

2012 COGSTATE ANNUAL GENERAL MEETING

16 OCTOBER 2012

CHAIRMAN'S SPEECH

So thank you all once again for joining us today at CogState's Annual General Meeting for the 2012 financial year. This past year has been a significant one for CogState, with the company delivering an excellent financial result and laying the foundations to pursue promising new opportunities.

I am pleased to report that in the 2012 financial year CogState posted record revenues of \$12.2 million. This was a 48% increase on the previous year and enabled us to deliver a record net profit after tax of \$2.5 million. This left the company with a very strong net balance sheet position with combined cash and debtors of \$6.6m and no debt.

This impressive result is in part due to the continued year on year growth of our clinical trials business. During the 2012 financial year the company signed clinical trial sales contracts to the value US\$14 million, a 50% increase on the previous year and I'm pleased to say that for the period since 1st July 2012 we have experienced yet another strong growth in contracts signed.

To date, the clinical trials business has been the core revenue driver for CogState. The company has successfully built a customer base of leading international pharmaceutical and biotechnology companies.

We have attracted some very talented people to help us drive this business forward. This was evident this year with the appointment of Professor Judith Jaeger, who was appointed VP of Clinical Trials and two other key additions to the scientific team: Dr Amy Veroff and Dr Lisle Kingery. Each of them brings many years of experience in neuropsychology, drug development, clinical and research experience gained at America's leading universities and pharma companies.

With this firm foundation in place, CogState is now in a position to leverage its core Intellectual Property to pursue new opportunities in the sports concussion testing and training market and for the early detection of Alzheimer's disease. The advancements made

this year bring CogState closer to its goal of becoming a truly multi-dimensional business recognised as the global standard for cognitive testing, training and monitoring.

The full acquisition of the Axon Sports Business in August 2011 was an important milestone for the sports pillar of the business which is focused on the concussion baseline testing and cognitive training. This acquisition enabled us to secure the intellectual property that is also critical for CogState to reach its ambitions in the general practice medicine markets.

It's a particularly exciting stage in the growth of Axon Sports, with the company expanding the presence of the Concussion Baseline Testing including the introduction of programs into major professional leagues in the United States and the launch of a co-marketing program with Toyota in Australia, which leverages Toyota's sponsorship of the AFL, to roll out concussion testing at the grass roots level to youth football clubs throughout Australia.

We are also preparing for the commercial launch of a new sports training product, which is already being piloted at the Athletes Performance training centre in Phoenix, Arizona where elite professional athletes in baseball and American football are assessed and trained using the system. This is an exciting product has the potential to change the way athletes prepare and excel at their chosen sports. In anticipation of commercial launch of the training products, Axon Sports signed a strategic marketing partnership with Easton, an industry leader for over 40 years in high-performance baseball equipment.

With the acquisition of Axon Sports, we welcomed Rudy Chapa to the Board of Directors. Rudy's long experience with Nike and subsequent entrepreneurial experience make him a valuable addition to the Board and we are grateful for the hands on approach he has taken since joining the Board.

We are also now applying our technology in the area of general practice medicine, specifically dementia screening. As we collect more scientific evidence it is becoming apparent that the CogState test has an important role to play in the early detection of cognitive decline associated with Alzheimer's disease and dementia. Our scientific team has been heavily involved in a flagship study known as AIBL – the Australian Imaging, Biomarker and Lifestyle Flagship Study of Aging, being run by the CSIRO and Australia's leading neuroscience research institutes. This study has demonstrated that impaired performance on the CogState tests can be linked to the earliest signs of Alzheimer's disease, this is an

important discovery in the context of development of new treatments for Alzheimer's overall, and for CogState it has enabled us to demonstrate the potential of our technology as an early screening tool. Obviously, this represents a potentially major commercial opportunity.

We have taken the first steps towards pursuing this general practice medicine opportunity with the signing of an agreement with international pharmaceutical company, Merck that will see our technology rolled out to General Practice physicians across Canada. This product is currently being tested at selected sites in Canada in preparation for full commercial launch later this calendar year.

With all of this on the horizon it is gearing up to be a pivotal year ahead for CogState. This is a company that has a clear vision, a defined strategy to achieve this vision and address three distinct yet valuable markets, and in the process make a significant difference in people's lives.

As we work to execute this strategy, delivering shareholder value is at the forefront of what we do. I would like to take this opportunity to thank the CogState Board and Management and in particular our CEO Brad and Chief Scientific Officer, Paul Maruff, for their commitment and hard work to get CogState to where it is today. And to our shareholders, I thank you for your ongoing support and look forward to continuing this exciting journey with you.

I will now hand over to our CEO, Brad O'Connor for his presentation.

CEO's SPEECH

Thanks Martyn

As Martyn talked about in his presentation, CogState has a clear vision to become the global standard for assessing, monitoring and improving cognition.

The clinical trials business has been the financial cornerstone that has enabled us to pursue our research and development program in the areas of cognitive training and screening for the earliest signs of dementia.

In the pursuit of the commercial opportunities in sport and the general practitioner market, CogState will have invested approximately \$2 million over the 12 months to 31 December

2012. Rather than capitalise such expenditure, the investment is being fully expensed and therefore impacts the short term financial results.

That investment has enabled CogState to now be in a position to pursue commercial opportunities in both areas. In short, we are now poised to fulfil our original vision for the company.

As we transform the business from a focus on clinical trials to a focus across three different business units, it has been critical to ensure that CogState's brand identity is clearly established. With the help of Rudy Chapa we have created a multi-dimensional and integrated brand identity for all aspects of the business. Additionally, we have worked to ensure that the reporting structures of the business units and the resources deployed are appropriate to enable focus on each opportunity.

We have formally appointed business unit leaders of both the clinical trial and Axon Sports business units.

Sophie Egholm, who joined us 3 years ago from a senior position at Pfizer, was previously Head of Operations within our clinical trials group and from 1 July 2012 has taken on the position of President, Clinical Trials.

Jason Sada, who officially joined us this year to run Axon Sports, comes to us with a wealth of experience in sports and sports science within the USA. Previously, Jason had worked with Axon as a consultant for a number of months.

In both the clinical trials and Axon business units, we've also made key hires to help us grow the businesses, as Martyn referred to in his presentation.

In the area of screening for dementia, we signed our agreement with Merck in June 2012 and are working towards commercial launch of that product in the coming weeks. We have begun training of the Merck sales team and they are ready to start talking to Canadian doctors about the benefits of CogState testing.

I'd now like to show you a video that illustrates both the broader vision we have for CogState as well as the depth of scientific resources that we have within the company.

In summary, financial year 2012 was an incredibly successful one for CogState; a year in which we grew revenue and profitability in our clinical trials business, producing an overall profit for the company.

In August 2011, we acquired the remaining 50% of Axon Sports, securing valuable IP and welcoming to our team Rudy Chapa.

Less well reported was the significant scientific advancements that we made in financial year 2012. Through our inclusion in the AIBL study, we were able to show CogState's unique

ability to provide valuable data in the detection of early signs of cognitive impairment associated with dementia.

And finally, in June 2012, we signed an agreement with Merck to distribute CogState tests to Canadian general practice physicians.

In the 2013 financial year, the short term financial performance of CogState will be driven by the clinical trials business. The clinical trials business in the engine room of the company, providing necessary cash flow to allow us to invest significantly in the other business units.

As we announced on Friday last week, we have now signed clinical trial contracts to the value of US\$6.4 million since 1 July 2012. That figure is up 56% compared to the data we reported at last year's AGM.

That gives us A\$8.5 million of contracted revenue that will be recognised in financial year 2013. An increase of 33% over this time last year.

Whilst we have signed more contracts than this time last year, the timing of the studies is later than the corresponding studies last year. This means that more of the revenue will push into the second half of the financial year.

Revenue for the first half is estimated to be approximately A\$5 million, which is roughly equivalent to the second half of financial year 2012. The revenue result for this half will result in an overall loss for the company between A\$1.0 and A\$1.2 million for the half year. That loss takes into account an investment of approximately A\$1.2 million for the half year in the areas of Axon Sports and Screening.

Based on the strong clinical trials contractual position, we expect a much improved revenue and profitability performance for the second half of the financial year.

For the 2013 financial year, as mentioned earlier, the profitability of the clinical trials business unit will be a key short term driver of financial results.

We will also see the launch of consumer products for the Axon Sports training business. Additionally, our Axon Sports training products are starting to generate interest from potential corporate partners and we should be in a position to comment on how at least one of those discussions is progressing early in 2013.

Importantly, this year we will see the commercial launch Cognigram, through Merck, in Canada. This is an important test market for us. Through our launch in Canada, we will gain important data as to the utility of the Cognigram system as well as important initial commercial data. Perhaps of more importance, we will begin discussions in respect of reimbursement of the product.

Finally, and I think probably most critically in terms of the long term value of CogState, we will continue to see advancements in Alzheimer's disease research and treatment and we expect CogState to be at the forefront of those advances. This is an enormous opportunity for us and we are now extremely well placed to benefit from those advances.

Thank you