



ASX Announcement

Melbourne, 23rd October 2013

Quarterly Business Update and Cashflow – 30 September 2013

Cogstate (ASX.CGS) has today released its Appendix 4C – Quarterly Cash Flow statement for the quarter ended 30 September 2013.

During the quarter, Cogstate recognised sales revenue of \$2.7 million compared to \$2 million for the September 2013 quarter, an increase of 35%. This revenue is largely derived from milestone payments relating to clinical trials contracts that are currently underway or completed during the period.

Total cash receipts from customers were \$3.7 million, an increase of 76% compared to the September 2013 quarter (\$2 million). The Clinical Trials business continues to underpin revenue contributing 94%.

Cogstate's Clinical Trials business had \$7.7 million of contracted revenue to be recognised in future periods (prior year: \$11.7 million).

The company recorded net operating cash outflow of \$0.5 million, recognising continued investment in both COGNIGRAM™ and Axon Sports, and finished the period with cash reserves of \$3.2 million.

Cogstate continues to invest in the rapid expansion of its COGNIGRAM™ test in the Canadian market. COGNIGRAM™ is a computerised tool that enables accurate detection of early cognitive impairment, commonly associated with Alzheimer's disease, at the point of care and was launched by Merck in March 2013.

Financial Results Summary

	Qtr Ended 30 Sep 13	Qtr Ended 30 Sep 12	YTD % Change improvement
Recognised Sales Revenue	\$2,686,057	\$2,046,595	31%
Cash Receipts from Customers	\$3,684,204	\$2,140,581	72%
Cash Payments to Employees	(\$3,005,549)	(\$2,274,456)	32%
Cash Payments to Suppliers	(\$1,676,601)	(\$939,569)	78%
Cash Receipts – non trading	\$455,758	\$57,803	688%
Net Operating Cash In/(Out)flows	(\$542,188)	(\$1,015,641)	(47%)
Net Investing Cash In/(Out)flows	(\$53,950)	(\$31,635)	71%
Net Financing Cash In/(Out)flows	\$285,344	\$188,476	51%
Net Increase/(Decrease) in Cash held (net of foreign exchange movements)	(\$239,510)	(\$783,871)	(69%)

Please refer to the AGM address lodged today for further information and guidance on financial result for H1 2013-2014 financial year.

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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.

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

80 090 975 723

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (3 months)
		\$A	\$A
1.1	Receipts from customers	3,684,204	3,684,204
1.2	Payments for		
	(a) staff costs (incl R&D)	(3,005,549)	(3,005,549)
	(b) advertising and marketing	(132,384)	(132,384)
	(c) research and development (direct external costs)	(28,383)	(28,383)
	(d) leased assets	(169,070)	(169,070)
	(e) other working capital	(814,463)	(814,463)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	52,253	52,253
1.5	Interest and other costs of finance paid	(7,935)	(7,935)
1.6	Income taxes paid	(33,149)	(33,149)
1.7	Other (provide details if material)		
	Accounting & Audit	(61,548)	(61,548)
	Computer costs	(75,966)	(75,966)
	Legal Costs, including patent costs	(49,417)	(49,417)
	Listing fees & assoc. costs	(21,108)	(21,108)
	Travel costs	(283,178)	(283,178)
	Grant Income	403,505	403,505
Net operating cash flows		(542,188)	(542,188)

+ See chapter 19 for defined terms.

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

	Current quarter \$A	Year to date (3 months) \$A
1.8 Net operating cash flows (carried forward)	(542,188)	(542,188)
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	(53,950)	(53,950)
(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)	-	-
Net investing cash flows	(53,950)	(53,950)
1.14 Total operating and investing cash flows	(596,138)	(596,138)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	285,344	285,344
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)	-	-
Net financing cash flows	285,344	285,344
Net increase (decrease) in cash held	(310,794)	(310,794)
1.21 Cash at beginning of quarter/year to date	3,392,617	3,392,617
1.22 Exchange rate adjustments to item 1.20	71,284	71,284
1.23 Cash at end of quarter	3,153,107	3,153,107

+ 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	56,124
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	1,009,486	758,188
4.2	Deposits at call	2,143,621	2,634,429
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		3,153,107	3,392,617

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	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:  Date: 23 October 2013
Company Secretary

Print name: Mark Edwards

+ 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.

+ See chapter 19 for defined terms.