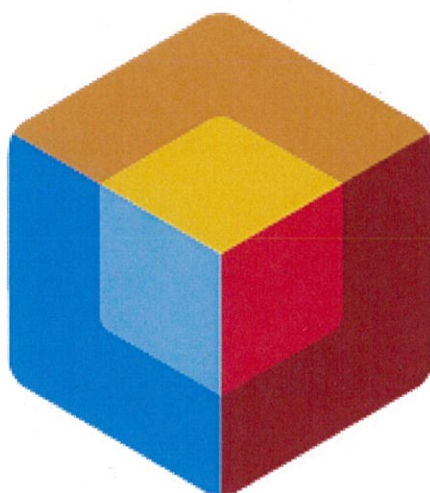




COGSTATE

CogState Limited and controlled entities
ABN 80 090 975 723

Appendix 4D Information and Condensed Half-Year Financial Report

For the half-year ended 31 December 2012

**This half-year financial report is to be read in conjunction with the
financial report for the year ended 30 June 2012**

CogState Limited

Appendix 4D

Preliminary Half-year Report

Half-year 31 December 2012

Name of entity
CogState Limited

ABN or equivalent company reference

ABN 80 090 975 723

Half-year

31 December 2012

(Previous corresponding period: 31
December 2011)

Results for announcement to the market

\$

Revenue for ordinary activities

Down 12.4% To 6,142,670

Net profit after tax (from ordinary activities) for the period attributable to
members

Down 114.5% To (494,161)

Dividends/Distributions

No dividends have been paid or declared during the period and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2012.

31 December 2012 31 December
2011

Net tangible asset backing (per share)

0.09

0.09

Explanation of results
Revenue Breakdown - A\$

	Growth	31 December 2012	31 December 2011
Clinical Trials Segment	(15.4%)	5,804,063	6,863,232
Sports Segment	248.8%	271,734	77,900
Healthcare Segment	0%	-	-
Revenue from Customers	(12.5%)	6,075,797	6,941,132
Interest Received	(1.8%)	66,873	68,065
Total Revenue	(12.4%)	6,142,670	7,009,197

	31 December 2012	31 December 2011
Clinical Trial Revenue contracted at 1 July	7,773,067	5,649,431
Contracts signed during the period *	8,656,901	10,207,247
Revenue recognised **	(5,710,709)	(6,863,232)
Foreign exchange fluctuation ***	(128,857)	250,316
Clinical Trials Revenue contracted at 31 December	10,590,403	9,243,762

* - Clinical trials contracts are predominantly denominated in \$US. The value of contracts signed has been converted to \$A at the exchange rates prevailing at 31 December.

** - Revenue is invoiced in the applicable currency of the contract, usually \$US. Revenue is converted at the spot rate on the date of invoice.

*** - Prevailing exchange rates - 01/07/2011 A\$1 = US\$1.06; 31/12/2011 A\$1 = US\$1.02; 01/07/2012 A\$1 = US\$1.02; and 31/12/2012 A\$1 = US\$1.04; .

Of the \$10,590,403 clinical trials contracted revenue at 31 December, a further \$4.75m is expected to be recognised by 30 June 2013, \$3.30m is expected to be recognised in the 2014 financial year, \$1.49m in the 2015 financial year and \$1.05m in the 2016 financial year.

The Net Loss After Tax for the period was \$0.5m, a decrease of \$3.9m on the previous corresponding period (2011:\$3.4m profit).

It should be noted that the previous corresponding period included a one-off revaluation of the initial investment held in Axon Sports LLC (upon acquisition of the remaining 50% of issued shares) which added \$1.27m to Net Profit After Tax. Excluding the one-off revaluation, the Net Loss After Tax was a decrease of \$2.6m on the previous corresponding period (2011: \$2.1m profit).

The Net Loss After Tax of \$0.5m for the Half Year to 31 December 2012 includes substantial investment in Axon Sports and Cognigram (Healthcare) businesses. The table below show detail of revenue and expenses by business unit. This analysis allows comparison to the previous corresponding period for the clinical trials business segment.

The following table's present revenue and profit information regarding the segments of clinical trials, sport and healthcare markets for the periods ended half-year 31 December 2012 and 31 December 2011.

CogState Limited
Appendix 4D
31 December 2012
(continued)

2012	Clinical Trials \$	Sport Market \$	Healthcare market \$	Other \$	Total \$
Sales to external customers	5,804,063	271,734	-	-	6,075,797
Revenue from external customers	5,804,063	271,734	-	-	6,075,797
Cost of Goods Sold	(1,838,473)	(316,005)	(67,747)	(338,023)	(2,560,248)
Total Segment Gross Profit	3,965,590	(44,271)	(67,747)	(338,023)	3,515,549
Interest revenue	-	-	-	66,873	66,873
Total gross profit per statement of comprehensive income					3,582,422
Operating expenses					
Employment expenses	(583,707)	(178,634)	(153,377)	(1,068,854)	(1,984,572)
Other expenses	(443,254)	(379,859)	(50,470)	(1,034,201)	(1,907,784)
Total operating expenses	(1,026,961)	(558,493)	(203,847)	(2,103,055)	(3,892,356)
Operating profit	2,938,629	(602,764)	(271,594)	(2,374,205)	(309,934)
Foreign exchange gain/(loss) realised and unrealised	-	-	-	(23,061)	(23,061)
Profit/(loss) on disposal of assets	-	-	-	(27,920)	(27,920)
Fair value gain/(loss) on derivative	-	-	-	(16,983)	(16,983)
Finance costs	-	-	-	(12,704)	(12,704)
Other income	-	-	-	3,012	3,012
Segment result	2,938,629	(602,764)	(271,594)	(2,451,861)	(387,590)
Profit/(loss) before tax per statement of comprehensive income	2,938,629	(602,764)	(271,594)	(2,451,861)	(387,590)
2011	Clinical Trials \$	Sport Market \$	Healthcare market \$	Other \$	Total \$
Sales to external customers	6,863,232	77,900	-	-	6,941,132
Revenue from external customers	6,863,232	77,900	-	-	6,941,132
Cost of Goods Sold	(1,739,809)	(115,685)	-	-	(1,855,494)
Total Segment Gross Profit	5,123,423	(37,785)	-	-	5,085,638
Interest revenue	-	-	-	68,065	68,065
Total gross profit per statement of comprehensive income					5,153,703
Operating Expenses					
Employment expenses	(256,661)	(89,656)	-	(704,739)	(1,051,056)
Other expenses	(409,409)	(360,327)	-	(696,381)	(1,466,117)
Total Operating Expenses	(666,070)	(449,983)	-	(1,401,120)	(2,517,173)
Operating profit	4,457,353	(487,768)	-	(1,333,054)	2,636,531
Non-recurring termination fees	-	-	-	(42,904)	(42,904)
Foreign exchange gain/(loss) realised and unrealised	-	-	-	108,486	108,486
Profit/(loss) on disposal of assets	-	-	-	(874)	(874)
Fair value gain/(loss) on derivative	-	-	-	(31,100)	(31,100)
Share of loss in joint venture	-	-	-	(252,718)	(252,718)
Finance costs	-	-	-	(26,355)	(26,355)
Other income from reimbursement of costs from Axon Sports	-	-	-	138,474	138,474
Revaluation of investment in Axon Sports	-	-	-	1,268,480	1,268,480
Segment result	4,457,353	(487,768)	-	(171,565)	3,798,020
Profit/(loss) before tax per statement of comprehensive income	4,457,353	(487,768)	-	(171,565)	3,798,020

CogState Limited ABN 80 090 975 723
Half year report - 31 December 2012

Contents

	Page
Corporate directory	1
Directors' report	2
Auditor's Independence Declaration	3
Interim financial statements	
Condensed consolidated statement of comprehensive income	4
Condensed consolidated balance sheet	5
Condensed consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8
Directors' declaration	13
Independent auditor's review report to the members	14

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by CogState Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These interim financial statements are the consolidated interim financial statements of the consolidated entity consisting of CogState Limited and its subsidiaries. The interim financial statements are presented in the Australian currency.

CogState Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:
CogState Limited
Level 2, 255 Bourke Street
Melbourne Vic 3000

Directors

Martyn Myer AO, BE, MESC, MSM
Chair

Brad O'Connor B Bus, CA

David Simpson BA (Honours) FAICD

Richard van den Broek CFA

Rodolfo Chapa LLB

Secretary

Claire Newstead-Sinclair BBus, CA

Principal registered office in Australia

Level 2, 255 Bourke Street
Melbourne Vic 3000
Australia

Share register

Link Market Services
Level 1/333 Collins Street
Melbourne Vic 3000

Auditor

Pitcher Partners
Level 19, 15 William Street
Melbourne Vic 3000

Solicitors

Clayton Utz
333 Collins Street
Melbourne Vic 3000

Bankers

National Australia Bank
Level 3/330 Collins Street
Melbourne Vic 3000

Stock exchange listings

CogState Limited shares are listed on the Australian Stock
Exchange.
Market code: CGS

Website

www.cogstate.com

Directors' report

Your directors present their report together with the condensed financial report of the consolidated entity (referred to hereafter as the Group) consisting of CogState Limited and the entities it controlled at the end of, or during, the half-year 31 December 2012 and the independent review report thereon. The financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The following persons were directors of CogState Limited during the whole of the financial period and up to the date of this report:

Martyn Myer
Brad O'Connor
David Simpson
Richard van den Broek
Rodolfo Chapa

Review of operations

At this time, CogState's primary market is cognitive testing in clinical trials. In this market, CogState's technology and associated services are used to quantify the effect of disease and of drugs, devices or other interventions on human subjects participating in clinical trials conducted by pharmaceutical, biotechnology, nutraceutical and functional food companies.

CogState's cognitive testing technology is also used in the consumer market in the area of sports, where the technology is used by medical professionals to assist in the determination of whether an athlete has recovered from a concussive injury. In the sports market, CogState operates under the Axon Sports brand.

Additionally, CogState is validating use of its technology as a tool for use by primary care doctors to measure cognitive change, including cognitive impairment associated with dementia, such as Alzheimer's disease. In June 2012, CogState announced an agreement with international pharmaceutical company, Merck, to launch this product, referred to as "Cognigram" in Canada.

CogState conducts its operations from offices in Australia and the USA.

Total revenue decreased by 12.4%, compared to the previous corresponding half year.

Notwithstanding the profitable clinical trials work, the Net Loss After Tax of \$0.5m for the Half Year to 31 December 2012 includes substantial expenditure in Axon Sports and Cognigram (Healthcare) businesses.

Full time equivalent employees at 31 December 2012 totaled 71 compared to 50 full time equivalent employees at 31 December 2011.

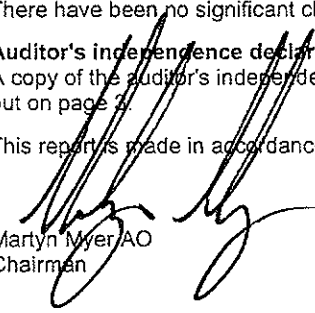
Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the period.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

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



Martyn Myer AO
Chairman

Melbourne
20 February 2013

AUDITOR'S INDEPENDENCE DECLARATION
To the Directors of CogState Limited.

In relation to the independent review for the half-year ended 31 December 2012, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.



K L BYRNE
Partner



PITCHER PARTNERS
Melbourne

Date: 20 February 2013

CogState Limited
Condensed consolidated statement of comprehensive income
For the half-year 31 December 2012

	Notes	2012 \$	2011 \$
Operations			
Revenue		6,075,797	6,941,132
Finance income		66,873	68,065
Total Revenue		<u>6,142,670</u>	<u>7,009,197</u>
Cost of goods sold		(2,560,248)	(1,994,449)
Gross Profit		<u>3,582,422</u>	<u>5,014,748</u>
Other reimbursement of costs from Axon Sports LLC	3	-	138,474
Revaluation of initial investment in Axon Sports	3	-	1,268,480
Fair value gain/(loss) on derivative		(16,983)	(31,100)
Employee benefits expense		(1,993,182)	(1,062,011)
Depreciation and amortisation		(187,327)	(30,758)
Occupancy		(297,030)	(151,035)
Marketing		(142,526)	(68,116)
General Administration		(700,288)	(661,492)
Net foreign exchange gain/(loss)		(23,061)	108,495
Travel expenses		(410,926)	(218,826)
Finance expenses		(12,704)	(26,365)
Other		(24,909)	(874)
Professional fees		(161,076)	(185,978)
Non-recurring contract termination fees		-	(42,904)
Share of profit/(loss) from associates	3	-	(252,718)
Profit/(Loss) before income tax		<u>(387,590)</u>	<u>3,798,020</u>
Income tax expense		(106,571)	(396,133)
Profit/(Loss) for the period		<u>(494,161)</u>	<u>3,401,887</u>
Other comprehensive income			
Exchange differences on translation of foreign operations		6,027	75,097
Other comprehensive income for the period, net of tax		<u>6,027</u>	<u>75,097</u>
Items that may be reclassified subsequently to profit and loss		6,027	75,097
Total comprehensive income for the period		<u>(488,134)</u>	<u>3,476,983</u>
Profit is attributable to:			
Owners of CogState Limited		(494,161)	3,401,887
Total comprehensive income for the period is attributable to:			
Owners of CogState Limited		<u>(488,134)</u>	<u>3,476,983</u>
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share		(0.7)	4.7
Diluted earnings per share		(0.7)	4.6
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share		(0.7)	4.7
Diluted earnings per share		(0.7)	4.6

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

CogState Limited
Condensed consolidated balance sheet
As at 31 December 2012

	Notes	31 December 2012 \$	30 June 2012 \$
ASSETS			
Current assets			
Cash and cash equivalents		4,256,749	4,659,512
Trade and other receivables		2,546,440	1,978,909
Derivative financial instruments		45,860	62,843
Other current assets		219,561	274,108
Total current assets		7,068,610	6,975,372
Non-current assets			
Property, plant and equipment		988,833	976,721
Deferred tax assets		1,125,578	1,250,230
Intangible assets		2,518,853	2,704,078
Total non-current assets		4,633,264	4,931,029
Total assets		11,701,874	11,906,401
LIABILITIES			
Current liabilities			
Trade and other payables		1,018,539	1,087,287
Provisions		598,543	532,369
Total current liabilities		1,617,082	1,619,656
Non-current liabilities			
Deferred tax liabilities		18,239	57,660
Provisions		-	6,771
Total non-current liabilities		18,239	64,431
Total liabilities		1,635,321	1,684,087
Net assets		10,066,553	10,222,314
EQUITY			
Contributed equity	4	15,932,762	15,676,970
Other reserves		1,417,245	1,334,637
Retained earnings		(7,283,454)	(6,789,293)
Capital and reserves attributable to owners of CogState Limited		10,066,553	10,222,314
Total equity		10,066,553	10,222,314

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

CogState Limited
Condensed consolidated statement of changes in equity
For the half-year 31 December 2012

Notes	Attributable to owners of CogState Limited				Total \$	Total equity \$
	Contributed equity \$	Share- based payments \$	Foreign currency translation \$	Retained earnings \$		
Balance at 1 July 2011	14,333,818	1,447,805	(73,212)	(9,405,280)	6,303,131	6,303,131
Profit/(loss) for the year as reported in the 2011 interim financial statements	-	-	-	3,401,886	3,401,886	3,401,886
Other comprehensive income	-	-	75,097	-	75,097	75,097
Total comprehensive income for the period	-	-	75,097	3,401,886	3,476,983	3,476,983
Transactions with owners in their capacity as owners:						
Issue of Share Capital	1,268,511	-	-	-	1,268,511	1,268,511
Cost of Issue of Share Capital	(5,588)	-	-	-	(5,588)	(5,588)
Exercise of options	80,229	-	-	-	80,229	80,229
Cost of Share-Based Payment	-	(278,742)	-	-	(278,742)	(278,742)
	1,343,152	(278,742)	-	-	1,064,410	1,064,410
Balance at 31 December 2011	15,676,970	1,169,063	1,885	(6,003,394)	10,844,524	10,844,524
Balance at 1 July 2012	15,676,970	1,339,275	(4,638)	(6,789,293)	10,222,314	10,222,314
Profit/(loss) for the year as reported in the 2012 interim financial statements	-	-	-	(494,161)	(494,161)	(494,161)
Other comprehensive income	-	-	6,027	-	6,027	6,027
Total comprehensive income for the period	-	-	6,027	(494,161)	(488,134)	(488,134)
Transactions with owners in their capacity as owners:						
Exercise of Options	255,792	-	-	-	255,792	255,792
Cost of Share-Based Payment	-	76,581	-	-	76,581	76,581
	255,792	76,581	-	-	332,373	332,373
Balance at 31 December 2012	15,932,762	1,415,856	1,389	(7,283,454)	10,066,553	10,066,553

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CogState Limited
Consolidated statement of cash flows
For the half-year 31 December 2012

Notes	2012 \$	2011 \$
Cash flows from operating activities		
Receipts from customers	5,547,020	4,504,895
Payments to suppliers and employees	<u>(6,142,823)</u>	<u>(4,431,429)</u>
Net cash (outflow) inflow from operating activities	<u>(595,803)</u>	<u>73,466</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(232,075)	(121,637)
Take on cash balance from acquisition	-	131,230
Interest received	<u>91,476</u>	<u>73,374</u>
Net cash (outflow) inflow from investing activities	<u>(140,599)</u>	<u>82,967</u>
Cash flows from financing activities		
Proceeds from issues of shares	255,792	80,229
Transaction costs of issue of shares	-	(5,588)
Interest payments	<u>-</u>	<u>(14,424)</u>
Net cash inflow from financing activities	<u>255,792</u>	<u>60,217</u>
Net (decrease) increase in cash and cash equivalents	(480,610)	216,650
Cash and cash equivalents at the beginning of the period	4,659,512	3,306,562
Effects of exchange rate changes on cash and cash equivalents	<u>77,847</u>	<u>(65,188)</u>
Cash and cash equivalents at end of period	<u>4,256,749</u>	<u>3,458,024</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation of half-year report

These condensed consolidated financial reports for the half-year reporting period ended 31 December 2012 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These condensed consolidated financial reports do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for 30 June 2012 and any public announcements made by CogState Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013).

AASB 9 Financial Instruments improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The standard is not applicable until 1 January 2013 but is available for early adoption.

When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. There will be no impact from the fair value adjustment of the Group's foreign exchange contracts, as these are currently revalued through the profit or loss statement.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

2 Segment information

(a) Description of segments

Identification of reportable segments

The consolidated entity has three reportable segments as described below:

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (deemed the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the market the services are provided in (i.e. cognitive testing in clinical trials, computerised cognitive assessment tools and skills training for athletes and assessment of cognitive decline by primary care physicians). Discrete financial information is reported to the executive management team on at least a monthly basis, as these are the source of the Group's major risks and have the most effect on the rates of return.

2 Segment information (continued)

(a) Description of segments (continued)

Types of services

CogState's first operating segment is cognitive testing in clinical trials. In this market, CogState's technology and associated services are used to quantify the effect of disease and of drugs, devices or other interventions on human subjects participating in clinical trials primarily conducted by pharmaceutical, and biotechnology companies.

The second operating segment is the sport market. In this market, the technology and associated services are used to provide concussion management tools in sport as well as skill training for athletes.

The third operating segment is the healthcare market. In this market, the technology and associated services are being developed as a tool for primary care physicians to assess cognitive decline.

Other markets CogState is involved in include research projects, however, none of these markets are currently significant to CogState's results and are not reported as separate operating segments.

The types of products and services sold in this half-year are the same as those disclosed in the annual financial report for the year ended 30 June 2012.

Although sales in each market are conducted in different geographic regions, none have been determined as operating or reporting segments as often the geographic source of the revenue can differ to the geographic source of the costs for the same project. Therefore management currently review internal reports based on worldwide revenue and results.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 1 to the Annual Report and in the prior corresponding period.

Consistent with the requirements of AASB8, as the Chief Operating Decision Maker does not receive information regarding segment assets, no disclosure of segment assets has been provided.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest revenue
- Fair value gain/(loss) on derivative
- Interest expense
- Non-recurring termination fees
- Foreign exchange gain/(loss)
- Profit/(loss) on disposal of assets
- Finance costs
- Other income
- Other income from reimbursement of costs from Axon Sports LLC (prior year)
- Revaluation of initial investment in Axon Sports LLC (prior year)
- Administration costs

(b) Segment information

The following table's present revenue and profit information regarding the segments of clinical trials, sport and healthcare markets for the periods ended half-year 31 December 2012 and 31 December 2011.

2 Segment information (continued)

(b) Segment information (continued)

2012	Clinical Trials \$	Sport Market \$	Healthcare market* \$	Other \$	Total \$
Sales to external customers	5,804,063	271,734	-	-	6,075,797
Revenue from external customers	5,804,063	271,734	-	-	6,075,797
Cost of Goods Sold	(1,838,473)	(316,005)	(67,747)	(338,023)	(2,560,248)
Total Segment Gross Profit	3,965,590	(44,271)	(67,747)	(338,023)	3,515,549
Interest revenue	-	-	-	66,873	66,873
Total gross profit per statement of comprehensive income					3,582,422
Operating profit	2,938,629	(602,764)	(271,594)	(2,374,205)	(309,934)
Foreign exchange gain/(loss) realised and unrealised	-	-	-	(23,061)	(23,061)
Profit/(loss) on disposal of assets	-	-	-	(27,920)	(27,920)
Fair value gain/(loss) on derivative	-	-	-	(16,983)	(16,983)
Finance costs	-	-	-	(12,704)	(12,704)
Other income	-	-	-	3,012	3,012
Segment result	2,938,629	(602,764)	(271,594)	(2,451,861)	(387,590)
Profit/(loss) before tax per statement of comprehensive income	2,938,629	(602,764)	(271,594)	(2,451,861)	(387,590)

* The name of this segment has been changed to be more consistent with the segment's operations.

2 Segment information (continued)

(b) Segment information (continued)

2011	Clinical Trials \$	Sport Market \$	Healthcare market* \$	Other \$	Total \$
Sales to external customers	6,863,232	77,900	-	-	6,941,132
Revenue from external customers	6,863,232	77,900	-	-	6,941,132
Cost of Goods Sold	(1,739,809)	(115,685)	-	-	(1,855,494)
Total Segment Gross Profit	5,123,423	(37,785)	-	-	5,085,638
Interest revenue	-	-	-	68,065	68,065
Total gross profit per statement of comprehensive income					5,153,703
Operating profit	4,457,353	(487,768)	-	(1,333,054)	2,636,531
Non-recurring termination fees	-	-	-	(42,904)	(42,904)
Foreign exchange gain/(loss) realised and unrealised	-	-	-	108,486	108,486
Profit/(loss) on disposal of assets	-	-	-	(874)	(874)
Fair value gain/(loss) on derivative	-	-	-	(31,100)	(31,100)
Share of loss in joint venture	-	-	-	(252,718)	(252,718)
Finance costs	-	-	-	(26,355)	(26,355)
Other income from reimbursement of costs from Axon Sports	-	-	-	138,474	138,474
Revaluation of investment in Axon Sports	-	-	-	1,268,480	1,268,480
Segment result	4,457,353	(487,768)	-	(171,565)	3,798,020
Profit/(loss) before tax per statement of comprehensive income	4,457,353	(487,768)	-	(171,565)	3,798,020

* The name of this segment has been changed to be more consistent with the segment's operations.

3 Significant Item

On 22 August 2011, CogState Limited, via its wholly owned subsidiary, CogState Sport Inc, acquired the remaining 50% of the units in Axon Sports LLC. Details of this business combination were disclosed in note 29 of the consolidated entity's annual financial statements for the year ended 30 June 2012.

4 Contributed equity

(a) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$
1 July 2012	Opening balance	74,783,306		15,676,970
12 July 2012	Exercise of options	109,259	\$0.27	29,795
23 August 2012	Exercise of options	382,556	\$0.27	104,323
10 September 2012	Exercise of options	145,000	\$0.10	14,892
10 September 2012	Exercise of options	164,444	\$0.24	39,467
25 October 2012	Exercise of options	175,000	\$0.10	17,973
25 October 2012	Exercise of options	127,468	\$0.27	34,761
6 November 2012	Exercise of options	16,667	\$0.25	4,167
6 November 2012	Exercise of options	5,556	\$0.24	1,333
29 November 2012	Exercise of options	25,000	\$0.24	6,000
29 November 2012	Exercise of options	30,000	\$0.10	3,081
31 December 2012	Balance	<u>75,964,256</u>		<u>15,932,762</u>

5 Business combination - prior period

On 22 August 2011, CogState Limited, via its wholly owned subsidiary, CogState Sport Inc, acquired the remaining 50% of the units in Axon Sports LLC. Details of this business combination were disclosed in note 29 of the consolidated entity's annual financial statements for the year ended 30 June 2012.

6 Commitments & Contingencies

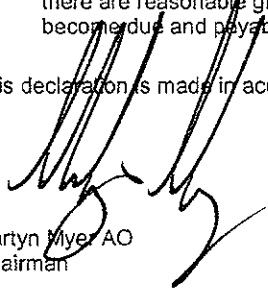
The only changes in commitments and contingent liabilities since 30 June 2012 are from repayment of operating leases. No new commitments or contingent liabilities have arisen.

CogState Limited
Directors' declaration
31 December 2012

In the directors' opinion:

- (a) the interim financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year 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.

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



Martyn Myer AO
Chairman

Melbourne
20 February 2013

**COGSTATE LIMITED
ABN 80 090 975 723
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
COGSTATE LIMITED AND CONTROLLED ENTITIES**

We have reviewed the accompanying half-year financial report of CogState Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2012, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CogState Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

**COGSTATE LIMITED
ABN 80 090 975 723
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
COGSTATE LIMITED**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CogState Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



K L BYRNE
Partner



PITCHER PARTNERS
Melbourne

Date: 20 February 2013