CogState Ltd
ABN 80 090 975 723

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255 Bourke Street
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Australia

ASX Announcement
Melbourne, Tuesday 25th October 2011

Quarterly Cash Flow Report Highlights

Highlights of CogState's cash flow results for the quarter ended 30 September 2011:

- Net Operating Cash outflow of $0.2 million for the quarter ended 30 September 2011
- Recognised sales revenue of $2.2 million for the September quarter, contributing to total cash receipts from customers of $2.05 million for the quarter.
- Cash receipts from customers were $2.05 million for the quarter to 30 September 2011, an increase of 9% compared to the September 2010 quarter, and a decrease of 20% compared to the June 2011 quarter.
- $3.8 million of combined cash and debtors at 30 September 2011:
  - Cash reserves of $3.26 million (June 2011: $3.31 million)
  - Trade debtors of $1.39 million (June 2011: $1.20 million)

Results summary:

	Qtr Ended 30 Sep 11	Qtr Ended 30 Sep 10	YTD % Change improvement
Recognised Sales Revenue	$2,186,110	$1,596,222	37%
Cash Receipts from Customers	$2,046,487	$1,883,765	9%
Cash Payments to Suppliers and Employees	($2,250,811)	($2,275,512)	1%
Net Operating Cash In/(Out)flows	($204,324)	($357,370)	43%
Net Investing Cash In/(Out)flows	$82,269	($68,036)	221%
Net Financing Cash In/(Out)flows	$59,062	$30,688	92%
Net Increase/(Decrease) in Cash held (net of foreign exchange movements)	($46,106)	($394,718)	88%

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

CogState Limited

ABN	Quarter ended ("current quarter")
80 090 975 723	30 September 2011

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A	Year to date (3 months) $A
1.1	Receipts from customers		2,046,487	2,046,487
1.2	Payments for	(a) staff costs (incl R&D)	(1,559,305)	(1,559,305)
		(b) advertising and marketing	(23,300)	(23,300)
		(c) research and development (direct external costs)	(923)	(923)
		(d) leased assets	(71,496)	(71,496)
		(e) other working capital	(351,910)	(351,910)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		51,811	51,811
1.5	Interest and other costs of finance paid		(5,242)	(5,242)
1.6	Income taxes paid		(19,091)	(19,091)
1.7	Other (provide details if material)			
	Accounting & Audit		(52,501)	(52,501)
	Computer costs		(19,805)	(19,805)
	Legal Costs, including patent costs		(39,341)	(39,341)
	Listing fees & assoc. costs		(29,043)	(29,043)
	Travel costs		(130,665)	(130,665)
	Grant Income		-	-
	Net operating cash flows		(204,323)	(204,323)

		Current quarter $A	Year to date (3 months) $A
1.8	**Net operating cash flows (carried forward)**	(204,323)	(204,323)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(48,961)	(48,961)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material) Cash acquired from acquisition of remaining 50% of Axon Sports Joint Venture	131,230	131,230
	Net investing cash flows	82,269	82,269
1.14	**Total operating and investing cash flows**	(122,054)	(122,054)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	64,649	64,649
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings – convertible notes	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	(5,588)	(5,588)
	Net financing cash flows	59,062	59,062
	Net increase (decrease) in cash held	(62,992)	(62,992)
1.21	Cash at beginning of quarter/year to date	3,306,563	3,306,563
1.22	Exchange rate adjustments to item 1.20	16,866	16,866
1.23	**Cash at end of quarter**	3,260,453	3,260,453

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A
1.24	Aggregate amount of payments to the parties included in item 1.2	47,010
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

CogState acquired the remaining 50% stake in Axon Sports LLC resulting in Axon Sports becoming a 100% owned subsidiary.
CogState acquired the 50% stake for 7,461,831 CogState Ltd fully paid ordinary shares at a notional price of $0.17 per share.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A	Amount used $A
3.1	Loan facilities	N/A	N/A
3.2	Credit standby arrangements	N/A	N/A

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A	Previous quarter $A
4.1	Cash on hand and at bank	1,505,040	1,577,094
4.2	Deposits at call	1,755,413	1,729,469
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	3,260,453	3,306,563

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	Axon Sports LLC	N/A
5.2	Place of incorporation or registration	Delaware, USA	
5.3	Consideration for acquisition or disposal	CogState acquired the remaining 50% stake in Axon Sports LLC resulting in Axon Sports becoming a 100% owned subsidiary. CogState acquired the 50% stake for 7,461,831 CogState Ltd fully paid ordinary shares at a notional price of $0.17 per share.	
5.4	Total net assets	A$125,189	
5.5	Nature of business	Axon Sports provides online cognitive assessment to assist in evaluating and managing sports-related concussions.	

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ...CNSinclair............ Date: 25 October 2011
Company Secretary

Print name: Claire Newstead-Sinclair

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.