ASX Announcement

Melbourne, 24 April 2013

Quarterly Business Update and Cashflow – 31 March 2013

Cogstate (ASX.CGS) has today released its Appendix 4C – Quarterly Cash Flow statement for the quarter ended 31 March 2013.

During the quarter, Cogstate recognised sales revenue of $2.69 million, taking recognised revenue to $8.77 million for the nine months to 31 March 2013. This revenue is largely derived from milestone payments relating to clinical trials contracts that are currently underway or completed during the period.

As of 31 March 2013, Cogstate Clinical Trials business had $7.88 million of contracted revenue to be recognised in future periods (prior year: $7.31 million). Of the contracted revenue, $2.66 million is expected to be recognised before 30 June, 2013 (prior year: $1.91 million).

Sales prospects for the Clinical Trials business indicate that Cogstate will record a strong June quarter in respect of sales contracts signed. If those sales prospects are signed before 30 June 2013, Cogstate estimates that this could add additional revenue $0.5 - $0.7 million in the June quarter, in addition to the $2.66 million of revenue already secured for this period. The impact of additional revenue from new contracts signed before 30 June 2013 will mainly be seen in financial year 2014.

At this time, Cogstate expects revenue for financial year 2013 to be in line with the previous financial year.

During the second half of the 2013 financial year, Cogstate will incur a number of non-recurring costs that relate to the restructure of the business to ensure that is optimised to benefit from the roll-out of COGNIGRAM™ in Canada and other markets, including technology infrastructure as well as legal and tax considerations.

After taking into account the significant expenditure associated with the launch of COGNIGRAM™ in Canada, as well as the continued development costs associated with Axon Sports, Cogstate expects to record a loss in financial year 2013 in the range of $1.7 - $2.4 million, with the range indicating variation due to possible clinical trial sales results.

During the quarter, Cogstate launched its COGNIGRAM™ test, a computerised tool that enables accurate detection of early cognitive impairment, to physicians in Canada in conjunction with its partner, Merck Canada Inc. The test is being positioned as a tool to help doctors detect the early stages of cognitive decline associated with a neurodegenerative disease, such as Alzheimer's disease.

Since the launch in March, several hundred physicians have registered on the COGNIGRAM™ system. Testing of patients has now begun and the feedback from the physicians has been positive in respect of the utility of COGNIGRAM™. The rollout to the testing centres continues and remains on track to have all 150 testing centres up and running before 31 December 2013.

During the quarter, Cogstate has assisted Merck to provide a number of information sessions on the benefits of COGNIGRAM™ for key opinion leaders as well as the Merck team of sales representatives. The response from the medical community to date has been encouraging.

Brad O'Connor, CEO of Cogstate said, "The launch of the COGNIGRAM™ test in Canada was a key achievement and marks a critical turning point for the company. We have been very pleased with the initial response in the market, and the level of commitment that Merck has demonstrated.

"Clinical trials sales remain steady and with a further $2.6 million still to be recognised this financial year, we will deliver a full year result that is in line with the company's expectations."

Cogstate also reported cash receipts of $3.03 million from customers during the quarter and cash holdings of $3.83 million as of 31 March 2013. Net operating cash outflow for the quarter was $0.56 million reflecting the continued investment in the Axon Sports business and investment in the healthcare business to prepare for the launch of COGNIGRAM in Canada.

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About Cogstate

Cogstate Ltd (ASX: CGS) is a multi-faceted cognitive assessment and training company, focused on the development and commercialisation of rapid, computerised tests of cognition (brain function). It has three distinct business units:

Clinical Trials: In the clinical drug trial market, Cogstate technology and associated services are used by pharmaceutical and biotechnology companies to quantify the effect of drugs or other interventions on human subjects participating in clinical trials. Since sales into the clinical trials market began in 2004, Cogstate has secured agreements with top pharmaceutical companies including Pfizer, AstraZeneca, Bristol-Myers Squibb, GlaxoSmithKline, Johnson & Johnson, Novartis, Lundbeck, Dainippon Sumitomo, Targacept, Otsuka, and Servier.

Axon Sports: The mission of Axon Sports is to "protect and train the athletic brain". Axon's focus is to research, develop and deliver cutting edge tools to assess, monitor and improve the athletic brain.

Axon has been developing sport specific training products, initially focussed on American football and baseball, and the resulting technologies have now been launched within a small number of elite US college programs. In addition, the first of Axon's consumer iPad apps was launched in 2012.

In the area of sports related concussion, Cogstate's technology has been used by a number of highly regarded institutions and sporting organisations around the world for almost 10 years. That technology is now marketed to consumers as Axon Sports. Current users of Cogstate/Axon Sports in Australia include the AFL and NRL, whilst in the USA elite programs such as the NBA, WNBA, NHL as well as college programs such as University of Notre Dame, University of Michigan and University of Connecticut all use the Axon Sports system.

Healthcare: In the primary care or general practice setting, the Cogstate's COGNIGRAM™ assesses cognition in patients and the reports generated on the basis of this assessment can allow physicians to identify subtle changes that could be indicative of the early stage of a neurodegenerative disease, such as Alzheimer's disease. Cogstate intends to develop COGNIGRAM™ to monitor changes in cognitive function following concussion or after treatment with drugs or other types of interventions. In June 2012, Cogstate entered into an agreement with Merck Canada Inc. providing it with the exclusive right to market and promote COGNIGRAM™ in Canada.