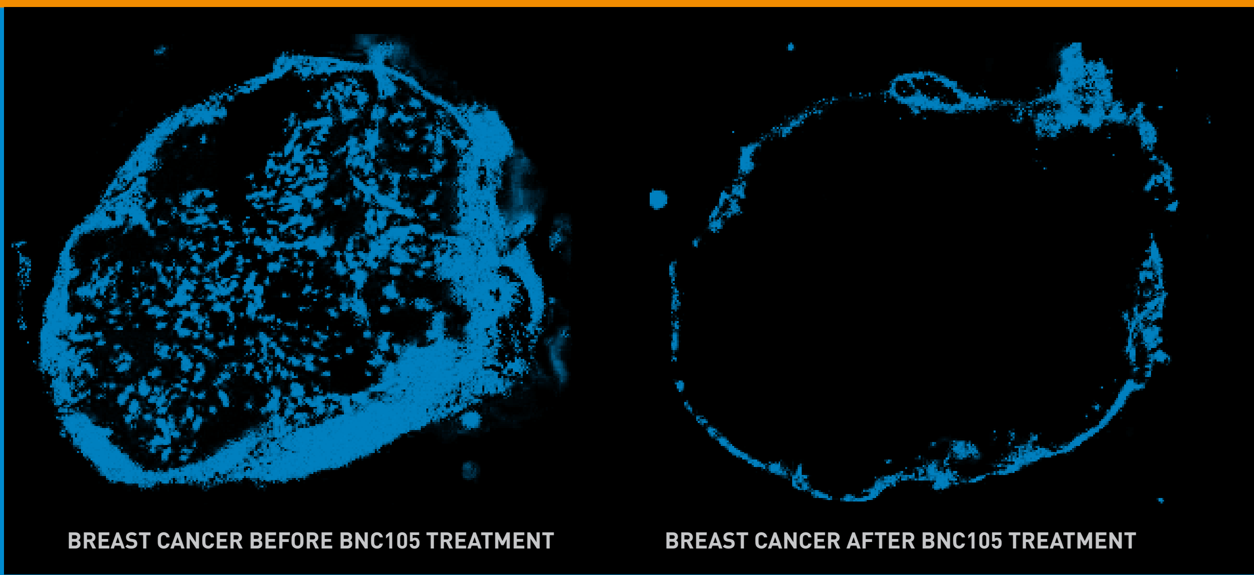
Bionomics Limited

LIFE TRANSFORMING TREATMENTS FOR CANCER AND CNS DISORDERS

BIONOMICS ANNUAL REPORT 2009



WE CONTINUE TO MAKE SIGNIFICANT ADVANCES IN THE DETECTION AND ELIMINATION OF CANCER CELLS

Bionomics is discovering and developing innovative therapeutics, working with partners to maximise wealth for shareholders

CONTENTS

KEY ACHIEVEMENTS

IN THE CLINIC

- Two drug candidates now in clinical trial; BNC105 for the treatment of solid cancers and BNC210 for the treatment of anxiety disorders
- Positive data from Phase I trial of BNC105; clinical trial objectives met
- BNC105 to undergo US Phase II trial in renal cancer
- Phase I trial of BNC210 started ahead of schedule; trial completion expected late 2009

CORPORATE

- Revenue growth from Merck Serono agreement targeting Multiple Sclerosis and European subsidiary Neurofit SAS contract research business
- $19m raised through BNOOB Option exercise and major captial raise to fund clinical programs
- Support builds from key institutional shareholders
- CEO Dr Deborah Rathjen commits to 2011
- Chris Fullerton appointed to the Bionomics Board

Dear Shareholders,

On behalf of the Board of Bionomics, I am pleased to present the 2008-09 Annual Report for your review, my last as Chairman. In reflecting on the past 5 years I've been in the role it is very satisfying to see the tremendous progress Bionomics has made. It has been a transformational period in the Company's history with our pipeline of potential new products for cancer and anxiety advancing from pre-clinical studies to various stages of clinical development, and our acquisitions of Neurofit and Iliad Chemicals contributing positively to clinical development and financial performance.

As we step closer to commercialising our product portfolio there is a growing momentum and focus on the realisation of value to our shareholders and to the broader community who will – if all goes well – one day benefit from our products.

Your incoming Chairman Mr Chris Fullerton is taking the Chair at a time when his expertise will be of significant value. I have every confidence that Chris, together with the existing board members and a highly capable team led by CEO and Managing Director Deborah Rathjen will continue to make significant progress.

The last 12 months has been marked by a number of milestones – clinical and corporate – which the CEO will discuss in detail. In particular, our cash position has been strengthened to the extent that we've committed, as a Board, to require no further financing for the next two years. Our strong cash position has been underpinned by four financing initiatives raising a total of $19 million, a 108% increase in revenue from our subsidiary Neurofit and prudent cash management.

In January our options issue was strongly supported by existing shareholders and a new institutional investor, raising $4 million. Specialist Australian biotech fund IB Australia Bioscience Fund joined the Bionomics shareholder register through a subscription for listed BNOOB options.

More recently, we raised $15 million through the completion of a $5.8 million placement to institutional and sophisticated investors, a $7 million follow on investment from Start-up Australia and a $2.2 million shareholder purchase plan (SPP) underwritten by LINWAR Securities. I am especially pleased that with this SPP we have finally found a suitable opportunity to respond to shareholder requests for such an opportunity made at successive Annual General Meetings.

The company now has the freedom to advance the development of our lead products including the initiation of Phase II clinical trials for our anti-cancer drug BNC105 in kidney cancer and mesothelioma (lung cancer) and a Phase I clinical trial for the company's anxiety drug BNC210. Work on the potential treatment for Multiple Sclerosis and other very early stage drug treatments will be able to continue also.

Finally, a sincere thank you to Deborah Rathjen, her team, my fellow board members and you, our loyal investors. Bionomics remains committed to maintaining the momentum of the past years. I look forward, with you, to hearing of further substantial progress in the year ahead.

Peter Jonson
Chairman

CEO MESSAGE

Dear Shareholders,

Clinical Development Progress

A particular focus of this year has been the progress of Bionomics' drug candidates BNC105 and BNC210 in human trials.

Our potent and selective anti-cancer drug BNC105 is continuing to make advances in the detection and elimination of cancer cells. With the success of the Phase I trial of BNC105 in patients with advanced cancers, we have announced plans for a Phase II clinical trial to be conducted in patients with renal cell (kidney) carcinoma.

Renal cell cancer accounts for 2-3% of human malignancies and accounts for 90% of kidney cancers. Every year, approximately 200,000 cases are diagnosed worldwide, with 55,000 people diagnosed in the USA. The five year survival rate for patients with metastatic disease is less than 2%. Kidney cancer is often asymptomatic, and in 40% of cases is diagnosed at an advanced stage.

A positive outcome in this Phase II trial will enable either Bionomics or its commercialisation partner to seek fast-track designation from the US Food and Drug Administration (FDA) for rapid market approval. We are evaluating other prospective Phase II clinical trials of BNC105 in addition to renal cell cancer and our strategy is to out-license BNC105 when data from the phase II clinical trials is available. Further details on BNC105 are given in the operational report which follows.

BNC210, which is in development for the treatment of anxiety, has now commenced Phase I clinical trial and we anticipate that this trial will be completed at the end of this year. Again more information on BNC210 can be found in the Operational Report. Suffice to say that we are extremely excited by the prospects for this potential treatment for anxiety – a condition which is poorly served by current drugs on the market and which represents a huge market opportunity in excess of US$15 billion per annum. We eagerly await the results of the clinical trial at the end of this year.

Corporate Highlights

In parallel with the advancement of our clinical trial program and as introduced by Chairman Peter Jonson, Bionomics has been very focused on maintaining a strong cash position. As a result, the management team has instigated an effective process of cost containment involving reduction in non-clinical activities and additional funds have been raised.

We have also focussed on our highly valued partnership with Merck Serono and on the growth and operational efficiency of our subsidiary Neurofit, which has delivered $1.9 million in revenues, up 108%.

We are particularly pleased with efforts to strengthen the underlying cash position of the company with equity raisings in 2009 totaling $19 million. In parallel, management's commitment to reducing non-core costs, which resulted in a 27% reduction in non R&D expenses this year, has seen Bionomics remain in a strong financial position.

Bionomics' results have been achieved against a global backdrop of financial uncertainty, and such support gives the company the capacity to confidently execute its clinical programs and commercialisation strategy. At the same time, we are aware that the current environment requires continued focus of resources on our clinical programs.

The noteworthy results presented in this report have been achieved because of the dedication of our management and staff. In particular we thank Bernie Flynn who leaves Bionomics to serve an academic role at the Victorian College of Pharmacy and we welcome Andrew Harvey to the senior management team as VP Chemistry, due in no small part to his integral role in Bionomics' Merck Serono collaboration.

I look forward to reporting further on Bionomics' progress throughout the coming year and again thank all our loyal shareholders for their strong support.

Deborah Rathjen
CEO and Managing Director

Bionomics has made a significant transition from discovery to clinical development in the last 18 months with two proprietary, high-value drug candidates now in clinical trial.

At the time of the last Annual Report, Bionomics' anti-cancer compound BNC105 had recently entered the company's first Phase I trial. After a particularly productive period, the company has consolidated its status as a clinical stage company with anti-anxiety treatment BNC210 now in clinical trials. In addition, plans are well on the way for our anti-cancer drug BNC105 to enter a US Phase II trial in renal cell carcinoma.

Recent achievements have not altered Bionomics' desire to exploit all channels and options to develop differentiated therapies to serve large markets with unmet needs. As an example at the time of writing, Bionomics is exploring the extension of BNC105 to indications beyond cancer. Bionomics is also investigating the activity of BNC210 in models of depression and other CNS disorders to expand the therapeutic potential of this remarkable compound.

BNC105 UPDATE

Key attributes of BNC105, a powerful vascular disrupting agent (VDA):

- → Shuts down cancer blood vessels but not normal blood vessels
- → Kills cancer cells directly and hence exhibits a dual mechanism of action
- → Increases the effectiveness of both radiation treatment and chemotherapy including agents such as Avastin®, thereby representing a next generation treatment for cancer
- → Is not susceptible to common mechanisms of cancer resistance, in contrast to many of the current chemotherapeutic drugs
- → Shown to be an effective anti-cancer agent in animal models of multiple human tumour classes including head and neck, brain, prostate, breast, colon and lung.

BNC105 TREATMENT

This sequence of images shows the results of treating a breast tumour in a mouse over a 28 day period using a 40 mg/kg dose of anti-cancer drug BNC105. By day 28, the tumour has been eliminated

Dr Justin Ripper,
Director of Chemistry

Commencement of Phase II clinical trial program after success of Phase I trial

The current financial year has started on a very positive note for the BNC105 clinical program. The next step in the development program is advancing BNC105 to Phase II trials in patients with renal cell cancer. Based on results from the Phase I trial, the dose of 12.6 mg per square metre has been selected for the Phase II trial.

Bionomics has been fortunate in engaging the highly experienced Hoosier Oncology Group, Inc in the USA to evaluate the efficacy of BNC105 in renal cell carcinoma (RCC), a form of kidney cancer. The group, an association of more than 400 dedicated community and research centre physicians and clinical research practitioners across the US, has conducted cancer clinical trials throughout its network since 1984.

Several factors – scientific, clinical and commercial – each contributed to the selection of RCC for the Phase II trial. The highly vascular nature of this tumour makes it an ideal target for an agent such as BNC105, which works in part by shutting down blood vessels. Importantly, pre-clinical studies in mouse models of RCC had shown a strong anti-cancer action of BNC105 and finally, one patient with RCC in the Phase I trial responded particularly well to treatment.

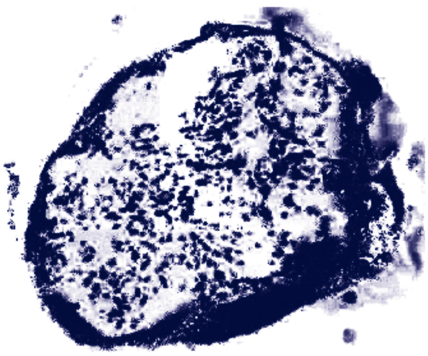
Bionomics anticipates that this trial will commence in the fourth quarter of 2009 and that interim data will be reported in the second half of 2010 calendar year.

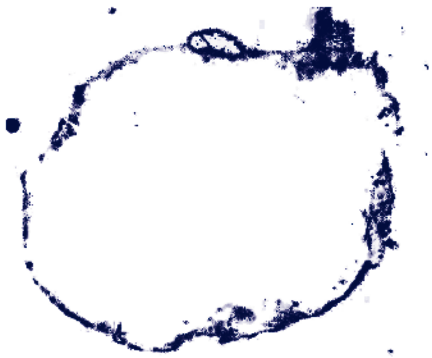
A positive outcome of the Phase II trial in RCC will enable Bionomics to seek fast-track designation from the US Food and Drug Administration (FDA) and set the scene for the introduction of BNC105 as a marketed product for second-line therapy for this cancer.

In addition Bionomics continues to evaluate other Phase II clinical trial settings for BNC105 and is working towards the initiation of a second Phase II clinical trial in mesothelioma, a form of lung cancer, later in 2009.

RENAL CELL CARCINOMA MARKET

Renal cell carcinoma, a type of kidney cancer, is the eighth most common cause of cancer deaths in the US. About 40 per cent of patients are not diagnosed until the disease is advanced. The five-year survival rate for patients with metastatic disease is less than 2%. Worldwide sales in 2008 of the drugs approved for first-line treatment, 'Sutent' and 'Nexavar', were US$847 m and US$678 m respectively and substantial growth in sales is predicted.





The image on the left is an untreated breast tumour. The image on the right shows the result of a single treatment of a breast tumour with BNC105 indicative of blood vessel shut down within the centre of the tumour.

The latest data on head and neck and lung cancers further reinforce the therapeutic potential offered by BNC105 for a range of cancer types, in a broad range of therapeutic combinations. DR GABRIEL KREMMIDIOTIS, BIONOMICS' VICE PRESIDENT OF DISCOVERY RESEARCH.

Solid data on BNC105 continues to build

Positive interim data from the Phase I trial of BNC105 was reported at the American Society of Clinical Oncology (ASCO) conference in May. The first nine patients with advanced solid cancers tolerated the compound well, taking BNC105 over a critical first hurdle in clinical development. Importantly, the patients achieved therapeutic blood levels of the drug, as previously determined in animal models, and vascular disruption, as expected from the mechanism of action of BNC105, was evident on DCE-MRI images within 3 – 24 hours of administration of the drug. We also saw other evidence of anti-tumour activity as measured by a CT scan using gold standard RECIST criteria, in particular the halting of tumour growth. In one patient with mesothelioma, BNC105 halted tumour growth for 22 weeks. Another patient with RCC was stabilised for nine weeks. The only side effects, fatigue and short-lived inflammation of the cells lining the digestive tract, were classified as minor. We anticipate that publication of the full Phase I clinical trial data will occur at ASCO in May 2010 and in other forums next year.

These clinical highlights for Bionomics occurred soon after a presentation of BNC105 data at the annual meeting of the American Association for Cancer Research (AACR), which was also held in May. The new data presented at AACR extended the types of cancer against which BNC105 is effective in animal models to head and neck, brain, prostate, breast, colon and lung. They also showed that, in contrast to many current chemotherapeutic drugs, BNC105 is not susceptible to common mechanisms of cancer resistance.

The Phase I trial design was very efficient allowing us to achieve our objectives quickly using minimal patient numbers. The drug appears to be well tolerated by patients and can be administered rapidly compared with other chemotherapies, minimising patient discomfort. DR JAYESH DESAI, LEAD AUTHOR OF BIONOMICS' ASCO ABSTRACT AND PRINCIPAL INVESTIGATOR FOR THE ROYAL MELBOURNE HOSPITAL SITE IN THE BNC105 PHASE I TRIAL.

In addition, the conference was shown that BNC105 delayed the growth of throat cancer when used as a single agent in an animal model of human disease. BNC105 was also shown to effectively combine with radiation therapy to generate an enhanced anti-tumour response in the throat cancer model. Finally, the data presented showed that in a model of human lung cancer, BNC105 effectively combines with the cytotoxic agent cisplatin to produce an enhanced anti-tumour response and improves survival.

Strong deal environment for new cancer treatments

With the potential for lucrative deals for novel anti-cancer products remaining high, Bionomics' commercialisation strategy is closely aligned with the BNC105 clinical development program. Our target is to secure a significant licensing deal for BNC105 when we have Phase II clinical trial data. We are working with San Francisco-based Burrill and Co in our business development activities, thereby ensuring Bionomics' activity is best practice and has global reach.

The reporting of two landmark deals by other companies in this space points to the commercial potential of BNC105 once Phase II data is in hand. The first, a partnership between UK biotech company Antisoma's VDA product ASA404 with large pharmaceutical company Novartis yielded US$75 million upfront, potential milestones payments of US$890 million and royalties on product sales. In the second, US biotech company Arqule partnered with Japanese pharmaceutical company Daiichi Sankyo for ex-US rights on their inhibitor of c-MET for US$60 million upfront and potential milestone payments of $560 million. In both cases the licensed compounds had reported positive Phase II clinical trial data.

Dr Rachel Cooke, Research Scientist

ABOUT BIONOMICS' TECHNOLOGY

MultiCore®
MultiCore® technology is a suite of methods for the chemical synthesis of complex drug-like molecules with ring structures, ie. the structure of many marketed drugs, and naturally occurring bioactive molecules. Such compounds are notoriously difficult to synthesise, giving Bionomics a substantial advantage in small-molecule drug leads.

Bionomics is able to apply its MultiCore® technology to the production of compound libraries in this complex molecular space that focus on the target of interest and are weighted towards drug-like characteristics. Another key advantage of the technology is the ease with which it can be scaled up for commercial production.

MultiCore® technology enables Bionomics to create new patentable molecules that have superior properties to existing drug leads and can be synthesised in fewer steps for less cost.

Angene®: Proprietary technology behind BNC105
Bionomics' drug discovery platform Angene® incorporates a variety of tools and models of angiogenesis (the formation of new blood vessels) for drug target validation and drug discovery in cancer and inflammation. Key components of Angene® include:

Drug Target Identification
A model of human angiogenesis provides an assay for the in vitro formation of capillary tubes over 24 hours. By combining the tube formation assay with a number of biochemical tools to analyse gene expression, Bionomics has identified over 600 genes with a possible role in promoting or disrupting angiogenesis which may represent new drug targets.

Target Validation
Bionomics uses a number of approaches to validate drug targets involved in angiogenesis, including capillary tube formation and tests of growth and migration.

To determine the function of the novel drug target, Bionomics has developed gene-silencing technologies such as RNAi. Bionomics also screens human tissue samples to confirm the potential value of targets for human cancer and inflammatory diseases.

Bionomics has developed a range of mouse models for use in validation and drug discovery, including xenograft models of human cancer and models of in vivo angiogenesis.

Drug Discovery
Bionomics' Angene® discovery platform supports drug discovery through validated angiogenesis targets, semi-high and high throughput angiogenesis assays, and animal models of angiogenesis and disease.

Partners can benefit from Bionomics' Angene® discovery platform via licenses to angiogenesis targets, drug discovery collaborations, and by using the platform for their own development programs.

IonX®
IonX® is an integrated platform of genomics discoveries and technologies that serves as the foundation for Bionomics' CNS drug discovery and development activities. IonX® includes systems for high throughput electrophysiology for early, high content evaluation of drug hits. Advanced leads are further validated and optimised using a suite of proprietary model systems including EpiMouse™, a novel transgenic mouse model of epilepsy.

There have been no fundamentally new and effective treatments for anxiety for decades. Of the treatments we do have, many patients are burdened by side-effects. BNC210 appears to be entirely novel in its action and remarkably free of the sedation associated with other treatments for anxiety (Valium, Prozac and Zoloft). I am delighted to be leading this first study of BNC210 in man.

PROFESSOR PAUL ROLAN, PROFESSOR OF CLINICAL PHARMACOLOGY AT THE UNIVERSITY OF ADELAIDE, AND PRINCIPAL INVESTIGATOR, BNC210 TRIAL

BNC210 UPDATE

Key Attributes of BNC210

- → Anti-anxiety activity that, unlike blockbuster products, is non-sedative, non-addictive and does not impair memory or coordination
- → Excellent oral bioavailability with a wide safety margin
- → Fast acting, with a duration of effect greater than six hours – potential for once a day tablet
- → Effective in animal models of stress-induced anxiety and depression

Demand for safe, fast acting, and non-sedating anti-anxiety drug

Anxiety conditions are the most common mental illnesses in Australia with nearly 10 per cent of Australians experiencing clinically diagnosed levels of anxiety each year. Existing treatment options for anxiety and depression have significant side effects and are open to misuse that can lead to serious illness or death. The recent death of Michael Jackson highlighted the potential dangers of misusing current, marketed anti-anxiety drugs. The death of Heath Ledger last year was also attributed to a cocktail of drugs that included Valium and Xanax.

This year, a high level of company activity has been directed towards initiation of the clinical program for our potential treatment for anxiety, BNC210. In achieving this major objective we reached several milestones, including completing the preclinical program and GMP (Good Manufacturing Practice) scale-up and manufacture, and obtaining approval to conduct the first clinical study of BNC210 in humans.

CLASS	NO SEDATION	NO ADDICTION	NO MEMORY IMPAIRMENT	FAST ACTING	NO DRUG-DRUG INTERACTION
BNC210	✓	✓	✓	✓	✓
VALIUM	✗	✗	✗	✓	✓
PROZAC	✓	✓	✓	✗	✗

The Phase I clinical trial is now under way at the Royal Adelaide Hospital's Pain and Anaesthesia Research Clinic (PARC) and is expected to be completed by the end of the calendar year. The Principal Investigator on the trial is Paul Rolan, Professor of Clinical Pharmacology at the University of Adelaide and a co-founder of PARC.

Bionomics' strategy for commercialisation of BNC210 includes the search for a partner on completion of the Phase I trial. Effective new agents that are not associated with the serious drawbacks of sedation and addiction experienced with existing medications represent a very attractive commercial proposition.

ANXIETY MARKET

Anxiety is a common debilitating condition that affects 40 million patients in the US alone, and has an estimated market value in excess of US$15 billion worldwide. Many of the largest blockbuster drugs are for treating anxiety, including Valium, Xanax, Prozac, Paxil, Buspar and Zoloft.

Dr Sue O'Connor, BNC210 Project Leader

PARTNERING STRATEGY PRODUCES GROWING REVENUES AND VALIDATION OF BIONOMICS' TECHNOLOGIES

Bionomics' Merck Serono partnership is a fully funded collaboration, covered by an R&D and licensing agreement. The collaboration represents the strongest possible validation of Bionomics' chemistry platform, Multicore®, and expertise in ion-channel biology, covered by the company's IonX® technology. Bionomics subsidiary Neurofit is also active in the collaboration with Merck Serono. The partnership involves the preclinical development of Kv1.3 as a target for the treatment of Multiple Sclerosis (MS).

Kv1.3 is a key modulator of the immune system and it is a target found on human immune cells which are associated with nerve cell damage in patients with MS. Inhibitors of Kv1.3 have been shown to inhibit the proliferation of these immune cells, suggesting that they have application in the treatment of MS and potentially other autoimmune conditions. While MS is the focus of the current stage of work-up, blocking Kv1.3 has potential for the treatment of other inflammatory disorders, such as rheumatoid arthritis and psoriasis.

Merck Serono is a major player in the field of neurodegenerative diseases. The company developed and markets a leading therapy for the treatment of relapsing MS. Merck Serono has also several late stage projects in MS and Parkinson's disease under development.

MERCK SERONO

Merck Serono is an ideal partner for Bionomics. This collaboration brings together Bionomics' expertise in Kv1.3 biology, MultiCore® chemistry and Merck Serono's expertise in Multiple Sclerosis.

DR ANDREW HARVEY, VP CHEMISTRY, BIONOMICS

This year Neurofit expanded its product offering developing new models for Parkinson's Disease and broadened its customer base amongst large Pharmaceutical companies with an increase of 108% in revenues from the international customer base. DR EMILE ANDRIAMBELOSON, HEAD OF RESEARCH, NEUROFIT

Bionomics is a participant and shareholder of the Cancer Therapeutics Co-operative Research Centre (CTx)

CTx is focussed on the discovery and early development of small molecule drugs for the treatment of cancer and is underpinned by $148 million in public/private partnership funds to drive the best small molecule cancer research to cancer drug candidates.

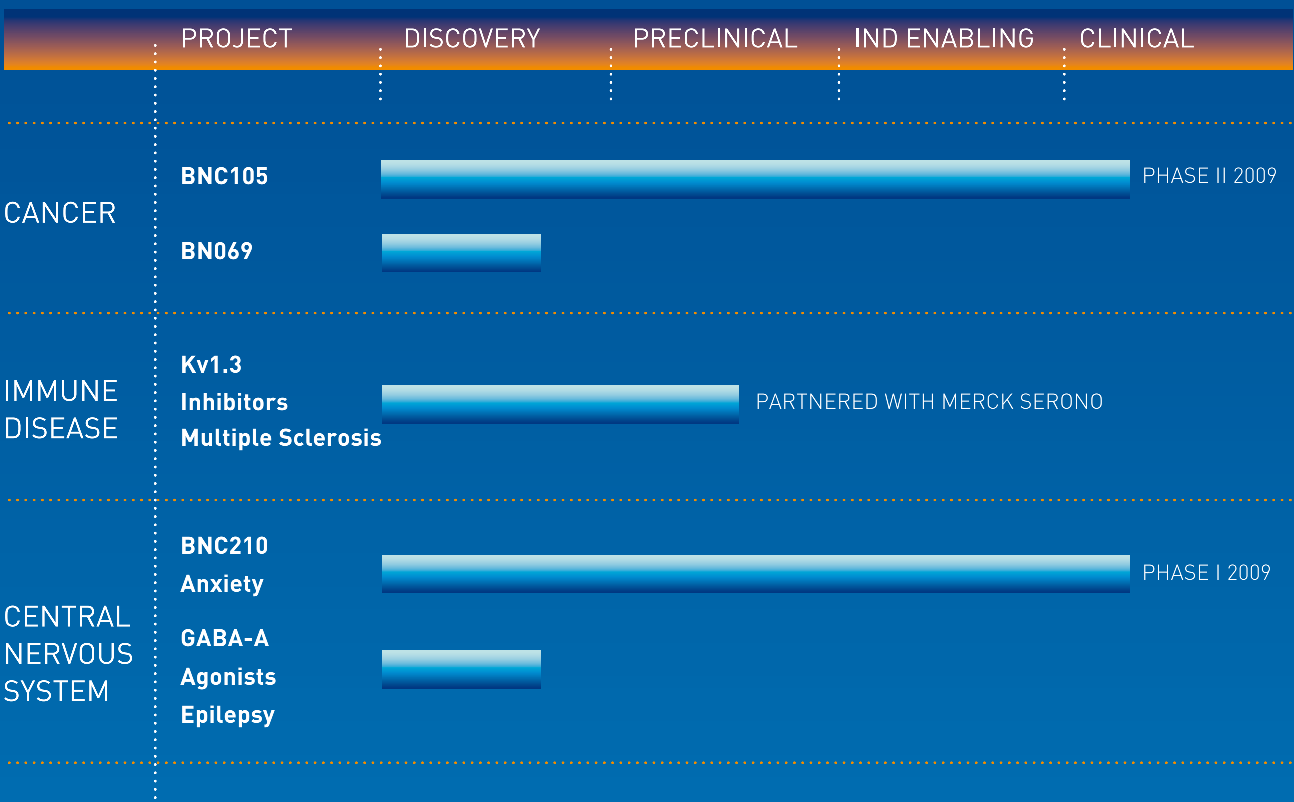
CTx has a specific focus on small molecule cancer drugs or enabling therapeutics for single or co-therapy regimes – the next generation of global cancer therapies. CTx is well placed to do this, with internationally-respected expertise in molecular and cellular biology, drug discovery, pharmacology, structural biology and medicinal chemistry and with global commercialisation partners in cancer therapeutics to take the successful drug candidates forward through clinical development and to the market.

Neurofit fuels advancement of Bionomics' CNS capabilities and delivers solid revenue growth

Neurofit, Bionomics' wholly owned European subsidiary, continues to provide substantial expertise within Bionomics' development program. Neurofit is a contract research organisation providing pre-clinical research services for central and peripheral nervous system disorders. Neurofit's expertise has supported the rapid advancement of Bionomics' CNS programs – most importantly BNC210 and our Kv1.3 drug discovery project conducted in collaboration with Merck Serono.

This financial year Neurofit generated more than $1.9 million in revenue through research contracts with major global pharmaceutical companies and large and small biotechnology companies. It is currently cash flow positive, seeing an 108% increase in revenues this financial year from their international customer base.

Neurofit has made a very strong contribution to the progress of BNC210 in 2009 as in previous years, with the generation of key data to support BNC210 activity in both anxiety and depression. DR DEBORAH RATHJEN, CEO & MANAGING DIRECTOR, BIONOMICS



MILESTONES FOR 2009/10

BNC105

- **Initiate Phase II trial in renal cell cancer Q4, 2009**
- **Initiate second Phase II clinical trial in mesothelioma (lung cancer) Q4, 2009**
- **Present latest BNC105 data at AACR and ASCO Q2, 2010**

BNC210

- **Complete Phase I trial Q4, 2009**
- **Initiate Phase Ib trial H1, 2010**

Bionomics continues to build a strong patent portfolio.

In line with the Company's business strategy Bionomics is actively seeking to out-license the assets within its portfolio, including its impressive genomics assets. Licenses, such as the agreements with Merck Serono and Genmab, allow Bionomics to retain significant potential upside in future products for no further investment.

Through the worldwide Patent Cooperation Treaty (PCT) mechanism, Bionomics and its related companies were granted six patents this financial year and have lodged four applications, as indicated in the following tables.

PATENT NUMBER	COUNTRY	TITLE	GRANT DATE	PROGRAM
2002227786	Australia	Synthesis for the preparation of compounds for screening as potential tubulin binding agents	7 August 2008	BNC105
542048	New Zealand	Mutations in ion channels	14 August 2008	Epilepsy
543295	New Zealand	DNA sequences for human angiogenesis genes	14 August 2008	BNO69
4204317	Japan	Sodium channel alpha1 subunit and their polypeptides and their treatment of generalised epilepsy with febrile seizures plus	24 October 2008	Epilepsy
554534	New Zealand	DNA sequences for human angiogenesis genes	12 February 2009	BNO69
7507839	United States of America	Therapeutic ion channel blocking agents and method of use thereof	24 March 2009	Kv1.3

PATENT NUMBER	COUNTRY	TITLE	PROGRAM
PCT/ AU2007/001566	Australia, Canada, Europe, Japan, New Zealand and United States of America	Novel Anxiolytic Compounds	Anxiety
PCT/ 2007/001475	Australia, United States of America and New Zealand	Novel Benzofuran Potassium Channel Blockers and Uses Thereof	Kv1.3
PCT/ AU2007/001476	Australia, United States of America and New Zealand	Novel Chromenone Potassium Channel Blockers and Uses Thereof	Kv1.3
PCT/ AU2008/001467	PCT	Markers of Endothelial Cells and Uses Thereof	BNC105

OVERVIEW OF PATENT PORTFOLIO

- → 52 gene patent applications pending –
  - – 34 Epilepsy,
  - – 18 Cancer and Angiogenesis
- → 5 patent applications covering BNC105 and VDA
- → 1 patent application covering BNC210 and Anxiety
- → 7 patent applications covering Kv1.3 and Multiple Sclerosis
- → 2 patent applications covering Parkinsons Disease / ALS

BOARD OF DIRECTORS

DR PETER JONSON
BComm (Hons), MA(Hons), PhD, FASSA, FAICD
Chairman

Dr Peter Jonson became Chairman of Bionomics in November 2004. Dr Jonson began his career with the Reserve Bank of Australia where he became an internationally recognised economist and influential policy adviser. He subsequently gained extensive experience at senior levels of the international financial services industry, serving as Chief Executive Officer of Norwich Union's Australian business and Managing Director and then Chairman of ANZ Funds Management. He has chaired the Federal Government's Biotechnology Centre of Excellence Expert Panel and the Major National Research Facilities Committee, set up to advise Federal Ministers on strategic and investment decisions affecting the biotechnology sector. He was the founding Chair of the Australian Institute for Commercialisation and is Chair Emeritus of the Melbourne Institute, University of Melbourne. He is a director of Village Roadshow Ltd and Pro Medicus Ltd and Chairman of the Federal Government's CRC Committee.

DR DEBORAH RATHJEN
BSc(Hons), PhD, MAICD
CEO and Managing Director

A seasoned biotech executive of almost 20 years, Dr Deborah Rathjen joined Bionomics in June 2000 from Peptech Limited, where she was 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, providing Peptech with a strong commercial basis for licensing negotiations with BASF, Centocor and other companies with anti-TNF products. Dr Rathjen has significant experience in research, business development and licensing. She is an expert in the field of cell biology with specific expertise in inflammation and cancer. Dr Rathjen is Chairperson of the AusBiotech Board, and is a member of the Higher Education Council (SA Government). In 2004 Dr Rathjen was awarded the AusBiotech President's Medal for her significant contribution to the Australian biotechnology industry and in 2006 received a Distinguished Alumni Award from Flinders University.

DR ERROL DE SOUZA
PhD
Non-Executive Director

Dr De Souza is a leader in research and development concerning the central nervous system (CNS). He is the former President and CEO of leading US biotech companies Archemix Corporation and Synaptic Pharmaceutical Corporation. Dr De Souza formerly held Senior Management positions at Aventis 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. Dr De Souza serves on multiple editorial boards, National Institutes of Health (NIH) Committees and is a director of several public and private companies.

MR TREVOR TAPPENDEN

ACA, FAICD

Non-Executive Director

Mr Tappenden commenced a career as a Non-Executive Director in 2003 after a career with Ernest & Young spanning 30 years. During his time at Ernst & Young Mr Tappenden held a variety of positions including Managing Partner of the Melbourne Office, member of the Board of Partners, head of the Victorian Government Services Group and National Director of the Entrepreneurial Services Division. He holds directorship in various private, government and not-for-profit organisations and is the Chairman of the Audit and Risk Management Committees of many of those organisations

MR CHRISTOPHER FULLERTON

BEc

Non-Executive Director

Mr Fullerton has extensive experience in investment, management and investment banking and is a qualified chartered accountant. He is the Managing Director of Mandalay Capital Pty Limited, an investor in listed securities and private equity and a director of Avanti Capital Limited, an advisory firm focusing on the life sciences sector. Mr Fullerton was Non-Executive Chairman of Cordlife Limited and Health Communication Network Limited. He also held Non-Executive directorships with Global Health Limited, The Environmental Group Limited, Standard Chartered Australia Limited, Alliance Properties Limited and Federal Airports Corporation.

MR STEPHEN BIRRELL

BBus(Acc)

(Chief Financial Officer and Company Secretary)

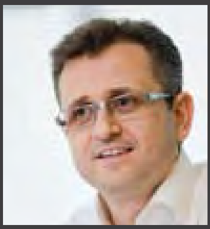
Mr Stephen Birrell joined Bionomics in October 2005, following a 20 year career which has spanned commercial management, financial, treasury and company secretarial roles in a variety of industry sectors including food, clothing, cosmetics, accounting and financial services with local, national and international firms. In these roles Mr Birrell gained experience with high growth companies as well as mergers and acquisitions. Mr Birrell holds a Bachelor of Business (Accounting) from Chisholm Institute of Technology (now David Syme Business School, Monash University).

DR ANDREW HARVEY

BSc (Hons) PhD

(Vice President Chemistry)

Dr Andrew Harvey joined the chemistry group at Bionomics in 2007 and has led the group in the Multiple Sclerosis collaboration with European pharmaceutical company, Merck Serono, since June 2008. He played a leading scientific role in the partnering discussions with Merck Serono and has inventorship on each of Bionomics Multiple Sclerosis patents. In 2007, Dr Harvey was instrumental in the establishment of the new chemistry facilities at the Bionomics headquarters in Adelaide. During his prior employment at The Walter and Eliza Hall Institute for Medical Research, Dr Harvey was awarded a National Health and Medical Research Council Industry Fellowship for his research in identifying new treatments for Multiple Sclerosis. He holds a PhD and a BSc (Honours) from Canterbury University in New Zealand.



DR GABRIEL KREMMIDIOTIS

BSc (Hons), PhD

(Vice President Discovery Research)

Molecular geneticist and immunologist Dr Gabriel Kremmidiotis joined Bionomics as Head of Bioinformatics in January 2002 and his role has since expanded to Vice President Discovery Research. Formerly Senior Medical Scientist at the Department of Cytogenetics & Molecular Genetics at the Women's & Children's Hospital in Adelaide, Dr Kremmidiotis has several patent inventions on breast cancer tumour suppressor genes, including Bionomics' BNO64 and BNO1 genes as well as other tumour suppressor genes. Dr Kremmidiotis has a PhD and a Bachelor of Science (Honours) from Flinders University of South Australia and a Bachelor of Science from The University of Melbourne. He has published research findings in 22 internationally-recognised scientific publications including Cell, Human Molecular Genetics and American Journal of Human Genetics, and is a member of the Human Genetics Society of Australasia.

DR EMILE ANDRIAMBELOSON

PhD

(Head of Research, Neurofit)

Dr Emile Andriambeloson joined Neurofit in 2002 from Novartis Pharma and has played an important role in the development of Neurofit's business. In 2005 Dr Andriambeloson became the Head of Research at Neurofit and is the key interface with Neurofit's international customer base as well as Bionomics' CNS programs. Dr Andriambeloson has a PhD from the University of Strasbourg in France and is recognised for his expertise in pharmacology. He is the author of 18 articles published in highly regarded peer reviewed scientific journals. Dr Andriambeloson's previous positions include Novartis Pharma (Basel, Switzerland), Heart Research Institute (Sydney, Australia) and University of New South Wales (Sydney, Australia).

Bionomics Limited (the Company) and the Board are committed to achieving and applying a high standard of corporate governance taking into consideration the Company's size and the industry in which the Company operates.

The Company's framework is consistent with the Australian Securities Exchange (ASX) Corporate Governance Council (ASX CGC guidelines).

The relationship and division of responsibilities between the Board and other key management personnel are critical to the Company's long-term success. The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and for seeking an appropriate balance between sometimes competing objectives in determining the best interests of the Company. Their focus is to enhance the interests of shareholders and to ensure the Company is properly governed.

Day to day management of the Company's affairs, including the implementation of its approved strategy and policy initiatives, is delegated by the Board to the Chief Executive Officer and Managing Director and other key management personnel, except for matters expressly required by law to be approved by the Board. This delegation process has been formalised by the documentation of responsibilities between the Chairman and the Chief Executive Officer and Managing Director and incorporated into the Board's charter.

The following corporate governance framework has been implemented to ensure the highest level of corporate governance is achieved:

→ the Board has established an internal control framework focusing on key business risks;
→ the Company has adopted a code of professional ethics and conduct which applies to all directors, officers and employees;
→ the Board has implemented strict policies regarding related party transactions and the acquisition and disposal of the Company's securities by directors, officers and employees; and
→ the Company has adopted clear reporting and communication policies and procedures.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

THE BOARD OF DIRECTORS

The Board of Directors (the Board) operates in accordance with the broad principles now formally set out in its charter (Board Charter) that is available from the corporate governance section of the Company website at www.bionomics.com.au. The Board Charter details the Board's composition and responsibilities.

The Board Charter (inter alia) states:

→ the Bionomics' Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently, and in accordance with the law in fulfilling its primary responsibility of looking after the interests of Bionomics' shareholders. These interests are well served by also taking into consideration the interests of other stakeholders such as employees and affiliated institutions.
→ the Board is to be comprised of both executive and non-executive directors with a majority of non-executive directors.
→ in recognition of the importance of independent views and the Board's role in supervising the activities of management, the majority of the Board must be independent of management and all directors are required to bring independent judgement to bear in their Board decision making.
→ the Board shall undertake an annual Board performance evaluation to identify any improvements necessary for both its operations and the Board Charter.

Responsibilities of the Board

The responsibilities of the Board include:

→ approving the strategic direction, objectives and annual financial budget of Bionomics and monitoring the implementation of those strategies and achievement of those objectives and budget.
→ monitoring compliance with regulatory requirements and ethical standards.
→ appointing, and reviewing the performance of the Chief Executive Officer and Managing Director and of the performance of the Chief Executive Officer's direct reports in achieving corporate goals.
→ approving announcements to shareholders and the ASX.
→ approving significant third party agreements.
→ issuing shares, options, equity instruments or other securities.

- → developing Bionomics' corporate governance procedures, systems of risk management and internal compliance and control, codes of conduct (including human resources policies), and legal compliance.
- → approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestures.
- → assessing the composition of the Board and reviewing its processes and performance.

Board Members

Details of the members of the Board, their experience, expertise, qualifications, term of office and independence status are set out in the Directors' Report under the heading 'Information on Directors'. At the date of signing the Directors' Report there were four non-executive directors (including the Chairman), all of whom are deemed independent under the principles set out below, and one executive director.

The Board seeks to ensure that, cognisant of the state of development of Bionomics as a company:

- → at any point in time, its membership as a group has expertise in areas of current and future importance to the Company as it grows.
- → the size of the Board is conducive to effective discussion and efficient decision-making.

Directors' Independence

The Board has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with –the exercise of their unfettered and independent judgement.

Issues relating to an assessment of the independence of a director will be determined by reference to the guidance provided by the ASX CGC guidelines. The Board shall determine the thresholds of materiality from the perspective of both the Company and its directors in determining whether a director maintains his or her independence of mind.

Term of Office

The Company's Constitution specifies that all non-executive directors must retire from office no later than the third AGM following their last election.

Role of the Chairman and Chief Executive Officer and Managing Director

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's key management personnel.

The Chief Executive Officer and Managing Director is responsible for implementing the Company strategies and policies.

Commitment

Regular Board meetings and reviews of strategy are held throughout the year to monitor performance against both the Board approved objectives and the Board's broad strategic plan.

The number of meetings of the Company's Board and of each Board committees held during the year ended 30 June 2009, and the number of meetings attended by each director is disclosed in the Directors' Report under the heading 'Meetings of Directors'.

It is the Company's practice to allow its executive director to accept appointments outside the Company with prior written approval of the Board.

Conflict of Interests

All Board members are required as a continuing obligation to immediately notify the Board in writing of any actual or potential conflicts of interest or any circumstance that may affect a Board member's level of independence.

Independent Professional Advice

Directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities. Prior written approval of the Chairman is required, but this will not be unreasonably withheld. Copies of this advice will be made available to, and for the benefit of, all Board members at the discretion of the Chairman.

Performance Assessment

In line with the timetables setting out the adoption of the ASX CGC guidelines the Board undertakes an annual self assessment comparing its performance with the requirements of the Board Charter. In this process, the Chairman meets directors individually to assess how Board performance may be improved.

CORPORATE REPORTING

For each of the half year and full year results, the Chief Executive Officer and Managing Director and Chief Financial Officer are required to make the following certifications to the Board:

- → that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards.
- → that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control are operating efficiently and effectively in all material respects.

BOARD COMMITTEES

The Board has established two committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the Compensation and the Audit and Risk Management Committees. Each committee is comprised entirely of non-executive directors.

All matters determined by committees are submitted to the full Board as recommendations for final Board decision. Minutes of committee meetings are tabled at a subsequent Board meeting.

There is no formal nomination committee for the Company. Nominations for the Board are considered by the full Board as part of normal business reviewed by the Board at its regular meetings.

Under the Board Charter, in the event that the Board believes a new director should be appointed, the Board shall review the range of skills, experience and expertise currently existing on the Board in relation to areas of current and future importance to the Company as it grows. Candidates are assessed against this review of needs and, where appropriate, advice is sought from independent search consultants.

Where the Board appoints a suitable candidate that person must stand for election at the next AGM of the Company.

Notices of meeting for the election of directors comply with the ASX CGC guidelines.

New directors will be provided with a letter of appointment setting out the Company's expectations, their responsibilities, rights and the terms and conditions of their appointment.

Compensation Committee

Due to the size of the Board, all Compensation Committee functions are handled by the full board rather than a subcommittee.

In this context, the Board decides on remuneration and incentive policies and practices generally, and made specific recommendations on remuneration packages and other terms of employment for executive directors and non-executive directors.

All key management personnel sign a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. A formal establishment of annual objectives and subsequent evaluation of performance including a half-year review is conducted by the Chief Executive Officer and Managing Director with all key management personnel who report directly to that position.

Further information on directors' and other key management personnel's remuneration is set out in the Directors' Report and note 24 to the financial statements.

The Compensation Committee had responsibility for reviewing any transactions between the Company and the directors, or any interest associated with the directors, to ensure the structure and the terms of the transaction is in compliance with the Corporations Act 2001 and is appropriately disclosed.

Audit and Risk Management Committee

The Audit and Risk Management Committee consisted of the following non-executive directors:
→ Mr Trevor Tappenden (Chairman)
→ Dr Peter Jonson
→ Mr Christopher Fullerton

Details of the directors' qualifications and all attendance at Audit and Risk Management Committee meetings are set out in the Directors' Report.

The Audit and Risk Management Committee has its own charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. This charter is available on the Company website.

The main responsibilities of the Committee are to:
→ review, assess and recommend to the Board the annual financial report and the half-year financial report.
→ assist the Board in fulfilling its oversight responsibilities through reviewing:
  – the financial reporting process,
  – the system of internal control and management of risks,
  – the audit process; and,
  – the Company's process for monitoring compliance with laws and regulations.

Included in these responsibilities, the Audit and Risk Management Committee:
→ reviews the external auditors' proposed audit scope and approach and their performance.
→ makes recommendations to the Board regarding the re-appointment of the external auditors.
→ considers the independence of the external auditors including the range of non-audit related services provided by the external auditors to the Company.
→ ensures the Company establishes an effective Risk Management Policy and ensures compliance.

In fulfilling its responsibilities, the Audit and Risk Management Committee:
→ receives regular reports from management and external auditors.
→ reviews whether management is adopting systems and processes sufficient for a company of Bionomics' size and stage of development.
→ reviews any significant disagreements between the external auditors and management, irrespective of whether they have been resolved.
→ meets separately with external auditors at least twice a year without the presence of management.
→ provides external auditors with a clear line of direct communication at any time to either the Chairman of the Audit and Risk Management Committee or the Chairman of the Board.

The Audit and Risk Management Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party and to obtain external legal or other professional advice.

EXTERNAL AUDITORS

The Board's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually by the Audit and Risk Management Committee which also makes recommendations to the Board about the appointment of audit services for subsequent periods, taking into consideration assessment of performance, existing value and costs.

Deloitte Touche Tohmatsu were appointed as external auditor in 2007. Deloitte's policy is to rotate engagement partners every five years in line with the requirements of the Corporations Act 2001

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in note 25 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to both the Audit and Risk Management Committee and the Board.

The external auditor is requested to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

RISK ASSESSMENT AND RISK MANAGEMENT

The Board, through the Audit and Risk Management Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, Company 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 Company's business strategy and objectives.

The Company's risk management policies are managed by the key management personnel and are reviewed by the Audit and Risk Management Committee according to a timetable of assessment and review proposed by that Committee and approved by the Board.

ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT POLICIES

The Company recognises the importance of occupational health and safety (OH&S) and is committed to the highest levels of performance. To help meet this objective, policies have been established to facilitate the systematic identification of OH&S issues and to ensure they are managed in a structured manner.

This system allows the Company to:

- → monitor its compliance with all relevant legislation;
- → encourage employees to actively participate in the management of OH&S issues.

The Company is in full compliance with all necessary environmental and other licensing requirements required for its research facility in Thebarton (South Australia) and for Neurofit SAS (Neurofit) in France.

CODE OF CONDUCT

In its Board Charter, the Board has recognised its overriding responsibility to act honestly, fairly, diligently, and in accordance with the law in fulfilling its primary responsibility of looking after the interests of Bionomics' shareholders. The Board believes that the interests of shareholders are best served by also taking into account the interests of other stakeholders such as Bionomics' employees and individuals engaged in Bionomics' directed research at Bionomics' affiliated institutions.

The Board will work to promote and maintain an environment within Bionomics that establishes these principles as basic guidelines for all employees.

Bionomics has formalised a code of business conduct and ethics. A number of policies that relate to business conduct are in place including harassment prevention and share trading.

Copies of the share trading policies for directors and for employees are available on the Company's website.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Company has written policies and procedures that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at AGMs. These policies and procedures are available on the Company's website.

The Chief Executive Officer and Managing Director has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All announcements disclosed to the ASX are posted on the Company's website as soon as practical after disclosure to the ASX. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

All shareholders are entitled to receive a copy of the Company's annual report. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. Recent initiatives to facilitate this include making all Company announcements, details of Company meetings, press releases for the last three years, and financial reports available on the Company's website along with transcripts to the Chairman's and Chief Executive Officer and Managing Director's addresses to the Company's AGMs.

The website also includes a feedback and information request mechanism for investors and shareholders via the Contact Us page.

AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)

The financial statements are prepared in accordance with AIFRS.

Your directors present their report on the financial statements of the Group for the year ended 30 June 2009, comprising the parent entity Bionomics Limited (Bionomics) and its subsidiaries.

Directors

The following persons were directors of Bionomics during the period and up to the date of this report:
- → Dr Peter Jonson, Non-Executive Chairman
- → Dr Deborah Rathjen, Chief Executive Officer and Managing Director
- → Mr Trevor Tappenden, Non-Executive Director
- → Dr Errol De Souza, Non-Executive Director
- → Mr Christopher Fullerton, Non-Executive Director (appointed 23 December 2008)

Principal Activities

The principal activities of the Group during the period were:
- → to progress clinical development programs
- → to undertake research and development utilising Bionomics' proprietary technology platforms with the aim of identifying and developing therapies to treat cancer and conditions of the Central Nervous System (CNS), including anxiety multiple sclerosis and epilepsy,
- → to commercialise intellectual property assets,
- → to identify strategic alliances and project opportunities capable of increasing shareholder value and of enhancing the competitive advantage of Bionomics within the biotechnology industry.

Operating Results

Revenue for the year to 30 June 2009 decreased by 18.2% to $4,296,496. Grant funding for the period was $311,291. This compared with revenues of $5,256,963 and grant funding of $1,825,165 for the year to 30 June 2008. The operating loss of the Group for the year to 30 June 2009 was $6,862,299 compared with the prior year loss of $4,783,917.

Dividends

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

Review of Operations

Solid Progress

This year has seen Bionomics make very solid progress against its stated objectives. Recent significant highlights have been:
- → the achievement of two key milestones in the clinical development of BNC105 for the treatment of solid tumours – firstly our proposed Phase II trial in patients with renal cell cancer in association with the Hoosier Oncology Group and secondly, the selection of the dose level to be used in this trial, and
- → the initiation of the first clinical trial of BNC210, Bionomics drug candidate for the treatment of chronic and acute forms of anxiety.

The achievement of these significant clinical objectives underscores the fact that in less than two years Bionomics has been able to progress two newly discovered drugs into human clinical trials. This illustrates not only the capacity of our powerful drug discovery engine to generate high value drug candidates, but also the disciplined approach we employ to effectively execute the transition of new drugs discovered through application of our technology platforms into the clinic.

With BNC105 we continue to make significant progress in the detection and elimination of cancer cells. This year new preclinical BNC105 data has been presented at key North American Conferences – the annual meeting of the American Association for Cancer Research (AACR) and the American Society for Clinical Oncology (ASCO). The new data presented at AACR extended the types of cancer BNC105 is effective against in animal models to head and neck, brain, prostate, breast, colon and lung and showed that in contrast to many of the current chemotherapeutic drugs, BNC105 is not susceptible to common mechanisms of cancer resistance. The data also showed that BNC105 delays the growth of throat cancer when used as a single agent in an animal model of human disease. BNC105 was also shown to effectively combine with radiation therapy to generate an enhanced anti-tumour response in the throat cancer model. Finally the data presented showed that in a model of human lung cancer BNC105 effectively combines with the cytotoxic agent cisplatin to produce an enhanced anti-tumour response. The findings demonstrate the tremendous commercial potential of BNC105 if it is successfully developed for the treatment of solid tumour types.

In September last year Bionomics' scientists presented data on BNC210 at the 2008 European College of Neuropsychopharmacology (ECNP) Congress. The data presented included results of studies which showed that BNC210 was effective in treating anxiety in an animal model of separation anxiety and that BNC210 acts for longer than Valium, the most commonly prescribed anxiety drug. Such studies have laid the foundation for the current ongoing clinical trial of BNC210 referred to below.

BNC105 Clinical Development Program Advances
The current financial year started on a very positive note for Bionomics' cancer drug BNC105. The objectives of the Phase I trial, initiated in early 2008 under a US Food and Drug Administration (FDA) Investigational new Drug (IND) submission and conducted in Australia, were to evaluate the safety, tolerability, and pharmacokinetics of BNC105 in cancer patients and to identify a dose level of BNC105 to be used in future clinical trials of BNC105. These objectives have now been met and a dose of 12.6 mg/m2 has been selected for the next clinical trial of BNC105.

For the first Phase II clinical trial of BNC105, Bionomics will utilise the expertise of the Hoosier Oncology Group Inc (HOG), which is headquartered in Indianapolis, to evaluate its efficacy in renal cell carcinoma. The HOG consists of a working association of over 400 dedicated community and research centre physicians and clinical research practitioners across the United States. It has successfully leveraged this network to conduct cancer clinical trials since its creation in 1984.

Identifying a dose for the BNC105 renal cancer trial and having one of the top US cancer groups engaged in the further clinical development of BNC105 has overcome a near-term risk for our lead drug candidate.

Renal cell cancer accounts for 2-3% of human malignancies and accounts for 85% of kidney cancers. Every year, approximately 200,000 cases are diagnosed worldwide, with 55,000 people diagnosed in the USA. The five year survival rate for patients with metastatic disease is less than 2%. Kidney cancer is asymptomatic, and in 40% of cases is diagnosed at an advanced stage.

In choosing renal cancer as the setting for the initial Phase II trial of BNC105, Bionomics is responding to the need for new and effective treatments for this cancer. If BNC105 shows efficacy in the treatment of renal cell cancer, the development program offers a rapid path to a blockbuster market which is attractive to potential licensees.

Anti-anxiety Treatment BNC210 in Clinical Development
Anxiety is a common and debilitating mental condition, affecting nearly 1 in 10 Australians each year. Many of the largest blockbuster drugs are used for treating anxiety including Valium, Xanax, Paxil, Buspar, Effexor and Zoloft.

The Phase I clinical trial of Bionomics' anti anxiety drug, BNC210 was initiated on the 25th June 2009, ahead of schedule. The clinical trial will be conducted in groups of healthy male volunteers at the Pain and Anaesthesia Research Clinic (PARC) within the Royal Adelaide Hospital and is expected to be completed by calendar year end. The Principal Investigator on the trial is Paul Rolan, Professor of Clinical Pharmacology at the University of Adelaide and a co-founder of PARC. The primary objective of this trial is to evaluate the safety, tolerability and the pharmacokinetics of BNC210. A secondary objective is the preliminary evaluation of central nervous system effect. The results will enable identification of an appropriate dose range for subsequent clinical studies.

The successful initiation of this clinical trial followed the timely completion of scale-up and manufacture under Good manufacturing Practice (GMP) of BNC210 as well as the completion of animal tests of the safety and tolerability of BNC210 as required by regulatory authorities. Approval for this trial was granted by the Research Ethics Committee of the Royal Adelaide Hospital in May 2009 and notification given to the Australian regulatory body, the Drug and Safety Evaluation Branch of the Therapeutic Goods Administration (TGA). The trial design is in accordance with the principles of the International Conference on Harmonization (ICH), standards of conduct for clinical trials that are essentially uniform for all the major regulatory agencies world-wide, including the FDA and Australia's TGA.

The promising preclinical profile of BNC210 indicates that it is fast-acting and lacks the side-effects seen with current anxiety treatments and may offer the same or greater therapeutic benefit. Bionomics' strategy for commercialisation of BNC210 includes the search for a partner on completion of the Phase I trial. Effective new agents that are not associated with the serious drawbacks of sedation and addiction experienced with existing medications represent a very attractive commercial proposition.

Partnership Strategy on Track
Bionomics has leveraged its technology platforms to secure deals and funding. Execution of this partnering strategy has produced growing revenues and validation of Bionomics' technologies. An example of this strategy is Bionomics' Merck Serono partnership which is a fully funded collaboration, covered by an R&D and licensing agreement. The collaboration represents the strongest possible validation of Bionomics' chemistry platform, Multicore®, and expertise in ion-channel biology, covered by the company's ionX® technology. Bionomics' subsidiary Neurofit is also active in the collaboration with Merck Serono.

The partnership involves the preclinical development of Kv1.3 as a target for the treatment of multiple sclerosis (MS). Kv1.3 is a protein found on cells associated with inflammation in MS. The symptoms of MS in animal models are both prevented and treated by blocking the action of Kv1.3. While MS is the current therapeutic focus of the program, blocking Kv1.3 has potential for the treatment of other inflammatory disorders, such as rheumatoid arthritis and psoriasis.

Bionomics will execute the next elements of its strategy with more advanced drug candidates supported by human clinical trial data. With this in mind Bionomics aims to license BNC210 when data from the current trial is available, whilst BNC105 will continue in development until Phase II clinical data is available and a major partnership deal can be secured for its further development.

Outlook
Together with BNC105, advancing BNC210 into clinical development has placed Bionomics in the very strong position of having two highly differentiated products in development which address large and highly attractive markets.

Bionomics has the capacity and resources to deliver on its key objectives of advancing its clinical development programs in cancer and anxiety and of securing additional major partnerships in line with its business strategy.

Key milestones for the company in the next period are the completion of the ongoing Phase I clinical trial of anti-anxiety drug BNC210 and initiation of the Phase II development program for BNC105 beginning with the planned renal cancer trial in association with the Hoosier Oncology Group.

Earnings Per Share

	Consolidated	
	2008 Cents	2008 Cents
Basic and diluted earnings per share	(2.8)	(2.1)

The basic and dilutive earnings per share amounts have been calculated using the 'Loss after related income tax' figure in the income statements.

Significant Changes in the State of Affairs
Significant changes in the state of affairs of the Group during the financial year were as follows:
- An increase in contributed equity of $3,870,683, from $56,098,888 to $59,969,571.

Matters Subsequent to the End of the Financial Year
On 8 September 2009, the Company announced it had completed a capital raising of $15 million comprising:
- a $7 million placement to Start-up Australia Ventures Pty Ltd (subject to shareholder approval);
- a $5.8 million placement to Institutional Investors; and
- a $2.2 million underwritten Share Purchase Plan to eligible shareholders.

The issue price is $0.24 per share and $5.8 million was received by the Company on 10 September 2009. The balance is due to be received by end October 2009.

Likely Developments and Expected Results of Operations
The Group will continue to undertake drug discovery and will seek to commercialise the outcomes of its research and development in the form of diagnostic products and drugs for the treatment of disease.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because further disclosure would not be in the Group's best interests.

Environmental Regulation
The Group is subject to environmental regulations and other licenses in respect of its research facilities in Thebarton (South Australia) and for Neurofit in 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 2008-2009 and no related issues have arisen since the end of the financial year to the date of this report.

INFORMATION ON DIRECTORS

Dr Peter Jonson BComm (Hons), MA (Hons), PhD, FAID, FASSA
Chairman – Non-Executive
Director since 11 November 2004

Experience and Expertise
Dr Jonson became an internationally recognised economist and influential policy adviser with the Reserve Bank of Australia before serving as CEO of Norwich Union's Australian business and managing director and then chairman of ANZ Funds Management. He has chaired the Federal Government's Biotechnology Centre of Excellence Expert Panel and the Major National Research Facilities Committee, set up to advise Federal Ministers on strategic and investment decisions affecting the biotechnology sector. He was the founding Chair of the Australian Institute for Commercialisation and is Chair Emeritus of the Melbourne Institute, University of Melbourne. He is a director of Village Roadshow Ltd and Pro Medicus Ltd and Chairman of the Federal Government's Cooperative Research Centres (CRC) Committee.

Current Directorships (in addition to Bionomics Limited)
Listed Companies: Director of Village Roadshow Ltd (since 2001), Pro Medicus Ltd (since 2000).

Other Relevant Directorships: Chair of the Federal Government's CRC Committee (since 2005).

Former Listed Company Directorships in Last Three Years
Metal Storm Limited

Special Responsibilities
Chairman of the Board. Member of Audit and Risk Management Committee.

Interests in Shares and Options
716,539 shares in Bionomics Limited.
1,000,000 unlisted options over ordinary shares in Bionomics Limited.

Dr Deborah Rathjen BSc (Hons), MAICD, PhD
Chief Executive Officer and Managing Director.
Director since 18 May 2000

Experience and Expertise
Dr Rathjen joined Bionomics in June 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 research, business development and licensing and specific expertise in inflammation and cancer. Dr Rathjen is Chairperson of the AusBiotech Board, and a member of the Higher Education Council (SA Government).

Current Directorship (in addition to Bionomics Limited)
Director and Chairperson of AusBiotech Limited (since 2008)

Former Listed Directorships in Last Three Years
None.

Special Responsibilities
Chief Executive Officer and Managing Director.

Interests in Shares and Options
996,889 ordinary shares in Bionomics Limited.
3,457,300 unlisted options over ordinary shares in Bionomics Limited.

Mr Trevor Tappenden ACA, FAICD
Non-Executive Director.
Director since 15 September 2006

Experience and Expertise
Mr Tappenden was a partner of Ernst & Young between 1982 and 2003, holding a variety of positions including Managing Partner of the Melbourne Office, member of the Board of Partners, head of the Victorian Government Services Group and National Director of the Entrepreneurial Services Division. Mr Tappenden is a director of Public, Private, Government, and not-for-profit organisations, is Chairman of Heide Museum of Modern Art, and a Councillor of RMIT University. He is the Chairman of the Audit and Risk Management Committees of many of those organisations.

Current Directorships (in addition to Bionomics Limited)
Listed companies: Director, Metal Storm Limited
Other: Chairman, Heide Museum of Modern Art, Director, Buckfast Pty Ltd (Investment Company), Director, Dairy Food Safety Victoria, Director, John Heine Memorial Foundation (Charitable Foundation), Director, VITS Language Link, Councillor, RMIT University.

Former Listed Directorships in Last Three Years
None

Special Responsibilities
Chairman of Audit and Risk Management Committee

Interests in Shares and Options
188,355 ordinary shares in Bionomics Limited.
500,000 unlisted options over ordinary shares in Bionomics Limited.

Dr Errol De Souza PhD
Non-Executive Director.
Director since 28 February 2008

Experience and Expertise
Dr De Souza is a leader in research and development concerning the central nervous system (CNS). He is the former President and CEO of leading US biotech companies Archemix Corporation and Synaptic Pharmaceutical Corporation. Dr De Souza formerly held senior management positions at Aventis 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. Dr De Souza serves on multiple editorial boards, National Institutes of Health (NIH) Committees and is a director of several public and private companies.

Current Directorships (in addition to Bionomics Limited)
President and CEO of Archemix Corp.; Director of Palatin Technologies, Inc; Director of IDEXX Laboratories, Inc; Director of Targacept, Inc; Massachusetts Biotechnology Council

Former Listed Directorships in Last Three Years
None

Special Responsibilities
None

Interests in Shares and Options
39,763 ordinary shares in Bionomics Limited
500,000 unlisted options over ordinary shares in Bionomics Limited

Mr Christopher Fullerton BEc
Non-Executive Director.
Director since 23 December 2008

Experience and Expertise
Mr Fullerton has extensive experience in investment, management and investment banking and is a qualified chartered accountant. He is the managing director of Mandalay Capital Pty Limited, an investor in listed securities and private equity and a director of Avanti Capital Limited, an advisory firm focusing on the life sciences sector. Mr Fullerton was non-executive chairman of Cordlife Limited and Health Communication Network Limited, and held non executive directorships with Global Health Limited, The Environmental Group Limited, Standard Chartered Australia Limited, Alliance Properties Limited and Federal Airports Corporation.

Current Directorships (in addition to Bionomics Limited)
Listed Companies: NIL
Other: Mandalay Capital Pty Limited; Avanti Capital Pty Limited; HomeSource Limited.

Former Listed Directorships in Last Three Years
Cordlife Limited; The Environmental Group Limited; Global Health Limited.

Special Responsibilities
Member of Audit and Risk Management Committee.

Interests in Shares and Options
4,700,000 ordinary shares in Bionomics Limited

Company Secretary
The company secretary is Mr Stephen Birrell. Mr Birrell was appointed to the position of Company Secretary and Chief Financial Officer in October 2005. Mr Birrell brings a deep expertise in corporate governance, mergers and acquisitions and general management in fast growth companies. Mr Birrell is a member of CPA Australia and Chartered Secretaries Australia.

Meetings of Directors

The numbers of meetings of the Company's Board and of each Board committee held during the year ended 30 June 2009, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of Audit and Risk Management Committee	
	A	B	A	B
Dr Peter Jonson	6	6	6	6
Dr Deborah Rathjen*	6	6	**	**
Mr Trevor Tappenden	6	6	6	6
Dr Errol De Souza	6	6	**	**
Mr Christopher Fullerton	3	3	2	2

A = Number of meetings held during the time the director held office or was a member of the committee during the year and was entitled to attend.
B = Number of meetings attended.
* = Not a non-executive director.
** = Not a member of the relevant committee, may attend by invitation.

Retirement, Election and Continuation in Office of Directors

Mr Trevor Tappenden retires as a non-executive director at the annual general meeting to be held on 4 November 2009 and, being eligible, offers himself for re-election.

Mr Christopher Fullerton retires as a non-executive director at the annual general meeting to be held on 4 November 2009 and, being eligible, offers himself for election.

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Share based compensation
5. Additional information

1. Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Group's key management personnel remuneration framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework aligns key management personnel rewards with achievement of strategic objectives and the creation of value for shareholders.

Key management personnel remuneration and other terms of employment are determined by the Board having regard to performance, relevant comparative information and the Group's financial performance.

Remuneration packages are set at levels that are intended to attract and retain first class key management personnel capable of managing the Group's operations and achieving the Group's strategic objectives.

The framework provides a mix of base cash remuneration and performance-based remuneration through the Bionomics Limited Employee Share Option Plan (the Bionomics ESOP) in order to align the interests of key management personnel with those of shareholders.

Non-Executive Directors

Fees and payments to non-executive directors reflect the demands that are made on and the responsibilities of the directors.

Non-executive directors may receive share options at the time of their initial appointment to the Board or at other such times as approved by shareholders. To preserve the cash resources of the Group, all non-executive directors have opted to receive approximately one third of their remuneration in Bionomics shares, which are issued following shareholder approval at an AGM.

Directors' Fees
Non-executive directors' fees are determined within an aggregate directors' fee pool limit that is periodically recommended for approval by shareholders under the Constitution. The current aggregate non-executive directors' fee pool limit is $400,000 per annum. The Chairman and non-executive directors' fees are $82,000 per annum and $41,000 per annum respectively, inclusive of superannuation. The Chairman of the Audit and Risk Management Committee, Mr Trevor Tappenden, received an additional $10,000 per annum inclusive of superannuation for services relating to his Audit and Risk Management Committee duties.

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 applying from time to time.

Retirement Allowance for Directors
The Group does not provide retirement allowances for its non-executive directors.

Key Management Personnel Remuneration
The key management personnel pay and reward framework has three components:
→ cash remuneration package, including superannuation and other entitlements.
→ longer-term incentives through participation in the Bionomics ESOP.
→ in exceptional circumstances, a cash bonus may be paid.

The combination of these comprises the key management personnel's total remuneration.

Base Remuneration
The cash remuneration package of key management personnel is structured as a total employment cost package that may be delivered as a mix of cash and prescribed salary sacrifice benefits at the key management personnel's discretion, inclusive of superannuation.

Remuneration levels are reviewed annually and an assessment made against market comparable roles balanced with individual key management personnel's performance and the Group's financial position. The key management personnel's remuneration may also be reviewed on promotion. The Board reviews and approves the salary of the Chief Executive Officer and Managing Director and key management personnel directly reporting to the Chief Executive Officer and Managing Director.

There is no policy or monitoring of other Key Management Personnel (KMP) limiting their risk in relation to issued options. There is no link between the company's performance and the setting of remuneration except as discussed on page 20 in relation to options for certain executives.

There are no guaranteed base pay increases for key management personnel.

Retirement Benefits
Retirement benefits through superannuation are paid for all Group employees in line with relevant superannuation legislative requirements into funds nominated by the individual employee. The Group does not have any on-going responsibility for the individual employee superannuation and does not have in place a defined benefits plan for employees.

The Bionomics ESOP
Information on the Bionomics ESOP is set out in section 4 of this Remuneration Report.

2. Details of Remuneration
Details of the remuneration of each director of Bionomics and each of the other key management personnel (as defined in the Corporations Act, 2001) are set out in the following tables.

Non-Executive Chairman
Dr Peter Jonson

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

Non-Executive Directors
Mr Trevor Tappenden
Dr Errol De Souza
Mr Christopher Fullerton (appointed 23 December 2008)

The following persons were the top highest paid key company and group executives and those with greatest authority for the strategic direction and management of both the Company and the Group (key management personnel) during the financial year and the prior year unless otherwise stated:

Name	*Position*
Dr Emile Andriambeloson	Head of Research (Neurofit SAS)
Mr Stephen Birrell	Chief Financial Officer and Company Secretary
Dr Andrew Harvey (appointed 5 January 2009)	Vice President Chemistry
Dr Gabriel Kremmidiotis	Vice President Discovery Research

DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL – 2009

	Short term benefits		Post employment	Share based payments			
	Cash salary and fees	Non-monetary benefits	Superannuation	Shares	Options	Options % of Total	Total
Name	**$**	**$**	**$**	**$**	**$**		**$**
Dr Peter Jonson	50,153	0	4,514	27,333	10,740	11.60	92,740
Dr Deborah Rathjen	346,255	0	13,745	45,600	1,815	0.45	407,415
Mr Trevor Tappenden	34,250	0	3,083	13,667	12,474	19.65	63,474
Dr Errol De Souza	27,334	0	0	13,666	30,246	42.45	71,246
Mr Christopher Fullerton (Appointed 23 December 2008)	13,020	0	1,172	0	0	0	14,192
Dr Emile Andriambeloson	132,911	0	0		6,735	4.82	139,646
Mr Stephen Birrell	178,655	0	13,745	0	9,596	4.75	201,996
Dr Andrew Harvey (Appointed 5 January 2009)	47,547	0	4,279	0	619	1.18	52,445
Dr Gabriel Kremmidiotis	181,255	0	13,745	0	595	0.30	195,595
Totals	1,011,380	0	54,283	100,266	72,820	5.9	1,238,749

Approximately one third of non-executive directors' fees are paid via the issuance of shares to these directors as a direct measure to conserve cash for the Group. Issuance of these shares is subject to the approval by shareholders at an AGM. In 2009, Dr Rathjen received $45,600 of shares in lieu of salary in order to conserve the Group's cash reserves.

DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL – 2008

	Short term benefits		Post employment	Share based payments			
	Cash salary and fees	**Non-monetary benefits**	**Superannuation**	**Shares**	**Options**	**Options % of Total**	**Total**
Name	**$**	**$**	**$**	**$**	**$**		**$**
Dr Peter Jonson	50,153	0	4,514	27,333	17,927	17.9	99,927
Dr Deborah Rathjen	346,871	0	13,129	45,600	31,639	7.2	437,239
Mr Trevor Tappenden	31,193	0	2,807	17,000	20,590	28.8	71,590
Dr Errol De Souza (Appointed 28 February 2008	9,111	0	0	0	0	0	9,111
Dr George Jessup (Retired 1 April 2008)	20,500	0	0	0	0	0	20,500
Mr Stephen Birrell	156,797	0	13,129	22,400	29,677	13.4	222,003
Dr Bernard Flynn (Resigned 30 June 2008)	183,670	0	16,530	0	15,685	7.3	215,885
Dr Frank Sams-Dodd (Employment terminated 26 March 2008)	253,706	0	0	0	9,938	3.8	263,644
Dr Gabriel Kremmidiotis	135,980	0	12,194	17,500	7,365	4.3	173,039
Dr Alex Szabo (Employment terminated 13 June 2008)	260,402	0	12,757	0	0	0	273,159
Totals	1,448,383	0	75,060	129,833	132,821	7.4	1,786,097

Approximately one third of non-executive directors' fees are paid via the issuance of shares to these directors as a direct measure to conserve cash for the Group. Issuance of these shares is subject to the approval by shareholders at an AGM. In 2008, Dr Rathjen, Mr Birrell and Dr Kremmidiotis received $45,600, $22,400 and $17,500 respectively of shares in lieu of salary in order to conserve the Group's cash reserves.

Options are granted to directors and other key management personnel under the Bionomics ESOP, details of which are set out in section 4 of this Remuneration Report.

No director or senior management person appointed during the period received a payment as part of their consideration for agreeing to hold the position.

3. Service Agreements
Remuneration and other terms of employment for the Chief Executive Officer and Managing Director and the other key management personnel 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 – 3 years commencing 19 June 2008.
- → Total remuneration package for the year ended 30 June 2009 of $405,600 per annum, to be reviewed annually by the Board.
- → Payment of termination benefit on early termination by the employer without cause varies depending on time remaining in the agreement. Maximum payable is equal to one year's salary and minimum payable is equal to six months' salary.

Dr Emile Andriambeloson, *Head of Research, Neurofit SAS*
- → Term of agreement – open commencing 1 March 2005.
- → Total remuneration package for the ended 30 June 2009 of $132,911 per annum, to be reviewed annually by the CEO and Managing Director and approved by the Board.
- → Payment of termination benefit on early termination by the employer without cause equal to one months' salary.

Mr Stephen Birrell, *Chief Financial Officer and Company Secretary*
- → Term of agreement – open commencing 17 October 2005.
- → Total remuneration package for the year ended 30 June 2009 of $192,400 per annum to be reviewed annually by the CEO and Managing Director and approved by the Board.
- → Payment of termination benefit on early termination by the employer without cause equal to three months' salary.

Dr Andrew Harvey, *Vice President Chemistry*

- Term of agreement – open commencing 5 January 2009.
- Total remuneration package for the ended 30 June 2009 of $105,000 per annum, to be reviewed annually by the CEO and Managing Director and approved by the Board.
- Payment of termination benefit on early termination by the employer without cause equal to one months' salary.

Dr Gabriel Kremmidiotis, *Vice President Discovery Research*

- Term of agreement – open commencing 1 January 2002.
- Total remuneration package for the year ended 30 June 2009 of $195,000 per annum, to be reviewed annually by the CEO and Managing Director and approved by the Board.
- Payment of termination benefit on early termination by the employer without cause equal to one month's salary.

4. Share-Based Compensation

Share based compensation benefits are provided to employees via the Bionomics ESOP and an Employee Share Plan.

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

The Bionomics ESOP was approved by the Board and Shareholders in 2008. Staff eligible to participate in the plan are those who have been a full time or part time employee of the Company for a period of not less than six months or a director of the Company.

Options are granted under the plan for no consideration and vest equally over 5 years, unless they are bonus options which vest immediately.

Share options granted before 7 November 2002 and/or vested before 1 January 2005:

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Share options granted after 7 November 2002 and vested after 1 January 2005:

The fair value of options granted under the Bionomics ESOP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

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, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, 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.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

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

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
Granted in prior periods				
June 2000	19 June 2010	$1.40	$0.3098	19 June 2007
June 2002	2 June 2010	$0.81	$0.4488	2 June 2007
	2 June 2011	$0.81	$0.4671	2 June 2008
	2 June 2012	$0.81	$0.4834	2 June 2008
	3 June 2010	$0.81	$0.4365	3 June 2007
	3 June 2011	$0.81	$0.4546	3 June 2008
	3 June 2012	$0.81	$0.4707	3 June 2008
	14 June 2010	$0.81	$0.3753	14 June 2007
	14 June 2011	$0.81	$0.3924	14 June 2008
	14 June 2012	$0.81	$0.4078	14 June 2008
	10 June 2010	$0.81	$0.4057	10 June 2007
	10 June 2011	$0.81	$0.4235	10 June 2008
	10 June 2012	$0.81	$0.4390	10 June 2008
August 2004	14 November 2009	$0.21	$0.1070	15 November 2004
September 2004	14 November 2009	$0.24	$0.1145	15 November 2004
	5 September 2010	$0.24	$0.1224	6 September 2007
	5 September 2011	$0.24	$0.1292	6 September 2008
	5 September 2012	$0.24	$0.1349	6 September 2008
	5 September 2013	$0.24	$0.1398	6 September 2008
	29 September 2010	$0.24	$0.1224	30 September 2007
	29 September 2011	$0.24	$0.1292	30 September 2008
	29 September 2012	$0.24	$0.1349	30 September 2008
	29 September 2013	$0.24	$0.1398	30 September 2008
December 2004	17 January 2010	$0.27	$0.1103	18 January 2007
January 2005	17 February 2011	$0.30	$0.1098	18 February 2008
	17 February 2012	$0.30	$0.1171	18 February 2008
	17 February 2013	$0.30	$0.1234	18 February 2008
	17 February 2014	$0.30	$0.1289	18 February 2009
	17 February 2015	$0.30	$0.1335	18 February 2010
August 2005	1 August 2011	$0.13	$0.0567	1 August 2008
	1 August 2012	$0.13	$0.0601	1 August 2008
	1 August 2013	$0.13	$0.0630	1 August 2008
	1 August 2014	$0.13	$0.0656	1 August 2009
	1 August 2015	$0.13	$0.0677	1 August 2010
September 2005	12 October 2010	$0.11	$0.0800	12 October 2010
October 2005	19 June 2011	$0.13	$0.1628	19 June 2008
	19 June 2012	$0.13	$0.1668	19 June 2008
	19 June 2013	$0.13	$0.1704	19 June 2008
January 2006	13 January 2011	$0.24	$0.1236	13 January 2008
	13 January 2012	$0.24	$0.1310	13 January 2008
	13 January 2013	$0.24	$0.1371	13 January 2008

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
Granted in prior periods				
January 2006	13 January 2014	$0.24	$0.1420	13 January 2009
	13 January 2015	$0.24	$0.1461	13 January 2010
	13 January 2016	$0.24	$0.1495	13 January 2011
April 2006	13 April 2012	$0.20	$0.1222	13 April 2008
	13 April 2013	$0.20	$0.1275	13 April 2008
	13 April 2014	$0.20	$0.1317	13 April 2009
	13 April 2015	$0.20	$0.1352	13 April 2010
	13 April 2016	$0.20	$0.1381	13 April 2011
July 2006	30 June 2011	$0.16	$0.088	1 July 2007
November 2006	16 November 2012	$0.30	$0.115	16 November 2008
	16 November 2013	$0.30	$0.121	16 November 2008
	16 November 2014	$0.30	$0.126	16 November 2009
	16 November 2015	$0.30	$0.131	16 November 2010
	16 November 2016	$0.30	$0.134	16 November 2011
	16 November 2011	$0.1455	$0.122	16 November 2007
January 2007	12 January 2012	$0.2150	$0.145	12 January 2008
	12 January 2013	$0.2150	$0.153	12 January 2008
	12 January 2014	$0.2150	$0.159	12 January 2009
	12 January 2015	$0.2150	$0.164	12 January 2010
	12 January 2016	$0.2150	$0.168	12 January 2011
	12 January 2017	$0.2150	$0.171	12 January 2012
October 2007	4 October 2012	$0.29	$0.2140	4 October 2007
	4 October 2013	$0.29	$0.2140	4 October 2008
	4 October 2014	$0.29	$0.2251	4 October 2009
	4 October 2015	$0.29	$0.2344	4 October 2010
	4 October 2016	$0.29	$0.2423	4 October 2011
	4 October 2017	$0.29	$0.2490	4 October 2012
January 2008	11 January 2013	$0.38	$0.1879	11 January 2008
	11 January 2014	$0.38	$0.1879	11 January 2009
	11 January 2015	$0.38	$0.2008	11 January 2010
	11 January 2016	$0.38	$0.2115	11 January 2011
	11 January 2017	$0.38	$0.2206	11 January 2012
	11 January 2018	$0.38	$0.2282	11 January 2013

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
Granted in current periods				
July 2008	1 July 2013	$0.36	$0.1579	1 July 2008
	1 July 2014	$0.36	$0.1695	1 July 2009
	1 July 2015	$0.36	$0.1792	1 July 2010
	1 July 2016	$0.36	$0.1875	1 July 2011
	1 July 2017	$0.36	$0.1944	1 July 2012
	1 July 2018	$0.36	$0.2004	1 July 2013
September 2008	26 September 2014	$0.34	$0.1686	26 September 2009
	26 September 2015	$0.34	$0.1780	26 September 2010
	26 September 2016	$0.34	$0.1859	26 September 2011
	26 September 2017	$0.34	$0.1927	26 September 2012
	26 September 2018	$0.34	$0.1985	26 September 2013
November 2008	5 November 2013	$0.30	$0.0875	5 November 2008
	5 November 2014	$0.30	$0.0963	5 November 2009
	5 November 2015	$0.30	$0.1042	5 November 2010
	5 November 2016	$0.30	$0.1114	5 November 2011
	5 November 2017	$0.30	$0.1178	5 November 2012
	5 November 2013	$0.3716	$0.0191	5 November 2008
	7 August 2014	$0.3716	$0.0828	7 August 2009
	7 August 2015	$0.3716	$0.0915	7 August 2010
	7 August 2016	$0.3716	$0.0993	7 August 2011
	21 November 2014	$0.28	$0.0572	21 November 2009
	21 November 2015	$0.28	$0.0514	21 November 2010
	21 November 2016	$0.28	$0.0575	21 November 2011
	21 November 2017	$0.28	$0.0631	21 November 2012
	21 November 2018	$0.28	$0.0683	21 November 2013
January 2009	12 January 2014	$0.2976	$0.0119	12 January 2009
March 2009	13 March 2015	$0.29	$0.0604	13 March 2010
	13 March 2016	$0.29	$0.0669	13 March 2011
	13 March 2017	$0.29	$0.0728	13 March 2012
	13 March 2018	$0.29	$0.0782	13 March 2013
	13 March 2019	$0.29	$0.0832	13 March 2014
June 2009	15 June 2014	$0.25	$0.0573	15 June 2009
	15 June 2015	$0.25	$0.1250	15 June 2010
	15 June 2016	$0.25	$0.1315	15 June 2011
	15 June 2017	$0.25	$0.1415	15 June 2012
	15 June 2018	$0.25	$0.1455	15 June 2013

Options granted under the plan carry no dividend or voting rights.

Options Provided as Remuneration under the ESOP in the Current Year

Details of options over ordinary shares in the Company provided as remuneration to each director and each of the other key management personnel are set out below. When exercisable, each option is convertible into one ordinary share of Bionomics.

				During the financial year			
	Number granted	**Date granted**	**Total Fair Value**	**Number vested**	**% of grant vested**	**% of grant forfeited**	**Fair value of options lapsed**
Directors							
Dr Peter Jonson	0	-	0	0	0	0	0
Dr Deborah Rathjen	1,095,000	Nov-08	92,931	95,000	8.7	0	139,712
Mr Trevor Tappenden	0	-	0	0	0	0	0
Dr Errol De Souza	500,000	Nov-08	51,720	100,000	20.0	0	0
Mr Christopher Fullerton (Appointed 23 December 2008)	0	-	0	0	0	0	0
Other Key Management Personnel							
Dr Emile Andriambeloson	87,200	Jul-08 & Jun-09	2,705	87,200	100	0	0
Mr Stephen Birrell	0	-	0	0	0	0	0
Dr Andrew Harvey	250,000	Jun-09	34,055	0	0	0	0
Dr Gabriel Kremmidiotis	50,000	Jan-09	595	50,000	100	0	20,160

No directors or other key management personnel exercised any unlisted options during the year.

5. Additional Information

Principles used to determine the nature and amount of remuneration; relationship between remuneration and company performance

Key management personnel reward is set against the achievement of specified milestones and targets approved by the Board. Over the last year, average key management personnel remuneration decreased by 27.8% with overall achievement of milestones and targets being 51%. Average achievement against goals and targets over the last four years is 83%.

Milestones and targets generally relate to achieving developmental milestones for each pipeline project, such as achieving IND registrations by particular dates or entering Phase 1 Clinical Trials by particular dates. These milestones are set in order for the company to achieve its overall objectives.

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 2009.

	30 June 2009 $	30 June 2008 $	30 June 2007 $	30 June 2006 $	30 June 2005 $
Revenue	4,296,496	5,256,963	1,412,882	2,263,204	1,356,319
Net Loss before tax	(6,899,183)	(5,142,954)	(7,898,735)	(5,553,388)	(4,899,150)
Net Loss after tax	(6,862,299)	(4,783,917)	(5,449,798)	(5,396,950)	(4,899,150)

	30 June 2009 cents	30 June 2008 cents	30 June 2007 cents	30 June 2006 cents	30 June 2005 cents
Share price at start of year	34.0	37.0	17.0	11.0	22.0
Share price at end of year	21.0	34.0	37.0	17.0	11.0
Dividends Paid	0	0	0	0	0
Basic and diluted earnings per share	(2.8)	(2.1)	(3.0)	(3.4)	(9.6)

Other Transactions with Directors and Other Key Management Personnel
There were no other transactions with Directors or other key management personnel during the financial year.

Shares Under Option
Information relating to shares under option is set out in section 4 of the Remuneration Report.

Shares Issued on the Exercise of Options
177,750 ordinary shares of Bionomics were issued during the year ended 30 June 2009 on the exercise of options granted under the Bionomics ESOP.

OTHER INFORMATION

Insurance of Officers
During the financial year, Bionomics 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.

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 25 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. The Directors are satisfied that the provision of non-audit services by the external auditor, as set out in note 25 to the financial statements, did not compromise the external auditor independence requirements of the Corporations Act 2001 for the following reasons:

- → all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the external auditor.
- → none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110, Code of Ethics for Professional Accountants, issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the external auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

External Auditor
Deloitte Touche Tohmatsu continues in office in accordance with section 327 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 38.

This report is made in accordance with a resolution of the directors.

Peter Jonson
Chairman
Adelaide

22 September 2009

Deborah Rathjen
Chief Executive Officer and Managing Director

22 September 2009

Deloitte.

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

22 September 2009

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 audit of the financial statements of Bionomics Limited for the financial year ended 30 June 2009, 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 sincerely

Deloitte Touche Tohmatsu.

DELOITTE TOUCHE TOHMATSU

Jason Handel.

J J Handel
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

ANNUAL FINANCIAL REPORT

BIONOMICS LIMITED
ANNUAL FINANCIAL REPORT
ABN 53 075 582 740

for the year ended 30 June 2009

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This financial report covers both Bionomics Limited ("Bionomics") as an individual entity 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 report is presented in Australian dollars.

Bionomics is a company limited by shares, incorporated and domiciled in Australia. It is listed on the ASX (ASX code: BNO) and its registered office is 31 Dalgleish 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 of our website www.bionomics.com.au

INCOME STATEMENT

for the financial year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Revenue	4	4,296,496	5,256,963	2,685,249	4,262,606
Other Income	4	311,291	1,825,165	311,291	1,825,165
Expenses	5				
Administrative		1,752,309	2,755,153	1,701,381	2,128,723
Financing costs		283,047	313,434	274,980	303,250
Occupancy		1,032,460	1,048,839	750,649	915,452
Compliance		335,633	483,285	264,576	442,290
Research and development		8,103,521	7,624,371	6,797,627	6,835,319
Loss before tax		(6,899,183)	(5,142,954)	(6,792,673)	(4,537,263)
Income tax benefit	6	36,884	359,037	41,748	359,037
Loss for the year attributable to the equity holders of the parent		(6,862,299)	(4,783,917)	(6,750,925)	(4,178,226)

	Note	Consolidated 2009 Cents	Consolidated 2008 Cents
Basic and diluted loss per share	30	(2.8)	(2.1)

The above income statements should be read in conjunction with the accompanying notes.

BALANCE SHEET

as at 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
CURRENT ASSETS					
Cash and cash equivalents	7	4,757,200	6,280,480	4,547,681	6,164,645
Trade and other receivables	8	775,439	2,314,931	3,218,469	4,860,316
Inventories	9	122,400	79,462	0	0
Other assets	10	232,466	181,625	104,200	124,895
TOTAL CURRENT ASSETS		5,887,505	8,856,498	7,870,350	11,149,856
NON-CURRENT ASSETS					
Other financial assets	11	0	0	8,561,280	8,561,280
Property, plant and equipment	12	8,379,180	8,617,832	8,101,388	8,327,632
Intangible assets	13	10,458,001	10,839,070	0	0
Deferred Tax Asset	18	0	0	264,679	264,679
TOTAL NON-CURRENT ASSETS		18,837,181	19,456,902	16,927,347	17,153,591
TOTAL ASSETS		24,724,686	28,313,400	24,797,697	28,303,447
CURRENT LIABILITIES					
Trade and other payables	14	1,517,313	1,867,864	1,131,468	1,616,633
Borrowings	15	529,016	572,168	529,016	572,168
Provisions	16	635,603	369,517	467,731	277,101
Other liabilities	17	108,991	241,350	25,000	25,000
TOTAL CURRENT LIABILITIES		2,790,923	3,050,899	2,153,215	2,490,902
NON-CURRENT LIABILITIES					
Other payables	14	50,000	50,000	50,000	50,000
Borrowings	15	3,164,869	3,535,583	3,164,869	3,535,583
Provisions	16	24,326	149,493	24,326	149,493
Deferred tax liability	18	0	0	0	0
TOTAL NON-CURRENT LIABILITIES		3,239,195	3,735,076	3,239,195	3,735,076
TOTAL LIABILITIES		6,030,118	6,785,975	5,392,410	6,225,978
NET ASSETS		18,694,568	21,527,425	19,405,287	22,077,469
EQUITY					
Issued capital	19	59,969,571	56,098,888	59,969,571	56,098,888
Reserves	20	3,346,598	3,187,839	3,534,913	3,326,853
Accumulated losses	21	(44,621,601)	(37,759,302)	(44,099,197)	(37,348,272)
TOTAL EQUITY		18,694,568	21,527,425	19,405,287	22,077,469

The above balance sheets should be read
in conjunction with the accompanying notes.

CASH FLOW STATEMENT

for the financial year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Cash flows from operating activities					
Grants received (including GST)		330,135	2,497,281	330,135	2,497,281
Receipts from customers (including GST)		5,589,454	3,371,455	4,157,377	1,625,679
Payments to suppliers and employees (including GST)		(10,622,665)	(12,067,401)	(9,325,665)	(10,389,932)
		(4,703,076)	(6,198,665)	(4,838,153)	(6,266,972)
Financing costs		(283,047)	(313,434)	(274,980)	(303,250)
Net cash outflow from operating activities	28	(4,986,123)	(6,512,099)	(5,113,133)	(6,570,222)
Cash flows from investing activities					
Interest received		286,821	568,765	282,953	565,576
Payments for purchases of property, plant & equipment		(106,681)	(385,816)	(84,987)	(324,344)
Payments for purchases of intangibles		(3,666)	0	0	0
Net cash inflow from investing activities		176,474	182,949	197,966	241,232
Cash flows from financing activities					
Repayment of borrowings		(440,680)	(460,822)	(440,680)	(460,822)
Proceeds from borrowings		26,814	150,000	26,814	150,000
Proceeds from share issues (net of expenses)		3,739,382	103,095	3,739,382	103,095
Net cash inflow/(outflow) from financing activities		3,325,516	(207,727)	3,325,516	(207,727)
Net increase/(decrease) in cash and cash equivalents		(1,484,133)	(6,536,877)	(1,589,651)	(6,536,717)
Cash at the beginning of the financial year		6,280,480	12,821,006	6,164,645	12,701,062
Effect of exchange rate changes on the balances of cash held in foreign currency		(39,147)	(3,649)	27,313	0
Cash and cash equivalents at the end of the financial year	7	4,757,200	6,280,480	4,547,681	6,164,645
Non-cash financing activities	29				

The above cash flow statements should be read in conjunction with the accompanying notes.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the financial year ended 30 June 2009

		Consolidated		Parent entity	
	Note	**2009 $**	**2008 $**	**2009 $**	**2008 $**
Exchange differences on translation of foreign operations	20(a)	(49,301)	71,841	0	0
Revaluation reserve	20(c)	97,413	148,480	97,413	148,480
Net income recognised directly in equity		48,112	220,321	97,413	148,480
Loss for the year		(6,862,299)	(4,783,917)	(6,750,925)	(4,178,226)
Total recognised income and expense for the year attributable to equity holders of the parent		(6,814,187)	(4,563,596)	(6,653,512)	(4,029,746)

The above cash flow statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report includes separate financial statements for Bionomics as an individual entity and the Group consisting of Bionomics and its subsidiaries.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations (UIGI) and the *Corporations Act 2001*

Compliance with IFRS
Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of the Company and the Group comply with the International Financial Reporting Standards (IFRS). The financial statements were authorised for issue by the directors on x September 2009.

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

Critical Accounting Estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of Bionomics and its subsidiaries as at 30 June 2009.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies where possible. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is obtained and cease to be consolidated from the date on which control ceases.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

Subsidiaries have been included in the consolidated financial statements using the purchase method of accounting as discussed in note 1 (h).

(c) Segment Reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign Currency Translation

(i) Functional and Presentation Currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is Bionomics' functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency (Australian dollars) are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at the average exchange rate for the period; and
- all resulting exchange differences are recognised as a separate component of equity upon consolidation.
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue Recognition

Interest revenue is recognised on an accruals basis using the effective interest rate method.

License and service income is recognised in accordance with the underlying agreement. Rental income is recognised on a straight line basis over the term of the lease.

Where a license agreement has a fixed fee in a non cancellable contract which permits the licensee to exploit those rights freely and the Group has no remaining obligations to perform, the fee is treated as a sale. Where these conditions have not been met, the License fee is amortised over the life of the licensing agreement.

License revenues received in respect of future accounting periods are deferred until the Group has fulfilled its obligations under the terms of the agreement. Where revenue has been deferred because the company has future performance obligations, revenue is recognised as the Group's performance obligations are satisfied. Any costs incurred relating to this future revenue are also deferred.

Unamortised license fee revenue is recognised in the balance sheet as deferred income.

Research and development work performed for a fee is recognised based on the stage of completion of the research and development.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

(f) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants relating to cost reimbursement are recognised in the income statement in the period when the costs were incurred. Grants relating to asset purchases are recognised as deferred income on the balance sheet and transferred to the income statement evenly over the expected life of those assets.

(g) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(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.

(h) Acquisitions of Assets

The purchase method of accounting is used for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless the notional price at which they could be placed in the market is a better indicator of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where some future payment that is contingent on certain events happening is a part of the purchase agreement, the additional consideration is brought to account when it is probable that those events will occur.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(j) 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 balance sheet.

(k) Trade Receivables

All trade debtors are recognised at the fair value of amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The amount of the provision is the difference between the carrying amount and the present value of future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(l) Inventories

Raw materials and stores are stated at the lower of cost and net realisable value.

(m) Property, Plant and Equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other plant and equipment are brought to account at cost less any accumulated depreciation or any recognised impairment losses, where applicable. The directors have taken reasonable steps to ensure that property, plant and equipment are not carried at amounts that are in excess of their recoverable amounts at balance date.

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, to other reserves in shareholder's equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Depreciation on revalued buildings is charged to profit and loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve, net of tax, is transferred directly to retained earnings. Land is not depreciated.

The depreciable amount of all fixed assets is depreciated over their useful lives commencing from the time the asset is held ready for use, on either a prime or diminishing value basis depending on the type of asset.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the income statement in the year of disposal.

The depreciation rates for each class of depreciable assets are:

• Administrative plant & equipment	20 – 40 %
• Scientific plant & equipment	20 – 40 %
• Refrigeration plant and equipment	33%
• Building	2.50 %
• Building fit out	3 – 20 %

(n) Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

(i) Loans and Receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

(ii) Impairment of Financial Assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(o) Intangible Assets

(i) Intellectual Property

Acquired intellectual property is recognised as an asset at cost and amortised over its useful life. 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 15 years.

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

(ii) Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net identifiable assets, including any associated deferred tax assets and liabilities, at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing.

(p) Research and Development

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

(q) 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 30 days of recognition.

(r) Employee Benefits

(i) Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave in respect of employees' services up to the reporting date and expected to be settled within 12 months of the reporting date are recognised in liabilities and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken at the rates paid.

(ii) Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date and measured as the present value of expected future payments to be made.

(iii) Superannuation

Contributions are 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.

(iv) Share based Payments

Share- based compensation benefits are provided to employees via the Bionomics ESOP and an Employee Share Plan.

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

The Bionomics ESOP was approved by the Board and shareholders in 2008. Staff eligible to participate in the plan are those who have been a full time or part time employee of the Company for a period of not less than six months or a director of the Company.

Options are granted under the plan for no consideration and vest equally over five years, unless they are bonus options which vest immediately.

Share options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Share options granted after 7 November 2002 and vested after 1 January 2005

The fair value of options granted under the Bionomics ESOP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

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, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, 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.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

(s) 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 the income statement over the period of the borrowings using the effective interest method.

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.

(t) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(u) 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 income statement 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 the income statement 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.

(v) Contributed Equity

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.

(w) Earnings/(loss) per Share

(i) Basic Earnings/(loss) per Share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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.

(iii) Alternative Earnings/(loss) per Share
Alternative earnings per/(loss) 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 potential ordinary shares, including those that are anti-dilutive, and the weighted average number of shares assumed to have been issued for no consideration in relation to options.

(x) 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 balance sheet.

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.

(y) New Accounting Standards and UIG Interpretations

In the current year, the entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations do not affect the Group's present policies and operations. The directors anticipate that the adoption of these Standards and Interpretations in future periods will not materially affect the amounts recognised in the financial statements of the Company or the Group but may change the disclosure presently made in the financial statements of the Company or the group.

NOTE 2: SEGMENT INFORMATION

(a) Primary Reporting Format – Business Segments

The Group discovers and develops innovative therapeutics in the areas of cancer, multiple sclerosis, anxiety and epilepsy, and operates in one primary business segment – drug discovery and development.

(b) Secondary Reporting Format – Geographical Segments

The Group operates the drug discovery and development in two geographical areas, namely Australia and France (Neurofit).

	Revenue from external customers		Segment assets		Capital acquisitions of property, plant, equipment and intangible assets	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Australia	2,333,854	4,321,338	22,173,111	26,043,661	84,986	3,337,936
France	1,962,642	935,625	2,551,575	2,269,739	87,013	48,707
Total	4,296,496	5,256,963	24,724,686	28,313,400	171,999	3,386,643

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) **Critical Accounting Estimates and Judgements**
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Estimated Impairment of Goodwill and Intangibles
Determining whether goodwill and intangibles are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at balance date was $5,147,990 (2008: $5,147,990).

No impairment costs have been recognised in the current or previous financial years.

At 30 June 2009 management believe there are no material judgement areas which would result in the actual final outcome differing from the calculated income tax and deferred liabilities.

Revenue for Licensing and Research Arrangements
The Group enters into arrangements for licensing and research. For the financial year ended 30 June 2008, Note 4 includes $2 million representing the fair value of license fees received from a Development and License Agreement for the exclusive use of the Company's intellectual property. The Company has no remaining obligations to perform in respect of this fee. Management analyse the separate elements of each contract to determine at which stage the revenue for that element would need to be recognised.

NOTE 4: REVENUE AND OTHER INCOME

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Revenue				
Revenue from rendering of services	1,942,887	935,625	0	0
License fees	0	3,253,908	0	3,253,908
Royalties	161,364	81,112	161,364	81,112
Collaboration Income				
Interest received/receivable on bank deposits	286,821	568,765	282,953	565,576
Rent received or receivable	237,816	227,183	221,508	227,183
Other revenue	272,184	190,370	624,000	134,827
	4,296,496	5,256,963	2,685,249	4,262,606

NOTE 4: REVENUE AND OTHER INCOME (cont.)

	Consolidated		Parent entity	
Other income				
Government Commercial Ready Grant	188,437	1,771,603	188,437	1,771,603
Government EMDG Grant	122,854	53,562	122,854	53,562
	311,291	1,825,165	311,291	1,825,165

There are no unfulfilled conditions or other contingencies attaching to these grants.

NOTE 5: EXPENSES

	Consolidated		Parent entity	
	2009 $	**2008 $**	**2009 $**	**2008 $**
Loss before income tax expense includes the folltowing specific expenses:				
Financing costs				
-Interest paid/payable on bank & other loans	271,618	306,017	263,551	295,833
- Interest obligations under finance leases	11,429	7,417	11,429	7,417
	283,047	313,434	274,980	303,250
Depreciation:				
- Administrative plant and equipment	55,490	56,750	26,424	31,651
- Scientific plant and equipment	105,434	173,024	52,989	82,640
- Building fit outs	207,524	132,052	207,524	135,103
- Refrigeration plant and equipment	24,293	29,166	24,293	29,166
- Building	139,161	212,119	139,161	212,119
	531,902	603,111	450,391	490,679
Amortisation of non-current assets				
- Intellectual property	501,726	479,275	0	0
Rental expense on operating leases				
- Minimum lease payments	106,766	168,312	94,956	156,807
Employment benefit expenses of:				
- Wages and salaries	2,717,032	3,042,595	2,131,640	2,388,056
- Superannuation	418,215	204,776	189,887	204,776
- Share-based payments	241,738	257,863	241,738	257,863
	3,376,985	3,505,234	2,563,265	2,850,695
Foreign currency loss/(gain)	(45,217)	0	(45,217)	(65,377)
Cost of services provided	337,621	213,059	0	0

NOTE 6: INCOME TAX EXPENSE

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
(a) Income tax expense				
Current tax (Withholding Tax)	4,864	213,015	0	213,015
- Deferred tax expense/(income) resulting from origination and reversal of temporary differences	0	0	0	0
- Benefit arising from previously unrecognised tax losses of a prior period that is used to reduce deferred tax expense	(41,748)	(572,052)	(41,748)	(572,052)
	(36,884)	(359,037)	(41,748)	(359,037)
Income tax expense is attributable to:				
- Profit from continuing operations	(36,884)	(359,037)	(41,748)	(359,037)
	(36,884)	(359,037)	(41,748)	(359,037)
(b) Numerical reconciliation of income tax benefit to prima facie tax benefit				
Loss from continuing operations	(6,899,183)	(5,142,954)	(6,792,673)	(4,537,263)
Tax at the Australian tax rate of 30% (2008-30%)	(2,069,755)	(1,542,886)	(2,037,802)	(1,361,179)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
- Goodwill impairment	0	0	0	0
- Amortisation of intangibles	150,518	101,893	0	0
- Forex reversed on consolidation	0	19,613	0	0
- Entertainment	774	2,618	774	2,618
- Share-based payments	42,504	63,817	42,504	63,817
- Research & Development expenditure	(867,681)	(321,988)	(867,681)	(321,987)
	(2,743,640)	(1,676,933)	(2,862,205)	(1,616,731)
Withholding tax paid	0	213,015	0	213,015
Net deductible temporary differences not raised as an asset	153,540	145,762	146,229	145,820
Prior year true up	(2,150,727)	0	(2,181,964)	0
Income tax benefit not recognised	4,713,943	959,119	4,856,192	898,860
Income tax benefit	(36,884)	(359,037)	(41,748)	(359,036)

NOTE 6: INCOME TAX EXPENSE (cont.)

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Deferred tax				
- property revaluations	(41,748)	(63,636)	(41,748)	(63,636)
	(41,748)	(63,636)	(41,748)	(63,636)
(d) Unrecognised temporary differences				
The following deferred tax assets have not been brought to account as assets:				
Tax losses				
– revenue (no set expiry period)	16,164,231	11,207,146	16,356,712	11,267,115
Unused foreign withholding tax credits (expire July 2013)	213,015	213,015	213,015	213,015
Temporary differences	0	0	0	0
	16,377,246	11,420,161	16,569,727	11,480,130

The foreign withholding tax relates to the German Tax jurisdiction. Income tax losses were incurred in the Australian and French tax jurisdictions.

(e) 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/income, 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).

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Current				
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the balance sheets as follows:				
Cash at bank and on hand	612,980	1,438,917	511,653	1,385,741
Deposits at call	4,144,220	4,841,563	4,036,028	4,778,904
	4,757,200	6,280,480	4,547,681	6,164,645

NOTE 7: CASH AND CASH EQUIVALENTS

(a) Cash at bank and on hand
The cash at bank and on hand are both non-interest bearing (2009: $3,128; 2008: $7,228) and interest bearing (2009: $609,852; 2008: $1,431,689) with rates between 3.75% and 2.5% (2008: 6.17% and 5.02%)

(b) Deposits at call
The deposits at call are interest bearing at rates between 7.55% and 3.75% (2008: between 6.75% and 7.63%). These deposits have an average maturity of 30 days (2008: 60 days).

(c) 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 23.

(d) Committed cash
The Group holds $550,000 of cash in a restricted account.

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Current				
Trade receivables	630,127	2,066,291	321,609	1,917,137
Allowance for doubtful debts	0	0	0	0
	630,127	2,066,291	321,609	1,917,137
Other receivables	145,312	248,640	64,005	103,912
Amounts receivable from wholly owned subsidiaries	0	0	2,832,855	2,839,267
	775,439	2,314,931	3,218,469	4,860,316

The average credit period on sales of goods and rendering of services is 30 days. No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 1.5 times the official cash rate on the outstanding balance. This does not apply to intercompany receivables as there is no set repayment date. Trade receivables between 30 days and 60 days are provided for based on estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience.

There are currently no receivables that are past due.

NOTE 8: TRADE AND OTHER RECEIVABLES (cont.)

Movement in the allowance for doubtful debts	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Balance at the beginning of the year	0	26,916		0
Amounts released during the year	0	(26,916)	0	0
Balance at the end of the year	0	0	0	0

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 reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

NOTE 9: INVENTORIES

	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Current				
Raw material – at cost	122,400	79,462	0	0

NOTE 10: OTHER ASSETS

	Consolidated		Parent entity	
Current				
Prepayments	225,073	143,276	96,807	86,546
Accrued interest & grants receivable	7,393	38,349	7,393	38,349
	232,466	181,625	104,200	124,895

NOTE 11: OTHER FINANCIAL ASSETS

Investments carried at cost: Non-current	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Shares in subsidiaries – at cost	0	0	8,561,280	8,561,280

Controlled entities

	Country of incorporation	Percentage owned (%) 2009	Percentage owned (%) 2008
Parent entity			
Bionomics Limited	Australia		
Subsidiaries of Bionomics Limited			
Neurofit SAS	France	100	100
Iliad Chemicals Pty Limited	Australia	100	100
Bionomics Inc	United States	100	100

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Administrative plant & equipment	Scientific plant & equipment	Building fitouts	Freehold land and building at fair value	Refrigeration plant and equipment	Total
Consolidated	**$**	**$**	**$**	**$**	**$**	**$**
Gross carrying amount at 1 July 2007	359,459	2,075,921	1,967,532	6,690,592	87,500	11,181,004
Additions	56,014	55,713	274,916	0	0	386,643
Disposals	(2,494)	0	0	0	0	(2,494)
Revaluations	0	0	0	0	0	0
Foreign currency exchange differences	5,217	0	1,810	0	0	7,027
Gross carrying amount at 1 July 2008	418,196	2,131,634	2,244,258	6,690,592	87,500	11,572,180
Consolidated	**$**	**$**	**$**	**$**	**$**	**$**
Additions	18,658	153,341	0	0	0	171,999
Disposals	0	(136,420)	0	0	0	(136,420)
Revaluations	0	0	0	0	0	0
Foreign currency exchange differences	8,589	10,882	0	0	0	19,471
Gross carrying amount at 30 June 2009	445,443	2,159,437	2,244,258	6,690,592	87,500	11,627,230
Accumulated depreciation amount at 1 July 2007	(186,984)	(1,649,047)	(682,682)	0	(34,041)	(2,552,754)
Disposals	0	0	0	0	0	0
Revaluations	0	0	0	212,119	0	212,119
Foreign currency exchange differences	(3,477)	0	(7,125)	0	0	(10,602)
Depreciation (note 5)	(56,750)	(173,024)	(132,052)	(212,119)	(29,166)	(603,111)
Accumulated depreciation amount at 1 July 2008	(247,211)	(1,822,071)	(821,859)	0	(63,207)	(2,954,348)
Disposals	0	110,215	0	0	0	110,215

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (cont.)

	Administrative plant & equipment	Scientific plant & equipment	Building fitouts	Freehold land and building at fair value	Refrigeration plant and equipment	Total
Revaluations	0	0	0	139,161	0	139,161
Foreign currency exchange differences	(4,035)	(7,141)	0	0	0	(11,176)
Depreciation (note 5)	(55,490)	(105,434)	(207,524)	(139,161)	(24,293)	(531,902)
Accumulated depreciation amount at 30 June 2009	(306,736)	(1,824,431)	(1,029,383)	0	(87,500)	(3,248,050)
Net Carrying amount 30 June 2008	170,985	309,563	1,422,399	6,690,592	24,293	8,617,832
Net Carrying amount 30 June 2009	138,707	335,006	1,214,875	6,690,592	0	8,379,180
Parent	**$**	**$**	**$**	**$**	**$**	**$**
Gross carrying amount at 1 July 2007	243,159	1,635,483	1,962,218	6,690,592	87,500	10,618,952
Additions	6,183	46,027	274,915	0	0	327,125
Disposals	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Gross carrying amount at 1 July 2008	249,342	1,681,510	2,237,133	6,690,592	87,500	10,946,077
Additions	0	84,986	0	0	0	84,986
Disposals	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Gross carrying amount at 30 June 2009	249,342	1,766,496	2,237,133	6,690,592	87,500	11,031,063
Accumulated depreciation amount at 1 July 2007	(123,677)	(1,502,536)	(679,631)	0	(34,041)	(2,339,885)
Disposals	0	0	0	0	0	0
Revaluations	0	0	0	212,119	0	212,119
Depreciation (note 5)	(31,651)	(82,640)	(135,103)	(212,119)	(29,166)	(490,679)
Accumulated depreciation amount at 1 July 2008	(155,328)	(1,585,176)	(814,734)	0	(63,207)	(2,618,445)
Disposals	0	0	0	0	0	0
Revaluations	0	0	0	139,161	0	139,161
Depreciation (note 5)	(26,424)	(52,989)	(207,524)	(139,161)	(24,293)	(450,391)
Accumulated depreciation amount at 30 June 2009	(181,752)	(1,638,165)	(1,022,258)	0	(87,500)	(2,929,675)
Net Carrying amount 30 June 2008	94,014	96,334	1,422,399	6,690,592	24,293	8,327,632
Net Carrying amount 30 June 2009	67,590	128,331	1,214,875	6,690,592	0	8,101,388

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Land	125,000	125,000	125,000	125,000
Buildings	3,241,361	3,337,576	3,241,361	3,337,576
	3,366,361	3,462,576	3,366,361	3,462,576

Non-current assets pledged as security
Refer to note 15 for information on non-current assets pledged as security by the Company.

Effective from the adoption of AIFRS, the Group adopted the fair value basis for land and buildings as outlined in Note 1 (m).

There was no depreciation during the period that was capitalised as part of the cost of other assets.

An independent valuation of the Group's land and buildings was performed by Savills (SA) Pty Ltd to determine the fair value of the land and buildings. The valuation, which has been prepared in accordance with Australian Property Institute's Current Valuation Standard, was determined using the capitalisation of market net income approach. The effective date of the valuation is 10 May 2007. The Board considered this valuation along with other market evidence to confirm that the fair value at 30 June 2009 was consistent with that at 30 June 2008.

Had the Group's land and buildings been measured on an historical cost basis, their carrying amount would have been as follows:

NOTE 13: INTANGIBLE ASSETS

Consolidated	Goodwill $	Intellectual Property $	Total $
Gross carrying amount at 1 July 2007	2,127,466	7,088,555	9,216,021
Additions	3,000,000	0	3,000,000
Disposals	0	0	0
Revaluations	0	0	0
Foreign currency exchange differences	20,524	60,265	80,789
Gross carrying amount at 1 July 2008	5,147,990	7,148,820	12,296,810
Additions	0	3,666	3,666
Disposals	0	0	0
Revaluations	0	0	0
Foreign currency exchange differences	0	130,312	130,312
Gross carrying amount at 30 June 2009	5,147,990	7,282,798	12,430,788

NOTE 13: INTANGIBLE ASSETS (cont.)

Consolidated	Goodwill $	Intellectual Property $	Total $
Accumulated amortisation amount at 1 July 2007	0	(978,465)	(978,465)
Disposals	0	0	0
Revaluations	0	0	0
Foreign currency exchange differences	0	0	0
Amortisation (note 5)	0	(479,275)	(479,275)
Accumulated amortisation amount at 1 July 2008	0	(1,457,740)	(1,457,740)
Disposals	0	0	0
Revaluations	0	0	0
Foreign currency exchange differences	0	(13,321)	(13,321)
Amortisation (note 5)	0	(501,726)	(501,726)
Accumulated amortisation amount at 30 June 2009	0	(1,972,787)	(1,972,787)
Net Carrying amount 30 June 2008	5,147,990	5,691,080	10,839,070
Net Carrying amount 30 June 2009	5,147,990	5,310,011	10,458,001

NOTE 13: INTANGIBLE ASSETS

All intangible assets are held in the consolidated entity.

(a) Intangible assets

The intellectual property includes the company's Multicore® technology, its BNC105 compound and its Kv1.3 compound with carrying amounts ranging from $1.3m to $2.3m. Each item is carried at its fair value as at its date of acquisition, less accumulated amortisation charges. They have not been revalued to fair value as at 30 June 2009. The remaining amortisation periods for each item is between 9 and 10 years.

(b) Impairment tests

Management tests annually whether goodwill or indefinite life intangibles have suffered any impairment, in accordance with the accounting policy stated in note 1 (o) (ii). All Group entities operate in the drug discovery and development segment. Although the Group operates in this segment in both Australia and Europe (Neurofit) the risks and returns associated with the operations of each geographical segment are not materially different and therefore the lowest cash generating unit used in assessing goodwill or indefinite life intangible impairment is the individual segment.

Determining whether goodwill or indefinite life intangibles are impaired requires an estimation of the value in use of the cash-generating units to which goodwill or indefinite life intangible have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. These discount rates range between 15% for certain cash flows and 60% for less certain cash flows.

Allocation of goodwill to cash generating units

The carrying amount of goodwill was allocated to the following cash-generating units:

	2009 $'000	2008 $'000
Australia	3,619	3,619
Neurofit	1,529	1,529

Australia

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on a recent contract agreement for drug compounds within the cash generating unit covering a 20 year period with an appropriate terminal value, and a discount rate ranging from 15% to 60% per annum (2008: 15% to 60% per annum). The 20 year period is based on industry comparables taking into account the lifecycle of the development of components.

NOTE 13: INTANGIBLE ASSETS (cont.)

Management believes that application of discounted cash flows of such a contract for one drug compound is reasonable to be applied to other compounds within the cash generating unit at their respective development phases.

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 cash-generating unit.

No growth rates have been included in the forecast.

Neurofit

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on a recent contract agreement for drug compounds within the cash generating unit covering a 20 year period with an appropriate terminal value, and a discount rate ranging from 15% to 60% per annum (2008: 15% to 60% per annum). The 20 year period is based on industry comparables taking into account the lifecycle of the development of components.

Management believes that application of discounted cash flows of such a contract for one drug compound is reasonable to be applied to other compounds within the cash generating unit at their respective development phases.

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 cash-generating unit.

No growth rates have been included in the forecast.

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Current				
Trade payables	1,136,530	1,724,544	827,789	1,508,538
Accrued expenses	380,783	143,320	303,679	108,095
Other payables	0	0	0	0
	1,517,313	1,867,864	1,131,468	1,616,633
Non-current				
Other payables	50,000	50,000	50,000	50,000

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

NOTE 15: BORROWINGS

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Secured – at amortised cost				
Finance lease liabilities (i)	91,622	65,001	91,622	65,001
Building loan agreement (ii)	3,602,263	4,042,750	3,602,263	4,042,750
	3,693,885	4,107,751	3,693,885	4,107,751
Disclosed in the financial statements as:				
Current liabilities	529,016	572,168	529,016	572,168
Non current liabilities	3,164,869	3,535,583	3,164,869	3,535,583
	3,693,885	4,107,751	3,693,885	4,107,751

(i) The three year lease line is secured by the leased scientific equipment (refer note 12) and has an average interest rate of 9.02% per annum.

(ii) The ten year building loan agreement with Land Management Corporation is secured by the land and building (refer note 12) and has interest charged on a quarterly basis at a fixed rate of 6.97% per annum.

The unused facilities available at 30 June 2009 of the Group's bank overdraft is $65,670 (2008: $65,670). There is no unused facility in relation to the building loan agreement.

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 23.

NOTE 16: PROVISIONS

	2009 $	2008 $	2009 $	2008 $
Current				
Employee benefits	635,603	369,517	467,731	277,101
Non-current				
Employee benefits	24,326	149,493	24,326	149,493

NOTE 17: OTHER LIABILITIES

Current				
Tax Payable	4,605	0	0	0
Unearned income	104,386	241,350	25,000	25,000
	108,991	241,350	25,000	25,000

NOTE 18: DEFERRED TAX ASSETS AND LIABILITIES

Recognised tax assets and liabilities	Consolidated					
	Assets		Liabilities		Net	
Deferred tax assets and liabilities are attributable to the following:	**2009 $**	**2008 $**	**2009 $**	**2008 $**	**2009 $**	**2008 $**
Loans and receivables	196,974	58,964	0	0	196,974	58,964
Prepayments	0	0	(2,218)	(11,505)	(2,218)	(11,505)
Property Plant and Equipment	0	0	(1,105,375)	(1,060,938)	(1,105,375)	(1,060,938)
Share issue expenses	288,093	211,293	0	0	288,093	211,293
Intangibles Patents and Trademarks	531,120	548,945	(472,187)	(484,614)	58,933	64,331
Other intangibles	218,383	218,383	0	0	218,383	218,383
Accrued expenses	12,147	4,500	0	0	12,147	4,500
Employee entitlements	161,069	141,583	0	0	161,069	141,583
	1,407,785	1,183,668	(1,579,780)	(1,557,057)	(171,994)	(373,389)
Set off tax	(1,579,780)	(1,557,057)	1,579,780	1,557,057	0	0
Net Deferred Tax Asset/(Liability)	(171,994)	(373,389)	0	0	(171,994)	(373,389)
Unused tax losses:						
Revenue	16,336,226	11,580,535				
Withholding tax	213,015	213,015				
	16,549,241	11,793,550				
Net unrecognised tax asset	16,377,246	11,420,161				

NOTE 18: DEFERRED TAX ASSETS AND LIABILITIES (cont.)

Parent

Deferred tax assets and liabilities are attributable to the following:	Assets 2009 $	Assets 2008 $	Liabilities 2009 $	Liabilities 2008 $	Net 2009 $	Net 2008 $
Loans and receivables	196,974	58,964	0	0	196,974	58,964
Prepayments	0	0	(2,218)	(11,505)	(2,218)	(11,505)
Property Plant and Equipment	0	0	(1,073,788)	(1,032,040)	(1,073,788)	(1,032,040)
Share issue expenses	288,093	211,293	0	0	288,093	211,293
Intangibles Patents and Trademarks	447,828	465,653	0	0	447,828	465,653
Accrued expenses	12,147	4,500	0	0	12,147	4,500
Employee entitlements	161,069	141,583	0	0	161,069	141,583
	1,106,111	881,993	(1,076,006)	(1,043,545)	30,105	(161,552)
Set off tax	(1,076,006)	(1,043,545)	1,076,006	1,043,545	0	0
Net Deferred Tax Asset/(Liability)	30,105	(161,552)	0	0	30,105	(161,552)
Unused tax losses:						
Revenue	16,326,607	11,428,667				
Withholding tax	213,015	213,015				
	16,539,622	11,641,682				
Net unrecognised tax asset	16,569,727	11,480,130				

Consolidated

Movements in deferred tax impact of temporary differences during the year	Balance at 1 July 2008 $	Charged to income $	Charged to equity $	Balance at 30 June 2009 $
Loans and receivables	58,964	138,010	0	196,974
Prepayments	(11,505)	9,287	0	(2,218)
Property Plant and Equipment	(1,060,938)	(2,689)	(41,748)	(1,105,375)
Share issue expenses	211,293	0	76,800	288,093
Intangibles Patents and Trademarks	64,331	(5,398)	0	58,933
Other intangibles	218,383	0	0	218,383
Accrued expenses	4,500	7,647	0	12,147
Unearned revenue	0	0	0	0
Employee entitlements	141,583	19,486	0	161,069
	(373,389)	166,342	35,052	(171,995)

NOTE 18: DEFERRED TAX ASSETS AND LIABILITIES (cont.)

Unused tax losses				
Revenue	11,580,535	4,713,943	41,748	16,336,226
Withholding tax	213,015	0	0	213,015
	11,793,550	4,713,943	41,748	16,549,241
	11,420,161	4,880,285	76,800	16,377,246

Parent

	Balance at 1 July 2008 $	Charged to income $	Charged to equity $	Balance at 30 June 2009 $
Loans and receivables	58,964	138,010	0	196,974
Prepayments	(11,505)	9,287	0	(2,218)
Property Plant and Equipment	(1,032,040)	0	(41,748)	(1.073,788)
Share issue expenses	211,293	0	76,800	288,093
Intangibles Patents and Trademarks	465,653	(17,825)	0	447,828
Accrued expenses	4,500	7,647	0	12,147
Unearned revenue	0	0	0	0
Employee entitlements	141,583	19,486	0	161,069
	(161,552)	156,605	35,052	30,105
Unused tax losses				
Revenue	11,428,667	4,856,192	41,748	16,326,607
Withholding tax	213,015	0	0	213,015
	11,641,682	4,856,192	41,748	16,539,622
	11,480,130	5,012,797	76,800	16,569,727

NOTE 18: DEFERRED TAX ASSETS AND LIABILITIES (cont.)

Reconciliation to income statement	Consolidated	Parent
1 July 2007 disclosed net liability	(508,415)	(243,736)
1 July 2007 net undisclosed asset (Temporary difference)	29,040	0
1 July 2007 net undisclosed asset (Assessed loss)	10,049,364	9,957,755
Net Opening Asset (recorded and unrecorded)	9,569,989	9,714,019
Movement for the year		
Recorded in the income statement	572,052	572,052
Withholding tax	213,015	213,015
Recorded in equity	(63,636)	(63,636)
Unrecorded gain	1,128,741	1,309,359
	1,850,172	2,030,790

Reconciliation to income statement	Consolidated	Parent
30 June 2008 disclosed net asset (liability)	0	264,679
30 June 2008 net undisclosed asset (liability) (Temporary difference)	(373,389)	(161,552)
30 June 2008 net undisclosed asset (Assessed loss and withholding tax)	11,793,550	11,641,682
Net Opening Asset (disclosed and undisclosed)	11,420,161	11,744,809
Movement for the year		
Recorded in the income statement	41,748	41,748
Recorded in equity	(41,748)	(41,748)
Unrecorded gain in the income statement	4,880,285	5,012,797
Unrecorded gain in equity	76,800	76,800
	4,957,085	5,089,597
30 June 2009 disclosed net asset (liability)	0	264,679
30 June 2009 net undisclosed asset (liability) (Temporary difference)	(171,995)	30,105
30 June 2009 net undisclosed asset (Assessed loss and withholding tax)	16,549,241	16,539,622
Net Closing Asset (disclosed and undisclosed)	16,377,246	16,834,406

NOTE 19: ISSUED CAPITAL

(a) Issued and paid-up capital	2009 Shares	2008 Shares	2009 $	2008 $
Ordinary shares – fully paid	253,799,591	234,940,555	59,969,571	56,098,888

Movements in ordinary shares of the Company during the past two years were as follows:

NOTE 19: ISSUED CAPITAL (cont.)

Date	Details	Number of shares	Issue price	$
1 July 2007	Opening balance	220,369,237		52,834,493
	Share issue – directors' fees in lieu of cash	197,884	$0.2931	58,000
	Share issue – salaries in lieu of cash	232,002	$0.2931	68,000
	Share issue - BNOOA options exercise	21,963	$0.5000	10,955
	Share issue – ESOP option exercise	294,000	$0.2400	70,560
	Share issue – ESOP option exercise	80,000	$0.2150	17,200
	Share issue – ESOP option exercise	14,000	$0.2700	3,780
	Share issue – ESOP option exercise	3,000	$0.3000	900
	Share issue – salaries in lieu of cash	92,105	$0.3800	35,000
	Share issue – bonus shares for purchase of Iliad Chemicals Pty Ltd	13,636,364	$0.2200	3,000,000
30 June 2008	Closing balance	234,940,555		56,098,888
	Share issue – directors' fees in lieu of cash	291,727	$0.3437	100,267
	Share issue – BNOOB options exercise	18,200,000	$0.2200	4,004,000
	Share issue – ESOP option exercise	100,000	$0.1300	13,000
	Share issue – ESOP option exercise	47,750	$0.1600	7,640
	Share issue – ESOP option exercise	10,000	$0.2150	2,150
	Share issue – ESOP option exercise	5,000	$0.2400	1,200
	Share issue – ESOP option exercise	15,000	$0.2700	4,050
	Share issue – unlisted option exercise	100,000	$0.2766	27,660
	Share issue – ESP	89,559	$0.3465	31,036
	Less capital raising costs – BNOOB exercise	0	0	(320,320)
30 June 2009	Closing balance	253,799,591		59,969,571

Changes to the Corporations Act (1989) 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 granted.

(i) The Bionomics ESOP

The terms and conditions of the Bionomics ESOP are summarised in note 1(r) (iv). The options listed below are outstanding at Balance Sheet date.

NOTE 19: ISSUED CAPITAL (cont.)

Grant date	Expiry date	Exercise price	Number	Fair value at grant date
Oct-00	Jun-10	$1.40	680,000	$0.31
Jun-02	Jun-10	$0.81	293,667	$0.38
	Jun-11	$0.81	293,667	$0.39
	Jun-12	$0.81	293,665	$0.41
Feb-03	Feb-10	$0.43	10,000	$0.16
	Feb-11	$0.43	10,000	$0.17
	Feb-12	$0.43	10,000	$0.18
	Feb-13	$0.43	10,000	$0.19
Jan-04	Jan-10	$0.30	5,000	$0.18
	Jan-11	$0.30	5,000	$0.19
	Jan-12	$0.30	5,000	$0.20
	Jan-13	$0.30	5,000	$0.21
	Jan-14	$0.30	5,000	$0.21
Mar-04	Mar-10	$0.37	7,000	$0.12
	Mar-11	$0.37	7,000	$0.14
	Mar-12	$0.37	7,000	$0.15
	Mar-13	$0.37	7,000	$0.15
	Mar-14	$0.37	7,000	$0.16
	Mar-10	$0.38	5,000	$0.13
	Mar-11	$0.38	5,000	$0.14
	Mar-12	$0.38	5,000	$0.15
	Mar-13	$0.38	5,000	$0.15
	Mar-14	$0.38	5,000	$0.16
Aug-04	Nov-09	$0.21	75,000	$0.11
Sep-04	Nov-09	$0.24	200,000	$0.11
	Nov-10	$0.24	200,000	$0.12
	Nov-11	$0.24	300,000	$0.13
	Nov-12	$0.24	300,000	$0.13
	Nov-13	$0.24	300,000	$0.14
Oct-04	Jun-11	$0.13	340,000	$0.16
	Jun-12	$0.13	340,000	$0.17
	Jun-13	$0.13	340,000	$0.17
Dec-04	Jan-10	$0.27	122,000	$0.11
	Jan-11	$0.27	10,000	$0.12
	Jan-12	$0.27	10,000	$0.13
	Jan-13	$0.27	10,000	$0.13
	Jan-14	$0.27	10,000	$0.14
	Jan-15	$0.27	10,000	$0.14
Jan-05	Feb-11	$0.30	200,000	$0.11
	Feb-12	$0.30	200,000	$0.12
	Feb-13	$0.30	200,000	$0.12
	Feb-14	$0.30	200,000	$0.13
	Feb-15	$0.30	200,000	$0.13
Sep-05	Sep-10	$0.11	100,000	$0.08
Jan-06	Jan-11	$0.24	75,000	$0.12
	Jan-12	$0.24	50,000	$0.13
	Jan-13	$0.24	50,000	$0.14
	Jan-14	$0.24	50,000	$0.14
	Jan-15	$0.24	50,000	$0.15
	Jan-16	$0.24	50,000	$0.15

NOTE 19: ISSUED CAPITAL (cont.)

Grant date	Expiry date	Exercise price	Number	Fair value at grant date
Apr-06	Apr-12	$0.20	100,000	$0.12
	Apr-13	$0.20	100,000	$0.13
	Apr-14	$0.20	100,000	$0.13
	Apr-15	$0.20	100,000	$0.14
	Apr-16	$0.20	100,000	$0.14
May-06	Jul-12	$0.22	100,000	$0.12
	Jul-13	$0.22	100,000	$0.13
	Jul-14	$0.22	100,000	$0.13
	Jul-15	$0.22	100,000	$0.13
	Jul-16	$0.22	100,000	$0.14
Jun-06	Jun-11	$0.16	96,000	$0.09
Nov-06	Nov-11	$0.15	97,300	$0.12
	Nov-12	$0.30	100,000	$0.11
	Nov-13	$0.30	100,000	$0.12
	Nov-14	$0.30	100,000	$0.13
	Nov-15	$0.30	100,000	$0.13
	Nov-16	$0.30	100,000	$0.13
Jan-07	Jan-12	$0.22	150,000	$0.15
Oct-07	Oct-12	$0.29	267,250	$0.21
	Oct-13	$0.29	5,000	$0.21
	Oct-14	$0.29	5,000	$0.23
	Oct-15	$0.29	5,000	$0.23
	Oct-16	$0.29	5,000	$0.24
	Oct-17	$0.29	5,000	$0.25
Jan-08	Jan-13	$0.38	130,000	$0.19
	Jan-14	$0.38	4,000	$0.19
	Jan-15	$0.38	4,000	$0.20
	Jan-16	$0.38	4,000	$0.21
	Jan-17	$0.38	4,000	$0.22
	Jan-18	$0.38	4,000	$0.23
Jul-08	Jul-13	$0.36	105,000	$0.16
	Jul-14	$0.36	25,600	$0.17
	Jul-15	$0.36	25,600	$0.18
	Jul-16	$0.36	25,600	$0.19
	Jul-17	$0.36	25,600	$0.19
	Jul-18	$0.36	25,600	$0.20
Sep-08	Sep-14	$0.34	54,000	$0.17
	Sep-15	$0.34	54,000	$0.18
	Sep-16	$0.34	54,000	$0.19
	Sep-17	$0.34	54,000	$0.19
	Sep-18	$0.34	54,000	$0.20

NOTE 19: ISSUED CAPITAL (cont.)

Grant date	Expiry date	Exercise price	Number	Fair value at grant date
Nov-08	Nov-13	$0.30	100,000	$0.09
	Nov-14	$0.30	100,000	$0.10
	Nov-15	$0.30	100,000	$0.10
	Nov-16	$0.30	100,000	$0.11
	Nov-17	$0.30	100,000	$0.12
	Nov-13	$0.37	95,000	$0.02
	Aug-14	$0.37	340,000	$0.08
	Aug-15	$0.37	330,000	$0.09
Nov-08	Aug-16	$0.37	330,000	$0.10
	Nov-14	$0.28	20,000	$0.06
	Nov-15	$0.28	20,000	$0.05
	Nov-16	$0.28	20,000	$0.06
	Nov-17	$0.28	20,000	$0.06
Nov-08	Nov-18	$0.28	20,000	$0.07
Jan-09	Jan-14	$0.30	195,000	$0.01
Mar-09	Mar-15	$0.29	12,120	$0.06
	Mar-16	$0.29	12,120	$0.07
	Mar-17	$0.29	12,120	$0.07
	Mar-18	$0.29	12,120	$0.08
	Mar-19	$0.29	12,120	$0.08
Jun-09	Jun-14	$0.25	115,200	$0.06
	Jun-15	$0.25	54,000	$0.13
	Jun-16	$0.25	54,000	$0.13
	Jun-17	$0.25	54,000	$0.14
	Jun-18	$0.25	54,000	$0.14
	Jun-19	$0.25	54,000	$0.15
			10,802,349	

(ii) Other Unlisted Options

Grant date	Expiry date	Exercise price	Number	Fair value at grant date
May-01	May-11	$1.40	300,000	$0.33
Feb-05	Feb-10	$0.26	50,000	$0.12
May-06	Jun-11	$0.22	5,000	$0.11
			355,000	

Reconciliation of ESOP:	2009		2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Opening balance at beginning of financial year	9,427,966	$0.37	13,159,883	$0.33
Granted during the financial year	2,838,800	$0.31	703,690	$0.34
Forfeited during the financial year	(390,000)	$0.26	(1,906,940)	$0.33
Exercised during the financial year	(177,750)	$0.21	(391,000)	$0.24
Expired during the financial year	(896,667)	$0.62	(2,137,667)	$0.64
Closing balance at 30 June	10,802,349	$0.35	9,427,966	$0.37
Exercisable at 30 June	7,782,749		7,525,966	

NOTE 19: ISSUED CAPITAL (cont.)

Reconciliation of other unlisted options:	2009		2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Opening balance at beginning of financial year	2,891,000	$0.47	2,886,000	$0.79
Granted during the financial year	0		20,000	$0.24
Forfeited during the financial year	0		0	
Exercised during the financial year	(100,000)	$0.28	0	0
Expired during the financial year	(2,436,000)	$0.50	(15,000)	$1.30
Closing balance at 30 June	355,000	$0.24	2,891,000	$0.47
Exercisable at 30 June	355,000		2,891,000	

ESOP options exercised during the financial year

Series	Number exercised	Exercise date	Share price at exercise date
Dec-04	15,000	Aug-08	$0.320
Aug-05	100,000	Aug-08	$0.335
Jan-06	5,000	Jul-08	$0.320
Jun-06	47,750	Aug-08	$0.335
Jan-07	10,000	Jul-08	$0.325
	177,750		

Other unlisted options exercised during the financial year

Series	Number exercised	Exercise date	Share price at exercise date
Jul-03	100,000	Jul-08	$0.325
	100,000		

	2009 number	2008 number
Unlisted options vested and exercisable at the reporting date	7,837,749	10,416,966

NOTE 19: ISSUED CAPITAL (cont.)

(iii) Listed Options

During 2004–2005 the Company issued 31,535,063 listed options. Each option is convertible into one ordinary share ranking equally with all other ordinary shares of the Company, at any time on or before 31 January 2009 at a fixed price of $0.22. As at 30 June 2009, 18,200,000 of these options had been exercised, with the balance lapsing as at 31 January 2009. (2008: 0 exercised).

(iv) Weighted Averages

The weighted average remaining contractual life of any unlisted share options outstanding at the end of the year is 4.5 years (2008: 3.79 years).

The assessed fair value at grant date of options granted during the year ended 30 June 2009 is outlined in the Remuneration Report on page 12. The share price at grant date of these options range between $0.25 and $0.37 (2008: $0.40 and $0.42). The expected average price volatility of the company shares was 72.1% (2008: 74.5%). Expected dividend yield was 0% (2008: 0%) and the average risk free interest rate used was 5.05% (2008: 6.79%). Additional details on options granted in prior years are available in those year's Annual Reports.

NOTE 20: RESERVES

(a) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve as described in note 1(d). The reserve is recognised in the income statement when the investment is disposed of.

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Opening balance	(139,014)	(210,855)	0	0
Adjustment arising from the translation of foreign controlled entity's financial statements	(49,301)	71,841	0	0
Closing balance	(188,315)	(139,014)	0	0

(b) Share based payments reserve

The share based payments reserve is used to recognise the fair value of options issued to the extent that they have vested.

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Opening balance	918,757	790,727	918,757	790,727
Option expense	110,647	128,030	110,647	128,030
Closing balance	1,029,404	918,757	1,029,404	918,757

(c) Asset revaluation reserve

The asset revaluation reserve is used to recognise the fair value of land and buildings as per note 1(m).

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Opening balance	2,408,096	2,259,616	2,408,096	2,259,616
Land and building revaluation	139,161	212,116	139,161	212,116
Deferred tax liability	(41,748)	(63,636)	(41,748)	(63,636)
Net movement for the year	97,413	148,480	97,413	148,480
Closing balance	2,505,509	2,408,096	2,505,509	2,408,096
Total reserves	3,346,598	3,187,839	3,534,913	3,326,853

NOTE 21: ACCUMULATED LOSSES

	Consolidated		Parent entity	
	2009 $	2008 $	2008 $	2008 $
Balance at the beginning of the year	(37,759,302)	(32,975,385)	(37,348,272)	(33,170,046)
Net loss for the year	(6,862,299)	(4,783,917)	(6,750,925)	(4,178,226)
Balance at the end of the year	(44,621,601)	(37,759,302)	(44,099,197)	(37,348,272)

NOTE 22: CONTINGENCIES

Service commitments

Pursuant to the terms and agreements entered into by the Company with both the Women's and Children's Hospital (WCH) and the University of Melbourne (U of M) to acquire the licence for the epilepsy project from the WCH and the U of M and the breast cancer project from the WCH, the Company is liable to make further payments to the WCH and the U of M upon the achievement of certain conditions.

Pursuant to the terms and agreement entered into by the Company with Medvet Science Pty Ltd (Medvet), for the angiogenesis project, the Company is liable to make further payments to Medvet upon the achievement of certain conditions.

NOTE 23: FINANCIAL INSTRUMENTS

(a) Capital risk management

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

The Group's overall strategy remains unchanged from 2008. The capital structure of the Group consists of debt, which includes borrowings disclosed in note 15, cash and cash equivalents (note 7) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 19, 20 and 21 respectively.

The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are 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. Minor borrowings for operational assets are utilised through local banks.

NOTE 23: FINANCIAL INSTRUMENTS (cont.)

	Consolidated		Parent entity	
Financial assets	**2009 $**	**2008 $**	**2009 $**	**2008 $**
Loans and receivables	775,439	2,314,931	3,218,469	4,860,316
Cash and cash equivalents	4,757,200	6,280,480	4,547,681	6,164,645
Financial liabilities				
Non financial liabilities	201,279	274,590	157,966	231,315
Financial liabilities	5,059,919	5,751,025	4,717,387	5,543,069
	5,261,198	6,025,615	4,875,353	5,774,384

(b) Financial risk management objectives

The Board, through the Audit and Risk Management Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, Company 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 Company's business strategy and objectives.

The Company's risk management policies are managed by the key management personnel and are reviewed by the Audit and Risk Management Committee according to a timetable of assessment and review proposed by that Committee and approved by the Board.

(c) Market risk

The Group's activities do not expose it to significant financial risks of changes in foreign currency exchange rates or interest rates. The group does not use derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

(d) Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are minimal and not covered by the utilisation of forward foreign exchange contracts. The Group has a US$250,000 receivable (2008: $2,000,000) which was paid within 30 days of recognition, therefore there is no significant foreign currency risk.

(e) Interest rate risk management

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and variable interest rates. The Group does not use interest rate swap contracts or forward interest rate contracts.

(f) 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.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. 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.

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for management of the group's short, medium and long term funding. The Group manages liquidity by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Included in note 15 is a listing of additional undrawn facilities that the group has at its disposal to further reduce liquidity risk.

(h) Liquidity and interest rate risk

The following tables detail the company's and the Group's remaining contractual maturity for its non-derivative 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 Company and the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated	Weighted average effective interest rate	Less than 1 year	1 to 5 years	5 + years
	%	$	$	$
2009				
Non-interest bearing	0	1,366,034	0	0
Finance lease liability	9.02	57,344	42,897	0
Fixed interest rate instrument	6.97	672,747	2,690,988	336,373
TOTAL		2,096,125	2,733,885	336,373
2008				
Non-interest bearing	0	1,643,274	0	0
Finance lease liability	8.01	54,365	14,317	0
Fixed interest rate instruments	6.97	672,656	2,690,988	1,009,120
TOTAL		2,370,295	2,705,305	1,009,120

Parent entity	Weighted average effective interest rate	Less than 1 year	1 to 5 years	5 + years
	%	$	$	$
2009				
Non-interest bearing	0	1,023,502	0	0
Finance lease liability	9.02	57,344	42,897	0
Fixed interest rate instruments	6.97	672,747	2,690,988	336,373
TOTAL		1,753,593	2,733,885	336,373
2008				
Non-interest bearing	0	1,435,318	0	
Finance lease liability	8.01	54,365	14,317	0
Fixed interest rate instruments	6.97	672,747	2,690,988	1,009,120
TOTAL		2,162,430	2,705,305	1,009,120

(i) Interest rate sensitivity analysis

The Group has no exposure to interest rate variability as its core borrowings are on fixed rate terms.

NOTE 24: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of Bionomics during the financial year and prior year unless otherwise stated:

Non-Executive Chairman
Dr Peter Jonson

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

Non-Executive Directors
Mr Trevor Tappenden
Dr Errol De Souza
Mr Christopher Fullerton
(Appointed 23 December 2008)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly during the financial year:

Name	Position
Dr Emile Andriambeloson	Head of Research, Neurofit SAS
Mr Stephen Birrell	Chief Financial Officer and Company Secretary
Dr Andrew Harvey	Vice President Chemistry
Dr Gabriel Kremmidiotis	Vice President Discovery Research

(c) Key management personnel compensation

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Short term employee benefits	1,011,380	1,448,383	878,469	1,194,677
Post employment benefits	54,283	75,060	54,283	75,060
Share-based payments	173,086	262,654	166,351	252,716
Total key management personnel compensation	1,238,749	1,786,097	1,099,103	1,522,453

NOTE 25: EXTERNAL AUDITORS' REMUNERATION

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

Assurance services

	Consolidated		Parent entity	
	2009 $	**2008 $**	**2009 $**	**2008 $**
(a) Audit services				
Fees paid and payable for:				
• Audit and review of financial reports and other audit work under the *Corporations Act 2001*	76,250	75,000	76,250	75,000
Fees paid for audit of subsidiary	18,458	10,490	0	0
Total remuneration for audit services	94,708	85,490	76,250	75,000
(b) Other assurance services				
Fees paid for:				
• Audit of government research grants	0	5,750	0	5,750
Total remuneration for assurance services	94,708	91,240	76,250	80,750
(c) Taxation services				
Fees paid and payable to for:				
• Tax compliance services, including review of Company income tax returns	10,500	10,000	10,500	10,000
Total remuneration for taxation services	10,500	10,000	10,500	10,000

It is the Group's practice to employ Deloitte Touche Tohmatsu on assignments additional to their statutory audit duties where their expertise and experience with the Group are important. In 2008-2009 these assignments were restricted to tax compliance services.

	Consolidated		Parent entity	
	2009 $	**2008 $**	**2009 $**	**2008 $**
Service contract commitments payable				
• not later than one year	0	104,559	0	104,559

(a) Finance leases

The Group leases scientific equipment with a carrying amount of $107,044 (2008: $87,500) for a period of 3 years. Under the terms of the lease, the Group retains ownership at the completion of the agreed term.

NOTE 26: COMMITMENTS FOR EXPENDITURE

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Commitments in relation to the finance lease that are payable:				
Within one year	57,344	54,364	57,344	54,364
Later than one year but not greater than five	42,897	14,318	42,897	14,318
Minimum lease payments	100,241	68,682	100,241	68,682
Future finance charges	(8,619)	(3,681)	(8,619)	(3,681)
Total lease liabilities	91,622	65,001	91,622	65,001
Represented by:				
Current (note 15)	56,808	51,113	56,808	51,113
Non-current (note 15)	34,814	13,888	34,814	13,888
	91,622	65,001	91,622	65,001

(b) Operating leases

The Group has operating leases for various scientific and office equipment. Under the terms of these leases, the Group has no ownership at the completion of the agreed term.

	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Commitments in relation to the operating leases that are payable:				
Within one year	0	11,441	0	11,441
Later than one year but not greater than five	0	0	0	0
Minimum lease payments	0	11,441	0	11,441

(c) Rental arrangements

The Group sub-lets areas of its facility under agreements that are renewed annually. Rent received from these agreements are treated according to the accounting policy outlined in note 1 (e).

NOTE 27: EVENTS OCCURRING AFTER REPORTING DATE

On 8 September 2009, the Company announced it had completed a capital raising of $15 million comprising:

- a $7 million placement to Start-up Australia Ventures Pty Ltd (subject to shareholder approval);
- a $5.8 million placement to Institutional Investors; and
- a $2.2 million underwritten Share Purchase Plan to eligible shareholders.

The issue price is $0.24 per share and $5.8 million was received by the Company on 10 September 2009. The balance is due to be received by end October 2009.

NOTE 28: CASH FLOW INFORMATION

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Reconciliation of operating loss after income tax to net cash outflow from operating activities				
Loss after income tax	(6,862,299)	(4,783,917)	(6,750,925)	(4,178,226)
Items in loss				
Depreciation and amortisation	1,033,628	1,081,386	450,391	490,679
Directors' fee and share-based payments	241,945	257,863	241,945	257,863
Income tax benefit	(37,143)	(295,401)	(41,748)	(295,401)
Net foreign exchange differences	(45,217)	0	(45,217)	65,377
Interest received and receivable	(286,821)	(568,765)	(282,953)	(565,576)
Changes in operating assets and liabilities				
Decrease/(Increase) in debtors and other assets	1,533,674	(1,897,660)	1,735,076	(1,861,122)
Decrease/(Increase) in other operating assets	0	511,701	0	190,018
Decrease/(Increase) in inventory	(50,210)	19,895	0	0
Income tax benefit	0	(508,416)	0	(243,737)
Movement in provisions	188,414	4,320	31,340	14,235
Increase/(Decrease) in unearned income	(141,682)	0	0	0
Increase/(Decrease) in creditors and accruals	(560,412)	(333,105)	(451,042)	(444,332)
Net cash outflows from operating activities	(4,986,123)	(6,512,099)	(5,113,133)	(6,570,222)

NOTE 29: NON-CASH FINANCING ACTIVITIES

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Directors' fees and management salaries satisfied by the issue of shares	100,266	143,500	100,266	143,500
Bonus shares issued pursuant to the Share Sale and Purchase Agreement for Iliad Chemicals Pty Limited	0	3,000,000	0	3,000,000
	100,266	3,143,500	100,266	3,143,500

NOTE 30: LOSS PER SHARE

	Consolidated 2009 cents	Consolidated 2008 cents
Basic and diluted loss per share	(2.8)	(2.1)

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

	Consolidated 2009 Number	Consolidated 2008 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted loss per share	242,977,517	225,310,399

Changes to shares and potential ordinary shares since balance date

There have been no changes to shares and options since balance date.

Information concerning the classification of securities

The unlisted options have not been included in the determination of basic and diluted earnings per share. Details relating to the options are set out in note 19(c).

NOTE 31: RELATED PARTY TRANSACTIONS

(a) Parent entities

The parent entity within the Group is Bionomics. Interests in subsidiaries are set out in note 11.

(b) Key management personnel

Disclosures relating to compensation of key management personnel are set out in note 24.

(c) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Research and Development expenses paid to subsidiaries	0	0	(662,344)	(598,525)
Corporate Support fees received from subsidiaries	0	0	351,816	0

(d) Outstanding balances arising from sales and purchases of services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Current receivables				
Subsidiaries	0	0	2,832,855	2,839,267

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expenses have been recognised in respect of bad or doubtful debts due from related parties.

NOTE 31: RELATED PARTY TRANSACTIONS

(e) Loans to and from related parties

No loans to or from related parties have occurred in the current or previous financial year.

(f) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on the exercise of such options are outlined below, and the terms and conditions of the options can be found in note 1 (r) (iv).

(ii) The number of unlisted options over ordinary shares in the company held by each director of the company and other key management personnel (including personally related parties) of the Group are set out below. All options that are vested are exercisable.

2009 Options Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at year end	Vested and exercisable at year end
Directors						
Dr Peter Jonson	1,000,000	0	0	0	1,000,000	800,000
Dr Deborah Rathjen	2,802,300	1,095,000	0	(440,000)	3,457,300	2,457,300
Mr Trevor Tappenden	500,000	0	0	0	500,000	200,000
Dr Errol De Souza	0	500,000	0	0	500,000	100,000
Mr Christopher Fullerton[1] (Appointed 23 December 2008)	0	0	0	0	0	0
Other Key Management Personnel						
Dr Emile Andriambeloson	238,600	87,200	0	0	325,800	205,800
Mr Stephen Birrell	674,000	0	0	0	674,000	474,000
Dr Andrew Harvey	0	250,000	0	0	250,000	0
Dr Gabriel Kremmidiotis	380,000	50,000	0	(80,000)	350,000	350,000

1 At the beginning of the year, Mr Fullerton had interests in 1,850,000 listed BNOOB options held by Mandalay Capital Pty. Ltd. which were exercised during the year.

2008 Options Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at year end	Vested and exercisable at year end
Directors						
Dr Peter Jonson	1,000,000	0	0	0	1,000,000	600,000
Dr Deborah Rathjen	3,266,322	90,000	0	(554,022)	2,802,300	2,802,300
Mr Trevor Tappenden	500,000	0	0	0	500,000	100,000
Dr Errol De Souza	150,000	0	0	(150,000)	0	0
Dr George Jessup[2] (Retired 1 April 2008)	494,000	0	0	0	494,000	494,000
Other Key Management Personnel						
Mr Stephen Birrell	596,000	78,000	0	0	674,000	374,000
Dr Bernard Flynn (Resigned 30 June 2008)	300,000	45,000	0	0	345,000	195,000
Dr Gabriel Kremmidiotis	330,000	50,000	0	0	0	380,000
Dr Frank Sams-Dodd (Employment terminated 26 March 2008)	332,250	46,440	0	(378,690)	0	0
Dr Alex Szabo (Employment terminated 13 June 2008)	302,750	0	0	(302,750)	0	0

2 In addition to the above options Dr George Jessup has interests in 9,382,716 listed options over ordinary shares in Bionomics (held by Start-up Australia Ventures Pty Limited).

(i) The number of shares in the company held by each director of the company and other key management personnel (including personally related parties) of the Group are set out below:

2009 Shares Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at year end
Directors					
Dr Peter Jonson	637,012	79,527	0	0	716,539
Dr Deborah Rathjen	864,215	132,674	0	0	996,889
Mr Trevor Tappenden	148,592	39,763	0	0	188,355
Dr Errol De Souza	0	39,763	0	0	39,763
Mr Christopher Fullerton[3] (Appointed 23 December 2008)	0	0	0	0	0
Other Key Management Personnel					
Dr Emile Andriambeloson	0	0	0	0	0
Mr Stephen Birrell	100,846	0	0	0	100,846
Dr Andrew Harvey	0	0	0	0	0
Dr Gabriel Kremmidiotis	100,308	0	0	0	100,308

3 In addition, Mr Fullerton has interests in 4,700,000 shares held by Mandalay Capital Pty. Ltd.

2008 Shares Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at year end
Directors					
Dr Peter Jonson	543,757	93,255	0	0	637,012
Dr Deborah Rathjen	708,637	155,578	0	0	864,215
Mr Trevor Tappenden	90,592	58,000	0	0	148,592
Dr Errol De Souza	0	0	0	0	0
Dr George Jessup[4] (Retired 1 April 2008)	2,690,334	46,629	0	(46,629)	2,690,334
Other Key Management Personnel					
Mr Stephen Birrell	95,593	76,424	0	(71,171)	100,846
Dr Bernard Flynn (Resigned 30 June 2008)	3,450,172	0	0	1,627,027	5,077,199
Dr Gabriel Kremmidiotis	8,203	92,105	0	0	100,308

4 In addition to the above shares Dr George Jessup has interests in 59,198,200 ordinary shares in Bionomics (held by Start-up Australia Ventures Pty Limited). The shares in lieu of fees are issued to Start-up Australia Ventures Pty Limited, not Dr Jessup.

(g) 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 2009.

(h) Other Transactions with Directors and Other Key Management Personnel

There were no other transactions with directors of the Company or other key management personnel of the Group during the financial year.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the remuneration report, financial statements and notes set out on pages 28 to 37 and pages 39 to 84 respectively are in accordance with the Corporations Act 2001, including:

(i) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) Giving a true and fair view of the Company's and Group's financial position as at 30 June 2009 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

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

The directors have been given the declarations by the Chief Executive Officer and Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

Peter Jonson
Chairman
Adelaide

22 September 2009

Deborah Rathjen
Chief Executive Officer and Managing Director

22 September 2009

Deloitte.

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Independent Auditor's Report to the members of Bionomics Limited

Report on the Financial Report

We have audited the accompanying financial report of Bionomics Ltd, which comprises the balance sheet as at 30 June 2009, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 39 to 84.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte.

Page 2
22 September 2009

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Bionomics Ltd is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 37 of the directors' report for the year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Bionomics Ltd for the year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu.

DELOITTE TOUCHE TOHMATSU

Jason Handel.

J J Handel
Partner
Chartered Accountants
Adelaide, 22 September 2009

All shareholder information provided is current as at xx August 2009.

Difference in Results Reported to the ASX

There are no material differences between the figures reported in the financial statements and those lodged with the ASX in the Company's Appendix 4E for the year ended 30 June 2009, other than those previously announced to the market.

Audit and Risk Management Committee

The Company established an Audit and Risk Management Committee in July 2002. The main responsibilities of the Audit and Risk Management Committee are set out in the section headed Corporate Governance Statement of the Annual Report.

Corporate Governance

Bionomics corporate governance practices are set out in the section headed Corporate Governance Statement of the Annual Report.

Substantial Shareholders

Substantial holders in the Company are set out below:

Ordinary Shares	Number held
Start-up Australia Ventures Pty Limited	59,198,200
Link Traders (Aust) Pty Ltd	25,200,000
The Australian National University Investment Section	19,548,692
National Nominees Limited	13,615,678

Equity Securities

There are 2,642 holders of ordinary shares in Bionomics.

The number of shareholdings held in less than marketable parcels is 623.

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 Shareholders of Equity Securities

	Number of security holders	
Category (size of holding)	**Ordinary Shares**	**Unlisted Options**
1 – 1,000	273	0
1,001 – 5,000	964	0
5,001 – 10,000	493	1
10,001 – 100,000	772	30
100,001 – and over	140	19
Total	2,642	50

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:

		Ordinary shares	
	Name	**Number held**	**Percentage of issued shares**
1	Start-up Australia Ventures Pty Limited	59,198,200	23.33
2	Link Traders (Aust) Pty Ltd	25,200,000	9.93
3	The Australian National University Investment Section	19,548,692	7.71
4	Phillip Asset Management Ltd	13,615,678	5.37
5	National Nominees Limited	10,237,900	4.04
6	Boom Australia Pty Limited	9,647,386	3.80
7	Welas Pty Ltd	9,465,047	3.73
8	Irrewarra Investments Pty Ltd	6,820,000	2.69
9	Mandalay Capital Pty Ltd	4,700,000	1.85
10	Asia Union Investments Pty Limited	3,998,992	1.58
11	Blue Jay Ventures Pty Limited	3,543,988	1.40
12	JBW Investments Pty Ltd	3,450,000	1.36
13	Custom Kit Homes Pty Ltd & Dr Bernard Flynn	3,353,242	1.32
14	Stephen Francis Rattray and Peta Michelle Rattray	2,699,389	1.06
15	HSBC Custody Nominees (Australia) Limited	2,347,749	0.93
16	Mark & Rebecca Potter	2,014,250	0.79
17	Lacuna Sicav	2,000,000	0.79
18	ANZ Nominees Limited	1,976,552	0.78
19	Dato Lim Sen Yap	1,500,000	0.59
20	Citicorp Nominees Pty Limited	1,362,252	0.54
		186,679,317	73.59

Unquoted equity securities	**Number on issue**	**Number of holders**
Bionomics Limited Employee Share Option Plan		
Options issued pursuant to Bionomics Limited Employee Share Option Plan	10,802,349	48
Other Unlisted Options	355,000	2
	11,157,349	50

COMPANY PARTICULARS

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

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

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ABN 53 075 582 740

Administrative Office
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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
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61 3 9415 4000 (outside Australia)
E-mail: web.queries@computershare.com.au
Web Address: www.computershare.com

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Davies Collison Cave
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Melbourne VIC Australia 3000

Bionomics is not listed on any other stock exchanges other than the ASX.

Directors

Dr Peter Jonson	Chairman
Dr Deborah Rathjen	Chief Executive Officer and Managing Director
Mr Trevor Tappenden	Non-Executive Director
Dr Errol De Souza	Non-Executive Director
Mr Christopher Fullerton	Non-Executive Director

Senior Management

Dr Deborah Rathjen	Chief Executive Officer and Managing Director
Dr Emile Andriambeloson	Head of Research, Neurofit
Mr Stephen Birrell	Chief Financial Officer and Company Secretary
Dr Andrew Harvey	Vice President Chemistry
Dr Gabriel Kremmidiotis	Vice President Discovery Research

Scientific Advisors
Dr Errol De Souza PhD
Professor Paul Fitzgerald PhD MSc
Dr Tim Harris PhD MSc BSc
Dr Ann Hayes PhD Bsc
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