ABN 53 075 582 740

BIONOMICS LIMITED

ASX half-year information –
31 December 2019

Lodged with the ASX under Listing Rule 4.2A

Contents

Results for announcement to the market

				$
Cash and cash equivalents (including cash disclosed in a disposal group held for sale of $777,032) as at 31 December 2019 from 30 June 2019	decreased by	32.9%	to	9,388,186
Net operating cash outflows for the period	decreased by	98.1%	to	122,475
Net investing cash inflows for the period	increased by	247.3%	to	602,202
Revenue from continuing operations	decreased by	84.4%	to	100,339
Revenue from continuing and discontinued operations	increased by	2.4%	to	2,482,067
Loss for the half-year before income tax expense from continuing operations	decreased by	47.0%	to	6,315,687
Loss for the half-year before income tax expense from continuing and discontinued operations	decreased by	40.5%	to	6,542,878
Loss for the half-year after tax from continuing operations	decreased by	48.9%	to	6,217,164
Loss for the half-year after tax attributable from continuing and discontinued operations	decreased by	42.7%	to	6,410,029

Explanation of cash and cash equivalents position as at 31 December 2019:
Closing cash and cash equivalents is in line with expectations, with funds used to continue to utilize its drug discovery platforms to identify differentiated drug candidates and progress the BNC210 development.

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

Explanation of net loss from ordinary activities after tax:
The loss was in line with Directors' and Management expectations.

Dividends/distributions:
Bionomics Limited does not propose to pay any dividends for the half-year ended 31 December 2019.

NTA Backing

	Half-year	
	2019	**2018**
Net tangible asset backing per ordinary share	(0.3) cents	1.9 cents

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ASX ANNOUNCEMENT
28 February 2020

BIONOMICS' HALF-YEAR REPORT

- **The Company announced positive results from a pharmacokinetic study in healthy volunteers using the newly developed solid dose formulation of Bionomics' lead drug candidate, BNC210 for the treatment of Post -Traumatic Stress Disorder ("PTSD"). The feasibility and method of funding a second clinical trial of BNC210 is being assessed.**
- **The U.S. Food and Drug Administration granted Fast Track designation to the BNC210 development program for the treatment of PTSD.**
- **Cash position at 31 December 2019 of $9,388,186**
  - **the Company received a further A$1,324,459 R&D Tax Incentive Refund for the 2017/2018 financial year, plus interest of $17,593, following an internal review by the Department of Industry, Innovation & Science.**
  - **the Company received A$5,183,292 R&D Tax Incentive Refund for the 2018/2019 financial year.**
- **The Company accepted an offer from Domain Therapeutics for its two wholly owned subsidiaries, Neurofit SAS ("Neurofit") and PC SAS ("Prestwick Chemical"), which operate as contract research companies in France.**
- **The Annual General Meeting of the Company was held on Wednesday 20 November 2019 and Directors Dr Errol De Souza and Mr Alan Fisher were re-elected and Mr Mitchell Kaye was elected. The Remuneration Report was approved by shareholders and the Spill Resolution was withdrawn.**
- **Dr. Errol De Souza's appointment as Executive Chairman was extended to 21 June 2020 pending the recruitment of a new CEO.**
- **Merck & Co Inc Kenilworth NJ USA continues to conduct clinical development of our cognition therapeutic candidate.**

Adelaide, Australia: Bionomics Limited (ASX: BNO, OTCQX: BNOEF), today announced its half-year report for the six months ended 31 December 2019.

BNC210 is back on track to leverage a large opportunity for treatment of PTSD. During the year Bionomics developed a novel solid dose formulation of BNC210 which was shown to achieve the blood levels predicted as necessary to meet the clinical trial primary endpoint for effectiveness for treating PTSD patients.

Work has begun on optimising the solid dose formulation in anticipation of initiation of a Phase 2b trial in PTSD patients. The feasibility and method of funding a second clinical trial of BNC210 is being assessed.

In recognition of the high unmet medical need in PTSD and potential benefits of BNC210 with a novel mechanism of action in the treatment of this disorder, the U.S. Food and Drug Administration

("FDA") has granted BNC210 Fast Track designation. Fast Track designation is a FDA program intended to facilitate and expedite development and review of new drugs to address unmet medical need in the treatment of a serious or life-threatening condition.

Dr Errol De Souza's role as Executive Chairman was extended from 21 November 2019 to 21 June 2020 pending the recruitment of a new CEO. The Company appointed a recruitment firm to identify suitable candidates for the role of CEO and an announcement is expected in Q2 CY2020.

The Company's cash position was bolstered in July by a further A$1,324,459.29 R&D Tax Incentive Refund for the 2017/2018 financial year, plus interest of $17,593.18, following an internal review of our application by the Department of Industry, Innovation & Science and then in November through the receipt of A$5,183,291.69 R&D Tax Incentive Refund for the 2018/2019 financial year.

The offer from Domain Therapeutics ("Domain") for Bionomics' two wholly owned subsidiaries, Neurofit and Prestwick Chemical in France for €1,810,028.97, being the amount of intercompany debt owed by Bionomics to the subsidiaries for the scientific research conducted by them on Bionomics drug candidates, is progressing. The debt will be assumed by Domain upon acquisition of the Companies, which we anticipate will occur by 31 March 2020.

Whilst the internal focus and current R&D spend is restricted to CNS programs, Bionomics continues limited activities to maximize the value of its legacy oncology programs through divestment and/or out-licensing of both BNC101 and BNC105.

Bionomics has its continuing partnership with Merck & Co as the collaboration therapeutic candidate for the treatment of cognitive dysfunction in Alzheimer's disease and other conditions continues to progress through clinical development.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Bionomics Limited
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Bionomics (ASX: BNO) is a global, clinical stage biopharmaceutical company leveraging its proprietary platform technologies to discover and develop a deep pipeline of best in class, novel drug candidates. Bionomics' lead drug candidate BNC210, currently in Phase 2 for the treatment of agitation, is a novel, proprietary negative allosteric modulator of the alpha-7 (α7) nicotinic acetylcholine receptor. Beyond BNC210, Bionomics has a strategic partnership with Merck & Co Inc (known as MSD outside the United States and Canada).

www.bionomics.com.au

Factors Affecting Future Performance

This announcement contains "forward-looking" statements within the meaning of the United States' Private Securities Litigation Reform Act of 1995. Any statements contained in this announcement that relate to prospective events or developments, including, without limitation, statements made regarding Bionomics' drug candidates (including BNC210 and BNC101), its licensing agreements with Merck & Co. and any milestone or royalty payments thereunder, drug discovery programs, ongoing and future clinical trials, and timing of the receipt of clinical data for our drug candidates are deemed to be forward-looking statements. Words such as "believes," "anticipates," "plans," "expects," "projects," "forecasts," "will" and similar expressions are intended to identify forward-looking statements.

There are a number of important factors that could cause actual results or events to differ materially from those indicated by these forward-looking statements, including unexpected safety or efficacy data, unexpected side effects observed in clinical trials, risks related to our available funds or existing funding arrangements, our failure to introduce new drug candidates or platform technologies or obtain regulatory approvals in a timely manner or at all, regulatory changes, inability to protect our intellectual property, risks related to our international operations, our inability to integrate acquired businesses and technologies into our existing business and to our competitive advantage, as well as other factors. Results of studies performed on our drug candidates and competitors' drugs and drug candidates may vary from those reported when tested in different settings.

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

Bionomics

ABN 53 075 582 740

BIONOMICS LIMITED
Half-Year Report – 31 December 2019

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019.

Your Directors present their report on the consolidated entity ("the Group") consisting of Bionomics Limited ("the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the Directors of the Company during or since the end of the half-year:

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

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period include the discovery and development of novel drug candidates focused on the treatment of central nervous system disorders and cancer by leveraging our proprietary platform technologies.

On 11 December 2019, the Company accepted an offer from Domain Therapeutics ("Domain") for its two wholly owned subsidiaries, Neurofit SAS and PC SAS, which carry out all the Group's contract service business. The proceeds of this sale exceeded the carrying amount of the related net assets and, accordingly, no impairment losses were recognised on the reclassification of this business as held for sale (see note 9 to the half-year financial report). The disposal of the contract service operations is consistent with the Group's long-term policy to focus its activities on the clinical trial of BNC210 for the treatment of Post -Traumatic Stress Disorder ("PTSD").

DIVIDENDS

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

REVIEW OF OPERATIONS

Cash at 31 December 2019 (including cash disclosed in a disposal group held for sale of $777,032, note 9 to the half-year financial report) was $9,388,186 ($13,985,477 at 30 June 2019) and net cash used in the six-month period ended 31 December 2019 was $4,591,685, compared to net cash generated of $2,434,070 for the six-month period ended 31 December 2018. Cash inflows for the current period included $10,087,489 of customer receipts and, research and development incentives, compared to $11,867,374 for the six-month period ended 31 December 2018.

Revenue and other income from continuing operations was $1,831,117, compared to $3,040,206 for the period to 31 December 2018. Revenue and other income from continuing and discontinued operations (amounts disclosed in note 8 to the half-year financial report) was $4,608,075, compared to $5,293,303 for the period to 31 December 2018

The operating loss after tax from continuing operations of the Group for the half-year ended 31 December 2019 was $6,217,164 and from continuing and discontinued operations was $6,410,029, compared to $12,154,698 from continuing operations and $11,187,487 from continuing and discontinued operations for the prior comparable period ended 31 December 2018, which was in line with expectations and reflects the Company's continued investment in its research and development programs.

Major achievements in the period include:

- New solid dose formulation of BNC210 for patients with Post Traumatic Stress Disorder (PTSD).

In September 2109 the Company announced positive results from a pharmacokinetic study in healthy volunteers using the newly developed solid dose formulation of Bionomics' lead drug candidate, BNC210.

The study demonstrates that the solid dose of BNC210 achieves the blood levels predicted as necessary to meet the primary endpoints for effectiveness for treating PTSD patients in future clinical trials. Preparations are underway for optimization of the solid dose formulation in anticipation of initiation of a Phase 2b trial in PTSD patients. The feasibility and method of funding a second clinical trial of BNC210 is being assessed.

- U.S. Food and Drug Administration ("FDA") granted Fast Track designation to BNC210 development program for the treatment of PTSD.

Fast Track designation is a FDA program intended to facilitate and expedite development and review of new drugs to address unmet medical need in the treatment of a serious or life-threatening condition. A drug that receives Fast Track designation is eligible for some, or all, of the following:

- More frequent meetings with FDA to discuss the drug's development plan and ensure collection of appropriate data needed to support drug approval;
- More frequent written communication from FDA about such things as the design of the proposed clinical trials and use of biomarkers;
- Eligibility for accelerated approval and priority review, if relevant criteria are met; and
- Rolling Review, enabling a drug company to submit completed sections of its New Drug Application (NDA) for review by FDA, rather than waiting until every section of the NDA is completed before the entire application can be reviewed. NDA review usually does not begin until the drug company has submitted the entire drug application to the FDA.

- The Company accepted an offer from Domain Therapeutics ("Domain") for the purchase of Bionomics' two wholly owned subsidiaries, Neurofit SAS (trading as "Neurofit") and PC SAS (trading as "Prestwick Chemical").

On 11 December 2019, the Company accepted an offer from Domain for its two wholly owned subsidiaries, Neurofit and Prestwick Chemicals, which carry out all the Group's contract service business. The offer from Domain is subject to satisfaction of several conditions precedent. The sale price of Euro 1,810,029 is the amount of intercompany debt owed by the Company to the subsidiaries for scientific research conducted by them on the Company's drug candidates and this debt will be assumed by Domain upon acquisition of Neurofit SAS and Prestwick Chemicals. The proceeds of this sale exceeded the carrying amount of the related net assets and, accordingly, no impairment losses were recognised on the reclassification of this business as held for sale. The disposal of the contract service operations is consistent with the Group's long-term policy to focus its activities on the development of BNC210 for the treatment of PTSD. A sale purchase agreement was signed on 10 February 2020 and settlement is expected to occur no later than 31 March 2020.

OUTLOOK

Bionomics will further develop the prototype tablet formulation to optimize the formulation for a second Phase 2b clinical trial for the treatment of PTSD, to manufacture BNC210 tablets for human use and conduct a multiple dosing pharmacokinetic clinical trial in healthy volunteers to select the dose for the Phase 2b trial.

Merck & Co Inc, Kenilworth NJ USA continues to conduct clinical development to evaluate the collaboration asset targeting cognitive impairment in Alzheimer's and Parkinson's and other conditions. We will update the market as and when more information is available.

Bionomics continues limited activities to maximize the value of its legacy oncology programs BNC101 and BNC105 through external funding of clinical development and evaluation of potential divestment/out-licensing opportunities.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

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

On behalf of the directors

Dated at Adelaide this 28th February 2020

Errol De Souza
Executive Chairman

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Australia

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28 February 2020

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

Dear Board Members

Bionomics Limited

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

As lead audit partner for the review of the financial statements of Bionomics Limited for the half-year ended 31 December 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lee Girolamo
Partner
Chartered Accountants

BIONOMICS LIMITED
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2019

	Note	Half-year ended 31 Dec 2019 $	31 Dec 2018 $
Continuing operations			
Revenue		100,339	642,825
Other income		1,730,778	2,397,381
Expenses			
Research and development expenses		(3,821,564)	(7,916,491)
Administration expenses		(2,136,332)	(4,540,701)
Occupancy expenses		(609,717)	(818,331)
Compliance expenses		(734,563)	(408,034)
Finance expenses		(844,628)	(1,276,179)
(Loss) before tax		(6,315,687)	(11,919,530)
Income tax benefit/(expense)		98,523	(235,168)
(Loss) for the period from continuing operations		(6,217,164)	(12,154,698)
Discontinued operations			
(Loss)/profit for the period from discontinued operations	8	(192,865)	967,211
(Loss) for the period		(6,410,029)	(11,187,487)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		46,418	632,393
Total comprehensive (loss) for the period		(6,363,611)	(10,555,094)
Loss per share:		Cents	Cents
from continuing and discontinued operations:			
Basic loss per share	4	(1.2)	(2.2)
Diluted loss per share	4	(1.2)	(2.2)
from continuing operations:			
Basic loss per share	4	(1.1)	(2.2)
Diluted loss per share	4	(1.1)	(2.4)

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

BIONOMICS LIMITED
Condensed Consolidated Statement of Financial Position
as at 31 December 2019

	Note	31 Dec 2019 $	30 June 2019 $
CURRENT ASSETS			
Cash and cash equivalents		8,611,154	13,985,477
Trade and other receivables		41,686	886,739
Other financial assets		-	550,000
Inventories		-	664,541
Research and development incentives receivable		1,578,663	7,835,254
Other assets		326,045	1,210,203
		10,557,548	25,132,214
Assets classified as held for sale	**9**	6,616,908	-
TOTAL CURRENT ASSETS		17,174,456	25,132,214
NON-CURRENT ASSETS			
Property, plant and equipment		422,944	2,507,469
Right-of-use assets	**1(c)**	1,145,314	-
Goodwill		12,774,092	12,761,430
Other intangible assets		12,213,307	12,874,177
Other financial assets		435,787	384,000
TOTAL NON-CURRENT ASSETS		26,991,444	28,527,076
TOTAL ASSETS		44,165,900	53,659,290
CURRENT LIABILITIES			
Trade and other payables		1,067,533	4,190,840
Borrowings		7,888,112	8,451,733
Lease liabilities	**1(c)**	746,934	-
Provisions		495,409	933,979
Other liabilities		-	225,736
		10,197,988	13,802,288
Liabilities directly associated with assets classified as held for sale	**9**	5,339,211	
TOTAL CURRENT LIABILITIES		15,537,199	13,802,288
NON-CURRENT LIABILITIES			
Other payables		-	741,704
Borrowings		4,711,748	8,647,490
Lease liabilities	**1(c)**	414,548	-
Provisions		39,175	32,217
Deferred tax liabilities		2,265,971	2,938,417
Contingent consideration		9,908,720	9,799,033
TOTAL NON-CURRENT LIABILITIES		17,340,162	22,158,861
TOTAL LIABILITIES		32,877,361	35,961,149
NET ASSETS		11,288,539	17,698,141
EQUITY			
Issued capital		144,944,233	144,944,233
Reserves		13,433,492	13,619,537
Accumulated losses		(147,089,186)	(140,865,629)
Total equity		11,288,539	17,698,141

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

BIONOMICS LIMITED
Condensed Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2019

	Capital $	Foreign currency translation reserve $	Share-based payments reserve $	Accumulated losses $	Total $
Balance at 1 July 2018	**135,211,955**	**5,562,680**	**7,535,817**	**(131,352,597)**	**16,957,855**
Loss for the period	-	-	-	(11,187,487)	(11,187,487)
Exchange differences on translation of foreign operations	-	632,393	-	-	632,393
Total comprehensive income for the period	-	632,393	-	(11,187,487)	(10,555,094)
Recognition of share-based payments	-	-	108,829	-	108,829
Transfer of cancelled options	-	-	(179,103)	179,103	-
Issue of ordinary shares & warrants, net of transaction costs	10,152,647	-	-	-	10,152,647
Balance at 31 December 2018	145,364,602	6,195,073	7,465,543	(142,360,981)	16,664,237
Balance at 1 July 2019	144,944,233	6,254,267	7,365,270	(140,865,629)	17,698,141
Loss for the period	-	-	-	(6,410,029)	(6,410,029)
Exchange differences on translation of foreign operations	-	46,418	-	-	46,418
Total comprehensive income for the period	-	46,418	-	(6,410,029)	(6,363,611)
Recognition of share-based payments	-	-	(45,991)	-	(45,991)
Transfer of cancelled options	-	-	(186,472)	186,472	-
Balance at 31 December 2019	**144,944,233**	**6,300,685**	**7,132,807**	**(147,089,186)**	**11,288,539**

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

BIONOMICS LIMITED
Condensed Consolidated Statement of Cash Flows
for the half-year ended 31 December 2019

	Note	Half-year ended 31 Der 2019 $	Half-year ended 31 Dec 2018 $
Cash flows from operating activities			
Research and development incentives received		7,527,120	7,284,694
Receipts from customers		2,560,369	4,582,680
Payments to suppliers and employees		(9,397,218)	(17,323,937)
Interest paid		(812,746)	(1,021,308)
Net cash (used in) operating activities		**(122,475)**	**(6,477,871)**
Cash flows from investing activities			
Interest received		53,895	173,395
Payments for other financial assets		(51,787)	-
Proceeds from sale of other financial assets		550,000	-
Payments for purchases of property, plant and equipment		(7,705)	-
Proceeds from sale of property, plant & equipment		57,799	-
Net cash generated by investing activities		**602,202**	**173,395**
Cash flows from financing activities			
Net proceeds from share issues		-	10,099,797
Repayment of borrowings		(4,638,229)	(1,361,251)
Repayment of lease liabilities		(433,183)	-
Net cash (used in)/generated by financing activities		**(5,071,412)**	**8,738,546**
Net (decrease)/increase in cash and cash equivalents		**(4,591,685)**	**2,434,070**
Cash and cash equivalents at the beginning of the half-year		**13,985,477**	**24,930,461**
Effects of exchange rate changes on the balance of cash held in foreign currencies		(5,606)	(9,744)
Cash and cash equivalents at the end of the half-year	**10**	**9,388,186**	**27,354,787**

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

NOTE 1: Summary of significant accounting policies

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *'Interim Financial Reporting'.* The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2019 annual financial report for the financial year ended 30 June 2019 except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(c) New Accounting Standards and Interpretations

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 beings on or after 1 July 2019. The only accounting standard that has had a material impact on the financial statements of the Group is AASB 16 '*Leases'*, and details of the impact are set out below.

AASB 16 *'Leases'*

The Group leases office space in Adelaide and Strasbourg.

Impact of Application of AASB 16 'Leases'

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements. AASB 16 supersedes the lease guidance including AASB 117 '*Lease*s' and the related Interpretations when it became effective for the accounting period beginning on 1 January 2019. The date of initial application of AASB 16 for the Group was 1 July 2019.

The Group has chosen the modified retrospective application of AASB 16 in accordance with AASB 16:C5(b). Consequently, the Group has not restated the comparative information.

Operating Leases

AASB 16 has changed how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet.

On initial application of AASB 16, the Group has:

- Recognised right-of-use assets ("ROU assets") and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognised depreciation of ROU assets (depreciation is calculated on the straight-line method over the term of the lease) and interest on lease liabilities in the consolidated statement of profit or loss;
- Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Under AASB 16 lease incentives (for example, rent-free period) are recognised as part of the measurement of the ROU assets and lease liabilities. Previously, lease incentives resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, ROU assets will be tested for impairment in accordance with AASB 136 '*Impairment of Assets'*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture) the Group opted to recognise a lease expense on a straight-line basis as permitted by AASB 16.

As at 30 June 2019, the present value of non-cancellable lease commitments was $2,985,244, therefore the Group recognised ROU Assets with a net book value of $2,985,244 and corresponding lease liabilities of $2,985,244 at 1 July 2019. Rolling these balances forward to 31 December 2019, the Group recorded ROU assets with a net book value of $2,518,491 (continuing operations $1,145,314 and discontinued operations $1,373,177 (note 9)) and corresponding lease liabilities of $2,546,129, (continuing operations current liability $746,934 and non-current liability $414,548, and discontinued operations $1,384,647 (note 9)).

The impact on profit or loss as at 31 December 2019 is to decrease rent expenses by $496,158, to increase depreciation by $461,283 and to increase interest expenses by $62,670.

Under AASB 117, all lease payments on operating leases were presented as part of cash flows from operating activities. The impact of the changes under AASB 16 resulted in a decrease in the cashflows used by operating activities by $433,488 and an increase in cashflows used by financing activities by $433,183.

The Group determination of the incremental borrowing rates applicable to the lease portfolio is the rate of interest that a lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU assets in a similar environment, by using a country and asset risk adjusted rate depending on the location and nature of the asset. The weighted average incremental borrowing rate applied to the lease liability on 1 July 2019 was 4.52%.

Determination of the lease term is a judgement exercise by management on a recurring basis. In determining the lease term, management considers all the facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Group's lease agreements contain annual CPI increases. The lease liabilities have been calculated using the current lease payments over the expected term of the lease and when the annual notification of the CPI increase is received, the lease liability will be recalculated resulting in an adjustment to both the lease liability and ROU asset.

Reconciliation
The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019.

	$
Operating lease commitments disclosed at 30 June 2019	3,310,833
Less effect of discounting	(325,589)
Leases liability at 1 July 2019	2,985,244

The following is a reconciliation of the right-of-use assets and lease liabilities at 1 July 2019.

	$
Office premises in Adelaide	1,519,600
Office premises in Strasbourg	1,465,644
	2,985,244

(d) 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 half-year ended 31 December 2019 the Group incurred a net loss of $6,410,029 (31 December 2018: $11,187,487) and had a net cash outflow from operating activities of $122,475 (31 December 2018: $6,477,871). At 31 December 2019, the Group has cash reserves from continuing operations of $8,611,154 (30 June 2019: $13,985,477).

For the Group to fund expenditure associated with 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 the expenditure associated with a second BNC210 Phase 2 PTSD clinical trial which remains uncommitted at this stage, the amount that the Group will be required to raise by July 2020 is $9,200,000.

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.

NOTE 2: Segment information

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

- Drug discovery 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 on the next page.

Segment Revenues and Results

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

	Segment revenue (point in time)		Segment result	
	Half-year ended		Half-year ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	$	$	$	$
Continuing operations				
Drug discovery and development	-	540,400	(2,144,681)	(6,728,337)
Interest income			53,895	173,395
Rent income	100,339	102,425	100,339	102,425
Unallocated financing expenses			(844,628)	(1,276,179)
Unallocated administration expenses			(3,480,612)	(4,190,834)
Loss before tax			(6,315,687)	(11,919,530)
Discontinued operations				
Contract services	3,025,198	4,093,840	416,279	3,245,423
Less intercompany revenue	(643,470)	(2,312,538)	(643,470)	(2,312,538)
	2,381,728	1,781,302	(227,191)	932,885
(Loss) before tax			(6,542,878)	(10,986,645)
Income tax benefit/(expense) continuing and discontinued operations			132,849	(200,842)
Consolidated segment revenue and (loss) for the period	2,482,067	2,424,127	(6,410,029)	(11,187,487)

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

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

Segment Assets

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

	31 Dec 2019	30 June 2019
	$	$
Drug discovery and development	26,989,006	32,748,293
Contract services (discontinued operations)	6,616,908	5,176,320
	33,605,914	37,924,613
Unallocated	10,559,986	15,734,677
Total assets	44,165,900	53,659,290

NOTE 3: Equity securities issued

	Half-year		Half-year	
	2019 Number of shares	2018 Number of shares	2019 $	2018 $
Ordinary shares				
Balance at the beginning of the half-year	544,647,747	482,791,436	144,944,233	135,211,955
Share issue – ESOP/EEP	-	111,756	-	52,854
Placements	-	61,782,680	-	10,099,793
Balance at the end of the half-year	544,647,747	544,685,872	144,944,233	145,364,602
Treasury Stock				
Balance at the beginning of the half-year	38,125	38,125	-	-
Share issue - Employee Share Plan Loan Agreements	-	-	-	-
Balance at the end of the half-year	38,125	38,125	-	-
Total Issued Capital	**544,685,872**	**544,723,997**	**144,944,233**	**145,364,602**

NOTE 4: (Loss) per share

	Half-year	
	2019	2018
From continuing and discontinued operations:		
Basic (loss per share	($0.012) (1.2 cents)	($0.022) (2.2 cents)
Diluted loss per share	($0.012) (1.2 cents)	($0.022) (2.2 cents)
From continuing operations:		
Basic loss per share	($0.011) (1.1 cents)	($0.022) 2.2 cents)
Diluted loss per share	($0.011) (1.1 cents)	($0.024) (2.4cents)

	Half-year	
Weighted average number of shares used as the denominator	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	544,647,747	498,162,923

NOTE 5: Change in accounting estimates

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

NOTE 6: Contingencies and commitments

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

NOTE 7: Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. Other than Dr Errol De Souza’s consultancy agreement being extended until 21 June 2020, there are no other changes.

NOTE 8: Discontinued operations

On 11 December 2019, the Company accepted an offer from Domain Therapeutics ("Domain") for its two wholly owned subsidiaries, Neurofit SAS and PC SAS, which carry out all the Group's contract service business. The offer from Domain is subject to satisfaction of several conditions precedent. The sale price of Euro 1,810,029 is the amount of intercompany debt owed by the Company to the subsidiaries for scientific research conducted by them on the Company's drug candidates and this debt will be assumed by Domain upon acquisition of the Neurofit SAS and PC SAS. The proceeds of this sale exceeded the carrying amount of the related net assets and, accordingly, no impairment losses were recognised on the reclassification of this business as held for sale (see note 9). The disposal of the contract service operation is consistent with the Group's long-term policy to focus its activities on the clinical trial of BNC210 for the treatment of PSTD. A sale purchase agreement was signed on 10 February 2020 and settlement is expected to occur by 31 March 2020.

Analysis of (loss)/profit for the half-year from discontinued operations

The combined results of the discontinued operation (contract service business) included in the loss for the half-year are set out below. The comparative results from discontinued operations have been re-presented to include the operations classified as discontinued in the current half-year.

	Half-year ended	
	31 Dec 2019	31 Dec 2018
	$	$
(Loss)/profit for the half-year from discontinued operations		
Revenue	2,381,728	1,781,302
Other income	395,230	471,795
	2,776,958	2,253,097
Expenses	(3,004,149)	(1,320,212)
(Loss)/profit before tax	(227,191)	932,885
Income tax benefit	34,326	34,326
(Loss)/profit for the half-year from discontinued operations	(192,865)	967,211

	31 Dec 2019	31 Dec 2018
Cash flows from discontinued operations		
Net cash inflows from operating activities	43,111	432,550
Net cash outflows from investing activities	(7,705)	-
Net cash flows	35,406	432,550

The contract service business has been classified and accounted for at 31 December 2019 as a disposal group held for sale (see note 9).

NOTE 9: Assets classified as held for sale

As disclosed in Note 8, the Group plans to dispose of its contract service business. The Directors of the company expect the fair value less costs to sell the business will be higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised on reclassification of the assets and liabilities as held for sale nor as at 31 December 2019.

	31 Dec 2019 $
Cash and cash equivalents	777,032
Trade and other receivables	1,030,132
Inventories	680,213
Research and development incentives receivable	726,913
Other assets	98,766
Property, plant and equipment	1,919,222
Right-of-use assets	1,373,177
Other intangible assets	11,453
Assets of contract service business classified as held for sale	6,616,908
Trade and other payables	(2,749,808)
Lease liabilities	(1,384,647)
Provisions	(403,439)
Other liabilities	(309,834)
Deferred tax liability	(491,483)
Liabilities of contract service business directly associated with assets classified as held for sale	(5,339,211)
Net assets of contract service business classified as held for sale	1,277,697

NOTE 10: CASH FLOW INFORMATION

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:

	Half-year ended	
	31 Dec 2019 $	31 Dec 2018 $
Cash and cash equivalents:		
Continuing operations	8,611,154	27,354,787
Included in a disposal group held for sale (note 9)	777,032	-
	9,388,186	27,354,787

NOTE 11: 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
	31 Dec 2019 $	30 June 2019 $				
Contingent consideration	$9,908,720	$9,799,033	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.

Reconciliation of Level 3 fair value measurements

	Half-year ended Contingent consideration	
	31 Dec 2019	**31 Dec 2019**
	$	**$**
Opening balance	9,799,033	15,682,109
Total loss:		
- in profit or loss	109,687	982,093
Closing balance	9,908,720	16,664,202

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

NOTE 12: SUBSEQUENT EVENTS

Other than matters disclosed in note 8 there are no other matters or circumstances that have arisen since 31 December 2019 that has significantly affected or may affect the consolidated entity's operations, the results of those operations or the state of affairs in future financial years.

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

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

On behalf of the Directors

E de Souza

Errol De Souza
Executive Chairman

Adelaide, 28 February 2020

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

We have reviewed the accompanying half-year financial report of Bionomics Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2019, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Director’s Responsibility for the Half-Year Financial Report

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

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity’s financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bionomics Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Deloitte.

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(d) in the financial report, which indicates that the Group incurred a net loss after tax of $6,410,029 and had a net cash outflow from operating activities of $122,475 during the half-year ended 31 December 2019.

As stated in Note 1(d), these conditions, along with other matters as set forth in Note 1(d), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lee Girolamo
Partner
Chartered Accountants
Adelaide, 28 February 2020