNE 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Australia	906,119	1,395,770	26,457,459	26,946,189
France	3,122,940	2,558,220	2,069,617	2,199,317
USA	-	-	-	-
	<b>4,029,059</b>	<b>3,953,990</b>	<b>28,527,076</b>	<b>29,145,506</b>

**(f) Information about Major Customers**

Included in revenues for the drug discovery and development segment is \$654,150 (2018: \$nil) from one party. No other customer contributed 10% or more to the Group's revenue for both 2019 and 2018.

**NOTE 5: REVENUE AND OTHER INCOME**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Contract services	3,122,940	3,753,458
Licences	701,486	-
Rent	204,633	200,532
	<b>4,029,059</b>	<b>3,953,990</b>
<b>Other Income from Continuing Operations</b>		
Interest income	282,649	574,904
Foreign Government grants	871,766	1,358,745
Government Research and Development Incentives (i)	6,458,532	6,568,807
	<b>7,612,947</b>	<b>8,502,456</b>

**NOTE 5: REVENUE AND OTHER INCOME CONT**

- (i) The Government Research and Development Incentives include cash refunds provided by the Australian Government for 43.5% (2018: 43.5%) of eligible research and development expenditures by Australian entities having a tax loss and less than A\$20 million in revenue. The grants are calculated at the end of the fiscal year to which they relate, based on the expenses incurred in and included in the fiscal year's Australian income tax return after registration of the research and development activities with the relevant authorities. There are no unfulfilled conditions or other contingencies attaching to the Government Research and Development Incentive. Potentially eligible overseas expenditure awaiting government approval pending review of applications submitted during the year ended 30 June 2019 has been excluded from the calculation of the Research and Development Incentive and if approved, will result in an additional receipt of approximately \$nil (2018: \$1.3m).

**NOTE 6: EXPENSES**

Loss before income tax benefit includes the following specific expenses:

	2019	2018
	\$	\$
<b>Finance Expenses</b>		
Interest expense on bank and other loans	1,914,148	1,725,937
Interest expense on contingent consideration	450,153	331,862
	<b>2,364,301</b>	<b>2,057,799</b>
<b>Depreciation and Amortisation</b>		
Building	124,337	133,926
Plant and equipment	248,856	254,534
Equipment under lease	-	20,017
	<b>373,193</b>	<b>408,477</b>
<b>Amortisation of non-current assets</b>		
Intellectual property	1,334,969	1,259,333
<b>Rental expense on operating leases</b>		
Minimum lease payments	1,001,145	996,957
<b>Employment benefit expenses of:</b>		
Wages and salaries	8,705,041	8,933,819
Superannuation	614,289	715,646
Share-based payments	38,396	537,259
	<b>9,357,726</b>	<b>10,186,724</b>
Unrealised foreign currency loss	1,762,420	3,903,945
<b>(Gain)/Loss on disposal of assets</b>		
Plant and equipment	(6,869)	40,121
Adjustment for changes in timing of expected revenue projections relating to contingent consideration (note 33)	(7,169,915)	-

**NOTE 7: INCOME TAXES**

(a) Income Tax Recognised in Profit or Loss	2019	2018
	\$	\$
<b>Current Tax</b>		
In respect of the current year*	-	467,343
In respect of the prior year	-	-
	-	<b>467,343</b>
<b>Deferred Tax</b>		
Recognised in current year	(236,736)	(1,628,478)
	<b>(236,736)</b>	<b>(1,628,478)</b>
<b>Total Income Tax Benefit</b>	<b>(236,736)</b>	<b>(1,161,135)</b>

\*In the current year this liability has been reduced by the withholding tax (\$650,613) associated with the milestone payment received.

<b>NOTE 7: INCOME TAXES CONT.</b>	<b>2019</b>	<b>2018</b>
<b>(b) Reconciliation to Accounting Loss</b>	<b>\$</b>	<b>\$</b>
Loss from continuing operations	(9,905,851)	(26,246,699)
Tax at the Australian tax rate of 30% (2018: 30%)	(2,971,755)	(7,874,010)
<b>Tax Effect of Non-Deductible / Non-Assessable Amounts</b>		
Foreign exchange contingent consideration	251,006	216,127
Exempt income from government assistance	(1,937,560)	(1,970,642)
Entertainment	2,604	2,941
Contingent consideration	(2,015,929)	120,917
Share-based payments	11,519	161,178
Research and development expenditure	3,556,712	4,530,212
Temporary differences not recorded as an asset	(127,446)	954,289
Tax losses not recorded	3,028,169	2,457,993
Effect of different tax rates in other jurisdictions	4,273	239,860
Unrecognised tax losses used in current period	(38,329)	-
	<b>(236,736)</b>	<b>(1,161,135)</b>
<b>(c) Net Deferred Tax Liability Recognised</b>	<b>2019</b>	<b>2018</b>
Net deferred tax liability is attributable to the following deferred tax asset/(liability) items:	<b>\$</b>	<b>\$</b>
Property, plant & equipment denominated in EUR	(516,624)	(526,612)
Intangibles denominated in EUR	(15,301)	(37,191)
Intangibles denominated in USD	(2,622,608)	(2,678,943)
Tax losses denominated in USD	216,116	239,357
	<b>(2,938,417)</b>	<b>(3,003,389)</b>
<b>(d) Movement in Net Deferred Tax Liability</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Opening balance	(3,003,389)	(4,771,162)
Recognised in income	236,736	1,628,478
Recognised in equity	(171,764)	139,295
<b>Closing balance</b>	<b>(2,938,417)</b>	<b>(3,003,389)</b>
<b>(e) Net Deferred Tax Asset Not Recognised</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Revenue tax losses	22,348,314	19,358,474
Net timing difference	3,260,019	3,387,465
	<b>25,608,333</b>	<b>22,745,939</b>

Deferred tax assets have not been recognised in respect to these items as it is not probable at this time that future taxable profits will be available against which the Group can utilise the benefit.

#### (f) Tax Consolidation

##### Relevance of Tax Consolidation to the Group

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Bionomics is the head entity in the tax-consolidated group. Tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

**NOTE 8: CASH AND CASH EQUIVALENTS**

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

	2019 \$	2018 \$
<b>Current</b>		
Cash at bank and on hand	13,590,052	24,697,755
Deposits at call	395,425	232,706
	<b>13,985,477</b>	<b>24,930,461</b>

The weighted average interest rate on these deposits is 1.5% per annum (2018: 2.42% per annum).

	2019 \$	2018 \$
<b>NOTE 9: OTHER FINANCIAL ASSETS</b>		
Restricted deposits held as security and not available for use	934,000	934,000
Disclosed in the financial statement as:		
Current assets	550,000	550,000
Non-current assets	384,000	384,000
	<b>934,000</b>	<b>934,000</b>

The Group holds two restricted term deposits of \$550,000 and \$384,000 as security for a loan (Note 18(i)) and for a bank guarantee (Note 34(ii)) respectively that are not available for use. The effective interest rate on these deposits is 2.19% (2018: 2.54%) and maturity dates are 4 July 2019 and 18 March 2020 respectively (2018: 2 July 2018 and 18 March 2019 respectively).

	2019 \$	2018 \$
<b>NOTE 10: TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables	816,750	563,716
Loss allowance	(6,318)	-
	<b>810,432</b>	<b>563,716</b>
GST and Value Added Tax (VAT) receivables	61,178	129,588
Other	15,129	19,339
	<b>886,739</b>	<b>712,643</b>

The average credit period on sales of services is 60 days. No interest is charged on trade receivables for the first 60 days from the date of the invoice. Thereafter, interest is charged at 2% per annum on the outstanding balance. Loss allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Group reviews the quality of the customer, and this is reviewed prior to commencing new major work.

	2019 \$	2018 \$
<b>Movement in the Loss Allowance</b>		
Balance at beginning of the year	-	-
Impairment losses recognised on receivables	6,318	-
<b>Balance at end of the year</b>	<b>6,318</b>	<b>-</b>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Typically, the concentration of credit risk is limited due to the fact that the customer base is large and unrelated, except as noted above.

NOTES TO THE  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

<b>NOTE 11: INVENTORIES</b>	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Current</b>		
Consumables	664,541	490,090

<b>NOTE 12: OTHER ASSETS</b>	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Current</b>		
Prepayments	1,207,523	953,288
Accrued income	2,680	14,723
	<b>1,210,203</b>	<b>968,011</b>

<b>NOTE 13: SUBSIDIARIES</b>			<b>PERCENTAGE OWNED</b>	
Details of the Group's subsidiaries at the end of the reporting period are as follows:			(%)	
ENTITY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	2019	2018
<b>Head Entity</b>				
Bionomics Limited	Research and Development	Australia	N/A	N/A
<b>Subsidiaries of Bionomics Limited</b>				
Neurofit SAS	Contract Research Organisation	France	100	100
Iliad Chemicals Pty Limited	Asset owner	Australia	100	100
Bionomics, Inc.	Research and Development	United States	100	100
PC SAS	Contract Research Organisation	France	100	100

<b>NOTE 14: PROPERTY, PLANT AND EQUIPMENT</b>	<b>FREEHOLD LAND AT COST</b>	<b>BUILDING AT COST</b>	<b>PLANT AND EQUIPMENT AT COST</b>	<b>EQUIPMENT UNDER FINANCE LEASE AT COST</b>	<b>TOTAL</b>
	\$	\$	\$	\$	\$
<b>Cost at 30 June 2017</b>	<b>262,964</b>	<b>1,965,988</b>	<b>3,279,397</b>	<b>592,387</b>	<b>6,100,736</b>
Additions	-	5,141	482,354	-	487,495
Disposals	-	-	(106,402)	-	(106,402)
Transfer	-	-	592,387	(592,387)	-
Foreign currency exchange differences	16,879	126,196	35,323	-	178,398
<b>Cost at 30 June 2018</b>	<b>279,843</b>	<b>2,097,325</b>	<b>4,283,059</b>	<b>-</b>	<b>6,660,227</b>
Additions	-	-	98,927	-	98,927
Disposals	-	-	(166,392)	-	(166,392)
Foreign currency exchange differences	6,175	46,278	16,359	-	68,812
<b>Cost at 30 June 2019</b>	<b>286,018</b>	<b>2,143,603</b>	<b>4,231,953</b>	<b>-</b>	<b>6,661,574</b>
<b>Accumulated depreciation at 30 June 2017</b>	<b>-</b>	<b>(324,054)</b>	<b>(2,586,637)</b>	<b>(572,370)</b>	<b>(3,483,061)</b>
Depreciation (Note 6)	-	(133,926)	(254,534)	(20,017)	(408,477)
Disposals	-	-	66,281	-	66,281
Transfer	-	-	(592,387)	592,387	-
Foreign currency exchange differences	-	(10,806)	(80,009)	-	(90,815)
<b>Accumulated depreciation at 30 June 2018</b>	<b>-</b>	<b>(468,786)</b>	<b>(3,447,286)</b>	<b>-</b>	<b>(3,916,072)</b>

NOTE 14: PROPERTY, PLANT AND EQUIPMENT CONT.	FREEHOLD LAND AT COST \$	BUILDING AT COST \$	PLANT AND EQUIPMENT AT COST \$	EQUIPMENT UNDER FINANCE LEASE AT COST \$	TOTAL \$
Depreciation (Note 6)	-	(124,337)	(248,856)	-	(373,193)
Disposals	-	-	159,331	-	159,331
Foreign currency exchange differences	-	(11,974)	(12,197)	-	(24,171)
<b>Accumulated depreciation at 30 June 2019</b>	-	<b>(605,097)</b>	<b>(3,549,008)</b>	-	<b>(4,154,105)</b>
<b>Net Carrying Amounts at 30 June 2018</b>	<b>279,843</b>	<b>1,628,539</b>	<b>835,773</b>	-	<b>2,744,155</b>
<b>Net Carrying Amounts at 30 June 2019</b>	<b>286,018</b>	<b>1,538,506</b>	<b>682,945</b>	-	<b>2,507,469</b>

#### Non-Current Assets Pledged as Security

Refer to Note 18 for information on non-current assets pledged as security by the Group.

NOTE 15: GOODWILL	\$
<b>Carrying amount at 30 June 2017</b>	<b>12,264,122</b>
Additions	-
Foreign currency exchange differences	205,413
<b>Carrying amount at 30 June 2018</b>	<b>12,469,535</b>
Additions	-
Foreign currency exchange differences	291,895
<b>Carrying amount at 30 June 2019</b>	<b>12,761,430</b>

#### Impairment Tests

There are two cash generating units (CGUs), Drug discovery and development, and Contract services. These are the same as the operating segments identified in Note 4. Management tests annually whether goodwill or indefinite life intangibles have suffered any impairment, in accordance with the accounting policy stated in Note 2(l)(i) and (l)(ii), Note 2(g) respectively. For the purpose of impairment testing all goodwill is allocated to the Drug discovery and development CGU.

Determining whether goodwill or intangibles are impaired requires an estimation of the value in use of the CGUs to which goodwill or indefinite life intangibles have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value over the expected life cycle of the commercialisation of the assets - in line with the average patent life and development cycle of the drug compound. A post-tax discount rate of 15% has been used.

#### Allocation of Goodwill to Group CGU's

The carrying amount of goodwill was allocated to the following CGU's:

	2019 \$	2018 \$
Drug discovery and development	12,761,430	12,469,535
Contract services	-	-

#### Drug Discovery and Development

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on observable market comparables for drug compounds within the CGU over a period of 20 years covering drug discovery, development, approval and marketing, and a post-tax discount rate of 15% per annum (2018: 15% per annum). The cash flow projections are weighted based on the observable market comparables probability of realising projected milestone and royalty payments.

Management believes that the application of discounted cash flows of observable market comparables for one drug compound is reasonable to be applied to other compounds within the CGU at their respective development phases.

**NOTE 15: GOODWILL CONT.**

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

No growth rates have been included in the forecast. As the full discovery and development lifecycle has been taken into account with the cashflows, no terminal value has been used.

**NOTE 16: OTHER INTANGIBLE ASSETS****Intellectual Property**

The acquired intellectual property includes the Company's Multicore technology, its BNC101 drug candidate and its BNC105 drug candidate. Each item is carried at its fair value as at its date of acquisition, less accumulated amortisation charges. The remaining amortisation periods for each item are between 5 and 20 years. There is currently no internally generated intellectual property capitalised.

	\$
<b>Gross carrying amount at 30 June 2017</b>	<b>24,213,632</b>
Additions	-
Foreign currency exchange differences	786,684
<b>Gross carrying amount at 30 June 2018</b>	<b>25,000,316</b>
Additions	-
Foreign currency exchange differences	990,515
<b>Gross carrying amount at 30 June 2019</b>	<b>25,990,831</b>
<b>Accumulated amortisation amount at 30 June 2017</b>	<b>(9,882,788)</b>
Amortisation (Note 6)	(1,259,333)
Foreign currency exchange differences	(310,379)
<b>Accumulated amortisation amount at 30 June 2018</b>	<b>(11,452,500)</b>
Amortisation (Note 6)	(1,334,969)
Foreign currency exchange differences	(329,185)
<b>Accumulated amortisation amount at 30 June 2019</b>	<b>(13,116,654)</b>
<b>Net carrying amount 30 June 2018</b>	<b>13,547,816</b>
<b>Net carrying amount 30 June 2019</b>	<b>12,874,177</b>

	2019 \$	2018 \$
<b>NOTE 17: TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade payables	1,202,705	3,607,199
Accrued expenses	2,950,969	2,252,658
Other payables	37,166	-
	<b>4,190,840</b>	<b>5,859,857</b>
<b>Non-Current</b>		
Other payables	<b>741,704</b>	<b>363,636</b>

The average credit period on purchases of goods is 45 days. No interest is paid on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Other payables relate to incentive grants (interest free) received from the French Government for research projects. The amounts are repayable over a five year period in quarterly installments commencing two years after receipt of the incentive grant.

	2019 \$	2018 \$
<b>NOTE 18: BORROWINGS</b>		
<b>Unsecured – at Amortised Cost</b>		
Bank Overdraft	-	23,052
<b>Secured – at Amortised Cost</b>		
Commercial bill (i)	550,000	550,000
Equipment mortgage (ii)	387,837	597,480
Bank loan (iii)	16,161,386	20,262,056
	<b>17,099,223</b>	<b>21,432,588</b>
<b>Loan Movement Schedule</b>		
Opening Balance – 1 July	21,432,588	18,509,518
Drawdown on Bank Loan	-	2,026,206
Equipment mortgages	-	351,443
Repayments	(5,327,426)	(154,584)
Foreign currency exchange differences	994,061	700,005
<b>Closing Balance – 30 June</b>	<b>17,099,223</b>	<b>21,432,588</b>
Disclosed in the financial statements as:		
- Current liabilities	8,451,733	5,696,255
- Non-current liabilities	8,647,490	15,736,333
	<b>17,099,223</b>	<b>21,432,588</b>

- (i) The rolling commercial bill line is secured by a restricted deposit of \$550,000 (2018: \$550,000) and shown in Note 9. The commercial bill has an effective interest rate of 2.96% (2018: 3.43%) and is due for repayment on 1 July 2019 (2018: 4 July 2018)
- (ii) The equipment mortgage loans are for equipment (which secure the loans) and have an interest rate of 5.53% (2018: 5.53%) and have terms of three to five years (2018: three to five years). As at 30 June 2019 the written down value of this equipment is \$447,212 (2018: \$539,913).
- (iii) Bank loan is a secured US \$11.4 million (2018: US\$15.0 million) borrowing. The loan bears interest at a rate of 9.75% (2018: 9%) and repayable in equal installments over 33 months from 1 December 2018. The loan is collateralised by substantially all of the Group's assets, other than intellectual property. The loan further contains customary conditions of borrowing, events of default and covenants, including covenants that restrict the ability to dispose of assets, merge with or acquire other entities, incur indebtedness and make distributions to shareholders. Should an event of default occur, including the occurrence of a material adverse change, the Group could be liable for immediate repayment of all obligations under the loan agreement. There were no breaches of covenants as of 30 June 2019.

The unused facilities available at 30 June 2019 of the Group's bank overdraft is \$80,645 (2018: \$25,612) and equipment finance facility is \$312,163 (2018: \$102,520) There is no unused facility in relation to the commercial bill line.

#### Interest Rate Risk

The Group's exposure to interest rates and the effective weighted average interest rate by maturity period is set out in Note 24.

	2019 \$	2018 \$
<b>NOTE 19: PROVISIONS</b>		
<b>Current</b>		
Employee benefits	933,979	1,503,562
<b>Non-Current</b>		
Employee benefits	32,217	37,882

	2019 \$	2018 \$
<b>NOTE 20: OTHER LIABILITIES</b>		
<b>Current</b>		
Unearned services income	225,736	87,351

	2019 \$	2018 \$
<b>NOTE 21: OTHER FINANCIAL LIABILITIES</b>		
<b>Current</b>		
Warrants	-	137,600
	-	<b>137,600</b>
Balance at beginning of period	137,600	106,441
Warrants value at date of issue	-	-
Conditional warrants initial value	-	-
Change in value recognised in profit or loss	(137,600)	31,159
<b>Balance at end of period</b>	<b>-</b>	<b>137,600</b>

Refer Note 22(e) for details about the fair value of the warrant.

#### Warrants

A derivative was recognised in relation to the warrants issued by the Group in connection with the USD loan included in Note 18(iii). These warrants are currently exercisable at the discretion of the holder and exchangeable for either 988,843 (2018: 988,843) ordinary shares at a fixed price (345,232 at \$0.5288 and 643,611 at \$0.54) or, if the holder elects to do a cashless exercise where the fair market value of an ordinary share exceeds the exercise price under the warrant, a lower number of shares for partial or nil consideration, with the number of shares to be issued calculated on the basis of a formula which takes into account the 10 day volume weighted movement in the share price of the Company up to the date of exercise of the warrant.

The warrants expiry dates are as follows:

NUMBER	EXPIRY DATE
345,232	Oct-20
<b>643,611</b>	<b>Nov-19</b>

The warrants were initially measured at fair value in accordance with AASB 9. The value of the warrants liability is remeasured at each balance date with any movement in valuations recognised in the profit or loss.

<b>NOTE 22: ISSUED CAPITAL</b>	<b>2019 SHARES</b>	<b>2018 SHARES</b>
<b>(a) Issued and Paid-Up Capital</b>		
Ordinary shares – fully paid	544,647,747	482,753,311
Treasury stock	38,125	38,125
<b>Total</b>	<b>544,685,872</b>	<b>482,791,436</b>

Movements in Ordinary Shares and Treasury Stock (restricted shares issued subject to Employee Share Plan Loan Agreements) respectively, of the Company during the current period were as follows:

<b>DATE</b>	<b>DETAILS</b>	<b>NUMBER OF SHARES</b>	<b>\$</b>
<b>Ordinary Shares</b>			
30 June 2017	<b>Closing balance</b>	<b>481,456,441</b>	<b>134,536,428</b>
	Share issue – Employee Share Option Plan option exercise	1,296,870	675,527
30 June 2018	<b>Closing balance</b>	<b>482,753,311</b>	<b>135,211,955</b>
	Share issue - share placement	60,169,738	9,849,787
	Share issue - share purchase plan	1,612,942	250,000
	Share issue - employees	111,756	52,860
	Share issue costs	-	(420,369)
30 June 2019	<b>Closing balance</b>	<b>544,647,747</b>	<b>144,944,233</b>
<b>Treasury Stock</b>			
30 June 2017	<b>Closing balance</b>	<b>38,125</b>	<b>-</b>
	Share issue – Employee Share Plan Loan Agreements	-	-
30 June 2018	<b>Closing balance</b>	<b>38,125</b>	<b>-</b>
	Share issue – Employee Share Plan Loan Agreements	-	-
30 June 2019	<b>Closing balance</b>	<b>38,125</b>	<b>-</b>
	<b>Total Issued Capital</b>	<b>544,685,872</b>	<b>144,944,233</b>

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

#### **(b) Ordinary Shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

#### **(c) Share Options**

When exercised, each option is convertible into one ordinary share. The exercise price is based on the weighted average price at which the Company's shares traded on the ASX during the seven trading days immediately before the options are issued.

##### **(i) The Bionomics Employee Share Option Plan and Employee Equity Plan**

The terms and conditions of the Bionomics Employee Share Option Plan and Employee Equity Plan are summarised in Note 2(o)(iii). The following options listed are outstanding as at 30 June 2019:

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## NOTE 22: ISSUED CAPITAL CONT.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER	FAIR VALUE AT GRANT DATE
4-Nov-09	4-Nov-19	\$0.2976	100,000	\$0.2039
12-Jul-10	12-Jul-19	\$0.3176	10,000	\$0.1915
	12-Jul-20	\$0.3176	10,000	\$0.1998
4-Nov-10	4-Nov-19	\$0.3076	100,000	\$0.1749
12-Dec-11	12-Dec-19	\$0.5156	100,000	\$0.3730
	12-Dec-20	\$0.5156	100,000	\$0.3886
	12-Dec-21	\$0.5156	100,000	\$0.4025
26-Mar-12	26-Mar-20	\$0.5026	5,000	\$0.3209
	26-Mar-21	\$0.5026	5,000	\$0.3355
	26-Mar-22	\$0.5026	5,000	\$0.3484
12-Jun-12	12-Jun-20	\$0.3356	8,000	\$0.1794
	12-Jun-21	\$0.3356	8,000	\$0.1889
	12-Jun-22	\$0.3356	8,000	\$0.1975
11-Dec-12	11-Dec-19	\$0.3176	100,000	\$0.1871
	11-Dec-20	\$0.3176	100,000	\$0.1976
	11-Dec-21	\$0.3176	100,000	\$0.2070
	11-Dec-22	\$0.3176	100,000	\$0.2155
18-Dec-12	18-Dec-19	\$0.3176	5,000	\$0.2233
	18-Dec-20	\$0.3176	5,000	\$0.2345
	18-Dec-21	\$0.3176	5,000	\$0.2445
	18-Dec-22	\$0.3176	5,000	\$0.2535
1-May-13	1-May-20	\$0.3745	64,000	\$0.2353
	1-May-21	\$0.3745	64,000	\$0.2481
	1-May-22	\$0.3745	64,000	\$0.2595
	1-May-23	\$0.3745	64,000	\$0.2697
10-Oct-13	10-Oct-19	\$0.6014	15,000	\$0.4551
	10-Oct-20	\$0.6014	15,000	\$0.4805
	10-Oct-21	\$0.6014	15,000	\$0.5030
	10-Oct-22	\$0.6014	15,000	\$0.5233
	10-Oct-23	\$0.6014	15,000	\$0.5415
17-Dec-13	11-Dec-19	\$0.7224	100,000	\$0.3598
	17-Dec-19	\$0.6875	4,000	\$0.3681
	11-Dec-20	\$0.7224	100,000	\$0.3866
	17-Dec-20	\$0.6875	4,000	\$0.3943
	11-Dec-21	\$0.7224	100,000	\$0.4105
	17-Dec-21	\$0.6875	4,000	\$0.4177
	11-Dec-22	\$0.7224	100,000	\$0.4318
	17-Dec-22	\$0.6875	4,000	\$0.4385
15-Oct-14	15-Oct-19	\$0.5643	128,500	\$0.3523
	15-Oct-20	\$0.5643	128,500	\$0.3523
27-Apr-15	27-Apr-21	\$0.5029	14,000	\$0.2146
	27-Apr-22	\$0.5029	14,000	\$0.2315
	27-Apr-23	\$0.5029	14,000	\$0.2466
	27-Apr-24	\$0.5029	14,000	\$0.2601
	27-Apr-25	\$0.5029	14,000	\$0.2722
25-May-15	25-May-21	\$0.4246	288,600	\$0.2352
	25-May-22	\$0.4246	288,600	\$0.2512
	25-May-23	\$0.4246	288,600	\$0.2654
	25-May-24	\$0.4246	288,600	\$0.2780
	25-May-25	\$0.4246	288,600	\$0.2893

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## NOTE 22: ISSUED CAPITAL CONT.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER	FAIR VALUE AT GRANT DATE
20-Jul-15	20-Jul-20	\$0.4341	123,000	\$0.2035
	20-Jul-21	\$0.4341	15,000	\$0.2213
	20-Jul-22	\$0.4341	15,000	\$0.2371
	20-Jul-23	\$0.4341	15,000	\$0.2513
	20-Jul-24	\$0.4341	15,000	\$0.2640
	20-Jul-25	\$0.4341	15,000	\$0.2756
9-Oct-15	9-Oct-21	\$0.4575	5,000	\$0.3036
	9-Oct-22	\$0.4575	5,000	\$0.3216
	9-Oct-23	\$0.4575	5,000	\$0.3376
	9-Oct-24	\$0.4575	5,000	\$0.3521
	9-Oct-25	\$0.4575	5,000	\$0.3653
28-Oct-15	28-Oct-20	\$0.4211	85,500	\$0.2852
24-Dec-15	24-Dec-21	\$0.5389	100,000	\$0.1502
	24-Dec-22	\$0.5389	100,000	\$0.1658
	24-Dec-23	\$0.5389	100,000	\$0.1798
	24-Dec-24	\$0.5389	100,000	\$0.1925
	24-Dec-25	\$0.5389	100,000	\$0.2039
30-Dec-15	30-Dec-21	\$0.5102	50,000	\$0.1617
	30-Dec-22	\$0.5102	50,000	\$0.1772
	30-Dec-23	\$0.5102	50,000	\$0.1912
	30-Dec-24	\$0.5102	50,000	\$0.2038
	30-Dec-25	\$0.5102	50,000	\$0.2152
6-May-16	6-May-22	\$0.3200	58,000	\$0.1841
	6-May-23	\$0.3200	58,000	\$0.1961
	6-May-24	\$0.3200	58,000	\$0.2068
	6-May-25	\$0.3200	58,000	\$0.2164
	6-May-26	\$0.3200	58,000	\$0.2251
4-Nov-16	4-Nov-23	\$0.2591	4,000	\$0.2448
	4-Nov-24	\$0.2591	4,000	\$0.2546
	4-Nov-25	\$0.2591	4,000	\$0.2633
	4-Nov-26	\$0.2591	4,000	\$0.2710
28-Nov-16	28-Nov-21	\$0.3743	5,000	\$0.2080
	28-Nov-21	\$0.3743	285,000	\$0.2080
	28-Nov-22	\$0.2613	200,000	\$0.2505
	28-Nov-22	\$0.3130	100,000	\$0.3130
	28-Nov-22	\$0.3820	5,000	\$0.3820
	28-Nov-23	\$0.2613	200,000	\$0.2621
	28-Nov-23	\$0.3130	200,000	\$0.2504
	28-Nov-23	\$0.3820	5,000	\$0.2370
	28-Nov-24	\$0.2613	200,000	\$0.2721
	28-Nov-24	\$0.3130	200,000	\$0.2616
	28-Nov-24	\$0.3820	5,000	\$0.2495
	28-Nov-25	\$0.2613	200,000	\$0.2810
	28-Nov-25	\$0.3130	200,000	\$0.2716
	28-Nov-25	\$0.3820	5,000	\$0.2605
28-Nov-26	\$0.2613	200,000	\$0.2890	
28-Nov-26	\$0.3130	200,000	\$0.2804	
28-Nov-26	\$0.3820	5,000	\$0.2703	
12-Dec-16	12-Dec-21	\$0.3743	35,000	\$0.1846

**NOTE 22: ISSUED CAPITAL CONT.**

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER	FAIR VALUE AT GRANT DATE
5-Sep-17	5-Sep-23	\$0.4400	10,000	\$0.3062
	5-Sep-24	\$0.4400	10,000	\$0.3236
	5-Sep-25	\$0.4400	10,000	\$0.3388
	5-Sep-26	\$0.4400	10,000	\$0.3520
	5-Sep-27	\$0.4400	10,000	\$0.3636
	5-Sep-22	\$0.4400	450,550	\$0.2839
3-Oct-17	3-Oct-23	\$0.4691	40,000	\$0.2244
	3-Oct-24	\$0.4691	40,000	\$0.2410
	3-Oct-25	\$0.4691	40,000	\$0.2559
	3-Oct-26	\$0.4691	40,000	\$0.2695
	3-Oct-27	\$0.4691	40,000	\$0.2819
			<b>7,686,550</b>	

	2019		2018	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
<b>Opening balance at beginning of financial year</b>	<b>10,312,920</b>	<b>\$0.46</b>	<b>11,139,740</b>	<b>\$0.43</b>
Granted during the financial year	-	-	1,588,050	\$0.60
Forfeited during the financial year	(2,058,000)	\$0.64	(10,000)	\$0.43
Exercised during the financial year	-	-	(1,276,870)	\$0.31
Expired during the financial year	(568,370)	\$0.42	(1,128,000)	\$0.87
<b>Closing balance at 30 June</b>	<b>7,686,550</b>	<b>\$0.41</b>	<b>10,312,920</b>	<b>\$0.46</b>

	2019 NUMBER	2018 NUMBER
<b>Unlisted Options Vested and Exercisable at the Reporting Date</b>	<b>5,000,400</b>	<b>5,924,720</b>

**(ii) Weighted Averages**

The weighted average remaining contractual life of any unlisted share options outstanding at the end of the year is 3.76 years (2018:4.61 years).

**(e) Warrants**

The weighted average remaining contractual life of the unlisted warrants outstanding at the end of the year is 2.2 years (2018: 3.2 years)

**Warrants Recorded in Equity**

Details of outstanding warrants as at 30 June 2019 are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER	FAIR VALUE AT GRANT DATE
Dec-15	Dec-20	\$0.5938	24,124,484	\$0.1370
Dec-16	Dec-20	\$0.5938	16,082,988	\$0.1370

**Warrants Recorded in Other Financial Liabilities (Note 21)**

The assessed fair value at 30 June 2019 of warrants granted is \$nil (2018: \$137,600). The share price as at 30 June 2019 was \$0.03 (2018: \$0.53). The expected average price volatility of the Company's shares was 82.29% (2018: 50.22%). Expected dividend yield was 0% (2018: 0%) and the average risk-free interest rate as at 30 June 2019 was 0.98% (2018: 2.0%).

	2019 \$	2018 \$
<b>NOTE 23: RESERVES</b>		
Foreign Currency Translation Reserve (a)	6,254,267	5,562,680
Share-based Payments Reserve (b)	7,365,270	7,535,817
<b>Total reserves</b>	<b>13,619,537</b>	<b>13,098,497</b>

**(a) Foreign Currency Translation Reserve**

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 2(b). The reserve is recognised in profit or loss when the investment is disposed of.

**(b) Share-based Payments Reserve**

The share-based payments reserve is used to recognise the fair value of options and warrants issued over the vesting period. Further information about share-based payments is set out in Note 22.

**NOTE 24: FINANCIAL INSTRUMENTS****(a) Capital Risk Management**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2018. The capital structure of the Group consists of debt, which includes borrowings (Note 18), cash and cash equivalents (Note 8) and equity attributable to equity holders of the parent, comprising issued capital (Note 22), reserves (Note 23) and retained earnings.

The Group has global operations, primarily conducted through subsidiary companies established in the markets in which the Group trades. None of the Group's entities is subject to externally imposed capital requirements.

The Group's policy is to fund the research and development activities and operations through the issue of equity and the commercialisation of Intellectual Property assets. Project specific borrowings are utilised where appropriate and also minor borrowings for operational assets, as required.

<b>(b) Categories of Financial Instruments</b>	2019 \$	2018 \$
<b>Financial Assets</b>		
Receivables	8,722,732	8,981,761
Other financial assets	934,000	934,000
Cash and cash equivalents	13,985,477	24,930,461
	<b>23,642,209</b>	<b>34,846,222</b>
<b>Financial Liabilities</b>		
Amortised cost	22,031,768	24,619,183
Contingent consideration at fair value	9,799,033	15,682,109
	<b>31,830,801</b>	<b>40,301,292</b>
<b>Reconciliation to Total Assets</b>		
Financial assets (as above)	23,642,209	34,846,222
Non-financial assets	30,017,081	30,219,607
	<b>53,659,290</b>	<b>65,065,829</b>
<b>Reconciliation to Total Liabilities</b>		
Financial liabilities (as above)	31,830,801	40,301,292
Non-financial liabilities	4,130,348	7,806,682
	<b>35,961,149</b>	<b>48,107,974</b>

**NOTE 24: FINANCIAL INSTRUMENTS CONT.****(c) Financial Risk Management Objectives**

The Board, through the Audit and Risk Management (ARM) Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, Group policies are designed to ensure significant strategic, operational, legal, reputational and financial risks are identified, assessed, and effectively monitored and managed in a manner sufficient for a company of Bionomics' size and stage of development to enable achievement of the Group's business strategy and objectives.

The Group's risk management policies are managed by the key management personnel and are reviewed by the ARM Committee according to a timetable of assessment and review proposed by that committee and approved by the Board.

**(d) Market Risk**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (e) below) and interest rates (see (f) below).

The Group uses derivative financial instruments to manage its exposure to foreign currency risk, if and when appropriate.

Unless approved by the Chief Executive Officer and Managing Director and ARM Committee, interest rate derivatives are not entered into.

The Group measures market risk exposures using sensitivity analysis. There has been no material change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

There were no derivative financial instruments outstanding as at 30 June 2019 (2018: nil).

**(e) Foreign Currency Risk Management**

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed in accordance with established policies. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting date are as follows:

	LIABILITIES		ASSETS	
	2019 \$	2018 \$	2019 \$	2018 \$
EUR	3,202,851	2,348,386	5,925,651	5,539,527
USD	6,464,537	21,731,585	25,971,146	26,393,676
GBP	157,307	446,189	-	-

**Foreign Currency Sensitivity Analysis**

The Group is mainly exposed to Euros, US dollars and Pound Sterling (GBP).

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit or equity with the balances being the opposite.

**NOTE 24: FINANCIAL INSTRUMENTS CONT.**

	EUR IMPACT		USD IMPACT		GBP IMPACT	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Profit or loss	(385) <sup>(i)</sup>	-	(2,117,226) <sup>(ii)</sup>	(2,497,310) <sup>(ii)</sup>	(25,833) <sup>(iv)</sup>	(72,368) <sup>(iv)</sup>
Equity	400,371 <sup>(iii)</sup>	231,365 <sup>(iii)</sup>	3,346,355 <sup>(v)</sup>	3,070,803 <sup>(v)</sup>	-	-

(i) This is mainly attributable to the exposure outstanding on EUR payables in the Group at the end of the reporting period.

(ii) This is mainly attributable to the exposure to outstanding USD net assets at the end of the reporting period.

(iii) This is as a result of the changes in fair value of the net investment in subsidiaries denominated in Euros, reflected in the foreign currency translation reserve.

(iv) This is mainly attributable to the exposure outstanding on GBP payables in the Group at the end of the reporting period.

(v) This is as a result of the changes in fair value of the net investment in subsidiaries denominated in USD, reflected in the foreign currency translation reserve.

The Group's sensitivity to foreign currency has decreased during the current year mainly due to the mix of net assets held in non-Australian dollar denominated currencies, in particular, the USD net borrowings valued through the profit or loss.

The sensitivity analysis may not represent the quantum of foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year. Requirements change during the financial year depending on research and development activities being undertaken and contract research service financial performance.

**Forward Foreign Exchange Contracts**

It is the policy of the Group to enter into forward foreign currency contracts to cover specific foreign currency payments and receipts when appropriate (such as when there is a legal commitment to pay or receive foreign currency or the Chief Executive Officer and Managing Director has a high degree of confidence (→90%) that a foreign currency exposure will arise).

Under the Group's Treasury Policy, the Chief Financial Officer (CFO) will manage the foreign exchange transaction risk adopting the following guidelines:

- Generally, hedge foreign exchange exposure identified above by entering into a forward currency contract.
- The duration of any forward currency contract(s) will approximate the period in which the net currency exposure arises.
- Recognising the uncertainty that exists in projecting forward foreign currency flows, a maximum net foreign currency exposure position may be held at any point in time.

Due to the long-term nature of the net investment in the Euro and USD denominated wholly owned subsidiaries, the investments will not be hedged into Australian dollars, with the result that the Australia dollar value of the investments will fluctuate with the market rate through the foreign currency translation reserve.

There were no forward foreign currency contracts outstanding as at 30 June 2019 (2018: nil).

**(f) Interest Rate Risk Management**

The Group is exposed to interest rate risk, only in relation to the cash and cash equivalent balance, as entities in the Group invest funds in both fixed and variable interest rates with various maturities. The Group does not use interest rate swap contracts or forward interest rate contracts.

**Interest Rate Sensitivity Analysis**

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

If interest rates had been 50 basis points higher / (lower) and all other variables were held constant, the Group's:

- Loss for the year ended 30 June 2019 would increase / (decrease) by \$83,557 (2018: increase / (decrease) by \$104,600). This is mainly attributable to the Group's exposure to interest rates on its variable rate deposits.

The Group's sensitivity to interest rates has decreased during the current year mainly due to the reduction in interest rates.

**(g) Credit Risk Management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

**NOTE 24: FINANCIAL INSTRUMENTS CONT.**

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

**(h) Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Board, which has approved an appropriate liquidity risk management framework for management of the Group's short, medium and long term funding. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Included in Note 18 is a listing of additional undrawn facilities that the group has at its disposal to further reduce liquidity risk.

**(i) Liquidity and Interest Rate Risk**

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	INTEREST RATE MATURITY						
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	LESS THAN 1 MONTH \$	1 - 3 MONTHS \$	3 - 12 MONTHS \$	1 TO 5 YEARS \$	5 + YEARS \$	TOTAL \$
<b>2019</b>							
Non-interest bearing		4,153,674	-	37,166	660,262	81,442	4,932,544
Variable interest rate instruments	9.75	1,331,250	2,320,360	5,831,439	8,274,255	-	17,757,304
Fixed interest rate instruments	5.11	19,830	57,068	83,497	260,833	-	421,228
		<b>5,504,754</b>	<b>2,377,428</b>	<b>5,952,102</b>	<b>9,195,350</b>	<b>81,442</b>	<b>23,111,076</b>
<b>2018</b>							
Non-interest bearing		5,859,857	-	-	363,636	-	6,223,493
Variable interest rate instruments	9.0	148,307	291,830	1,306,058	25,025,686	-	26,771,881
Fixed interest rate instruments	5.11	19,830	59,489	158,637	421,226	-	659,182
		<b>6,027,994</b>	<b>351,319</b>	<b>1,464,695</b>	<b>25,810,548</b>	<b>-</b>	<b>33,654,556</b>

**(j) Fair Value of Financial Instruments**

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The value of other financial assets and liabilities approximate their fair value. The following table gives information about how the fair values of these financial assets and liabilities are determined.

FINANCIAL LIABILITIES	FAIR VALUE AS AT		FAIR VALUE HIERARCHY	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
	30 JUNE 2019 \$	30 JUNE 2018 \$				
Contingent consideration in a business combination (Note 34)	9,799,033	15,682,109	Level 3	Discounted cash flow	Discount rate of 25% (pre-tax) and probability adjusted revenue projections.	The higher the discount rate, the lower the value. The higher the possible revenue the higher value.
Warrant (Note 21)	-	137,600	Level 2	Black Scholes model	N/A	N/A

The significant inputs used for Level 3 are disclosed above and the inputs used for Level 2 are disclosed in Note 22(e).

**NOTE 24: FINANCIAL INSTRUMENTS CONT.**

	2019 CONTINGENT CONSIDERATION IN A BUSINESS COMBINATION	2018 CONTINGENT CONSIDERATION IN A BUSINESS COMBINATION
<b>RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS</b>		
<b>Opening Balance</b>	<b>15,682,109</b>	<b>14,558,628</b>
Total (gain) or loss		
- in profit or loss	(5,883,076)	1,123,481
<b>Closing Balance</b>	<b>9,799,033</b>	<b>15,682,109</b>

The carrying value of all other financial assets and liabilities approximate their fair value.

**NOTE 25: KEY MANAGEMENT PERSONNEL COMPENSATION**

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2019 \$	2018 \$
Short-term employee benefits	2,498,539	1,718,921
Post-employment benefits	77,263	79,004
Other long-term benefits	8,475	133,130
Share-based payments	33,736	238,212
<b>Total Key Management Personnel Compensation</b>	<b>2,618,013</b>	<b>2,169,267</b>

**NOTE 26: COMMITMENTS FOR EXPENDITURE****(a) Operating Leases**

Operating leases relate to business premises with lease terms of between two and ten years. The building premise leases have options of +2 and +5+5 year terms respectively.

	2019 \$	2018 \$
<b>Non-Cancellable Operating Lease Commitments</b>		
Within one year	991,960	1,005,780
Later than one year but not greater than five	1,818,484	1,853,214
Later than five years	500,389	-
<b>Minimum Lease Payments</b>	<b>3,310,833</b>	<b>2,858,994</b>

**(b) Rental Agreements**

The Group sub-lets areas of its facility under agreements that are renewed annually. Rent received from these agreements is treated according to the accounting policy outlined in Note 2(c).

	2019 \$	2018 \$
<b>Future Rental Income Receivable</b>		
Within one year	156,577	156,834
Later than one year but not greater than five	-	156,834
	<b>156,577</b>	<b>313,668</b>

**NOTE 27: EVENTS OCCURRING AFTER REPORTING DATE**

On 22 July 2019 the Company received a R&D Tax Incentive refund \$1,324,459, as a result of lodging an amended income tax return for the year ended 30 June 2018, following an internal review of the Company's application for eligible overseas expenditure. There are no other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the results of the operations of the Group

**NOTE 28: REMUNERATION OF AUDITORS**

During the financial year the following services were paid and payable to the external auditor:

Auditor of the Group	2019 \$	2018 \$
Audit or review of financial reports	174,376	206,388
	<b>174,376</b>	<b>206,388</b>

The auditor of Bionomics Limited is Deloitte Touche Tohmatsu.

**NOTE 29: CASH FLOW INFORMATION****(a) Cash and Cash Equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2019 \$	2018 \$
Cash and cash equivalents (Note 8)	<b>13,985,477</b>	<b>24,930,461</b>

<b>(b) Reconciliation of Operating Loss to Net Cash Outflow From Operating Activities</b>	2018 \$	2017 \$
<b>Loss for the Year</b>	<b>(9,669,115)</b>	<b>(25,085,564)</b>
Items in loss		
Depreciation and amortisation	1,708,162	1,667,810
Share-based payments	38,396	537,259
Gain on asset disposals	(6,869)	-
Contingent consideration – accretion interest	450,153	331,862
Contingent consideration – adjustment to inputs	(7,169,915)	-
Net unrealised foreign exchange differences	1,621,963	2,126,120
Interest received	(282,649)	(482,590)
Change in warrant value	(137,600)	(31,159)
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in receivables	(147,310)	642,166
Decrease/(Increase) in research and development incentive receivables	509,614	(268,801)
Increase in other assets	(230,581)	(231,716)
Increase in inventory	(152,316)	(64,348)
Decrease in provisions	(593,867)	(81,185)
Increase in other liabilities	134,440	67,842
(Decrease)/Increase in payables	(1,415,674)	2,187,284
Decrease in deferred tax liability	(238,736)	(1,767,773)
<b>Net Cash Outflows from Operating Activities</b>	<b>(15,581,904)</b>	<b>(20,452,793)</b>

<b>NOTE 30: LOSS PER SHARE</b>	<b>2019</b>	<b>2018</b>
Basic Loss per share	(\$0.02) (2 cents)	(\$0.05) (5 cents)
Diluted Loss per share	(\$0.02) (2 cents)	(\$0.05) (5 cents)

The basic and diluted Loss per share amounts have been calculated using the 'Loss after income tax' figure in the consolidated statement of comprehensive income.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Loss Per Share (Basic and Diluted):</b>		
Loss after tax for the year	(9,669,115)	(25,085,564)

	<b>2019</b>	<b>2018</b>
	<b>NUMBER</b>	<b>NUMBER</b>
<b>Weighted Average Number of Ordinary Shares - Basic</b>		
Weighted average number of ordinary shares used in calculating basic loss per share:	521,301,018	482,286,644
<b>Weighted Average Number of Ordinary Shares - Diluted</b>		
Weighted average number of ordinary shares used in calculating basic loss per share:	521,301,015	482,286,644
Shares deemed to be issued for no consideration in respect of:		
- Employee options	7,686,550	10,312,920
- Potential ordinary shares which are anti-dilutive and excluded	(7,686,550)	(1,486,340)
<b>Weighted Average Number of Ordinary Shares used in the Calculation of Diluted Loss Per Share</b>	<b>521,301,018</b>	<b>491,113,224</b>

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted loss per share.

	<b>2019</b>	<b>2018</b>
	<b>NUMBER</b>	<b>NUMBER</b>
Employee options	7,686,550	1,486,340

The warrants issued by the Company (see Note 21) have been excluded from the weighted average number of ordinary shares.

#### **NOTE 31: RELATED PARTY TRANSACTIONS**

##### **(a) Parent Entity**

The immediate parent and ultimate controlling party of the Group is Bionomics Limited. Interests in subsidiaries are set out in Note 13.

##### **(b) Key Management Personnel**

Disclosures relating to compensation of key management personnel are set out in Note 25 and the Directors' Report.

##### **(c) Loans to Directors and Other Key Management Personnel**

There were no loans to any Directors of the Company or other key management personnel of the Group during the financial year ended 30 June 2019 (2018: \$0).

**NOTE 32: PARENT ENTITY INFORMATION**

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

<b>FINANCIAL POSITION</b>	<b>YEAR ENDED 30 JUNE 2019 \$</b>	<b>YEAR ENDED 30 JUNE 2018 \$</b>
<b>Assets</b>		
Current assets	19,695,527	31,560,803
Non-current assets	21,872,534	22,039,448
<b>Total Assets</b>	<b>41,568,061</b>	<b>53,600,251</b>
<b>Liabilities</b>		
Current liabilities	10,847,707	10,176,568
Non-current liabilities	18,214,060	31,191,646
<b>Total Liabilities</b>	<b>29,061,767</b>	<b>41,368,214</b>
<b>Net Assets</b>	<b>12,506,294</b>	<b>12,232,037</b>
<b>Equity</b>		
Issued capital	144,944,233	135,211,955
Reserves	7,365,270	7,495,870
Accumulated losses	(139,803,209)	(130,475,788)
<b>Total Equity</b>	<b>12,506,294</b>	<b>12,232,037</b>
<b>Financial Performance</b>		
Loss for the year	(9,327,421)	(26,207,236)
Other comprehensive income	-	-
<b>Total Comprehensive Income</b>	<b>(9,327,421)</b>	<b>(26,207,236)</b>

**(a) Property, Plant and Equipment Commitments**

There are no contractual commitments for the acquisition of property, plant or equipment as at 30 June 2019 (2018: Nil).

**(b) Contingent Liabilities and Guarantees**

The contingent liabilities and guarantees of the parent are the same as disclosed in Note 34 and Note 9 respectively.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

**NOTE 33: CONTINGENT CONSIDERATION**

During the year ended 30 June 2013, the Company acquired Eclipse Therapeutics, Inc. (Eclipse) into the wholly owned subsidiary Bionomics, Inc.

Part of the consideration are potential cash earn-outs to Eclipse security holders based on achieving late stage development success or partnering outcomes of the Eclipse asset that was acquired. Due to the movement in the US dollar, change in projected inputs and unwinding of interest, at 30 June 2019 this was \$9,799,033 (30 June 2018: \$15,682,109). This liability will only be settled when the Group receives income from achieving late stage development success or partnering outcomes of the asset acquired.

During the year there has been a change in estimate in the revenue projections to align more closely to other signed contracts.

	2019 \$	2018 \$
<b>Opening balance</b>	<b>15,682,109</b>	<b>14,558,628</b>
Accretion interest	450,153	331,862
Adjustment for changes in timing of expected revenue projections	(7,169,915)	-
FX movement	836,686	791,619
<b>Closing balance</b>	<b>9,799,033</b>	<b>15,682,109</b>

**NOTE 34: CONTINGENT LIABILITIES**

- (i) In January 2012, the Company entered into a research and license agreement with Ironwood Pharmaceuticals, Inc., or Ironwood, pursuant to which Ironwood was granted worldwide development and commercialisation rights for BNC210. In November 2014, the parties mutually agreed to terminate this license agreement, reverting all rights to BNC210 back to the Company. Our sole obligation to Ironwood is to pay Ironwood low single digit royalties on the net sales of BNC210, if commercialised. It is not practicable to estimate the future payments of any such royalties that may arise due to the stage of development of BNC210.
- (ii) The Group has provided a restricted cash deposit of \$384,000 (2018: \$384,000) as security for an unconditional irrevocable bank guarantee as a rent guarantee of \$384,000 (2018: \$384,000) to the landlord of the Company's leased office premises.
- (iii) The Group has entered into employment agreements with several key employees and has a contingent liability of \$319,980 (2018: \$1,127,533) in relation to these agreements, where the employee is terminated by the Company without cause.

**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;
- b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards issued by the International Financial Reporting Standards, as stated in Note 2 to the financial statements;
- c) 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; and
- d) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors



**Errol De Souza**

Executive Chairman

Dated this 20th day of August 2019

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

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Bionomics Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2(iii) in the financial report, which indicates that the Group incurred a net loss after tax of \$9,669,115 and had a net cash outflow from operating activities of \$15,581,904 during the year ended 30 June 2019.

As stated in Note 2(iii), these conditions, along with other matters as set forth in Note 2(iii), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our procedures in relation to going concern included, but were not limited to:

- Inquiring of management and the directors in relation to events and conditions that may impact the assessment on the Group's ability to continue as a going concern;

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- Challenging the assumptions contained in management's cash flow forecast in relation to the Group's ability to continue as a going concern; and
- Assessing the adequacy of the disclosure related to going concern in Note 2(iii).

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Carrying value of goodwill, intangible assets and contingent consideration</i></p> <p>Refer to notes 15, 16 and 33</p> <p>At 30 June 2019, the Group has goodwill of \$12,761,430, other intangible assets of \$12,874,177 and a contingent consideration of \$9,799,033. Management uses significant judgements and estimates in determining the recoverable amounts of the assets and the fair value of the contingent consideration (which is dependent upon the recoverable amount of the assets).</p> <p>The key assumptions adopted by management in determining the recoverable amounts of the assets and the fair value of the contingent consideration include:</p> <ul style="list-style-type: none"> <li>• the forecast probabilities of achieving the various phases in the lifecycle of the development of the drug compounds; and</li> <li>• the likelihood of the Group being able to identify partnership opportunities with Pharma companies to further develop their compounds under licencing agreements and the value of anticipated milestones under those agreements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of the key controls associated with the preparation of the models used to assess the recoverable amount of the assets and valuation of the contingent consideration;</li> <li>• agreeing forecast expenditure to Board approved budgets;</li> <li>• assessing in conjunction with our valuations specialists, the forecast probabilities of achieving projected milestones at the various phases in the lifecycle of drug compounds against industry data;</li> <li>• obtaining an understanding of how the Group structures and prices its licencing agreements and benchmarks against other industry participants;</li> <li>• evaluating management's assessment of the current timing of the phases of each of the drug compounds in line with market announcements made by the Group;</li> <li>• assessing the historical accuracy of forecasting by management;</li> <li>• in addition, where current contractual arrangements exist: <ul style="list-style-type: none"> <li>• assessing the key assumptions for the value of milestones and royalty payments at the various phases against current contractual arrangements; and;</li> <li>• performing sensitivity analysis on the key assumptions; and</li> <li>• assessing the appropriateness of the disclosures included in notes 15, 16 and 33 to the financial statements.</li> </ul> </li> </ul>

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## *Other Information*

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman's Letter, CEO and Managing Director's Report, Intellectual Property Portfolio, Board of Directors, Management, Shareholder Information and Company Particulars which are expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and accordingly we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Letter, CEO and Managing Director's Report, Intellectual Property Portfolio, Board of Directors, Management, Shareholder Information and Company Particulars, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

## *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 18 to 25 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Bionomics Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

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# Deloitte.

## *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Penny Woods  
Partner  
Chartered Accountants  
Adelaide, 20 August 2019

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## CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement for the 2018/2019 financial year is located on the Company's website under the "About" tab then "Corporate Governance" or by copying the following to a web browser <http://www.bionomics.com.au/about/corporate-governance>

## SHAREHOLDER INFORMATION

All shareholder information provided is current as at 17 September 2019.

### Substantial Shareholders

Substantial holders in the Company are set out below:

ORDINARY SHARES	NUMBER HELD
BVF Partners L.P, BVFINC. and Mark N. Lampert	49,147,193

### Equity Securities

There are 5,910 holders of ordinary shares in Bionomics.

The number of shareholdings held in less than marketable parcels is 3437.

### Voting Rights

There is one class of quoted equity securities issued by the Company, ordinary, with voting rights attached to the ordinary shares. One share equates to one vote.

### Distribution of Holders of Equity Securities

CATEGORY (SIZE OF HOLDING)	NUMBER OF SECURITY HOLDERS		WARRANTS
	ORDINARY SHARES	UNLISTED OPTIONS	
1 – 1,000	509	0	
1,001 – 5,000	1718	2	
5,001 – 10,000	903	3	
10,001 – 100,000	2236	54	
100,001 – and over	564	16	5
	<b>5930</b>	<b>75</b>	<b>5</b>

## SHAREHOLDER INFORMATION CONT.

### Twenty largest holders of each class of quoted equity securities

The names of the 20 largest holders of each class of quoted equity securities are listed below:

NAME	ORDINARY SHARES	
	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
1 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	114,369,059	21.00
2 US REGISTER CONTROL A/C	21,757,178	3.99
3 BELL POTTER NOMINEES LTD	20,206,750	3.71
4 CS FOURTH NOMINEES PTY LTD	14,479,263	2.66
5 BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	14,348,306	2.63
6 NATIONAL NOMINEES LIMITED	11,577,880	2.13
7 JP MORGAN NOMINEES AUSTRALIA LIMITED	6,845,682	1.26
8 BNP PARIBAS NOMINEES PTY LTD (BNPP NYB CLEARING ACC DRP)	6,529,048	1.20
9 L&M GROUP LIMITED	6,426,293	1.18
10 PARKS AUSTRALIA PTY LTD	5,600,000	1.03
11 PROVENDORE PTY LTD (THE WILKS SUPER FUND A/C)	5,325,000	0.98
12 CITICORP NOMINEES PTY LIMITED	4,921,395	0.90
13 MR MARK RICHARD POTTER + MRS REBECCA AMY POTTER (MARK & REBECCA POTTER A/C)	4,500,000	0.83
14 BT PORTFOLIO SERVICES LIMITED (WARRELL HOLDINGS S/F)	4,210,333	0.77
15 CHARMED5 PTY LTD	4,000,000	0.73
16 VOYAE SUPER FUND PTY LTD	3,920,000	0.72
17 MR KEITH KNOWLES	3,891,800	0.71
18 WELAS PTY LTD (THE WALES FAMILY SUPER A/C)	3,455,357	0.63
19 NEWECONOMY COM AU NOMINEES PTY LIMITED (900 ACCOUNT)	2,805,975	0.52
20 FLINDERS MEDICAL CENTRE FOUNDATION	2,500,000	0.46
	<b>261,669,319</b>	<b>48.04</b>

UNQUOTED EQUITY SECURITIES	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options issued pursuant to Bionomics Limited Employee Share Option Plan	7,676,550	75
Options issued pursuant to Bionomics Limited Employee Equity Plan	0	0
Warrants exchangeable into Bionomics Limited ordinary shares	41,196,315	5

Bionomics, a listed public Company, is domiciled and incorporated in Australia.

Bionomics shares are listed on the Australian Securities Exchange under the code BNO.

#### REGISTERED AND ADMINISTRATIVE OFFICE

31 Dalglish Street  
Thebarton SA Australia 5031  
**Telephone:** +61 8 8354 6100  
**Facsimile:** +61 8 8354 6199  
**E-mail:** info@bionomics.com.au  
**Web Address:** www.bionomics.com.au

#### SHARE REGISTRY

Computershare Investor Services Pty Limited  
Level 5, 115 Grenfell Street  
Adelaide SA Australia 5000  
**Telephone:** 1300 556 161 (within Australia)  
+61 3 9415 4000 (outside Australia)  
**E-mail:** web.queries@computershare.com.au  
**Web Address:** www.computershare.com

#### SOLICITORS

Johnson Winter & Slattery  
211 Victoria Square  
Adelaide SA Australia 5000

Latham & Watkins LLP  
12670 High Bluff Drive  
San Diego CA 92130  
USA

#### AUDITORS

Deloitte Touche Tohmatsu  
11 Waymouth Street  
Adelaide SA Australia 5000

#### PATENT ATTORNEYS

Davies Collison Cave  
1 Nicholson Street  
Melbourne VIC Australia 3000

Knobbe Martens Intellectual Property Law  
12790 El Camino Real  
San Diego CA 92130  
USA

Bionomics' primary listing is on the Australia Securities Exchange (ASX).

#### DIRECTORS

Dr Errol De Souza	Executive Chairman
Mr Peter Turner	Non-Executive Director
Mr David Wilson	Non-Executive Director
Mr Alan Fisher	Non-Executive Director
Mr Mitchell Kaye	Non-Executive Director

#### SENIOR MANAGEMENT

Mr Jack Moschakis	Legal Counsel & Company Secretary
Mr Adrian Hinton	Chief Financial Officer (Acting)

#### SCIENTIFIC ADVISORS

Professor Jonathan Cebon  
Dr Philippe Danjou MD PhD  
Dr Jayesh Desai  
Professor Paul Fitzgerald PhD MSc  
Dr Tim Harris PhD BSc  
Dr Ann Hayes PhD BSc  
Dr Ole Isacson, MD  
Dr Fiona McLaughlin PhD FSB  
Professor Paul Rolan

Bionomics ordinary shares commenced trading on the OTCQX marketplace in the US effective 2 March 2015 under the ticker code "BNOEF".

Investors can find current financial disclosure and real-time Level 2 quotes for Bionomics on www.octmarkets.com

For more information, please visit www.otcmartets.com





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