

COGSTATE
ASSESS • MONITOR • IMPROVE

Cogstate Limited
ABN 80 090 975 723

**Appendix 4D Information and Condensed
Half-Year Financial Report**

for the half-year 31 December 2013

Cogstate Limited

Appendix 4D

Preliminary Half-year Report

Half-year 31 December 2013

Name of entity
Cogstate Limited

ABN or equivalent company
reference

ABN 80 090 975 723

Half-year

31 December 2013
(Previous corresponding period: 31
December 2012)

Results for announcement to the market

				\$
Revenue for ordinary activities	Down	11.5%	to	5,435,721
Net loss after tax (from ordinary activities) for the period attributable to members	Down	442.3%	to	(2,679,666)

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 2013.

	31 December 2013	31 December 2012
Net tangible asset backing (per share)	0.11	0.09

Explanation of results
Revenue Breakdown - A\$

	Growth	31 December 2013	31 December 2012
Clinical Trials Segment	(16.8%)	4,828,429	5,804,063
Sports Segment	84.4%	500,967	271,734
Healthcare Segment	-	10,127	-
Other	-	40,732	-
Revenue from Customers	(11.4%)	5,380,255	6,075,797
Interest Received	(17.1%)	55,466	66,873
Total Revenue	(11.5%)	5,435,721	6,142,670

	31 December 2013	31 December 2012
Clinical Trial Revenue contracted at 1 July	8,611,133	7,773,067
Contracts signed during the period *	2,415,169	8,656,901
Revenue recognised **	(4,352,740)	(5,710,709)
Foreign exchange fluctuation ***	332,824	(128,857)
Clinical Trials Revenue contracted at 31 December	7,006,386	10,590,403

* - 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 - 01/07/2012 A\$1 = US\$1.02; 31/12/2012 A\$1 = US\$1.04; 01/07/2013 A\$1 = US\$0.91 and 31/12/2013 A\$1 = US\$0.89.

Of the \$7,006,386 clinical trials contracted revenue at 31 December, \$3.06m is expected to be recognised in the period 1 January 2014 to 30 June 2014, \$2.71m is expected to be recognised in the 2015 financial year, \$1.01m in the 2016 financial year, \$0.15m in the 2017 financial year and \$0.07m in the 2018 financial year.

The Net Loss After Tax for the period was \$2.7m, an increased loss of \$2.2m on the previous corresponding period (2012:\$0.5m loss).

The Net Loss After Tax of \$2.7m for the Half Year to 31 December 2013 includes substantial investment in Axon Sports and Cognigram (Healthcare) businesses. During the half year to 31 December 2013 revenue from the Clinical Trials business unit declined compared to the prior corresponding period due to a decrease in sales contracts signed during the period. Cogstate does not anticipate that such a decrease in sales contracts is a permanent change in industry dynamics; rather it is a temporary decrease that will reverse in subsequent periods. Additionally, during the half year Cogstate increased resources in order to support important academic research studies that are expected to be valuable in demonstrating the utility of the Cogstate technology, particularly in the area of Alzheimer's disease. The table below shows 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 years ended half-year 31 December 2013 and 31 December 2012.

Cogstate Limited
Appendix 4D
31 December 2013
(continued)

2013	Clinical Trials \$	Sport Market \$	Healthcare market \$	Other \$	Total \$
Sales to external customers	4,828,429	500,967	10,127	40,732	5,380,255
Revenue from external customers	4,828,429	500,967	10,127	40,732	5,380,255
Cost of Goods Sold	(2,685,505)	(380,372)	(189,564)	(316,916)	(3,572,357)
Total Segment Gross Profit	2,142,924	120,595	(179,437)	(276,184)	1,807,898
Interest revenue	-	-	-	55,466	55,466
Total gross profit per statement of comprehensive income					1,863,364
Operating expenses					
Employment expenses	(691,874)	(136,508)	(98,183)	(1,135,167)	(2,061,732)
Other expenses	(774,260)	(509,016)	(55,378)	(1,546,479)	(2,885,133)
Total operating expenses	(1,466,134)	(645,524)	(153,561)	(2,681,646)	(4,946,865)
Operating profit	676,790	(524,929)	(332,998)	(2,902,364)	(3,083,501)
Foreign exchange gain/(loss) realised and unrealised	-	-	-	96,125	96,125
Profit/(loss) on disposal of assets	-	-	-	299	299
Fair value gain/(loss) on derivative	-	-	-	91,525	91,525
Finance costs	-	-	-	(18,217)	(18,217)
Other income	-	-	-	2,500	2,500
Segment result	676,790	(524,929)	(332,998)	(2,730,132)	(2,911,269)
Profit/(loss) before tax per statement of comprehensive income	676,790	(524,929)	(332,998)	(2,730,132)	(2,911,269)

Cogstate Limited
Appendix 4D
31 December 2013
(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)

Cogstate Limited ABN 80 090 975 723

Half year report - 31 December 2013

Contents

	Page
Corporate directory	2
Directors' report	3
Auditor's Independence Declaration	5
Interim financial statements	
Condensed consolidated statement of comprehensive income	6
Condensed consolidated balance sheet	7
Condensed consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	10
Directors' declaration	16
Independent auditor's review report to the members	17

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 2013 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
Chairman

Brad O'Connor B Bus, CA

David Simpson BA (Honours) FAICD

Richard van den Broek CFA

Rodolfo Chapa LLB

David Dolby

Secretary

Claire Newstead-Sinclair BBus, CA

Mark Edwards BAcc, 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 2013 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 AO
Brad O'Connor
David Simpson
Richard van den Broek
Rodolfo Chapa

David Dolby was appointed as a Director on the 22 November 2013 and also remains in that role at the date of this report.

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. Sales of Cognigram began in March 2013.

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

Total revenue decreased by 11.5%, compared to the previous corresponding half year. The revenue decrease can be attributed to lower demand in the Clinical Trials business unit. Cogstate does not expect that such lower demand can be expected to continue into future periods; rather it is a function of the unpredictable nature of the clinical research industry. Since 31 December 2013 Cogstate has experienced an improvement in the number and value of Clinical Trial related contract signings.

The decrease in Clinical Trials revenue resulted in a smaller profit for that business unit, meaning that substantial expenditures in the Axon Sports and Cognigram (Healthcare) businesses had a greater impact on the half year results.

In December 2013, Cogstate completed a fully underwritten Rights Issue which raised \$4m. The Rights Issue raising, exercising of options during the period and the Company's placement of \$3.5m to two US professional investors in November 2013, has resulted in total capital raised by Cogstate during the half of approximately \$8m.

Full time equivalent employees at 31 December 2013 totalled 73 compared to 71 full time equivalent employees at 31 December 2012 (At 30 June 2013 Cogstate had 82 employees).

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 5.

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



Martyn Myer AO
Chairman

Melbourne
18 February 2014

COGSTATE LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF COGSTATE LIMITED

In relation to the independent auditor's review for the half year ended 31 December 2013, 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
18 February 2014



PITCHER PARTNERS
Melbourne

Cogstate Limited
Condensed consolidated statement of comprehensive income
For the half-year 31 December 2013

	Notes	2013 \$	2012 \$
Operations			
Revenue		5,380,255	6,075,797
Finance income		55,466	66,873
Total Revenue		5,435,721	6,142,670
Cost of goods sold		(3,572,357)	(2,560,248)
Gross Profit		1,863,364	3,582,422
Fair value gain/(loss) on derivative		91,529	(16,983)
Employee benefits expense		(2,073,786)	(1,993,182)
Depreciation and amortisation		(198,075)	(187,327)
Occupancy		(355,506)	(297,030)
Marketing		(266,196)	(142,526)
General Administration		(1,255,224)	(700,288)
Net foreign exchange gain/(loss)		96,126	(23,061)
Travel expenses		(509,575)	(410,926)
Finance expenses		(35,232)	(12,704)
Other		(17,583)	(24,909)
Professional fees		(251,111)	(161,076)
Profit/(Loss) before income tax		(2,911,269)	(387,590)
Income tax expense / (benefit)		231,603	(106,571)
Profit/(Loss) for the period		(2,679,666)	(494,161)
Other comprehensive income			
<i>Items that may be subsequently reclassified to the profit and loss</i>			
Exchange differences on translation of foreign operations		(33,024)	6,027
Other comprehensive income for the period, net of tax		(33,024)	6,027
Total comprehensive income for the period		(2,712,690)	(488,134)
Profit is attributable to:			
Owners of Cogstate Limited		(2,679,666)	(494,161)
Total comprehensive income for the period is attributable to:			
Owners of Cogstate Limited		(2,712,690)	(488,134)

	Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:		
Basic earnings per share	(3.3)	(0.7)
Diluted earnings per share	(3.3)	(0.7)

Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per share	(3.3)	(0.7)
Diluted earnings per share	(3.3)	(0.7)

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Cogstate Limited
Condensed consolidated balance sheet
As at 31 December 2013

	Notes	31 December 2013 \$	30 June 2013 \$
ASSETS			
Current assets			
Cash and cash equivalents		8,888,210	3,392,617
Trade and other receivables		2,221,645	2,990,552
Other current assets		484,525	686,108
Total current assets		11,594,380	7,069,277
Non-current assets			
Property, plant and equipment		862,279	925,033
Deferred tax assets		952,061	637,775
Intangible assets		2,281,161	2,422,142
Total non-current assets		4,095,501	3,984,950
Total assets		15,689,881	11,054,227
LIABILITIES			
Current liabilities			
Trade and other payables		715,582	1,172,899
Derivative financial instruments		-	91,529
Provisions		781,233	820,515
Total current liabilities		1,496,815	2,084,943
Non-current liabilities			
Deferred tax liabilities		174,825	155,550
Provisions		-	4,417
Total non-current liabilities		174,825	159,967
Total liabilities		1,671,640	2,244,910
Net assets		14,018,241	8,809,317
EQUITY			
Contributed equity	3	23,763,675	16,262,304
Other reserves		1,680,758	1,293,539
Retained earnings / (accumulated losses)		(11,426,192)	(8,746,526)
Capital and reserves attributable to owners of Cogstate Limited		14,018,241	8,809,317
Total equity		14,018,241	8,809,317

The above condensed 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 2013

Notes	Contributed equity	Attributable to owners of Cogstate Limited				Total equity
		Share-based payments	Foreign currency translation	Retained earnings	Total	
	\$	\$	\$	\$	\$	\$
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
Balance at 1 July 2013	16,262,304	1,465,243	(171,704)	(8,746,526)	8,809,317	8,809,317
Profit/(loss) for the year as reported in the 2013 interim financial statements	-	-	-	(2,679,666)	(2,679,666)	(2,679,666)
Other comprehensive income	-	-	(33,024)	-	(33,024)	(33,024)
Total comprehensive income for the period	-	-	(33,024)	(2,679,666)	(2,712,690)	(2,712,690)
Transactions with owners in their capacity as owners:						
Contributions of equity	7,452,512	313,771	-	-	7,766,283	7,766,283
Transactions costs net of tax	(456,012)	-	-	-	(456,012)	(456,012)
Exercise of options	504,871	-	-	-	504,871	504,871
Cost of share-based payment	-	106,472	-	-	106,472	106,472
	7,501,371	420,243	-	-	7,921,614	7,921,614
Balance at 31 December 2013	23,763,675	1,885,486	(204,728)	(11,426,192)	14,018,241	14,018,241

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 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from customers		6,181,476	5,547,020
Payments to suppliers and employees		<u>(8,904,840)</u>	<u>(6,142,823)</u>
		(2,723,364)	(595,803)
Grants received		<u>403,869</u>	-
Net cash (outflow) from operating activities		<u>(2,319,495)</u>	<u>(595,803)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(80,311)	(232,075)
Interest received		<u>43,242</u>	<u>91,476</u>
Net cash (outflow) from investing activities		<u>(37,069)</u>	<u>(140,599)</u>
Cash flows from financing activities			
Proceeds from issues of shares		7,957,382	255,792
Transaction costs of issue of shares		<u>(152,051)</u>	-
Net cash inflow from financing activities		<u>7,805,331</u>	<u>255,792</u>
Net increase (decrease) in cash and cash equivalents		<u>5,448,767</u>	<u>(480,610)</u>
Cash and cash equivalents at the beginning of the financial year		3,392,617	4,659,512
Effects of exchange rate changes on cash and cash equivalents		<u>46,826</u>	<u>77,847</u>
Cash and cash equivalents at end of period		<u>8,888,210</u>	<u>4,256,749</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 2013 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 2013 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 applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2013 and the corresponding half-year except as described below in Note 1(a).

1 Basis of preparation of half-year report (continued)

(a) Summary of the significant accounting policies

Due to new or revised accounting standards which became operative for the annual reporting period commencing 1 January 2013, Cogstate Limited has changed some of its accounting policies as described below.

(i) AASB 10 Consolidated Financial Statements

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and of all entities the parent controls.

Under AASB 10, the group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The group has applied AASB 10 retrospectively in accordance with the transition provisions. The group has determined that AASB 10 has no impact on the composition of the consolidated group. Therefore, no adjustments to any of the carrying amounts are required.

(ii) AASB 11 Joint Arrangements

Under AASB 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the rights and obligations of the parties to the arrangement, rather than the legal structure of joint arrangements.

If the parties share the right to the net assets of the joint arrangement, these parties are parties to a joint venture. A joint venturer accounts for an investment in the arrangement using the equity method, and the choice to proportionately consolidate will no longer be permitted.

If the parties share the right to the separate assets and obligations for the liabilities of the joint arrangement, these parties are parties to a joint operation. A joint operator accounts for assets, liabilities and corresponding revenues and expenses arising from the arrangement by recognising their share of interest in each item.

The group has applied AASB 11 retrospectively in accordance with the transition provisions. The group has determined that AASB 11 has no impact on the composition or performance of the consolidated group. Therefore, no adjustments to any of the carrying amounts are required.

(iii) AASB 13 Fair Value Measurement

AASB 13 introduces a fair value framework for all fair value measurements as well as the enhanced disclosure requirements. Application of AASB 13 does not materially change the group's fair value measurements.

All other accounting policies applied in this half-year financial report are the same as those used in the annual financial report for the year ended 30 June 2013.

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.

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 have 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 2013.

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.

2 Segment information (continued)

(a) Description of segments (continued)

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
- Foreign exchange gain/(loss)
- Profit/(loss) on disposal of assets
- Finance costs
- Other income
- 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 years ended half-year 31 December 2013 and 31 December 2012.

2013	Clinical Trials \$	Sport Market \$	Healthcare market* \$	Other \$	Total \$
Sales to external customers	4,828,429	500,967	10,127	40,732	5,380,255
Revenue from external customers	4,828,429	500,967	10,127	40,732	5,380,255
Cost of Goods Sold	(2,685,505)	(380,372)	(189,564)	(316,916)	(3,572,357)
Total Segment Gross Profit	2,142,924	120,595	(179,437)	(276,184)	1,807,898
Interest revenue	-	-	-	55,466	55,466
Total gross profit per statement of comprehensive income					1,863,364
Operating profit	676,790	(524,929)	(332,998)	(2,902,364)	(3,083,501)
Foreign exchange gain/(loss) realised and unrealised	-	-	-	96,125	96,125
Profit/(loss) on disposal of assets	-	-	-	299	299
Fair value gain/(loss) on derivative	-	-	-	91,525	91,525
Finance costs	-	-	-	(18,217)	(18,217)
Other income	-	-	-	2,500	2,500
Segment result	676,790	(524,929)	(332,998)	(2,730,132)	(2,911,269)
Profit/(loss) before tax per statement of comprehensive income	676,790	(524,929)	(332,998)	(2,730,132)	(2,911,269)

* 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)

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.

3 Contributed equity

(a) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$
1 July 2013	Opening balance	77,213,085		16,262,304
12 July 2013	Exercise of options	150,000	\$0.27	40,905
15 July 2013	Exercise of options	125,000	\$0.27	34,088
27 August 2013	Exercise of options	10,000	\$0.24	2,400
27 August 2013	Exercise of options	63,827	\$0.27	17,406
27 August 2013	Exercise of options	356,834	\$0.37	133,813
27 August 2013	Exercise of options	36,564	\$0.37	13,712
27 August 2013	Exercise of options	81,524	\$0.38	30,979
16 September 2013	Exercise of options	29,398	\$0.37	11,024
16 September 2013	Exercise of options	3,732	\$0.27	1,018
12 November 2013	Exercise of options	150,000	\$0.37	56,250
20 November 2013	Exercise of options	268,959	\$0.37	100,860
20 November 2013	Issue of new shares via private placement	9,364,865	\$0.37	3,465,000
22 November 2013	Exercise of options	33,333	\$0.25	8,333
22 November 2013	Exercise of options	16,667	\$0.22	3,667
29 November 2013	Exercise of options	73,492	\$0.27	20,041
23 December 2013	Rights Issue	10,777,056	\$0.37	3,987,511
31 December 2013	Exercise of options	27,560	\$0.37	10,197
31 December 2013	Exercise of options	73,491	\$0.27	20,041
31 December 2013	Balance	98,855,387		24,219,548
	Transaction costs arising on share issue	-		(516,834)
	Deferred tax credit relating to transactions costs recognised in equity	-		60,961
31 December 2013	Balance	98,855,387		23,763,675

(b) Rights issue

On 19 November 2013 the company invited its shareholders to subscribe to a fully underwritten rights issue of 10,777,056 ordinary shares at an issue price of \$0.37 per share on the basis of 1 share for every 8 ordinary shares held, with these shares issued on 23 December 2013.

4 Commitments & Contingencies

The only changes in commitments and contingent liabilities since 30 June 2013, is from the repayment of operating leases. No new commitments or contingent liabilities have arisen.

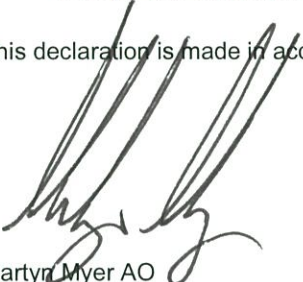
5 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

In the directors' opinion:

- (a) the interim financial statements and notes set out on pages 6 to 15 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 2013 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
18 February 2014

COGSTATE LIMITED
ABN 80 090 975 723
AND CONTROLLED ENTITIES

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

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 2013, 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 gives a true and fair view and 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 2013 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



PITCHER PARTNERS

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 2013 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

18 February 2014