

ASX ANNOUNCEMENT

21 JANUARY 2016



DECEMBER QUARTER CASHFLOW REPORT

COGSTATE RECORDS POSITIVE CASHFLOW IN SECOND QUARTER
REAFFIRMS GUIDANCE FOR POSITIVE EBIT FOR 2016 FINANCIAL YEAR¹

SUMMARY

- Net Operating Cash Inflow of A\$1.0m in the December quarter contributing to a **net cash increase of A\$1.0m for the quarter.**
- US\$8.2m of new sales contracts signed for the quarter, taking **total sales contracts signed since 1 July 2015 to US\$16.6m.** Signalling continued growth, the value of quarterly contracts signed has exceeded quarterly revenue for the last six consecutive quarters.
- In line with prior guidance, **Cogstate will record a positive EBIT in 1H16.** The Company also maintains guidance for positive EBIT for the 2016 Financial Year¹.
- **Audited financial results will be released on Wednesday 17th February 2016.**

Cogstate (ASX.CGS) has today released its Quarterly Cash Flow Report (Appendix 4C) for the quarter ended 31 December 2015. The company reiterates its guidance for a return to positive EBIT with respect to the full year to 30 June 2016.¹

HIGHLIGHTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (2Q16):

- **A Net Operating Cash Inflow in the December quarter:** Cogstate reported a Net Operating Cash Inflow of A\$1.0m in the quarter ended 31 December 2015.
- Other significant cash movements during the quarter were:
 - Asset purchases of A\$0.8m, made up predominantly of computer hardware for use in both clinical trials as well as use by Cogstate staff;
 - Cash receipts from the exercise of employee options of A\$0.5m.

In total, Cogstate recorded a net cash increase of A\$1.0m for the quarter

- **New sales contract signings:** Cogstate signed US\$8.2m (in A\$ terms A\$11.4m)² of new Clinical Trials sales contracts in 2Q16. This took the total value of sales contracts signed since 1 July 2015 to US\$16.6m (A\$23.1m).²

Cogstate will release its Appendix 4D and half year financial results on Wednesday 17th February 2016.

1. FY16 guidance based on EBIT from continuing operations at 30 June 2015 exchange rates. FY15 EBIT of -\$A3.05m excludes -\$A2.16m impairment of assets.
2. Contracts are denominated in US\$. The A\$ equivalent is based on the prevailing spot rate at the time of signing the individual contracts.

Quarterly Report – 31 December 2015
Summary Financial Table

	Quarter Just Completed	Previous Quarter	Previous Corresponding Quarter
	31-Dec-15 A\$ million	30-Sep-15 A\$ million	31-Dec-14 A\$ million
<u>Receivables</u>			
Opening balance	6.14	4.90	3.14
Closing balance	6.62	6.14	2.47
Net Increase/(Decrease) in Receivables	0.48	1.24	(0.67)
<u>Payables</u>			
Opening balance	(3.42)	(3.42)	(2.00)
Closing balance	(4.54)	(2.80)	(2.87)
Net Increase/(Decrease) in Payables	1.12	(0.62)	0.87
<u>Cash Flow</u>			
Cash receipts from customers	7.36	6.81	4.69
Cash payments to employees	(4.38)	(4.68)	(2.77)
Cash payments to suppliers	(2.00)	(2.90)	(2.16)
Cash receipts, non-trading	0.03	0.01	0.07
Net Operating Cash In/(Out) Flows	1.01	(0.76)	(0.17)
Net Investing Cash In/(Out) Flows	(0.80)	(0.38)	(0.24)
Net Financing Cash In/(Out) Flows	0.51	0.00	0.00
Foreign exchange movement	0.25	(0.19)	0.06
Net Increase/(Decrease) in cash held	0.97	(1.32)	(0.34)

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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")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (6 months)
		\$A	\$A
1.1	Receipts from customers	7,356,340	14,166,015
1.2	Payments for		
	(a) staff costs (incl R&D)	(4,380,275)	(9,064,708)
	(b) advertising and marketing	(135,030)	(299,493)
	(c) research and development (direct external costs)	1,726	(27,490)
	(d) leased assets	(166,176)	(357,381)
	(e) other working capital	(1,271,855)	(3,295,471)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	25,081	39,724
1.5	Interest and other costs of finance paid	(2,280)	(4,155)
1.6	Income taxes paid	(136,798)	(105,523)
1.7	Other (provide details if material)		
	Accounting & Audit	(66,191)	(77,192)
	Computer costs	(48,476)	(147,912)
	Legal Costs, including patent costs	(19,086)	(32,691)
	Listing fees & assoc. costs	(23,135)	(55,499)
	Travel costs	(120,519)	(486,354)
	Grant Income	-	2,889
Net operating cash flows		1,013,326	254,759

+ See chapter 19 for defined terms.

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

	Current quarter \$A	Year to date (6 months) \$A
1.8 Net operating cash flows (carried forward)	1,013,326	254,759
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	(805,381)	(1,182,423)
(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	(805,381)	(1,182,423)
1.14 Total operating and investing cash flows	207,945	(927,664)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	513,296	513,296
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	513,296	513,296
Net increase (decrease) in cash held	721,241	(414,368)
1.21 Cash at beginning of quarter/year to date	4,119,980	5,444,943
1.22 Exchange rate adjustments to item 1.20	248,752	59,398
1.23 Cash at end of quarter	5,089,973	5,089,973

+ 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	81,875
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	\$500,000	Nil
3.2 Credit standby arrangements	N/A	N/A

+ See chapter 19 for defined terms.

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

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	2,273,814	813,895
4.2	Deposits at call	2,816,159	3,306,085
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		5,089,973	4,119,980

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:


 Company Secretary

Date: 21 January 2016

Print name: Claire Newstead-Sinclair

+ 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.