

ASX Announcement

Melbourne, Friday 27th July 2012

Cash Flow Report Highlights

Highlights of CogState's cash flow results for the year ended 30 June 2012:

- 4th consecutive cash flow positive year, with a net cash inflow of \$1.35 million for the year. Further analysis against historical cash flow performance is provided below.
- \$6.6 million of combined cash and debtors at 30 June 2012:
 - Cash reserves of \$4.7 million (June 2011: \$3.3 million)
 - Trade debtors of \$1.9 million (June 2011: \$1.2 million)
- Cash receipts from customers were \$11.1 million, 38% more than the previous year reflecting increased sales revenue.
- Sales revenue for the year was \$12.0 million up 48% from \$8.1 million (*in an announcement dated 12 July 2012, revenue was estimated to be in the range of \$11.5 million to \$12.0 million*).
- Payments to employees throughout the year increased by \$1.1 million reflecting increased resources required to service the additional sales revenue.
- Cash payments to suppliers represent not only costs incurred in servicing revenue from the clinical trials segment, but also the investment made during the year in respect of the development of two additional business segments:
 - the Axon Sports "Training" business; and
 - the use of CogState technology by Primary Care Physicians.

Further details in respect of these costs are provided below.

Results summary:

	Qtr Ended 30 Sep 11	Qtr Ended 31 Dec11	Qtr Ended 31 Mar11	Qtr Ended 30 Jun 12	Year ended 30 Jun 12	Year ended 30 Jun 11	YTD % Change Improve't
Recognised Sales Revenue	\$2,186,110	\$4,755,022	\$2,423,894	\$2,649,386	\$12,014,412	\$8,133,258	48%
Cash Receipts from Customers	\$2,046,487	\$2,458,408	\$4,448,724	\$2,141,319	\$11,094,938	\$8,044,931	38%
Cash Payments to Employees	(\$1,559,305)	(1,435,402)	(\$1,407,716)	(\$1,450,662)	(\$5,853,085)	(\$4,704,984)	(24%)
Cash Payments to Suppliers	(\$691,506)	(\$686,269)	(\$923,466)	(\$1,520,390)	(\$3,821,631)	(\$2,748,297)	(39%)
Net Operating Cash In/(Out)flows	(\$204,324)	\$336,738	\$2,117,542	(\$829,733)	\$1,420,223	\$591,650	140%
Net Investing Cash In/(Out)flows	\$82,269	(\$72,676)	(\$81,777)	(\$139,678)	(\$211,862)	(\$353,400)	40%
Net Financing Cash In/(Out)flows	\$59,062	\$15,580	-	-	\$74,642	\$30,688	143%
Net Increase/(Decrease) in Cash held (net of foreign exchange movements)	(\$46,106)	\$197,616	\$2,129,315	(\$927,876)	\$1,352,950	\$214,126	532%

Notes:

Historical cash flow analysis:

	FY09	FY10	FY11	FY12
Net Operating Cash Flows (Note 1)	\$1,110,655	\$1,491,839	\$591,650	\$1,420,223
Net Investing Cash Flows (Note 2)	(\$486,179)	(\$1,477,648)	(\$353,400)	(\$211,862)
Total Operating & Investing Cash Flows	\$624,476	\$14,191	\$238,250	\$1,208,361
Net Financing Cash Flows	\$1,241,976	\$106,120	\$30,688	\$74,641
Exchange Rate Adjustments	\$115,736	(\$58,269)	(\$54,812)	\$69,948
Net Increase in Cash	\$1,982,188	\$62,042	\$214,126	\$1,352,950
Cash at Beginning	\$1,048,207	\$3,030,395	\$3,092,437	\$3,306,563
Cash at End	\$3,030,395	\$3,092,437	\$3,306,563	\$4,659,513

¹ During the FY12 year (August 2011) CogState acquired 100% of Axon Sports and therefore, post-acquisition, all costs associated with the Axon Sports segment are included in Net Operating Cash Flows.

² Investing Cash Flows includes the purchase of computer hardware which is leased to customers within the Clinical Trials Segment. Through the FY10 and FY11 years, Investing Cash Flows also includes the investment made in joint venture company, Axon Sports.

Investment in Axon Sports "Training" business:

- During FY12, CogState invested in the Axon Sports "Training" business (see www.axonsports.com for further details of the Training business).
- Throughout FY12, Axon Sports was developing and beta testing neuro-cognitive training products which are set for commercial launch in FY13.
- Costs were primarily incurred during the second half of FY12.

Investment in Primary Care Physician Market:

- During FY12, costs were incurred in preparation for commercial launch of CogState technology that aims to assist primary care physicians to identify cognitive impairment in their patients, particularly elderly patients showing the first signs of dementia.
- CogState has partnered with Merck to commercialise the technology in Canada initially, which is set for FY13 commercial launch.
- Costs were primarily incurred during the second half of FY12.

Further details will be provided upon lodgement of preliminary financial statements released at the end of August.

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

80 090 975 723

Quarter ended ("current quarter")

30 June 2012

Consolidated statement of cash flows

		Currentquarter	Year to date (12 months)
		\$A	\$A
Cash flows related to operating activities			
1.1	Receipts from customers	2,141,319	11,094,938
1.2	Payments for (a) staff costs (incl R&D)	(1,450,662)	(5,853,084)
	(b) advertising and marketing	(378,951)	(494,196)
	(c) research and development (direct external costs)	(20,087)	(33,055)
	(d) leased assets	(81,590)	(307,419)
	(e) other working capital	(589,960)	(1,830,540)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	35,169	156,514
1.5	Interest and other costs of finance paid	(5,522)	(27,267)
1.6	Income taxes paid	1,880	(19,279)
1.7	Other (provide details if material)		
	Accounting & Audit	(50,489)	(194,015)
	Computer costs	(73,685)	(167,875)
	Legal Costs, including patent costs	(70,257)	(155,498)
	Listing fees & assoc. costs	(40,229)	(83,989)
	Travel costs	(246,669)	(665,012)
	Grant Income	-	-
Net operating cash flows		(829,733)	1,420,223

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A	Year to date (12 months) \$A
1.8 Net operating cash flows (carried forward)	(829,733)	1,420,223
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	(139,678)	(343,092)
(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)	-	131,230
Cash acquired from acquisition of remaining 50% of Axon Sports Joint Venture		
	(139,678)	(\$211,862)
Net investing cash flows		
1.14 Total operating and investing cash flows	(969,411)	1,208,361
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	80,229
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)
Net financing cash flows	-	74,641
Net increase (decrease) in cash held	(969,411)	1,283,002
1.21 Cash at beginning of quarter/year to date	5,587,388	3,306,562
1.22 Exchange rate adjustments to item 1.20	41,535	69,948
1.23 Cash at end of quarter	4,659,512	4,659,512

+ 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	43,663
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

N/A

- 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	1,339,486	2,300,670
4.2 Deposits at call	3,320,026	3,286,718
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,659,512	5,587,388

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

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:


 Company Secretary

Date: 27 July 2012

Print name: Claire Newstead-Sinclair

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.

+ See chapter 19 for defined terms.