

1 April 2010

Bionomics

Year End	Revenue (A\$m)	PBT* (A\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
06/09	2.9	(7.8)	(3.2)	0.0	N/A	N/A
06/10e	3.5	(6.7)	(2.3)	0.0	N/A	N/A
06/11e	3.5	(6.9)	(2.2)	0.0	N/A	N/A
06/12e	3.5	(7.2)	(2.3)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items; revenue is adjusted to exclude interest income, per IFRS. Excludes commercialisation revenue.

Investment summary: BCN105 profile raised

An unexpected setback involving a key competitor coming ahead of a series of presentations at international cancer meetings should help to raise the profile of Bionomics's vascular disrupting agent BNC105 with potential pharmaceutical company partners. This is important since Bionomics aims to use the interim results from ongoing Phase II studies of BNC105 in mesothelioma and renal cell cancer – due in H210/H111 – as a means to secure a partnership. Bionomics will present BNC105 at AACR in April and at ASCO in June.

ASA404 difficulties should benefit BNC105

The failure of Novartis/Antisoma's ASA404 in a major Phase III study for first-line non-small cell lung cancer should strengthen BNC105's competitive position in the VDA class. The ASA404 trial outcome will probably impact this drug's development in other cancer indications and thereby open up the big four solid tumours (lung, breast, colon and prostate) for future development of BNC105. Although at an earlier stage than ASA404, BNC105 has a strong competitive profile with the key advantage of a dual mechanism with vascular disruption and a direct cytotoxic effect.

Presentations at AACR and ASCO to come

Two papers are to be presented on BNC105 (abstracts are now available) at the American Association for Cancer Research meeting (17-21 April). Papers have been submitted for American Society of Clinical Oncology (4-8 June). BNC105 was first featured at ASCO, the industry's highest profile meeting, last year.

Financials

Bionomics is funded to complete the two ongoing Phase II studies of BNC105 and its Phase I studies of BNC210, a novel anxiolytic/antidepressant.

Valuation: Risk-adjusted NPV of A\$175m

We maintain our A\$175m risk-adjusted net present valuation of Bionomics's key programmes. This is derived from our assessment of the potential economic reward and timelines associated with the successful development.

Price 33.5c
Market Cap A\$107m

Share price graph



Share details

Code BNO/BMICY
Listing ASX/NASDAQ
Sector Biotech
Shares in issue 318.1m

Price

52 week High 41c Low 20c

Balance Sheet as at 30 June 2010*

Debt/Equity (%) N/A
NAV per share (c) 8.2
Net cash (A\$m) 10.1

* Edison estimates.

Business

Bionomics is an Australian biotech company focused on developing small molecule products for cancer, anxiety, epilepsy and multiple sclerosis. Its lead programmes are a VDA (BNC105) and an anxiolytic compound (BNC210).

Valuation

	2009	2010e	2011e
P/E relative	N/A	N/A	N/A
P/CF	N/A	N/A	N/A
EV/Sales	N/A	N/A	N/A
ROE	N/A	N/A	N/A

Revenues by geography

	Europe	US	Other
0%	75%	5%	20%

Analyst

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Investment summary: Australian biotech

Company description: CNS/cancer expertise

Bionomics is an Australian biotech company focused on the development of products for the treatment of cancer and central nervous system disease. The company was founded in 1999 and initially conducted research into the genetics of epilepsy, angiogenesis and breast cancer and later evolved into a drug development business. It has two proprietary compounds in clinical trials: BNC105, a tumour vascular disrupting agent (in Phase II for mesothelioma and kidney cancer) and BNC210 (in Phase I for anxiety). The company is based in Thebarton, a suburb of Adelaide, and has a CRO subsidiary in Illkirch, near Strasbourg, France.

Bionomics has raised A\$75m in equity funding to date and completed two acquisitions: in January 2005 it acquired Neurofit Preclinical Research, a French CRO specialising in neurology (€1.25m in cash and shares) and in May 2005 it acquired Iliad Chemicals, a Melbourne-based firm with chemistry expertise (40.9m shares, with potential milestone payment of a further 13.6m shares). Bionomics has been listed on the ASX since 1999 (it has a level 1 ADRs on NASDAQ, ticker BMICY). It has 34 employees.

Valuation

We are indicating a value of A\$175m based on a risk-adjusted net present value of the key programmes, derived from our assessment of the risks, potential economic rewards and timelines associated with successful development. The valuation largely excludes the value of milestones (including those potentially receivable from Merck Serono in relation to the Kv1.3 programme) or from potential licensing agreements for BNC105 and BNC210.

Sensitivities

Bionomics's business is subject to the usual risks associated with biotech companies, including the possibility of unfavourable outcomes in clinical trials, success of competitors and commercial decisions by partners and potential partners. There is significant risk associated with a single product, with BNC105 contributing the bulk of our valuation. We have ascribed a relatively low probability to BNC210 because of its earlier stage of development, so there is considerable upside associated with success in partnering this product. As with many biotech firms, funding is a sensitivity although Bionomics is funded for the next two years.

Financials

The company's year-end is 30 June and it reports semi-annually in accordance with stockmarket requirements of the Australian equivalents to IFRS (AIFRS). Under Australian accounting standards, interest income is treated as a revenue item. For greater comparability, we have adjusted our forecasts of revenue to exclude this, while including grant income. Interest income is shown as a separate line item on the income P&L account, while reported pre-tax profit is equivalent to that shown by the company. The company has projected expenditures such that cash at 30 June 2011 would be A\$6.4m (Edison model A\$6.7m).

Investment update: BNC105 should see higher profile

The negative outcome for Novartis/Antisoma's ASA404 in a major Phase III study in first-line non-small cell lung cancer last week should give a boost the partnering value of Bionomics' competing vascular disrupting agent BNC105. The failure of the ASA404 study leaves the first-line NSCLC indication clear and is likely to make Novartis more cautious about development of ASA404 in other key indications. In our view, this could open up the big four solid tumours (lung, breast, colon and prostate) as possible avenues for future development of BNC105 as well as improve the compound's general competitive position in the vascular disrupting agent VDA class.

The development comes as Bionomics was preparing to raise the profile of BNC105 with potential partners through presentations at international cancer meetings. The company has two submitted papers on BNC105 at the American Association for Cancer Research meeting (17-21 April) and has had papers accepted for presentation at the American Society of Clinical Oncology meeting (4-8 June). Details on the AACR presentations are shown later in this report. The compound was first featured at ASCO last year.¹

Conference presentations are a means to raise the profile of BNC105 with potential partners. This is important as Bionomics is aiming to use interim results from its ongoing Phase II studies of BNC105 in mesothelioma and renal cell cancer as the hook to secure a development agreement, possibly sometime in 2011.

VDAs are a potential new class of anticancers that are expected to be used in conjunction with classical or targeted chemotherapy to improve the anti-tumour effect. They act by shutting down blood vessels that supply tumours, thereby starving them of oxygen and nutrients. The interest in them reflects their potential to target existing as well as newly formed vasculature supplying tumours, which contrasts with anti-angiogenic agents such as Avastin (bevacizumab, Roche),² which can only inhibit the growth and formation of new blood vessels around tumours.

BNC105 has shown effectiveness in animal models of head and neck, brain, prostate, breast, colon and lung cancers. It acts via tubulin polymerisation inhibition, a mechanism common to all the other VDAs except ASA404 (whose mechanism was not defined). Preclinical studies have also shown that BNC105 can inhibit tumour growth as a single agent, suggesting it may have a direct cytotoxic effect, which has not been seen with other comparable VDAs. This dual mechanism could mean that it potentiates the effectiveness of existing anticancer therapy (radiation treatment, cytotoxic chemotherapy and biological agents).

Preclinical models also suggest BNC105 achieves more complete vascular shutdown than combretastatin (100% vs c 70%), the original compound in the class, and a higher level of selectivity for activated endothelium than other agents. BNC105 has a higher (>10 fold) therapeutic

¹ Data reported at ASCO 2009 were from Phase I studies of BNC105 in nine pts (seven male and two female, median age 60 years) with advanced solid tumours. This study had dose escalations in from 2.1mg/m² to 18.9mg/m². No DLTs were observed at doses up to 12.6mg/m². Two of nine pts had stable disease; one with mesothelioma (SD up to week 22) and one with renal cell cancer (SD for nine weeks).

² Avastin, a monoclonal antibody against VEGF-A, is approved for metastatic colorectal, non-squamous non-small cell lung and breast cancers and glioblastoma multiforme. It is in development for multiple indications.

index than combretastatin in patients and is not affected by the P-glycoprotein multidrug resistance mechanism.

Competing VDAs are shown in Exhibit 1.

Exhibit 1: Competitive landscape in tumour-vascular disrupting agents

Product	Company	Development stage/notes
ASA404/ AS1404 (DMXAA/ vadimezan)	Novartis/ Antisoma	A Phase III study is underway in second-line non-small cell lung cancer in combination with docetaxel (interim analysis is due in H2 2010, results due: H1 2011). A Phase III study in first-line NSCLC failed at an interim analysis. Phase II studies are underway in small cell lung cancer and urothelial cancer and one is planned in HER-2 negative metastatic breast cancer. A Phase I is underway/planned in combination with Erbitux. Novartis holds worldwide rights under a development and commercialisation deal valued at US\$890m, which comprised US\$75m upfront with US\$355m in milestones in development/approval milestones and US\$325m in sales milestones.
AVE8062	Sanofi- Aventis	300-pt Phase II/III in advanced-stage soft tissue sarcoma after failure of anthracycline and ifosfamide (results: Oct 2011). 85-pt Phase I in combination with platinum-taxane doublet in advanced solid tumours (results: May 2010).
Zybrestat (fosbretabulin/ combretastatin/ CA4P)	OXIGENE	60-pt Phase II (FALCON) study with carboplatin, paclitaxel and bevacicumab in chemotherapy-naïve NSCLC (results: submitted for presentation at ASCO June 2010). Phase II/III (FACT) study with carboplatin/paclitaxel in anaplastic thyroid cancer closed to further recruitment (results: survival analysis based on those currently enrolled expected in early 2011). 40-pt Phase II (FAVOR) study against vasculopathy of the retina (results: interim analysis H110). Positive interim results seen in investigator-sponsored open-label Phase II study in platinum-resistant ovarian cancer, in combination with carboplatin and paclitaxel.
Plinabulin/ NPI-2358	Nereus Pharma	180-pt Phase I/II (ADVANCE) in combination with docetaxel in advanced NSCLC (results: November 2010).
Azixa (MPC- 6827)	Myriad Pharma	68-pt Phase I/II in recurrent glioblastoma multiforme (results: Jan 2011). 30-pt Phase I/II in combination with carboplatin in recurrent/relapsed GBM (results: Oct 2009). 22-pt Phase I/II study with temozolomide in metastatic melanoma shows 10 SDs and 2 PRs. Median PFS of 2.8 months is favourable when compared with historic data for TMZ. Licensed from EpiCept.
CYT997	YM Biosciences	35-pt Phase II study in combination with carboplatin and etoposide in relapsed GBM (Phase I results: mid 2010/Phase II 2011).
crinobulin	EpiCept	33-pt Phase I in advanced cancer completed. Phase Ib with other chemotherapy planned.
ABT-751/ E-7010	Abbott/ Eisai	88-pt Phase II studies in refractory neuroblastoma (results: Jan 2012) and 35-pt Phase I/II in relapsed/paediatric ALL (results: June 2009). 165-pt Phase II study in combination with pemetrexed in advanced NSCLC did not show efficacy. Phase II studies in NSCLC in combination with taxotere and refractory haematological malignancies terminated.

Source: Edison Investment Research

RCC and mesothelioma studies underway

Bionomics is conducting studies of BNC105 in mesothelioma and metastatic renal cell carcinoma (RCC), both of which are orphan indications. The mesothelioma study is evaluating BNC105 as a single agent in second line treatment after failure of Alimta (pemetrexed, Lilly)/cisplatin, while the RCC study is investigating BNC105 in combination with or following Afinitor (everolimus, Novartis) in following treatment with tyrosine kinase inhibitors.

Bionomics identified these indications on the basis that they should provide data quickly and have potential for fast-track to registration and did not position BNC105 as a direct competitor to any of the other VDAs currently in development. If the interim data from the mesothelioma study is positive, Bionomics believes it should be able to obtain US FDA Fast Track designation and could be able to submit based on the final data from this study (possibly expanded), since there are no treatments approved for second-line mesothelioma. The potential early market approval strategy could be attractive to licensing partners.

The mesothelioma and RCC indications are profiled in Exhibits 2-5.

Exhibit 2: Mesothelioma

Description	Cancer of the mesothelium (the membrane that forms the lining of several body cavities). Most commonly affects the pleura (the outer lining of the lungs and internal chest wall). Usually diagnosed at a late stage of the disease (life expectancy is only 6-12 months from diagnosis).
Incidence	Incidence varies depending on prior occupational exposure to asbestos. In the US, c 2,200 new cases are reported per year. In Europe the incidence is about 5,000 cases per year.
Current treatments	Surgery and radiotherapy are used but are usually as a palliative treatment. Alimta (pemetrexed, Lilly) is approved for malignant pleural mesothelioma in combination with cisplatin. No other drugs are indicated for first or second line use.
Bionomics study	60-pt Phase II study in pts unresponsive to pemetrexed + cisplatin. In the study BNC105 will be administered at a dose of 16mg/m ² on days one and eight of a 21-day cycle. The primary endpoint is response rate (modified RECIST) and secondary endpoints are PFS; six-month PFS; time to treatment failure; overall survival; symptom control – quality of life and lung function. An interim analysis will be performed after the first 24 patients have been enrolled (results due H111) with final results in 2012.
Notes	The lack of existing treatments allows single agent utility to be examined. There is a possibility that strong interim data would allow resizing study to provide pivotal data. Pemetrexed was approved based on a single study in 456 patients which showed median survival of 12.8m vs 9m for cisplatin alone.

Source: Edison Investment Research

Exhibit 3: Competitive landscape in mesothelioma

Product	Company	Development stage/notes
Zolinza (vorinostat)	Merck & Co	600-pt Phase III study (results: Sept 2011).
Milataxel	Taxolog	90-pt Phase II underway.
Recentin(cedirininib)	AstraZeneca	NCI-sponsored 116-pt Phase I/II of pemetrexed/cisplatin +/- cediranib (results: March 2010).
CBP501	CanBas	72-pt Phase I/II of CBP501 + pemetrexed + cisplatin (results: December 2010).
NGR-hTNF	MolMed	57-pt Phase II. Recombinant fusion protein that selectively binds to CD13
Onconase (ranpirnase)	Alfacell Corp	300-pt Phase III showed a statistically significant improvement in survival in patients who failed one prior chemotherapy regimen, a pre-defined sub-group, but not in all patients. FDA confirms additional study requirement.
MORAb-009	Eisai	IgG1 antibody against glycoprotein-9. Phase II final data (results: 1H12)
Belinostat	TopoTarget/ Spectrum	37-pt Phase II completed (no results published).
Afinitor (everolimus)	Novartis	39-pt Phase II in pts with Merlin/NF2 loss as biomarker of sensitivity (results: December 2011).
N/A	N/A	Various investigator-sponsored studies with single agent and combinations of bortezomib, oxaliplatin, bevacizumab, imatinib and gemcitabine

Source: Edison Investment Research

Exhibit 4: Metastatic renal cell carcinoma (mRCC)

Description	Metastasised form of kidney cancer arising in the lining of the proximal convoluted tubules. Patients are usually diagnosed with non-metastatic RCC and standard treatment is nephrectomy (surgical removal of the kidney) but the disease usually becomes metastatic after a period of several years.
Incidence	Some 210,000 new cases of kidney cancer are diagnosed worldwide each year, accounting for c 2% of all cancers. Some 55,000 cases/year are reported in the US and 63,000 in the EU. RCC accounts for c 90% of all kidney cancers. Five year survival rate in metastatic disease <2%.
Current treatments	Standard treatment for mRCC is immunotherapy (IL-2 or IFN-alpha) in combination with a TKI. Two TKIs: Sutent (sunitinib, Pfizer) and Nexavar (sorafenib, Bayer) and two mTOR inhibitors : Afinitor (everolimus, Novartis) and Torisel (temsirolimus, Pfizer) are approved for treating RCC. Afinitor is the only drug indicated for second line use. Avastin (bevacizumab, Roche) is approved in combination with IFN-alpha.
Bionomics study	152-pt Phase II study of BNC105 + everolimus (Afinitor) in second line mRCC and BNC105 alone in patients progressing on everolimus. Patients will be randomized 1:1 to the two arms of the study. The study has a Phase I portion designed to determine the MTD of BNC105 in combination with Afinitor with a maximum dose of 12.6mg/m ² , with BNC105 administered on days one and eight of a 21 day cycle The primary endpoint: six month PFS; secondary endpoints are response rate on BNC105+ everolimus vs everolimus alone; PFS with BNC105 alone; adverse events of everolimus and BNC105 in combination or sequential regimen, overall survival and correlation of PFS with biomarkers. Interim results are expected at the end of 2010, with final trial data out in 2012.
Notes	This design provides the opportunity to evaluate BNC105 as monotherapy albeit in third-line setting. There is some evidence of synergistic action with an mTOR inhibitor as deregulated mTOR-HIF signalling seems to protect RCC from the VDA action. mRCC is a highly vascularised and therefore likely to be a good target for a VDA (a mRCC patient in Phase I studies showed a clinical response).

Source: Edison Investment Research

Exhibit 5: Competitive landscape in metastatic renal cell carcinoma

Product	Company	Development stage/notes
axitinib	Pfizer	650-pt Phase III for second line therapy (results: July 2010. 447-pt Phase III vs sorafenib (results: April 2011).
Tarceva (erlotinib)	Roche/ OSI	650-pt Phase III in combination with bevacizumab (results Oct 2009). NCI-sponsored Phase II study in combination with sunitinib.
Tivozanib (AV-951)	AVEO Pharma Kirin Brewery	500-pt Phase III study (TIVO-1) vs sorafenib (results: Dec 2011). 272-pt Phase II study completed (results due).
Anyara (naptumomab)	Active Biotech	524-pt Phase II/III (results: Sept 2010). Interim data show median survival of 26.2 months (c 2x expected).
afibercept	Sanofi-Aventis	120-pt Phase II.
136089/XL880	GSK/Exelixis	71-pt Phase II (results: June 2010).
AMG 102	Amgen	61-pt Phase II underway.
AGS-003	Argos	50-pt Phase I/II in combination with sunitinib (results: Feb 2011).
TKI258	Novartis	81-pt Phase I/II (results: June 2010).
Regorafenib	Bayer	41-pt Phase II (results due).
ramucirumab	Lilly	39-pt Phase II (results: December 2010).
IMA901	Immatics	68-pt Phase II completed (no results published).
AMG386	Amgen	40-pt Phase II after cytokine failure in combination with sunitinib (results due: Feb 2010).
Revlimid (lenalidomide).	Celgene	68-pt Phase I/II (results: October 2012).

Source: Edison Investment Research

Details on the papers to be presented at AACR are shown in Exhibit 6.

Exhibit 6: Papers to be presented at AACR

Description	Notes
Paper describes effect of BNC105 in two renal cell cancer lines (Caki-1 and A498) and renal tumour xenografts, suggests a possible benefit of combination of BNC105 with an mTOR inhibitor in RCC. Caki-1 cells express the wild type of the VHL gene; A498 cells expresses a non-functional mutant form of VHL (and do not express HIF1alpha). Mutation of VHL is the most frequent genetic alteration observed in RCC and leads to inappropriate accumulation of HIF1alpha and HIF2alpha.	Single dose BNC105 treatment of mice bearing tumour xenografts arising from Caki-1 and A498 cell lines resulted in substantial tumour vascular disruption, giving rise to large areas of tumour necrosis. Immunohistochemistry analysis revealed that expression of HIF1alpha was dramatically increased following BNC105 treatment in tumours arising from Caki-1. HIF1alpha expression in A498 tumours was restricted to endothelial cells and did not change following BNC105 treatment. HIF2alpha expression was found to be up-regulated in cells surrounding areas of BNC105 induced necrosis in Caki-1 and A498 tumours. The findings suggest that vascular disruption and necrosis caused by BNC105 leads to an angiogenic rebound effect that may contribute to tumour recovery from the vascular disruption insult. Given mTOR signalling is involved in up-regulation of HIF, the expression of phosphorylated mTOR in renal tumour xenografts was also examined. Expression of phosphorylated mTOR was found to be up-regulated in viable cell zones surrounding tumour VDA-induced necrotic areas in both Caki-1 and A498 tumours. The findings suggest that tumour recovery from the necrotic insult of BNC105 is mediated through up-regulation of mTOR activity.
Paper describes development of a proprietary tubulin fractionation assay for evaluation of tubulin polymerisation changes in peripheral blood mononuclear cells and its use in clinical studies.	Use of the assay in clinical studies shows BNC105 treatment causes an 80% reduction in the polymerised tubulin fraction at 1, 2 and 3-5 hour sampling time points. The amount of tubulin in the polymerised fraction returned to pre-dose levels by the 7 hour post-dose time point. The PK profile of BNC105 shows a steep curve reaching Cmax at c20 minutes post-administration, followed by plasma clearance with no BNC105 detectable after 7 hours. The PK of BNC105 therefore supports the tubulin depolymerisation data with respect to response time and the subsequent recovery period. The authors note the results were reproducible and have shown a similar pattern in all pts tested.

Source: Edison Investment Research; www.aacr.org

BNC210 – anxiety/depression

Bionomics is planning a second Phase I trial of its potential anxiolytic/antidepressant BNC210. This will evaluate the effect on stress hormone levels and other CNS parameters, including evaluating the effects of food intake. Data on this compound was presented in an Edison report in March. This is expected to start in second quarter of this year, with results being reported in Q3/Q4. The company's R&D pipeline is summarised in Exhibit 7.

Exhibit 7: Bionomics R&D summary

Programme	Indication	Notes
BNC105	Mesothelioma/ metastatic renal cell carcinoma (Phase II)	60-pt Phase II study in pts unresponsive to pemetrexed + cisplatin (interim results: H111, final H112). 152-pt Phase II study of BNC105 + everolimus (Afinitor) in second line mRCC and BNC105 alone in patients progressing on everolimus (interim results H210, final results: June 2012).
BNC210	Anxiety and depression. Phase Ib	Phase Ib study in healthy volunteers planned. The first Phase I trial showed the drug to be safe and well tolerated and able to achieve plasma levels equivalent to those required for anxiolytic activity in rodents.
Kv1.3 inhibitors	Multiple sclerosis/other autoimmune conditions/preclinical	Partnership with Merck Serono (Merck KGaA) . Upfront payment of US\$2m received and up to US\$47m per compound based on successful development and commercialisation plus undisclosed royalties. R&D funding. Merck Serono will be able to select compounds for development and will fund all development activities, including clinical development. Efficacy has been shown in animal models of inflammatory disorders such as Delayed Type Hypersensitivity (DTH) and Experimental Autoimmune Encephalomyelitis (EAE), a model of multiple sclerosis.
BN 069	Angiogenesis/ preclinical	Programme to develop small molecule inhibitors for novel target (p73 RhoGAP) for inhibiting angiogenic processes. BNO69 is over-expressed in endothelial cells. Xenograft models treated with BNO69 gene-silencing molecules showed a >75% reduction in size vs untreated tumours in experiments conducted over 31 days.
GABA _A agonists	Epilepsy/discovery	This discovery programme utilises Bionomics's ionX platform incorporating gene mutations observed in patients with epilepsy.

Source: Edison Investment Research

Valuation

We are maintaining our valuation of A\$175m, based on the risk-adjusted NPV of the key R&D assets, namely BNC105, BNC210 and the Kv1.3 programme, which compares with Bionomics's current enterprise value of A\$96m.

Sensitivities

Bionomics's business is subject to the usual risks associated with biotech companies, including the possibility of unfavourable outcomes in clinical trials, success of competitors and commercial decisions by partners and potential partners. The ability to partner BNC105 and/or BNC210 is crucial to the investment case and is therefore a key sensitivity. As with many biotech firms, funding is a sensitivity, although, following its recent capital raise, Bionomics has funding for the next two years.

Financials

Bionomics's year-end is 30 June. The company reported cash of A\$16m as of 30 December 2009 (A\$13m net of long-term liabilities). We have modelled R&D expenditure of A\$8m per year for FY09/10 and the subsequent two years. Our model is shown in Exhibit 8.

Exhibit 8: Financial results and forecasts

Note: Reported revenue is adjusted to exclude interest income, in line with IFRS, which is shown separately in income statement. Revenue also includes grant income. No assumption of potential licensing deals is anticipated in the model.

Year end 31 December	A\$'000s	2007	2008	2009	2010e	2011e	2012e
		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS							
Revenue		3,089	6,513	2,926	3,540	3,540	3,543
Cost of sales		(145)	(213)	(338)	0	0	0
Gross profit		2,944	6,300	2,588	3,540	3,540	3,543
EBITDA		(6,672)	(4,058)	(7,023)	(6,396)	(6,488)	(6,583)
Operating profit (before GW and except.)		(7,198)	(4,661)	(7,555)	(6,926)	(7,018)	(7,112)
Intangible amortisation		(446)	(479)	(602)	(600)	(600)	(499)
Exceptionals		0	0	0	0	0	0
Share-based payments		(286)	(258)	(242)	(242)	(242)	(241)
Operating profit		(7,930)	(5,398)	(8,298)	(7,668)	(7,760)	(7,852)
Net interest		(305)	(313)	(283)	250	150	(100)
Profit before tax (norm)		(7,503)	(4,975)	(7,838)	(6,676)	(6,868)	(7,212)
Profit before tax (FRS 3)		(8,235)	(5,712)	(8,581)	(7,418)	(7,610)	(7,952)
Tax		2,449	359	37	0	0	0
Profit after tax (norm)		(5,054)	(4,616)	(7,801)	(6,676)	(6,868)	(7,212)
Profit after tax (FRS 3)		(5,786)	(5,353)	(8,545)	(7,418)	(7,610)	(7,952)
Average number of shares outstanding (m)		180.4	225.3	243.0	286.0	318.1	318.1
EPS - normalised (c)		(2.8)	(2.0)	(3.2)	(2.3)	(2.2)	(2.3)
EPS - FRS 3 (c)		(3.2)	(2.4)	(3.5)	(2.6)	(2.4)	(2.5)
Dividend per share (c)		0.0	0.0	0.0	0.0	0.0	0.0
Gross margin (%)		95.3	96.7	88.5	100.0	100.0	100.0
EBITDA margin (%)		N/A	N/A	N/A	N/A	N/A	N/A
Operating margin (before GW and except.) (%)		N/A	N/A	N/A	N/A	N/A	N/A
BALANCE SHEET							
Fixed assets		16,866	19,457	18,837	17,914	16,991	15,963
Intangible assets		8,238	10,839	10,458	9,958	9,458	8,959
Tangible assets		8,628	8,618	8,379	7,956	7,533	7,004
Investments		0	0	0	0	0	0
Current assets		13,954	8,856	5,888	14,794	8,049	1,368
Stocks		99	79	122	148	148	148
Debtors		339	2,315	775	938	938	939
Cash		12,820	6,280	4,757	13,475	6,731	49
Other		696	182	232	232	232	232
Current liabilities		(3,613)	(3,051)	(2,791)	(3,110)	(3,110)	(3,111)
Creditors		(2,597)	(2,109)	(1,626)	(1,945)	(1,945)	(1,947)
Other current liabilities		(110)	(241)	(109)	(109)	(109)	(109)
Short-term borrowings		(542)	(572)	(529)	(529)	(529)	(529)
Long-term liabilities		(4,860)	(3,955)	(3,850)	(3,489)	(3,189)	(3,189)
Long-term borrowings		(3,877)	(3,536)	(3,165)	(2,803)	(2,503)	(2,503)
Other long-term liabilities		0	(50)	(50)	(50)	(50)	(50)
Net assets		22,347	21,307	18,083	26,110	18,742	11,031
CASH FLOW							
Operating cash flow		(6,533)	(6,512)	(4,986)	(6,266)	(6,488)	(6,582)
Net interest		232	569	287	250	150	(100)
Tax		0	0	0	0	0	0
Capex		(135)	(386)	(107)	(107)	(107)	0
Payment of deferred consideration		0	0	0	0	0	0
Capitalisation of development costs		0	0	0	0	0	0
Expenditure on intangibles		0	0	(4)	0	0	0
Acquisitions/disposals		0	0	0	0	0	0
Financing		14,487	103	3,739	15,203	0	0
Dividends		0	0	0	0	0	0
Net cash flow		8,050	(6,226)	(1,070)	9,080	(6,445)	(6,682)
Opening net debt/(cash)		(356)	(8,401)	(2,173)	(1,063)	(10,143)	(3,699)
HP finance leases initiated		0	0	0	0	0	0
Other		(5)	(4)	(39)	0	0	0
Closing net debt/(cash)		(8,401)	(2,172)	(1,063)	(10,143)	(3,699)	2,983

Source: Edison Investment Research

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