Cogstate Limited

Appendix 4E Preliminary Final Report

Cogstate

Inside this report

Lodged with the ASX under Listing Rule 4.3A.

This information should be read in conjunction with the Annual report.

Name of entity: Cogstate Limited (ABN 80 090 975 723)

Year ended 30 June 2019 (previous corresponding year: 30 June 2018)

Results for announcement to the market

	30 June 2019 US$		Movement %	Movement US$
Total revenue from ordinary activities	21,834,374	↓	24.6%	(7,122,510)
Clinical Trials revenue	21,353,341	↓	24.0%	(6,726,846)
Earnings before interest & taxation (EBIT)	(3,840,403)	↓	4546.5%	(3,926,773)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(3,344,964)	↓	553.2%	(4,083,052)
Depreciation	(495,439)	↓	24.0%	156,279
Interest expense	(29,890)	↑	57.7%	(10,942)
Interest income	19,574	↓	49.5%	(19,222)
Net profit/(loss) before tax	(3,850,719)	↓	3725.3%	(3,956,937)
Net profit/(loss) after tax (from ordinary activities) for the period attributable to members	(2,495,767)	↓	341.0%	(1,929,850)

DIVIDEND INFORMATION

No dividend was paid during the year and the Directors do not recommend a dividend be paid in respect of the year ended 30 June 2019.

	30 June 2019 US$	30 June 2018 US$
Net tangible asset backing (per share)	0.02	0.06
Earnings per share	(0.021)	(0.005)

MANAGEMENT DISCUSSION AND ANALYSIS

The directors report the results of Cogstate Limited (CGS) for the year ended 30 June 2019.

OPERATING RESULTS FOR THE YEAR

A summary of revenue and results are set out below:

Other information required by Listing Rule 4.3A

More detail and commentary on the operations and the results from those operations are set out on the following pages.

EXPLANATION OF RESULTS

Net profit from principal activities - summary

For the 30 June 2019 financial year, the Group recorded a decrease in revenue from Clinical Trials, Healthcare and Research segments and a loss before tax of $3.85m (2018: profit before tax of $0.11m).

	Half Year 31 December 2018 US$	Half Year 30 June 2019 US$	Full Year 2019 US$	Full Year 2018 US$
Revenue from operations	11,107,900	10,726,474	21,834,374	28,956,884
Clinical Trials				
Revenue	10,976,669	10,376,672	21,353,341	28,080,187
Cost of sales (excluding direct depreciation)	(4,254,063)	(4,312,136)	(8,566,199)	(8,548,455)
Gross margin	**6,722,606**	**6,064,536**	**12,787,142**	**19,531,732**
SG&A	(1,598,452)	(1,498,776)	(3,097,228)	(3,626,539)
Pass through costs, net of recovery	-	-	-	-
Clinical Trials EBITDA	**5,124,154**	**4,565,760**	**9,689,914**	**15,905,193**
	46.7%	44.0%	45.4%	56.6%
R&D (incl. academic research studies, normative data studies & technology validation)				
Revenue	67,712	116,937	184,649	491,768
Cost of sales & SG&A	(159)	(10,577)	(10,736)	(30,447)
Other operating expenditure - salaries and wages	(356,148)	(455,976)	(812,124)	(788,303)
R&D EBITDA	**(288,595)**	**(349,616)**	**(638,211)**	**(326,982)**
Total other expenditure (net)	**(6,605,713)**	**(4,930,087)**	**(11,535,800)**	**(12,034,524)**
Adjusted EBITDA from continuing operations, excluding share based compensation	**(1,770,154)**	**(713,943)**	**(2,484,097)**	**3,543,687**
Share based payments (expense of employee options)	133,021	(183,996)	(50,975)	(953,003)
Depreciation (direct and indirect) and amortisation	(230,892)	(264,547)	(495,439)	(651,718)
Profit/(loss) before tax from continuing operations	**(1,868,025)**	**(1,162,486)**	**(3,030,511)**	**1,938,966**
Investment in Cognigram (start-up)				
Cognigram EBITDA	**(933,707)**	**123,815**	**(809,892)**	**(1,852,597)**
Interest income	10,750	8,824	19,574	38,796
Interest expense	(11,099)	(18,791)	(29,890)	(18,948)
Net profit/(loss) before tax	**(2,802,081)**	**(1,048,638)**	**(3,850,719)**	**106,217**

Proforma P&L excluding non-recurring costs

	Half Year 31 December 2018 US$	Half Year 30 June 2019 US$	Full Year 2019 US$
Revenue from operations	11,107,900	10,726,474	21,834,374
Clinical Trials			
Revenue	10,976,669	10,376,672	21,353,341
Cost of sales (excluding direct depreciation)	(4,059,552)	(4,312,136)	(8,371,688)
Gross margin	**6,917,117**	**6,064,536**	**12,981,653**
SG&A	(1,598,452)	(1,498,776)	(3,097,228)
Pass through costs, net of recovery	-		
Clinical Trials EBITDA	**5,318,665**	**4,565,760**	**9,884,425**
	48%	44%	46%
R&D (incl. academic research studies, normative data studies & technology validation)			
Revenue	67,712	116,937	184,649
Cost of sales & SG&A	(159)	(10,577)	(10,735)
Other operating expenditure - salaries and wages	(356,148)	(455,976)	(812,124)
R&D EBITDA	**(288,595)**	**(349,616)**	**(638,210)**
Total other expenditure (net)	**(6,316,686)**	**(4,930,087)**	**(11,246,774)**
Adjusted EBITDA from continuing operations, excluding share based compensation	**(1,286,616)**	**(713,943)**	**(2,000,559)**
Share based payments (expense of employee options)	133,021	(183,996)	(50,975)
Depreciation (direct and indirect) and amortisation	(230,892)	(264,547)	(495,439)
Profit/(loss) before tax from continuing operations	**(1,384,487)**	**(1,162,486)**	**(2,546,973)**
Investment in Cognigram (start-up)			
Cognigram EBITDA	**(225,003)**	**123,815**	**(101,188)**
Interest income	10,750	8,824	19,574
Interest expense	(11,099)	(18,791)	(29,890)
Net profit/(loss) before tax and before non-recurring costs	**(1,609,839)**	**(1,048,638)**	**(2,658,477)**
Non-recurring costs			
- Clinical Trials cost of sales	(194,511)	-	(194,511)
- Cognigram	(708,704)	-	(708,704)
- Administration	(289,027)	-	(289,027)
Net profit/(loss) before tax	**(2,802,081)**	**(1,048,638)**	**(3,850,719)**

Clinical Trials Contracted Revenue

Clinical Trials revenue recognised during the year is a function of:

1. Revenue recognised from sales contracts on hand at the beginning of the financial year; and
2. Revenue recognised from sales contracts executed during the year.

For the year to 30 June 2019, Cogstate executed US$18.0m of Clinical Trials sales contracts, a 50% decrease on US$36.1m sales contracts executed for the 2018 financial year.

Cogstate enters into a contract with the customer for the provision of technology and services for each study. The contract value will differ for each contract, depending upon the scope of the technology and services provided as well as the complexity and length of the study. Revenue from clinical trials contracts is recognised over the life of the contract. The length of a clinical trial can vary from 9 months for a phase 1 study and up to 4-5 years for a phase 3 study. Revenue is recognised based upon achievement of pre-determined milestones.

At 1 July 2018, Cogstate had $28.4 million of contracted revenue that would be recognised in future periods, down 1% on the amount of future revenue contracted at 1 July 2017. During the year to 30 June 2019, Cogstate signed $18.0 million of new sales contracts, a 50% decrease from the prior year. After recognising $21.4 million of revenue from those contracts during the year, Cogstate had, at 30 June 2019, $20.3 million of contracted revenue expected to be recognised in future periods. See table below for more analysis.

As noted in the Appendix 4D and half year financial report, in the course of preparing reconciliations for the finalisation of the previously announced cancelled Alzheimer's disease studies, a provision for refund was taken up for amounts due to the customers. A full reconciliation has been undertaken and there are no further amounts to provide for at the full year.

	30 June 2019 US$	30 June 2018 US$
Clinical Trials revenue contracted at 1 July	28,410,884	28,694,351
Contracts signed during the period	17,962,069	36,095,448
Revenue recognised	(21,353,341)	(28,080,187)
Provision for refund	(1,622,250)	-
Contract cancellations	-	(6,369,026)
Adjustment for contract reconciliations, FX movements & other pass-through revenue	(3,067,142)	(1,929,702)
Contracted future Clinical Trial revenue at 30 June	**20,330,220**	**28,410,884**

Results - Expenses

1. Employment expenses

Full Time Equivalent (FTE) employees totalled 153.8 at 30 June 2019, broken down as follows:

Business Unit	FTE at 30 June 2019	FTE at 30 June 2018
Clinical Trials	77.0	78.0
Business Development	14.4	15.0
Healthcare	-	12.0
Research and Development	8.6	7.0
Product Development	39.0	38.0
Administration	14.8	20.0
Total	**153.8**	**170.0**

2. Total employment expenses

	Half Year 31 December 2018 US$	Half Year 30 June 2019 US$	Full Year 2019 US$	Full Year 2018 US$
Wages & salaries directly attributable to Clinical Trials segment	(5,390,665)	(5,135,986)	(10,526,651)	(11,621,263)
Wages & salaries	(4,698,229)	(5,329,628)	(10,027,857)	(11,214,394)
Less capitalisation of software development costs	880,562	1,044,095	1,924,657	2,377,905
	(9,208,331)	(9,421,519)	(18,629,850)	(20,457,752)
Share based payments expense	133,021	(183,996)	(50,975)	(953,003)
	(9,075,311)	(9,605,515)	(18,680,825)	(21,410,755)
Non-recurring costs	1,192,242	-	1,192,242	
Total	**(7,883,069)**	**(9,605,515)**	**(17,488,583)**	**(21,410,755)**
Proforma with non-recurring costs excluded				
Wages & salaries directly attributable to Clinical Trials segment	(5,196,154)	(5,135,986)	(10,332,140)	(11,621,263)
Wages & salaries	(3,700,498)	(5,329,627)	(9,030,125)	(11,214,394)
	(8,896,652)	(10,465,613)	(19,362,265)	(22,835,657)
Less capitalisation of software development costs	880,562	1,044,095	1,924,657	2,377,905
Share based payments expense	133,021	(183,996)	(50,975)	(953,003)
	(7,883,069)	(9,605,515)	(17,488,583)	(21,410,755)
Non-recurring costs	(1,192,242)		(1,192,242)	-
Total	**(9,075,311)**	**(9,605,515)**	**(18,680,825)**	**(21,410,755)**

AUDIT

The financial report has been audited.

The audit has been completed.

The financial report contains an independent audit report that is not subject to a modified opinion, emphasis of matter or other matter paragraph.

Review of operations and activities

Cogstate brings together **science, innovation and operational excellence to optimise the measurement of cognition in clinical trials, academic research and healthcare**. Through our enabling technologies and professional services, we provide quality assurance solutions for traditional neuropsychological tests and commercialise rapid, reliable and highly sensitive digital brain health assessments. Cogstate customers include the world's leading biopharmaceutical companies; elite sporting organisations and military; physicians and patients; and renowned academic institutions and public-private partnerships.

CLINICAL TRIALS

Cogstate works with pharmaceutical and biotechnology companies to support clinical trials that seek to demonstrate a drug's impact on cognition. This includes the provision of highly sensitive computerised cognitive tests, as well as the management, training and monitoring to improve the reliability and sensitivity of traditional cognitive assessments. Our full-service solutions span the entire clinical trial lifecycle from study design to final statistical analysis. Recently expanded offerings include more flexible deployment models and modalities for computerised testing, as well as more efficient and effective rater training and monitoring solutions to meet the quality assurance needs of clinical trials.

Traditional cognitive, functional and behavioural assessments in clinical trials are inherently prone to variability, bias and human error, and when compounded by the global nature of large, late phase studies, these factors can detrimentally impact the quality and even outcome of a clinical trial. Services focused on rigorous training and monitoring of the individuals around the world who are responsible for administering the assessments (referred to as "raters") has long been the focus for ensuring conclusive studies; but this approach can be incredibly burdensome to raters and costly to the pharmaceutical company sponsoring the trial when not enabled by technologies or tailored to the experience and performance of the raters.

To address these challenges and growing market requirements, Cogstate created the Cogstate Rater Academy. Cogstate brought together adult learning experts with clinical experts to develop a novel rater certification program that drives efficiencies in the identification, training, central monitoring and remediation of raters. While most rater training programs focus on in-person, lecture-based training, Cogstate Rater Academy is designed for “eLearning first”, with an emphasis on practice and demonstration of mastery. This approach allows expert raters to progress to certification rapidly, and delivers time, cost and quality advantages to clinical trial sponsors.

ACADEMIC RESEARCH

Cogstate has continued to support important international research studies and academic collaborations across various indications, including Alzheimer’s disease, HIV, multiple sclerosis, paediatric and adult oncology, Parkinson’s disease, epilepsy, and schizophrenia. To date, Cogstate has participated in over 1,400 academic research studies in more than 150 different indications, resulting in hundreds of peer reviewed publications. In Alzheimer’s disease, Cogstate is at the forefront of leading prevention trials via its participation in key public private partnership studies such as; the Anti-Amyloid Treatment in Asymptomatic Alzheimer’s study (A4), the Dominantly Inherited Alzheimer Network Observational Study (DIAN), the Australian Imaging, Biomarker & Lifestyle Study of Ageing (AIBL), the Alzheimer’s Disease Neuroimaging Initiative (ADNI), and the Global Alzheimer’s Platform (GAP Foundation) Trial ready cohort for pre-clinical-prodromal Alzheimer’s disease.

HEALTHCARE

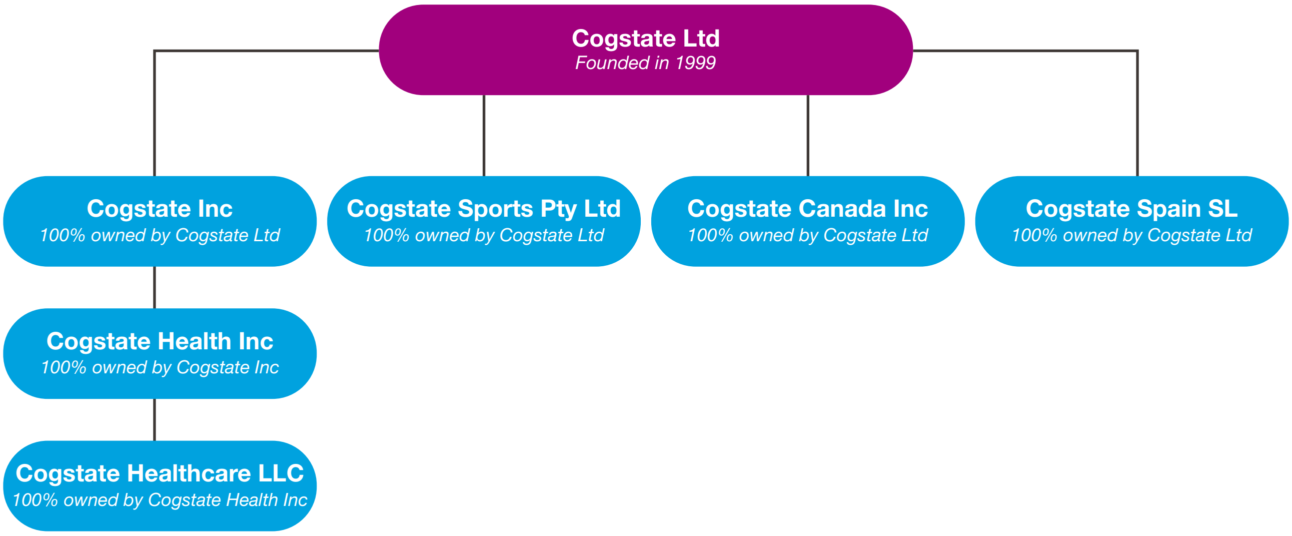
Cogstate has developed tools specifically designed to aid healthcare professionals with objective assessments of cognition in patients. The system, branded as Cognigram™, allows for regular and standardised testing to assist in the early detection of cognitive decline that could be related to a range of factors including head injury, neurodegenerative disease or side effects following pharmacological treatments. There are additional applications in areas such as pre- and post-operative care-especially critical in vulnerable or aging populations-to help ensure a full recovery and reduce rates of hospital re-admittance. Informative and automated reports allow clinicians to easily track a patient’s cognitive change over time, compare results to age-matched normative data, and understand performance on both specific cognitive domains and composite scores.

In the healthcare area of sports related concussion, while Cogstate technologies have been used for over a decade by a number of highly regarded institutions and sporting organisations around the world to support their concussion management protocols, Cogstate has long believed that a substantial market exists in the U.S. hospital and primary care market. Recent investments in product enhancements and process development have enabled Cogstate to achieve regulatory clearance in USA, EU, Canada and Australia, allowing Cogstate to commence the marketing of Cognigram to health systems, hospitals, physician practices, elder care organisations, schools and sports teams in those geographical areas.

Group overview

COGSTATE GROUP

The Cogstate Group comprises **Cogstate Ltd** and **six subsidiaries** that are all directly or indirectly wholly owned:

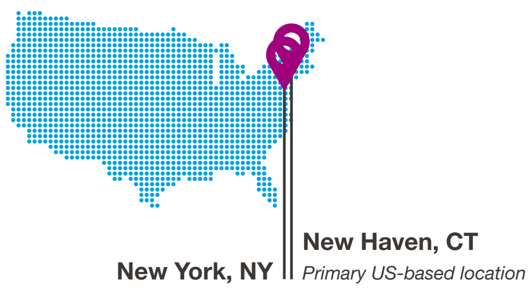


OFFICE LOCATIONS

Cogstate has **4 primary offices** in the following locations:

Australia

USA



United Kingdom

Local Expert Advisor (LEAD) Network

The **Local Expert Advisors** are **bilingual**, **clinical psychologists** or **neuropsychologists** in a **consulting role at Cogstate** delivering reviews of rater assessments that have been administered to subjects during international pharmaceutical clinical trials.

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Cogstate Limited (the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2019 and the auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Pictured from left to right:

David Dolby (Non-Executive Director), **Brad O'Connor** (Chief Executive Officer), **Martyn Myer** (Chairman), **Jane McAloon** (Non-Executive Director), **Richard Mohs** (Non-Executive Director), **Claire Newstead-Sinclair** (Company Secretary), (*Not pictured:* Richard van den Broek, Non-Executive Director)

DIRECTORS

The following persons held office as directors of Cogstate Limited during the financial year:

Martyn Myer AO

BE, MESc, MSM.
Chairman

Mr Myer is Deputy Chancellor for the Council of the University of Melbourne and President of The Myer Foundation, one of two principle Myer Family philanthropic funds. He previously served as President of the Howard Florey Institute of Experimental Physiology and Medicine and was a director of The Florey Institute of Neuroscience and Mental Health, where he participated in the transition of the Institute's research focus towards diagnostic and therapeutic neuroscience, including a focus on degenerative brain diseases.

Committees: Remuneration and Nomination Committee (Chair) and Audit, Risk and Compliance Committee

Other directorships and interests: Cogstate Inc., Cogstate Health Inc., Cogstate Canada Inc., Cogstate Sports Pty Ltd and Cogstate Spain SL.

Brad O'Connor

B Bus, CA.
Managing Director and Chief Executive Officer

Mr O'Connor has responsibility for Cogstate's overall strategic direction and day-to-day operations as well as development of expansion opportunities outside of the core clinical trials business. Prior to taking the position of CEO at Cogstate in 2005, Mr O'Connor joined Cogstate as Chief Financial Officer and Company Secretary in 2004. Prior to that, Mr O'Connor held senior positions at Spherion Group, Australian Wine Exchange and PricewaterhouseCoopers.

Other directorships and interests: Cogstate Inc., Cogstate Health Inc., Cogstate Canada Inc., Cogstate Sports Pty Ltd, Cogstate Healthcare LLC and Cogstate Spain SL.

Richard Mohs

PhD.
Independent Non-Executive Director

Dr Mohs is currently Chief Scientific Officer for the Global Alzheimer's Platform (GAP) Foundation, a non-profit devoted to enhancing the speed and quality of Alzheimer's disease research. Richard also serves as a consultant to academic institutions, foundations and biopharmaceutical companies, and is a member of the Board of Governors for the Alzheimer's Drug Discovery Foundation. Dr Mohs retired from Eli Lilly in 2015, where he held leadership positions including Vice President for Neuroscience Early Clinical Development and Leader of the Global Alzheimer's Drug Development Team. Before joining Eli Lilly, Dr Mohs spent 23 years with the Mount Sinai School of Medicine where he was Professor in the Department of Psychiatry and Associate Chief of Staff for Research at the Bronx Veterans Affairs Medical Centre.

Committees: Remuneration and Nomination Committee and Audit, Risk and Compliance Committee

David Dolby

BSE, MBA.
Non-Executive Director

Mr Dolby is founder and managing director of Dolby Family Ventures, a venture capital investment firm focused on technology and life sciences investments in neuro technology and therapeutics targeting Alzheimer's disease. He represents the Dolby Family Trust on a number of technology, scientific research, and consumer products investments focusing on innovation and commercialising intellectual property.

Other directorships and interests: Dolby Laboratories (from 2011).

Committees: Remuneration and Nomination Committee

Richard van den Broek

CFA.

Independent Non-Executive Director

Mr van den Broek is founder and managing partner of HSMR Advisors LLC, a U.S. based fund manager with an investment emphasis on small and mid-cap biotech public companies. From 2000 through 2003 he was a Partner at Cooper Hill Partners, LLC, an investment fund focused on the healthcare sector. Prior to that Mr van den Broek had a ten year career as a biotech analyst, starting at Oppenheimer & Co., then Merrill Lynch, and finally at Hambrecht & Quist.

Committees: Remuneration and Nomination Committee

Jane McAloon

BEc (Hons), LLB, GDipGov, FAICD, FCIS.

Independent Non-Executive Director

Ms McAloon brings a wealth of commercial experience from her work in highly regulated industries including rail, energy, infrastructure and resources sectors. In her executive career, Ms McAloon held senior executive positions at BHP Billiton and AGL, as well as in the NSW State Government.

Other directorships and interests: Energy Australia Holdings Limited (from 2012), Healthscope Ltd (from 2016), Port of Melbourne Group (from 2018) and Viva Energy Limited (from 2018).

Committees: Remuneration and Nomination Committee and Audit, Risk and Compliance Committee (Chair)

COMPANY SECRETARY

The Company secretary is Ms Claire Newstead-Sinclair BBus, CA. Ms Newstead-Sinclair was appointed to the position of Company secretary in 2010, prior to which she worked as a Finance Manager for OAMPS Insurance Brokers (now Arthur J. Gallagher), when it was part of the Wesfarmers Group. Ms Newstead-Sinclair is a Chartered Accountant and a member of the Governance Institute of Australian who holds a Bachelor of Business degree.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares and options of Cogstate Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Martyn Myer	21,467,786	200,000
Mr Brad O'Connor	4,889,183	2,425,000
Mr Richard van den Broek	3,935,000	150,000
Mr David Dolby	21,391,389	200,000
Mr Richard Mohs	55,000	-
Ms Jane McAloon	53,000	-

PRINCIPAL ACTIVITIES

The Group's principal continuing activity during the year was the sale of technology and services for the measurement of cognition, where services include scientific consultancy, project management, data management, statistical analysis and reporting. Principally Cogstate technology and associated services are utilised in three market segments; clinical trials, academic research and healthcare.

In the clinical trials segment, technology and services are sold to pharmaceutical, biotechnology, nutraceutical and functional food companies to quantify the effect of drugs or other interventions on human subjects participating in clinical trials. The technology and services encompass:

- computerised assessment of cognition as a study endpoint;
- computerised assessment of cognition as a screening tool (online or at a clinical trial site) when recruiting study participants with specific levels of cognitive impairment;
- expert advice in respect of clinical trial design; and
- expert management, training, scoring and monitoring of traditional assessments of cognition.

In an academic research setting, Cogstate provides access to many of the features of Cogstate Clinical Trials at a discounted price, reflecting the value that Cogstate places upon participating in ongoing academic studies and public-private partnerships because of the access to validating data, relationships and profile building provided by the inclusion of Cogstate technology in these studies.

In healthcare, Cogstate technology is used by healthcare professionals in clinical practice or a hospital environment to allow for regular and standardised testing of cognitive function to detect even subtle changes that could be important in the context of neurological disorders (including dementia), concussion or treatment with medication or other types of interventions.

There was no significant change in the nature of the activity of the Group during the year.

OPERATING RESULTS FOR THE YEAR

For the year to 30 June 2019, Cogstate executed US$18.0m of Clinical Trials sales contracts, a 50% decrease on US$36.1m sales contracts executed in the year to 30 June 2018. The Company recorded a Net Loss Before Tax of $3.85m.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

During the 2020 financial year the value of sales contracts executed from new clinical trials in Alzheimer's disease is expected to continue to be less than that recorded in the 2018 and 2017 financial years.

Over the course of the last 18 months, Cogstate has been able to secure growth in the value of sales contracts executed for Clinical Trials across a range of other indications, including rare diseases, Parkinson's disease, and depression. During the 2020 financial year, Cogstate will continue to seek to grow sales contracts in these (non-Alzheimer's disease) indications.

As a result of the contracted revenue position at 1 July 2019 ($20.3 million, compared to $28.4 million at the same time the previous year), growth in revenue from clinical trials will only be possible through growth in clinical trials sales contracts executed during the 2020 financial year (compared to $18.0 million of sales contracts executed during the 2019 financial year).

Therefore, during the 2020 financial year, it is expected that there will continue to be pressure on profit margins for the clinical trials segment of the business.

During the 2019 financial year, Cogstate altered its commercialisation strategy in respect of Cognigram. Over the last year, the Cognigram product, which has been cleared by regulators within the USA, EU, Canada and Australia, was available to existing and new customers with operational support absorbed within the broader business. However, proactive sales and marketing activities ceased at the beginning of the 2019 financial year, thereby reducing expenditure significantly in the 2019 financial year. At the time of the decision, it was stated that Cogstate would continue to seek commercial opportunities for Cognigram through distribution partners. During the 2020 financial year, it is expected that Cogstate will enter into a licence agreement for Cognigram in specified geographies. As a result, it is expected that the Cognigram business segment will contribute positively to net earnings for the first time in the 2020 financial year.

Cogstate will continue development of its new technology platform, which is focused on the Clinical Trials segment. The new technology platform will allow Cogstate to broaden its offering in the Clinical Trials market, thereby increasing market opportunity in that market. During the 2020 financial year, Cogstate will seek non-dilutive financial support for additional technology development with application outside of the clinical trials business segment.

The net profit result for the 2020 financial year will be dependent upon growth in clinical trials sales contracts and improvement in gross margin from that business segment.

DIVIDENDS

No dividends have been paid during the financial year. The directors do not recommend that a dividend be paid in respect of the financial year (2018: US$nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 8 July, Cogstate issued a total of 22,857,143 fully paid ordinary shares at an issue price of A$0.175 per share by way of placement to Australian Ethical Investment Limited for a total consideration of A$4,000,000 (approximately US$2,800,000).

On 27 August, Cogstate entered into an agreement with pharmaceutical company, Eisai Co., Ltd., to distribute Cogstate technology in Japan. Under the exclusive licencing agreement, Eisai will market Cogstate technology as a screening tool for cognition in all healthcare and consumer markets, excluding clinical trials and academic research applications.

Under the terms of the agreement Eisai will:

- Provide an upfront royalty payment to Cogstate of US$1m;
- Fund necessary product development activities to further tailor Cogstate solutions for the Japanese user base; and
- Fund a commercial team in Japan.

Cogstate and Eisai will share profits equally after taking into account the associated costs of generating revenue.

The agreement has an initial term of ten years, with performance criteria to maintain exclusivity after five years.

Additionally, on 27 August Cogstate issued a total of 6,700,000 fully paid ordinary shares at an issue price of A$0.20308 per share by way of placement to Eisai Co., Ltd for a total consideration of A$1,360,636.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

ENVIRONMENTAL REGULATION

The Group is not affected by any significant environmental regulation in respect of its operations.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2019, and the numbers of meetings attended by each director were:

	Board meetings		Audit, Risk & Compliance committee meetings		Remuneration & Nomination committee meetings	
	A	B	A	B	A	B
Martyn Myer AO	9	9	3	3	1	1
Brad O'Connor	9	9	-	-	-	-
Richard van den Broek	9	9	-	-	1	1
David Dolby	8	9	-	-	1	1
Jane McAloon	9	9	3	3	1	1
Richard Mohs	9	9	3	3	1	1

A: Number of meetings attended
B: Number of meetings held during the year

Audit, Risk & Compliance

Jane McAloon (c), Martyn Myer AO, Richard Mohs

Remuneration & Nomination

Martyn Myer AO (c), Richard Van den Broek, David Dolby, Richard Mohs,
Jane McAloon

UNISSUED SHARES

As at the date of this report, there were 9,360,239 unissued ordinary shares under employee options. Refer to the Remuneration Report and Note 28 of the financial report for further details of the employee options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Cogstate Limited were issued during the year ended 30 June 2019 on the exercise of options granted under the Cogstate Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options exercised	Issue price of shares	Number of shares issued
02-08-18	0.27	50,000
02-08-18	0.30	20,000
24-08-18	0.36	10,000
31-08-18	0.26	50,000
03-09-18	0.10	635,000
03-09-18	0.15	500,000
03-09-18	0.21	1,441,667
03-09-18	0.27	750,000
03-09-18	0.36	710,000
03-09-18	0.49	300,000
18-09-18	0.20	121,428
24-09-18	0.27	50,000
24-09-18	0.36	16,667
25-09-18	0.49	50,000
16-10-18	0.27	33,333
19-10-18	0.10	14,583
26-10-18	0.27	50,000
30-10-18	0.27	33,333
		4,836,011

INSURANCE OF OFFICERS

During the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Cogstate Limited against costs incurred in defending proceedings for conduct involving any wrongful act by a director. Under the policy, the Company cannot release to any third party or otherwise publish the amount of the premium. Accordingly, the Company relies on section 300(9) of the *Corporations Act* to exempt it from the requirement to disclose the premium amount of the relevant policy.

NON-AUDIT SERVICES

The Board of Directors has considered the position and, in accordance with advice received from the audit, risk and compliance committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit, risk and compliance committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2019 US$	**2018 US$**
Taxation services		
Pitcher Partners firm (Melbourne):		
Tax compliance services	13,000	13,940
Total remuneration for taxation services	**13,000**	**13,940**
Other services		
Network firms of Pitcher Partners	26,468	34,831
Total remuneration for non-audit services	**39,468**	**48,771**

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 19.

PITCHER PARTNERS

COGSTATE LIMITED

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF COGSTATE LIMITED

In relation to the independent audit for the year ended 30 June 2019, 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 APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Cogstate Limited and the entities it controlled during the year.

M Harrison

M J HARRISON
Partner

27 August 2019

Pitcher Partners

PITCHER PARTNERS
Melbourne

An independent Victorian Partnership ABN 27 975 255 196
Level 13, 664 Collins Street, Docklands VIC 3008
Liability limited by a scheme approved under Professional Standards Legislation

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Audited remuneration report

1. WHO DOES THIS REPORT COVER?

The directors present the Cogstate Limited 2019 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company, and includes the four executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives and general managers of the Parent and the Group.

Name	Position
Non Executive Directors	
Martyn Myer AO	Chairman (Non Executive)
David Dolby	Non Executive Director
Jane McAloon	Non Executive Director
Richard van den Broek	Non Executive Director
Richard Mohs	Non Executive Director
Senior Executives	
Brad O'Connor	Managing Director and CEO
Paul Maruff	Chief Science Officer
Lammert Albers	Chief Commercial Officer
Rich Gleeson	Chief Technology Officer
Frank Cheng (until December 2018)	President, Healthcare

The composition of the list of senior executives has changed from the 2018 remuneration report, reflecting a restructure undertaken at Cogstate that saw the removal of the role of Chief Operating Officer in April 2018 and the removal of the role of President, Healthcare Division in December 2018.

Voting and comments made at the Company's 2018 Annual General Meeting

Cogstate Limited received more than 99% of "yes" votes on its remuneration report for the 2018 financial year.

2. REMUNERATION PRINCIPLES

The performance of Cogstate is dependent upon the quality of its senior executives and non-executive directors. Given the developing nature of Cogstate, the remuneration policy must reflect the need to attract, motivate and retain highly skilled directors and executives in Australia and the United States.

To this end, the Group embodies the following principles in its remuneration framework:

- Align remuneration with the Company's commercial strategy;
- Provide competitive rewards to attract high quality executives, benchmarked against the market and practices in the relevant geographic location;
- Ensure that there is a strong link between individual performance and rewards with company performance;
- Align the interests of executives and shareholders with long term incentives designed to align executive motivation with creation of long term shareholder value.

3. REMUNERATION GOVERNANCE FRAMEWORK

3.1 Role of the Board and Remuneration Committee

The Board is responsible for ensuring that Cogstate's remuneration structures are equitable and aligned with the long-term interests of Cogstate and its stakeholders. The Remuneration Committee, established by the Board, is made up of a majority of independent directors, with responsibility for reviewing key aspects of Cogstate's remuneration structure and arrangements.

The Remuneration Committee reviews and recommends to the Board:

- fixed remuneration and incentive arrangements for the Senior Executives and other executives reporting to the CEO;
- major changes and developments to employee incentive plans; and
- remuneration arrangements for Non-Executive Directors.

4. FY19 REMUNERATION POLICY

Remuneration structure

In accordance with best practice corporate governance, the structure of executive and non-executive directors and key management personnel remuneration is separate and distinct.

4.1 Senior Executives

Executive remuneration policy and framework

The objective of the remuneration policy is to design and implement a remuneration framework to meet the remuneration principles outlined above.

Cogstate's remuneration philosophy is to attract and retain talented employees through an engaging and equitable reward framework. It aims to encourage and recognise high performance in a manner which is aligned with the long-term interests of Cogstate and its shareholders.

The principles that underpin the remuneration policy for the executives are the same as those that apply to other employees. The CEO's arrangements have a greater emphasis on a higher proportion of remuneration in performance related pay. The performance measures used to determine short term incentives for the CEO and all employees are linked to the delivery of strategy consistent with Cogstate's purpose.

The Remuneration and Nomination Committee believes that the appropriate remuneration framework for the Cogstate KMPs is comprised of fixed and variable elements. The fixed component comprises base salary and pension / superannuation, in line with relevant statutory provisions. The variable component is comprised of short and long term incentives. In setting remuneration, the Committee takes into account reports and advice detailing market levels of remuneration for comparable roles.

Remuneration is benchmarked and determined in the home jurisdiction of the executive. The CEO's remuneration is benchmarked in the USA. The Remuneration and Nomination Committee believes the most appropriate comparator market for most executives is the USA; where the Group currently earns the majority of its revenue and conducts the majority of its business.

This philosophy resulted in a Senior Executive remuneration framework for FY19 consisting of both fixed and variable remuneration components. The objectives and key elements of each component are presented below:

Remuneration Framework FY19

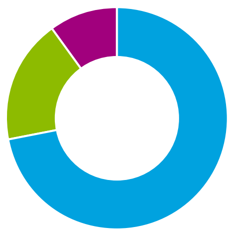
	Fixed	**Variable 'At-Risk'**	
Objective	The fixed component is in place to attract and retain key talent	The variable component is performance-based and aligned with Cogstate's strategic direction to deliver both short and long term value creation to shareholders	
Component	Fixed remuneration	STI	LTI
Basis of Quantum	Fixed remuneration reflects seniority, complexity, nature and size of the role and is reviewed annually	Awards based on the achievement of the company's strategic priorities and operational targets and commensurate with the remuneration received by executives. Performance measures each year are chosen on the basis that they are expected to have a significant short and long-term impact on the company's success and are both financial and non-financial targets	Awards to executives based on a manner which aligns this element of remuneration with the creation of shareholder wealth
Vehicle	Cash	Cash	Employee Share Option Plan

The FY19 remuneration framework for all Senior Executives is unchanged from FY18. The applied remuneration mix for actual performance is shown in the diagrams below.

CEO

64% Fixed Remuneration
23% STI (Cash)
13% LTI

OTHER SENIOR EXECUTIVES



69% Fixed Remuneration
21% STI (Cash)
11% LTI

This reflects on-going executives only and excludes Frank Cheng.

4.2 Non Executive Directors (NEDs)

Cogstate's remuneration policy for NEDs aims to ensure that Cogstate can attract and retain suitably qualified and experienced NEDs having regard to:

- the level of fees paid to NEDs of other ASX listed Australian companies;
- the size and complexity of Cogstate's operations; and
- the responsibilities and work requirements of Board members.

NEDs receive a base fee for being a Board Director and additional fees for being a Chairman of a Board Committee (except Remuneration & Nomination Committee). The NEDs do not receive any additional fees for serving on a Board Committee, other than an additional fee paid to the Chair of the Audit, Risk and Compliance Committee.

The fees are unchanged in FY19 from FY18 and are set out below. Fees include superannuation contributions in accordance with the current Superannuation Guarantee legislation.

			BOARD FEES
POSITION	**Base fee**	**Audit, Risk & Compliance Committee**	**Remuneration & Nomination Committee**
Board Chairman	A$110,000	-	-
Board NED	A$75,000	-	-
Committee Chairman	-	A$10,000	-
Committee Member	-	-	-

The current NED fee pool is A$450,000 per annum (set by shareholders at the 2016 AGM) and the total fees for FY19 including superannuation contributions were A$420,000, which is below the agreed limit.

NEDs are also entitled to be reimbursed for all travel and other expenses reasonably incurred in attending to Cogstate's affairs. In order to maintain independence, NEDs are not eligible for any performance-based payments.

NED shareholding policy

The Board recognises the importance of aligning NED interests with the long-term interests of shareholders and considers that an investment in Cogstate shares demonstrates this alignment. All Cogstate NEDs hold an equity interest in Cogstate, the details of which are spelt out in this Remuneration Report.

5. FY19 COMPANY PERFORMANCE

The following table shows key performance indicators for the Group over the last 5 years:

Consolidated	2019	2018	2017	2016	2015
(Loss)/profit for the year attributable to owners of Cogstate Ltd (US$'000)	(2,496)	(566)	(643)	1,921	(4,243)
Basic earnings/(loss) per share (cents)	(2.1)	(0.5)	(0.6)	1.7	(4.2)
Dividend payments (cents)	0	0	0	0	0
Dividend payout ratio (%)	0	0	0	0	0
Increase/(decrease) in share price (cents)	(0.57)	(0.38)	0.36	0.57	(0.09)
Increase/(decrease) in share price (%)	(74.3%)	(33.3%)	46.2%	271.4%	(30.0%)
Total KMP Incentives as percentage of (loss)/profit for the year (%)	(17.5%)	(130.2%)	(94.3%)	39.8%	(15.9%)

The above table illustrates the link between Cogstate Limited's (loss)/profit after tax and payments made under the STI plan. The relationship between the two will differ from year to year, since STI awards are made on an assessment of both financial and non-financial criteria.

6. SENIOR EXECUTIVE REMUNERATION IN DETAIL

6.1 Received remuneration

2019 Name	Short-term employee benefits Cash salary and fees US$	Short-term employee benefits Cash bonus* US$	Short-term employee benefits Non-monetary benefits US$	Post-employment benefits Superannuation US$	Long-term benefits Long service leave US$	Termination Benefits US$	Share-based payments Options US$	Total US$
Non-executive directors								
M Myer	71,811	-	-	6,822	-	-	22,881	101,514
R van den Broek	52,982	-	-	-	-	-	11,803	64,785
D Dolby	52,982	-	-	-	-	-	12,166	65,148
R Mohs	52,982	-	-	-	-	-	-	52,982
J McAloon	55,490	-	-	5,272	-	-	-	60,762
Sub-total non-executive directors	**286,247**	**-**	**-**	**12,094**	**-**	**-**	**46,850**	**345,191**
Executive director								
B O'Connor	367,763	150,000	26,089	14,680	10,707	-	85,803	655,042
Other key management personnel (Group)								
P Maruff#	274,429	63,676	12,432	14,677	9,669	-	41,695	416,578
L Albers	351,818	170,720^	-	6,467	-	-	55,379	584,384
R Gleeson	279,615	53,466	-	6,402	-	-	51,858	391,341
F Cheng****	167,760	-	-	3,692	-	174,243	-	345,695
Total key management personnel compensation (group)	**1,727,632**	**437,862**	**38,521**	**58,012**	**20,376**	**174,243**	**281,585**	**2,738,231**

**Bonuses are accrued at 30 June and paid in July of the following financial year.*

***** F Cheng ceased employment effective 31 December 2018.*

^This is not a cash bonus, but rather a commission payment based upon actual sales contracts executed.

 # Employee was paid in $AU and payment was converted to US$ at spot rate at the time of the payment.

2018 Name	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments	
	Cash salary and fees US$	Cash bonus* US$	Non-monetary benefits US$	Superannuation US$	Long service leave US$	Termination Benefits US$	Options US$	Total US$
Non-executive directors								
M Myer	78,051	-	-	7,415	-	-	36,926	122,392
R van den Broek	57,949	-	-	-	-	-	19,236	77,185
D Dolby	57,949	-	-	-	-	-	20,782	78,731
R Mohs	57,833	-	-	-	-	-	-	57,833
J McAloon	60,311	-	-	5,730	-	-	-	66,041
D Simpson**	-	-	-	19,617	-	-	-	19,617
Sub-total non-executive directors	**312,093**	**-**	**-**	**32,762**	**-**	**-**	**76,944**	**421,799**
Executive director								
B O'Connor	338,005	207,320	28,894	15,571	21,183	-	172,358	783,331
Other key management personnel (Group)								
P Maruff#	283,945	124,368	15,593	15,576	4,306	-	40,434	484,222
L Albers	344,857	316,060^	-	9,932	-	-	71,627	742,476
R Gleeson	260,000	52,260	-	7,597	-	-	38,157	358,014
F Cheng****	329,423	89,100	-	8,550	-	-	236,000	663,073
G Hunnewell***	297,489	-	-	11,184	-	169,125	-	477,798
Total key management personnel compensation (group)	**2,165,812**	**789,108**	**44,487**	**101,172**	**25,489**	**169,125**	**635,520**	**3,930,713**

**Bonuses are accrued at 30 June and paid in July of the following financial year.*

***D Simpson retired on 25 October 2017.*

****G Hunnewell ceased employment effective 27 April 2018.*

***** F Cheng ceased employment effective 31 December 2018.*

^This is not a cash bonus, but rather a commission payment based upon actual sales contracts executed.

 # Employee was paid in $AU and payment was converted to US$ at spot rate at the time of the payment.

7. FIXED REMUNERATION

Fixed Remuneration is made up of cash salary, superannuation and other approved benefits and is reviewed annually to assess its alignment to individual performance and market practice.

8. SHORT TERM INCENTIVE (STI)

8.1 STI Policy

PURPOSE

The objective of the STI is to link achievement of the company's strategic priorities and operational targets with the remuneration received by executives. Performance measures each year are chosen on the basis that they are expected to have a significant short and long term impact on the company's success.

PERFORMANCE PERIOD

Targets were set at the commencement of FY19 and assessed at the end of the financial year, based on the Company's audited annual results and individual performance against non-financial targets.

PERFORMANCE CONDITIONS

For FY19, all STI targets for Senior Executives were aligned with the strategic goals across the group. The composition of these targets is set out below for eligible STI participants in FY19.

Targets and Weightings (as a percentage of STI opportunity for target performance)

Senior Executive	Position	Group Operating NPAT	Divisional Financial Measure(s)	Non-Financial Measures
Brad O'Connor	CEO	42%	25%	33%
Paul Maruff	Chief Science Officer	33%	17%	50%
Lammert Albers	Chief Commercial Officer		100%[1]	
Rich Gleeson	Chief Technology Officer	33%		67%

1 This is not a cash bonus, but rather a commission payment based upon actual sales contracts executed.

Group Operating NPAT is statutory NPAT, excluding non-operating items unrelated to business as usual operations. All executives at Cogstate work towards the same Operating NPAT goal.

For the purposes of measuring STI during the 2019 financial year, the Operating NPAT targets was not adjusted to reflect the restructure undertaken during the financial year. That is, performance against STI targets was consistent with the business assumptions in place at the beginning of the year.

Non-financial measures comprise specific targets and goals that are both strategic for the company and specific to the individual executive and his or her area of expertise and control. Examples of such non-financial measures include:

- Delivery of new technology platform, in line with agreed specifications, costs and timelines;
- Continued scientific validation of new technology or in new indications that provide strategic business opportunities;
- Fit for purpose restructure of business units; or
- Other divisional specific goals considered strategic to the business.

All of these are areas which are aligned with Cogstate's strategic goals and are key to positive outcomes for Cogstate and its stakeholders.

Performance against targets is assessed by the Board based on the Company's annual audited results and financial statements. The methods adopted to assess performance have been chosen as the Board believes they are the most appropriate way to assess the true financial performance of the company and determine remuneration outcomes.

TREATMENT ON CESSATION

On cessation of employment, Senior Executives are not entitled to any unpaid STI, other than where the Senior Executive resigns for illness or other approved reasons, or where employment is terminated due to redundancy. In such cases, the Senior Executive, subject to Board discretion, may receive a pro-rata STI award based on performance over the period of the year that they were employed.

8.2 STI awards for FY19

8.2.1 Details of FY19 STI outcomes for Senior Executives

STI awards for Senior Executives ranged between threshold and target opportunity, reflecting relative achievement of financial and non-financial metrics.

The table below summarises the STI outcomes for each scorecard measure for eligible FY19 participants.

				Percentage of Maximum STI	
Senior Executives	**Group Operating NPAT**	**Divisional Financial Measures**	**Non- Financial Measures**	**% Awarded**	**% Not awarded**
Brad O'Connor *CEO*	Below Threshold and not paid	Below Threshold and not paid	Between threshold & target	25%	75%
Paul Maruff *Chief Science Officer*	Below Threshold and not paid	Below Threshold and not paid	Between threshold & target	28%	72%
Lammert Albers *Chief Commercial Officer*	n/a	Between threshold & target	n/a	n/a	n/a
Rich Gleeson *Chief Technology Officer*	Below Threshold and not paid	n/a	At target	66%	34%

Key At target   Between threshold & target   Below Threshold and not paid

8.3 Long Term Incentive (LTI)

8.3.1 LTI Policy FY19

PURPOSE	The LTI is designed to align the interests of Senior Executives with the interests of shareholders by providing the opportunity for participants to receive an equity interest in Cogstate through the granting of options via the Employee Option Plan. Growth remains a key aspect of Cogstate's strategic plan and it is appropriate that Senior Executives be incentivised to achieve targets which demonstrate sustainable growth. LTI grants are not made each year but are made as considered appropriate to attract new executives as well as provide both incentive and retention for existing executives.
PARTICIPATION	All Senior Executives were granted options under the LTI in FY19.
VEHICLE AND ALLOCATION METHODOLOGY	Options are issued for nil consideration. Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at the specified exercise price. One third of the options may be exercised after two years. The remaining two thirds can be exercised after the following year. The expiry date is at the discretion of the Board and may vary. Historically options expire after ten years, however since June 2009 options issued expire after five years. Options are calculated at fair value using a binomial option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. For further details relating to the options, refer to Note 28. Each option holder does not carry any voting or dividend entitlements.
PERFORMANCE PERIOD	In respect of LTI issued during the 2019 financial year, the vesting criteria for the CEO LTI was based upon achievement of performance conditions, including the achievement of the FY19 budget. Given that this target was not met, the options were cancelled on 30 June 2019. LTI issued to other senior executives during the 2019 financial year did not have performance conditions attached.

TREATMENT ON CESSATION	Where a participant ceases employment for cause or due to resignation (other than due to death, ill health or disability) all unvested Employee Share Options will automatically lapse. In all other circumstances, the Employee Share Options will remain on foot and subject to the original performance conditions, as if the participant had not ceased employment. However, pursuant to the ESOP Rules, the Board retains absolute discretion to determine to vest or lapse some or all Employee Share Options in all circumstances.
CHANGE OF CONTROL	Where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the Employee Share Options. Where only some of the Employee Share Options are vested on a change of control, the remainder of the Employee Share Options will immediately lapse.

8.3.2 LTI under the Employee Share Option Plan granted in FY19

Senior Executive	Position	Number of Options Granted	Grant Date	Exercise price per option (A$)	Share price on Grant Date (A$)
Brad O'Connor	CEO	1,000,000*	24 October 2018	0.64	0.60
Paul Maruff	Chief Science Officer	400,000	28 September 2018	0.64	0.60
Lammert Albers	Chief Commercial Officer	250,000	28 September 2018	0.64	0.60
Rich Gleeson	Chief Technology Officer	400,000	28 September 2018	0.64	0.60

** The performance target for these options had not been met and the options were cancelled effective 30 June 2019.*

The relative proportions of remuneration that are linked to performance are as follows:

	STI		LTI*	
Consolidated	**2019**	**2018**	**2019**	**2018**
Non-Executive Directors of Cogstate Limited				
Martyn Myer	0.00%	0.00%	22.54%	30.17%
Richard Van Den Broek	0.00%	0.00%	18.22%	24.92%
David Dolby	0.00%	0.00%	18.67%	26.40%
Richard Mohs	0.00%	0.00%	0.00%	0.00%
Jane McAloon	0.00%	0.00%	0.00%	0.00%
David Simpson**	0.00%	0.00%	-	0.00%
Executive Director of Cogstate Limited				
Brad O'Connor	22.90%	26.47%	13.10%	22.21%
Key Management Personnel				
Paul Maruff	15.29%	29.49%	10.01%	7.92%
Lammert Albers	29.21%	42.57%	9.48%	9.65%
Rich Gleeson	13.66%	14.60%	13.25%	10.66%
Frank Cheng****	0.00%	13.44%	0.00%	35.59%
George Hunnewell***	0.00%	35.40%	0.00%	0.00%

**Since the long-term incentives are provided exclusively by way of options, the percentages disclosed also reflect the value of remuneration consisting of options, based on the value of options expensed during the year*

***David Simpson retired effective 25 October 2017*

****George Hunnewell ceased employment effective 27 April 2018*

***** Frank Cheng ceased employment effective 31 December 2018*

9. EXECUTIVE SERVICE AGREEMENTS

9.1 Key terms of executive service agreement for Brad O'Connor (CEO)

DURATION	ONGOING
Periods of notice required to terminate	Either party may terminate the contract by providing twelve months written notice. The Company may terminate the contract immediately upon the event of certain specified acts or omissions by Mr O'Connor.
Termination payments	May not exceed the maximum amount which the Company is permitted to pay the CEO under the Corporations Act. STI is not payable where the CEO has resigned and terminates before the payment becomes payable (as determined at the sole discretion of the Board). STI is payable if the STI becomes due and employment is terminated by the Company, other than for cause. Unvested Employee Share Options will be treated in accordance with the relevant Plan Rules. Any Employee Share Options that are vested may be exercised by Mr O'Connor within a 30 day period. Any options that are unvested, or any vested options not exercised within 30 days of termination of the employment contract, will be forfeited.

9.2 Key terms of executive service agreement for other Senior Executives

DURATION	ONGOING
Periods of notice required to terminate	Other Senior Executives have 3-6 month notice periods (other than where employment is terminated for serious misconduct, in which case no notice is required). Payment in lieu of all or a portion of the notice period may be made at the Company's discretion.
Termination payments	May not exceed the maximum amount which the Company is permitted to pay the Senior Executive under the Corporations Act. STI is not payable where the Senior Executive has resigned and terminates before the payment becomes payable (as determined at the sole discretion of the Board). STI is payable if the STI becomes due and employment is terminated by the Company, other than for cause. Unvested Employee Share Options will be treated in accordance with the relevant Plan Rules. Any Employee Share Options that are vested may be exercised within a 30 day period. Any options that are unvested, or any vested options not exercised within 30 days of termination of the employment contract, will be forfeited.

The Corporations Act restricts the termination benefits that can be provided to KMP on cessation of their employment, unless shareholder approval is obtained.

10. STATUTORY REMUNERATION DISCLOSURES

10.1 Movements in Employee Share Options held by Senior Executives

Options granted to Non-Executive Directors, Executive Directors and Key Management Personnel during the year are detailed in the below table:

	Vested number	Granted number	Grant date	Fair value per option grant date	Exercise price per share A$	Final vesting date	First exercise date	Last exercise date	Value of option granted during the year US$	Value of option exercised during the year US$*	Value of option lapsed during the year US$	Amount paid for option exercised#
Non- Executive Directors of Cogstate Limited												
M Myer	-	-	-	-	-	-	-	-	-	76,789	-	37,649
R van den Broek	-	-	-	-	-	-	-	-	-	3,622	-	17,748
D Dolby	-	-	-	-	-	-	-	-	-	-	-	-
R Mohs	-	-	-	-	-	-	-	-	-	-	-	-
J McAloon	-	-	-	-	-	-	-	-	-	-	-	-
Executive Directors of Cogstate Limited												
B O'Connor	-	1,000,000	24-10-18	0.60	0.64	24-10-21	24-10-20	24-10-23	-	29,948	(312,079)	88,935
Key Management Personnel												
P Maruff	-	400,000	28-09-18	0.57	0.64	28-09-21	28-09-20	28-09-23	-	603,711	-	328,328
L Albers	-	250,000	28-09-18	0.57	0.64	28-09-21	28-09-20	28-09-23	-	243,783	-	165,457
R Gleeson	-	400,000	28-09-18	0.57	0.64	28-09-21	28-09-20	28-09-23	-	-	-	-
F Cheng	-	-	-	-	-	-	-	-	-	-	(639,667)	-
G Hunnewell	-	-	-	-	-	-	-	-	-	-	-	-

**The value of options (at the exercise date) granted as part of remuneration that were exercised during the year has been determined as the intrinsic value of the options at that date (being the difference between the exercise price and the underlying share price at date of exercise).*
#No amounts remain unpaid on options exercised during the year.

10.2 Equity instrument disclosures relating to key management personnel

(i) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Cogstate Limited and other key management personnel of the Group, including their personally related parties, are set out below.

Consolidated 2019 Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Cogstate Limited							
M Myer	445,000	-	(245,000)	-	200,000	66,667	133,333
R van den Broek	200,000	-	(50,000)	-	150,000	83,333	66,667
D Dolby	200,000	-	-	-	200,000	133,333	66,667
B O'Connor#	2,425,000	1,250,000	(250,000)	(1,000,000)	2,425,000	1,491,667	933,333
Total	**3,270,000**	**1,250,000**	**(545,000)**	**(1,000,000)**	**2,975,000**	**1,775,000**	**1,200,000**
Other key management personnel of the Group							
P Maruff	2,210,000	400,000	(1,960,000)	-	650,000	83,333	566,667
L Albers	1,500,000	250,000	(871,428)	-	878,572	416,667	461,905
R Gleeson	250,000	400,000	-	-	650,000	83,333	566,667
F Cheng***	1,680,000	-	-	(1,680,000)	-	-	-
Total	**5,640,000**	**1,050,000**	**(2,831,428)**	**(1,680,000)**	**2,178,572**	**583,333**	**1,595,239**

**** Frank Cheng ceased employment effective 31 December 2018.*
 # Holding includes related parties.

All vested options are exercisable at the end of the year.

Consolidated 2018 Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Cogstate Limited							
M Myer	445,000	-	-	-	445,000	211,667	233,333
R van den Broek	200,000	-	-	-	200,000	66,667	133,333
D Dolby	200,000	-	-	-	200,000	33,333	166,667
D Simpson*	150,000	-	(150,000)	-	-	-	-
B O'Connor#	2,425,000	-	-	-	2,425,000	633,333	1,791,667
Total	**3,420,000**	**-**	**(150,000)**	**-**	**3,270,000**	**945,000**	**2,325,000**
Other key management personnel of the Group							
P Maruff	2,460,000	-	(250,000)	-	2,210,000	1,960,000	250,000
L Albers	1,500,000	-	-	-	1,500,000	1,000,000	500,000
R Gleeson	250,000	-	-	-	250,000	-	250,000
F Cheng***	1,680,000	-	-	-	1,680,000	-	1,680,000
G Hunnewell**	1,700,000	-	-	(1,700,000)	-	-	-
Total	**7,590,000**	**-**	**(250,000)**	**(1,700,000)**	**5,640,000**	**2,960,000**	**2,680,000**

**D Simpson retired on 25 October 2017.*
***George Hunnewell ceased employment effective 27 April 2018.*
**** Frank Cheng ceased employment effective 31 December 2018.*
 # Holding includes related parties.

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Cogstate Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Consolidated 2019 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Cogstate Limited				
Ordinary shares				
M Myer	19,607,786	-	1,860,000	21,467,786
R van den Broek	3,885,000	-	50,000	3,935,000
D Dolby	19,776,389	-	1,615,000	21,391,389
R Mohs	30,000	-	25,000	55,000
J McAloon	53,000	-	-	53,000
B O'Connor#	4,939,183	-	(50,000)	4,889,183
Other key management personnel of the Group				
P Maruff	500,000	-	-	500,000
L Albers	-	121,428	-	121,428

Consolidated 2018 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Cogstate Limited				
Ordinary shares				
M Myer	19,607,786	-	-	19,607,786
D Simpson*	1,263,689	-	107,000	1,370,689
R van den Broek	3,885,000	-	-	3,885,000
D Dolby	19,776,389	-	-	19,776,389
R Mohs	20,000	-	10,000	30,000
J McAloon	27,820	-	25,180	53,000
B O'Connor#	4,939,183	-	-	4,939,183
Other key management personnel of the Group				
P Maruff	250,000	-	250,000	500,000
L Albers	-	-	-	-

**D Simpson retired on 25 October 2017*

 # Holding includes related parties.

Transactions and loans with KMP

In February 2019, the Company has entered into an unsecured debt facility with the two entities, affiliated with Martyn Myer and David Dolby respectively. The facility has not been drawn down upon at this time. If drawn down, the Company can repay the debt and cancel the facility at any time, with no penalty to the Company. If drawn down, the Company will pay interest, quarterly, to the debt providers. There are no warrants or other instruments or any security interests attached to the facility. The debt facility, in the amount of A$2m, is available to the Company until 31 December 2019 unless terminated earlier by the Company, or a default event.

Director-related entity transactions

Directors of the Company and their director-related entities, conduct transactions with the Company within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Company would have adopted if dealing with a director or director-related entity at arm's length in similar circumstances.

A related party of Brad O'Connor is employed by Cogstate Ltd. Remuneration and terms of this employment are made on a normal arm's length basis.

A related party of Martyn Myer is employed by Cogstate Inc. Remuneration and terms of this employment are made on a normal arm's length basis.

End of audited remuneration report.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounds in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.

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

Martyn Myer AO, Chairman
Melbourne, 27 August 2019

Financial report

Financial report contents

These financial statements are the consolidated financial statements of the Group consisting of Cogstate Limited and its subsidiaries. A list of the major subsidiaries is included in Note 26. The financial statements are presented in US dollars.

Cogstate Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian securities exchange (ASX:CGS).

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

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report.

The financial statements were authorised for issue by the directors on 27 August 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	2019 US$	2018 US$
Operations			
Revenue	5	21,834,374	28,956,884
Finance income	5	19,574	38,796
Total revenue	5	21,853,948	28,995,680
Cost of sales	6	(12,010,547)	(13,060,907)
Gross profit		**9,843,401**	**15,934,773**
Other income	7	272,277	19,215
Employee benefits expense	8	(8,154,175)	(9,789,492)
Depreciation & amortisation	9	(160,786)	(290,858)
Occupancy		(1,107,659)	(1,178,903)
Marketing		(246,236)	(445,377)
Professional fees		(1,003,747)	(698,179)
General administration		(2,510,829)	(2,508,898)
Net foreign exchange gain/(loss)		(132,365)	(60,723)
Travel expenses		(566,658)	(796,673)
Finance expenses		(84,002)	(74,482)
Other income/(expenses)		60	(4,186)
(Loss)/profit before income tax		**(3,850,719)**	**106,217**
Income tax benefit/(expense)	10	1,354,952	(672,135)
Profit/(loss) from continuing operations		**(2,495,767)**	**(565,918)**
Profit/(loss) for the year		**(2,495,767)**	**(565,918)**
Total comprehensive profit/(loss)		**(2,495,767)**	**(565,918)**
Profit/(loss) is attributable to: Owners of Cogstate Limited		(2,495,767)	(565,918)
Total comprehensive income/(loss) for the year is attributable to: Owners of Cogstate Limited		(2,495,767)	(565,918)
Total comprehensive income/(loss) for the year attributable to owners of Cogstate Limited arises from: Continuing operations		(2,495,767)	(565,918)

		Cents	Cents
Earnings per share from profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company			
Basic loss per share		(2.1)	(0.5)
Diluted loss per share		(2.1)	(0.5)
Earnings per share from profit/(loss) attributable to the ordinary equity holders of the Company			
Basic loss per share		(2.1)	(0.5)
Diluted loss per share		(2.1)	(0.5)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	2019 US$	2018 US$
ASSETS			
Current assets			
Cash and cash equivalents (excluding bank overdrafts)	14	3,216,017	4,366,304
Trade and other receivables	15	4,275,591	6,336,396
Other current assets	16	1,774,884	1,517,231
Total current assets		**9,266,492**	**12,219,931**
Non-current assets			
Property, plant and equipment	17	1,344,666	1,429,778
Intangible assets	18	4,942,842	3,018,186
Deferred tax assets	11	3,685,167	2,123,810
Total non-current assets		**9,972,675**	**6,571,774**
Total assets		**19,239,167**	**18,791,705**
LIABILITIES			
Current liabilities			
Trade and other payables	19	6,484,410	4,743,469
Short-term borrowings	20	504,975	81,349
Provisions	21	1,796,765	1,923,792
Total current liabilities		**8,786,150**	**6,748,610**
Non-current liabilities			
Provisions	21	23,348	75,812
Deferred tax liabilities	12	317,092	282,614
Total non-current liabilities		**340,440**	**358,426**
Total liabilities		**9,126,590**	**7,107,036**
Net assets		**10,112,577**	**11,684,669**
EQUITY			
Share capital	22	25,341,756	24,163,398
Other reserves	23	(1,048,462)	(793,779)
Accumulated losses		(14,180,717)	(11,684,950)
Capital and reserves attributable to owners of Cogstate Limited		**10,112,577**	**11,684,669**
Total equity		**10,112,577**	**11,684,669**

The above consolidated statement of financial position should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

		Attributable to owners of Cogstate Limited				
	Notes	Contributed equity US$	Share based payments reserve US$	Foreign currency translation reserve US$	Retained earnings US$	Total equity US$
Balance as at 1 July 2017		23,915,433	1,230,722	(2,944,799)	(11,119,032)	11,082,324
Profit/(loss) for the year		-	-	-	(565,918)	(565,918)
Total comprehensive income for the year		**-**	**-**	**-**	**(565,918)**	**(565,918)**
Transactions with owners in their capacity as owners						
Issue of capital		-	-	-	-	-
Exchange differences		-	61,627	-	-	61,627
Transfer to share capital on exercise of options	23	94,332	(94,332)	-	-	-
Exercise of options	22(b)	153,633	-	-	-	153,633
Cost of share-based payment	23	-	953,003	-	-	953,003
As at 30 June 2018		**24,163,398**	**2,151,020**	**(2,944,799)**	**(11,684,950)**	**11,684,669**
Balance as at 1 July 2018		24,163,398	2,151,020	(2,944,799)	(11,684,950)	11,684,669
Profit/(loss) for the year		-	-	-	(2,495,767)	(2,495,767)
Total comprehensive income for the year		**-**	**-**	**-**	**(2,495,767)**	**(2,495,767)**
Transactions with owners in their capacity as owners						
Issue of capital		-	-	-	-	-
Exchange differences		-	18,020	-	-	18,020
Transfer to share capital on exercise of options	23	323,678	(323,678)	-	-	-
Exercise of options	22(b)	854,680	-	-	-	854,680
Cost of share-based payment	23	-	50,975	-	-	50,975
As at 30 June 2019		**25,341,756**	**1,896,337**	**(2,944,799)**	**(14,180,717)**	**10,112,577**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Notes	2019 US$	2018 US$
Cash flows from operating activities			
Receipts from customers		28,087,353	30,450,593
Payments to suppliers and employees		(27,987,258)	(30,572,592)
Other income		272,277	-
Net cash flows from/(used in) operating activities	**25**	**372,372**	**(121,999)**
Cash flows from investing activities			
Purchase of property, plant & equipment		(515,383)	(481,096)
Payment for capitalised software development labour costs		(1,924,656)	(2,384,274)
Interest received		62,700	43,014
Net cash flows used in investing activities		**(2,377,339)**	**(2,822,356)**
Cash flows from financing activities			
Proceeds from issue of shares	22	854,680	153,632
Net cash flows from financing activities		**854,680**	**153,632**
Net decrease in cash and cash equivalents		**(1,150,287)**	**(2,790,723)**
Cash and cash equivalents at beginning of period		4,366,304	7,157,027
Cash and cash equivalents at end of year	**14**	**3,216,017**	**4,366,304**

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

Notes to the consolidated financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Cogstate Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Cogstate Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2018 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2018.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by revaluations to fair value for certain classes of assets as described in the accounting policies, and derivative financial instruments, which have been measured at fair value.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Principles of consolidation

The consolidated financial statements are those of the Group, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established.

(c) Foreign currency translation

(i) Transactions and balances

Transactions in foreign currencies of entities within the Group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or restatement are recognised as revenues and expenses for the financial year.

(d) Revenue

The group derives revenue from the sale of licenced software and cognitive testing services. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the group expects to be entitled in exchange for the goods or services.

Revenue from the provision of licenced software

The group provides licenced software to Clinical Trials, Healthcare & Research customers, comprising access to the software.

Revenue from provision of licenced software occurs upon release of software to the customer, as risks and rewards of ownership are considered passed to the buyer at this point. At this point, no right to a refund exists.

Customers are generally invoiced on a monthly basis, and outstanding invoices are due for payment within 30-90 days of the invoice date.

Revenue from the provision of cognitive testing services

The group's Clinical Trials division provides cognitive testing services to customers in respect to project management, data management, scientific consulting, statistical analysis, scales procurement, rater training and monitoring solutions. Revenue from the provision of cognitive testing services is recognised at the point in time the service was provided.

Customers are generally invoiced on a monthly basis, and outstanding invoices are due for payment within 30-90 days of the invoice date.

Receivables from contracts with customers

A receivable from a contract with a customer represents the group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

Contract assets

A contract asset represents the group's right to consideration (not being an unconditional right recognised as a receivable) in exchange for goods or services transferred to the customer. Contract assets are measured at the amount of consideration that the group expects to be entitled in exchange for goods or services transferred to the customer.

Contract liabilities

A contract liability represents the group's obligation to transfer goods or services to the customer for which the group has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the group transfers the contracted goods or services to the customer.

Interest income

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amounts of goods and services tax (GST).

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Cogstate Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set out in the consolidated financial statements.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 29). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(g) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 18 for further information.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(h) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits.

Short term deposits have a maturity term of up to six months.

Short term deposits are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(i) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the group's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Loans to related parties

Loans to related parties are debt instruments, and are classified (and measured) at amortised cost on the basis that:

(a) they are held within a business model whose objective is achieved by the group holding the financial asset to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) debt instruments measured at amortised cost;

(b) debt instruments classified at fair value through other comprehensive income; and

(c) receivables from contracts with customers and contract assets.

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. The 12-month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The group considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the group to have a strong financial position and no history of past due amounts from previous transactions with the group.

The group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the group's exposure at default, discounted at the financial asset's original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

(a) significant financial difficulty of the issuer or the borrower;

(b) breach of contract;

(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the group. Recoveries, if any, are recognised in profit or loss.

(j) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

- Office Equipment 3 - 15 years
- Computer Equipment 1 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(k) Intangible assets

(i) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets include acquired intellectual property rights over key business technologies and processes. These intangible assets relating to the Clinical Trials business unit have been determined to have indefinite useful lives and the cost model is utilised for their measurement. These technologies form the basis of the Cogstate business and this fact has allowed the Group to determine that these assets have an indefinite useful life.

Intangible assets are not amortised but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Intangible assets are carried at cost less accumulated impairment losses.

(ii) Research and development

Expenditure on research activities is recognised as an expense as incurred.

Expenditure on development activities is capitalised only when technical feasibility studies demonstrate that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of the intangible assets over their estimated useful lives, which range from 3 to 5 years. Amortisation commences when the asset is available for use.

Other development expenditure is recognised as an expense when incurred.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liabilities are settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

(iii) Share-based payments

The Group provides benefits to employees (including senior executives) of the Group in the form of equity-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

- The Non-Executive Director Share Option Plan (NEDOP), which provides benefits to directors. Previously non-executive directors, with the approval of shareholders, have been issued equity in the form of options under the non-executive director option plan, but this practice has ceased.
- The Employee Share Option Plan (ESOP), which provides benefits to senior executives and employees. Information relating to these schemes is set out in Note 28.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, further details of which are given in Note 28.

In valuing equity-settled transactions, the Board has the option to impose additional vesting criteria, in the form of performance hurdles that must be met before an option will vest; as well as no account is taken of any performance conditions, other than conditions linked to the price of the shares of Cogstate Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of

(i) the grant date fair value of the award;

(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met and

(iii) the expired portion of the vesting period.

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 13).

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis except for the GST component of investing or financing activities which are presented as operating cash flows.

(o) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(p) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.

(q) Going Concern Assumption

The 2019 financial statements have been prepared on a going concern basis. The going concern assumption continues to apply to the Group as at 30 June 2019 despite the current year loss after tax result. This is based on the Group continuing to be in a positive net asset position, having no external debt and continuing to carry significant cash reserves that enable the Group to meet its debts as and when they fall due.

(r) New and revised accounting standards effective at 30 June 2019

Refer to separate applicable list of new and revised accounting standards and interpretations that are effective for the first time at 30 June 2019.

The group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2018, including AASB 9 Financial Instruments (AASB 9) and AASB 15 Revenue from Contracts with Customers (AASB 15).

AASB 9 replaces AASB 139: Financial Instruments: Recognition and Measurement. The key changes introduced by AASB 9 in relation to the accounting treatment for financial instruments include:

- simplifying the general classifications of financial assets into those measured at amortised cost and those measured at fair value;
- permitting entities to irrevocably elect, on initial recognition, for gains and losses on equity instruments not held for trading to be presented in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirement to separate and measure embedded derivatives at fair value, in relation to embedded derivatives associated with financial assets measured at amortised cost;
- requiring entities that elect to measure financial liabilities at fair value, to present the portion of the change in fair value arising from changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and

Introducing a new 'expected credit loss' impairment model (replacing the 'incurred loss' impairment model of previous accounting standard).

In accordance with the transition requirements of AASB 9, the group has elected to apply AASB 9 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e., as at 1 July 2017). The group has also applied to consequential amendments to AASB 7 Financial Instruments: Disclosure to the disclosure of information about the Group's financial instruments for the current financial year, and the comparative reporting period.

The application of AASB 9 has not materially impacted the classification and measurement of the group's financial assets and financial liabilities.

Further details of the group's accounting policies in relation to accounting for financial instruments under AASB 9 are contained in Note 1(i).

AASB 15 provides (other than in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the previous accounting standard, AASB 118 Revenue, revenue from the sale of goods was recognised when the significant risks and rewards of ownership of the goods transferred to the buyer, and revenue from the rendering of services was recognised by reference to the stage of completion of the transaction at the end of the reporting period.

In accordance with the transition requirements of AASB 15, the group has elected to apply AASB 15 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e., as at 1 July 2017).

The application of AASB 15 has not materially impacted the recognition and measurement of the group's revenue from contracts with customers.

Further details of the group's accounting policies in relation to accounting for revenue from contracts with customers under AASB 15 are contained in Note 1(d).

(s) Accounting standards issued but not yet effective

The Australian Accounting Standards Board (AASB) has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

AASB 16: Leases

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

(a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

    i. investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or

    ii. property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(b) lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

AASB 16 mandatorily applies to annual reporting periods commencing on or after 1 January 2019, and will be first applied by the Group in the financial year commencing 1 July 2019.

As disclosed in Note 29 to the financial statements, the Group's aggregate operating lease expenditure commitment at 30 June 2019 (measured on an undiscounted basis) is $3,536,994. Prior year lease commitments have been recalculated and restated (2018: $4,409,718).

When AASB 16 is applied by the Group at 1 July 2019, the present value the Group's operating lease commitment (adjusted for the impact, if any, of the revised definitions of 'lease term' and 'lease payments'), for all leases with a term of more than 12 months, but excluding leases of low value assets, will be recognised as a lease liability, using an appropriate discount rate as prescribed by the accounting standard. The Group will also recognise a corresponding right-of-use asset, which the Group can choose to initially measure at either its carrying amount as if the accounting standard had applied from the commencement date of the lease or at an amount equal to the initial lease liability. The preliminary assessment of the Group is that it will most likely elect to initially measure the right-of-use asset at an amount equal to the initial lease liability. As such the Group anticipates that the initial application of AASB 16 will not impact the net assets of the Group.

Based on the Group's preliminary assessment, which includes the likely election to initially measure the right-of-use asset at an amount equal to the initial lease liability, and using a provisionally determined discount rate, it is anticipated that:

- the application of AASB 16 will result in the recognition of a lease liability of approximately $3,300,751 and a corresponding right-of-use asset of approximately $3,107,984; and
- the application of AASB 16 will not result in a material impact on the profit or loss of the Group, as the aggregate of the estimated interest expense on the lease liability and the estimated depreciation expense of the right-of-use asset in the first year of application is not expected to differ materially from the aggregate operating lease expense recognised by the Group for the financial year ended 30 June 2019 under the predecessor accounting standard.

AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material

AASB 2018-7 principally amends AASB 101: Presentation of Financial Statements and AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

AASB 2018-7 mandatorily applies to annual reporting periods commencing on or after 1 January 2020, and will be first applied by the Group in the financial year commencing 1 July 2020.

This accounting standard is not expected to have a material impact on the financial statements of the Group

AASB Interpretation 23: Uncertainty over Income Tax Treatments

Interpretation 23 clarifies how an entity should apply the recognition and measurement requirements in AASB 112: Income Taxes when there is uncertainty over income tax treatments. To this end, Interpretation 23 requires:

(a) an entity to consider whether each uncertain tax treatment should be considered separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty;

(b) in assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, assume that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations;

(c) if the entity concludes that it is probable that the taxation authority will accept the uncertain tax treatment, the entity will determine current tax and deferred tax consistently with the treatment used or planned to be used in its income tax filings;

(d) if the entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the entity reflects the effect of uncertainty in the determination of current tax and deferred tax, based on either the 'most likely' amount or the 'probability-weighted' amount of tax (depending on which method the entity expects to better predict the resolution of the uncertainty); and

(e) an entity to reassess a judgement or estimate required under Interpretation 23 if the facts and circumstances on which the judgement or estimate was based change or as a result of new information that affects the judgement or estimate.

Interpretation 23 mandatorily applies to annual reporting periods commencing on or after 1 January 2019, and will be first applied by the Group in the financial year commencing 1 July 2019.

This accounting standard is not expected to have a material impact on the financial statements of the Group.

2 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, cash, short-term deposits and derivatives.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Audit, Risk & Compliance Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including interest rate risk, credit allowances, and future cash flow forecast projections.

	2019 US$	2018 US$
Financial assets		
Cash and cash equivalents	3,216,017	4,366,304
Trade and other receivables	4,275,591	6,336,396
	7,491,608	**10,702,700**
Financial liabilities		
Trade and other payables	6,350,371	4,743,469
Short term borrowings	504,975	81,349
	6,855,346	**4,824,818**

(a) Market risk

(i) Foreign exchange risk

99.9% of the Group's sales are denominated in the functional currency, whilst approximately 80% of costs are denominated in the Group's functional currency.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in USD, was as follows:

	30 June 2019 US$	30 June 2018 US$
Cash and cash equivalents	1,303,521	2,010,051
Trade receivables	234,239	114,418
Trade payables	(72,105)	(261,936)
Provisions	(911,076)	(952,708)
Income tax	(759)	-
Net exposure	**553,820**	**909,825**

Sensitivity

At 30 June 2019, had the US Dollar moved, as illustrated in the table below, with all other variables held constant and based on a base rate of US$1.00 = $A1.4228 and US$1.00 = EUR0.8790 and US$1.00 = $CAD1.3087, post tax profit and equity would have been affected as follows:

	Post tax profit/(loss)		Equity	
	Higher/(lower) 2019 US$	Higher/(lower) 2018 US$	Higher/(lower) 2019 US$	Higher/(lower) 2018 US$
USD:AUD+10%	(5,389,859)	2,545,939	(5,389,859)	2,545,939
USD:EUR+10%	(60,046)	16,073	(60,046)	16,073
USD:CAD+10%	(20,583)	(72,194)	(20,583)	(72,194)
TOTAL	**(5,470,488)**	**2,489,818**	**(5,470,488)**	**2,489,818**
USD:AUD-10%	(4,409,885)	2,083,041	(4,409,885)	2,083,041
USD:EUR-10%	(49,129)	13,151	(49,129)	13,151
USD:CAD-10%	(16,841)	(59,068)	(16,841)	(59,068)
TOTAL	**(4,475,855)**	**2,037,124**	**(4,475,855)**	**2,037,124**

Management believes that the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

(ii) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash on hand and short term deposits which are subject to varying interest rates.

At balance date the Group had the following mix of financial assets exposed to Australian variable interest rate risk shown in USD.

	30 June 2019 US$	30 June 2018 US$
Cash at bank and on hand	135,486	152,542
Short term deposits	959,474	1,617,739
Short term borrowing	(504,975)	(81,349)
Net exposure	589,985	1,688,932

Sensitivity

If interest rates were to increase/decrease by 1%/(0.5%) from rates used for the entire year, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	Post tax profit/(loss)		Equity	
	Higher 2019 US$	(Lower) 2018 US$	Higher 2019 US$	(Lower) 2018 US$
Increase 1%	5,900	16,889	5,900	16,889
Decrease 0.5%	(2,950)	(8,445)	(2,950)	(8,445)

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprises cash, short term deposits, and trade receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable Note.

There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of major Australian and US financial institutions to minimise the risk of default of counterparties.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to secure its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

(c) Liquidity risk

All financial liabilities are able to be settled as and when they fall due. The following table outlines the group's remaining contractual maturities for non-derivative financial liabilities. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the group can be required to pay.

	< 6 months US$	Total contractual cash flows US$	Carrying amount US$
30 June 2019			
Payables	6,350,371	6,350,371	6,350,371
Trade finance facility	433,394	433,394	433,394
Insurance premium funding	71,581	71,581	71,581
	6,855,346	**6,855,346**	**6,855,346**
30 June 2018			
Payables	4,743,469	4,743,469	4,743,469
Insurance premium funding	81,349	81,349	81,349
	4,824,818	**4,824,818**	**4,824,818**

(d) Fair value measurements

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and Notes to the financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Critical accounting estimates and assumptions

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and tax losses in Australia and the United States as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses. No tax losses have been recognised as deferred tax assets from losses incurred in Canada and Spain.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Impairment of intangibles with indefinite useful lives

The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. No impairment loss was recognised during the current year. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in Note 18.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, with the assumptions detailed in Note 28. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity. For options with performance based hurdles, probabilities have been assessed at 30 June as to whether the hurdles will be met by the option vesting dates.

Long service leave provision

As discussed in Note 1(m), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 17.

4 SEGMENT INFORMATION

(a) Description of segments

Identification of reportable segments

The Group has four 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, cognitive assessment in academic research and cognitive assessment in healthcare). 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.

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

- Interest revenue
- Interest expense
- Foreign exchange gain/(loss)
- Profit/(loss) on disposal of assets
- Finance costs
- Depreciation expense
- Other income
- Administration costs

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 healthcare market. In this market, the technology and associated services are being developed as a tool for primary care physicians and/or hospitals to assess cognitive decline.

The third identified segment is provision of technology and associated services to academic researchers.

The fourth identified segment is the administration costs of the business that do not relate to a specific segment.

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.

(b) Segment information

The following table present revenue and profit/(loss) information regarding the segments of clinical trials and healthcare markets for the years ended year ended 30 June 2019 and 30 June 2018.

2019	Clinical Trials US$	Healthcare US$	Research US$	Administration US$	Total US$
Sales to external customers	21,353,341	296,384	184,649	-	21,834,374
Cost of sales	(11,663,427)	(1,731)	(10,736)	-	(11,675,894)
Direct depreciation	(334,653)	-	-	-	(334,653)
Segment gross profit	**9,355,261**	**294,653**	**173,913**	**-**	**9,823,827**
Interest revenue	-	-	-	19,574	19,574
Gross comprehensive income	**9,355,261**	**294,653**	**173,913**	**19,574**	**9,843,401**
Net PT recovery	-	-	-	-	-
Operating profit	9,355,261	(809,892)	(638,211)	(11,653,061)	(3,745,903)
Depreciation	-	-	-	(160,786)	(160,786)
FX gain/(loss), realised and unrealised	-	-	-	(132,365)	(132,365)
Profit/(loss) on disposal of assets	-	-	-	60	60
Proceeds from sale of Axon Sports	-	-	-	267,277	267,277
Royalty income	-	-	-	5,000	5,000
Finance costs	-	-	-	(84,002)	(84,002)
Segment result	**9,355,261**	**(809,892)**	**(638,211)**	**(11,757,877)**	**(3,850,719)**

2018	Clinical Trials US$	Healthcare US$	Research US$	Administration US$	Total US$
Sales to external customers	28,080,187	384,929	491,768	-	28,956,884
Cost of sales	(12,174,994)	(494,608)	(30,447)	-	(12,700,049)
Direct depreciation	(360,860)	-	-	-	(360,860)
Segment gross profit	**15,544,333**	**(109,679)**	**461,321**	**-**	**15,895,975**
Interest revenue	-	-	-	38,796	38,796
Gross comprehensive income	**15,544,333**	**(109,679)**	**461,321**	**38,796**	**15,934,771**
Net PT recovery	-	-	-	-	-
Operating profit	15,544,333	(1,852,597)	(326,982)	(12,903,047)	461,707
Depreciation	-	-	-	(290,858)	(290,858)
FX gain/(loss), realised and unrealised	-	-	-	(60,723)	(60,723)
Profit/(loss) on disposal of assets	-	-	-	(4,176)	(4,176)
Proceeds from sale of Axon Sports	-	-	-	-	-
Royalty income	-	-	-	19,215	19,215
Finance costs	-	-	-	(18,948)	(18,948)
Segment result	**15,544,333**	**(1,852,597)**	**(326,982)**	**(13,258,537)**	**106,217**

(c) Segment Revenue

Cogstate Ltd had one external customer whose respective contribution to total Cogstate Ltd revenue exceeded 10% during the current financial year. This customer and their respective contributions to total revenue included:

- Eli Lilly and Company $4.3m

In 2018, Cogstate Ltd had two external customers whose respective contribution to total Cogstate Ltd revenue exceeded 10%. Those customers and their respective contributions to total revenue included:

- Eli Lilly and Company $9.6m
- Johnson & Johnson Group of companies $3.4m

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.

5 REVENUE

	2019 US$	2018 US$
Timing of revenue recognition		
At a point in time*		
Clinical Trials	3,808,582	5,629,612
Healthcare	296,384	384,929
Research	184,649	491,768
	4,289,615	**6,506,309**
Over time*		
Clinical Trials	17,544,759	22,450,575
	17,544,759	**22,450,575**
Finance income	19,574	38,796
	21,853,948	**28,995,680**

** For a definition of point in time and over time, refer to page 41.*

	2019 US$	2018 US$
The aggregate amount of transaction prices (unrecognised revenue) allocated to remaining performance obligations, at the reporting date, is as follows:		
Clinical Trials (contracted future revenue)	20,330,220	28,410,884

6 COST OF SALES

	2019 US$	2018 US$
Direct wages and salaries	(10,526,651)	(11,621,263)
Direct contractor	(689,396)	(656,232)
Direct depreciation	(334,653)	(360,860)
Other cost of sales	(459,847)	(422,552)
Total cost of sales	**(12,010,547)**	**(13,060,907)**

7 OTHER INCOME

	2019 US$	2018 US$
Royalty revenue	5,000	19,215
Proceeds from sale of Axon Sports	267,277	-
	272,277	**19,215**

8 EMPLOYEE BENEFIT EXPENSE

	2019 US$	2018 US$
Wages and salaries	(10,027,857)	(11,214,394)
Less capitalisation of software costs	1,924,657	2,377,905
Share based payment expense	(50,975)	(953,003)
Total employee benefits expense	**(8,154,175)**	**(9,789,492)**

9 DEPRECIATION

Depreciation and amortisation included in the profit or loss	2019 US$	2018 US$
Depreciation	(160,786)	(290,858)
Amortisation	-	-
Total depreciation and amortisation expenses	**(160,786)**	**(290,858)**

Depreciation on equipment used directly in the generation of revenue (Direct Depreciation) has been disclosed as part of Cost of Sales in Note 6. Total depreciation, both direct and indirect, was $495,439 in 2019 and $651,718 in 2018.

10 INCOME TAX EXPENSE

(a) Income tax (benefit)/expense

	2019 US$	2018 US$
Current tax	119,841	-
Deferred tax	(1,451,099)	568,138
(Over)/under provision in prior years	(23,694)	103,997
	(1,354,952)	**672,135**
Income tax (benefit)/expense is attributable to:		
(Loss)/profit from continuing activities	(1,354,952)	672,135

(b) Reconciliation of income tax expense to prima facie tax (benefit)/expense

	2019 US$	2018 US$
Profit/(loss) from continuing operations before income tax expense	(3,850,719)	106,217
Prima Facie Tax at the Australian tax rate of 30.0% (2018 - 30.0%)	(1,155,216)	31,865
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
R&D offset recognised	(172,925)	(202,510)
Differences in tax rates	(200,704)	(206,743)
Tax losses not recognised	21,990	44,837
(Over)/under provision in prior years	(23,694)	103,997
Non-deductible share based payments	34,661	238,720
Expenditure not deductible for income tax purposes (incl R&D)	140,936	213,076
Tax effect of change of US tax rate to 21% (2017 - 40%)	-	448,892
	(1,354,952)	**672,135**

(c) Tax losses

	2019 US$	2018 US$
Unrecognised deferred tax asset on unused tax losses (cumulative)	464,025	442,035
Potential tax benefit of foreign losses (current year)	21,990	44,837
Unrecognised deferred tax asset for US R&D credits	1,163,684	-

The benefit will only be obtained if:

(a) The Canadian and Spanish companies derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;

(b) The Canadian and Spanish companies continue to comply with the conditions for deductibility imposed by law;

(c) No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses; and

(d) The US R&D credits will become certain to be utilised before the expiration of the credits.

11 NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	2019 US$	2018 US$
Tax losses	2,223,936	623,857
R&D tax offsets	933,533	760,608
Employee benefits	466,234	505,686
Rights issue expenses	-	10,775
Accrued expenses	20,889	216,915
Unrealised foreign exchange loss/(gain)	40,575	(15,231)
Doubtful debts	-	21,200
	3,685,167	**2,123,810**

In Cogstate Ltd tax losses of US$2,223,936 are available for future use at 30 June 2019, an increase of US$1,717,414 from the balance of US$506,522 at 30 June 2018. The increase in the available tax losses within Cogstate Ltd represents tax losses that have been booked during the period.

In Cogstate Inc there are no tax losses available for future use at 30 June 2019, a decrease of US$117,335 at 30 June 2018. The balance of Cogstate Inc tax losses had been adjusted to reflect future reduction of the corporate income tax rate in the United States from 40% to 21% from 1 January 2018, as noted in the 2018 financial statements.

The deferred tax asset of US$2,223,936 represents all available tax losses for use within Australian and the United States at the applicable tax rate.

Tax losses incurred in Canada and Spain have not yet been recognised as a deferred tax asset for future use.

12 NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

	2019 US$	2018 US$
Accrued interest income	287	890
Unrealised foreign exchange gain	314,791	279,710
Intangible assets	2,014	2,014
	317,092	**282,614**

13 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(a) Basic earnings per share

	2019 US Cents	2018 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	(2.1)	(0.5)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(2.1)	(0.5)

(b) Diluted earnings per share

	2019 US Cents	2018 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	(2.1)	(0.5)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(2.1)	(0.5)

(c) Reconciliation of earnings used in calculating earnings per share

	2019 US$	2018 US$
Basic earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
Used in calculating basic earnings per share	(2,495,767)	(565,918)
Diluted earnings per share		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating diluted earnings per share	(2,495,767)	(565,918)

(d) Weighted average number of shares used as denominator

	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	118,116,274	114,153,863

(e) Information on the classification of securities

(i) Options

Options granted to employees under the Cogstate Employee Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 28.

14 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2019 US$	2018 US$
Cash at bank and in hand	2,156,545	2,648,565
Short-term deposits	1,059,472	1,717,739
Total cash and short term deposits	**3,216,017**	**4,366,304**

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.

15 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2019 US$	2018 US$
Trade receivables	4,275,591	6,407,061
Provision for impairment of receivables	-	(70,665)
	4,275,591	**6,336,396**

Trade and other receivables ageing analysis at 30 June is:

	Gross 2019 US$	Gross 2018 US$
Not past due	3,872,702	6,293,006
Past due 30-59 days	170,570	27,543
Past due 60-89 days	2,323	10,550
Past due more than 90 days	229,996	75,962
	4,275,591	**6,407,061**

A receivable from a contract with a customer represents the group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Invoicing of customers generally occurs on a monthly-quarterly basis. Outstanding invoices are due for payment within 30-90 days of the invoice date.

Impairment of receivables from contracts with customers and other receivables

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

16 CURRENT ASSETS - OTHER CURRENT ASSETS

	2019 US$	2018 US$
Accrued income	1,126,259	644,418
Prepayments	610,047	704,937
Other receivables	38,578	167,876
Total other assets	**1,774,884**	**1,517,231**

17 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2019 US$	2018 US$
Property, plant and equipment		
Gross value	5,102,968	4,653,648
Accumulated depreciation	(3,758,302)	(3,223,870)
	1,344,666	**1,429,778**

	2019 US$	2018 US$
Property, plant and equipment		
Opening net book amount	1,429,778	1,610,290
Additions	515,383	481,096
Disposals	(105,056)	(9,890)
Depreciation charge	(495,439)	(651,718)
Closing net book amount	**1,344,666**	**1,429,778**

18 NON-CURRENT ASSETS - INTANGIBLE ASSETS

	2019 US$	2018 US$
Software development		
Gross value	4,308,930	2,384,274
Software licence		
Gross value	325,014	325,014
Intellectual Property - Clinical Trials		
Gross value	308,898	308,898
	4,942,842	3,018,186

Year ended 30 June 2019	Software Development* US$	Software Licence** US$	Intellectual Property - Clinical Trials US$	Total US$
Opening net book amount	2,384,274	325,014	308,898	3,018,186
Amortisation	-	-	-	-
Capitalisation	1,924,656	-	-	1,924,656
Closing net book amount	4,308,930	325,014	308,898	4,942,842

Year ended 30 June 2018	Software Development* US$	Software Licence** US$	Intellectual Property - Clinical Trials US$	Total US$
Opening net book amount	-	-	308,898	308,898
Amortisation	-	-	-	-
Capitalisation	2,384,274	325,014	-	2,709,288
Closing net book amount	2,384,274	325,014	308,898	3,018,186

** Software includes capitalised development costs being an internally generated intangible asset.*

*** Software licence has been reclassified from prepayments in prior year.*

During the reporting period, Cogstate has been developing a new database platform infrastructure for use within the clinical trials segment. The new platform will replace a custom-built infrastructure that was launched in 2006. Following internal review, it was determined that the existing infrastructure was inefficient to maintain and did not provide necessary functionality for Cogstate's future commercial plans.

From the new platform, once completed, Cogstate will launch the various cognitive tests, process raw data and produce necessary reports. The platform will incorporate a commercial electronic data capture (EDC) system to store and manage both cognitive test outcomes as well as other clinical outcomes collected as part of Cogstate's current service offering.

As part of the development, it has been necessary to develop a custom-built integration layer to synchronise data between the commercial EDC system and Cogstate's proprietary computerised cognitive assessments.

The platform, once implemented commercially, is expected to provide operational efficiency through better and easier management and reporting of data. The platform will also provide Cogstate a more scalable and flexible system from which Cogstate will be able to incorporate other technologies and/or assessment modalities that, in the future, may be complementary to Cogstate's commercial solutions. The development of the platform is being undertaken by Cogstate employees and the amount capitalised to 30 June reflects the labour effort expended in building the new platform. The new infrastructure will be available for use in the 2020 financial year, upon which the capitalised balance will commence amortisation.

Amounts capitalised include the total labour costs directly attributable to development. Management judgement is involved in determining the appropriate internal costs to capitalise and the amounts involved.

Impairment losses recognised

Continuing Operations

These assets were tested for impairment during the year ended 30 June 2019.

Impairment tests for intangibles

Acquired intellectual property rights have been allocated to one cash generating unit, which is a reportable segment, for impairment testing as follows:

- Clinical Trials cash generating unit

There was no impairment of the carrying value of the intellectual property for the Clinical Trials cash generating unit.

Clinical Trials cash generating unit (indefinite life intellectual property)

The recoverable amount of the Clinical Trials unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a three year period and a terminal growth rate of 3% (2018: terminal growth rate of 3%).

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of the Clinical Trials cash generating unit for 30 June 2019 and 30 June 2018.

Budgeted gross sales - the basis used to determine the value assigned to the budgeted gross sales is the contracted sales for the coming periods taken at the date of the budget formulation, increased for expected new contractual agreements. Thus, values assigned to gross sales reflect past experience, except for new contractual agreements, which are estimated at approximately the same level as the most recent financial year, over half of which, for the next financial year, are being tendered for.

Budgeted operating expenses - the basis used to determine the value assigned to the budgeted operating expenses is the level of the most recent financial year increased on average by the consumer price index plus one percentage point. Thus, values assigned to operating expenses reflect past experience, whilst allowing for general price rises and additional costs necessary for a Group in a growth phase.

The pre-tax discount rate applied to cash flow projections is 20% (2018: 20%).The cash generating unit's recoverable amount exceeds the carrying value of the cash generating unit.

19 CURRENT LIABILITIES - TRADE PAYABLES AND OTHER LIABILITIES

	2019 US$	2018 US$
Trade payables	625,897	1,302,090
Accrued payables	3,652,289	2,330,474
Revenue in advance	2,072,185	1,110,905
Provision for tax	134,039	-
	6,484,410	4,743,469

20 CURRENT LIABILITIES - SHORT-TERM BORROWINGS

	2019 US$	2018 US$
Trade finance facility	433,394	-
Insurance premium funding	71,581	81,349
	504,975	81,349

21 CURRENT LIABILITIES - PROVISIONS

	2019 US$	2018 US$
Current		
Long service leave	399,934	335,696
Annual leave	1,396,831	1,588,096
	1,796,765	1,923,792
Non-current		
Long service leave	23,348	75,812

22 CONTRIBUTED EQUITY

(a) Share capital

	2019 Shares	2018 Shares	2019 US$	2018 US$
Ordinary shares				
Ordinary shares - fully paid	119,196,193	114,360,182	25,341,756	24,163,398

(b) Movements in ordinary share capital

	Number of shares	US$
1 July 2017	113,676,848	23,915,433
Exercise of options	683,334	153,633
Transfer from options reserve		94,332
30 June 2018	114,360,182	24,163,398
Exercise of options	4,836,011	854,680
Transfer from options reserve		323,678
30 June 2019	119,196,193	25,341,756

(c) Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board has resolved that no dividend should be declared in respect of the year ended 30 June 2019.

The Group is not subject to any externally imposed capital requirements.

23 OTHER RESERVES

(a) Other reserves

	2019 US$	2018 US$
Share-based payments reserve	1,896,337	2,151,020
Foreign currency translation reserve	(2,944,799)	(2,944,799)
	(1,048,462)	(793,779)

	2019 US$	2018 US$
Movements:		
Share based payments		
Balance 1 July	2,151,020	1,230,722
Share based payments expense	50,975	953,003
Other comprehensive income adjustment	18,020	61,627
Transfer to share capital on exercise of options	(323,678)	(94,332)
Balance 30 June	1,896,337	2,151,020

	2019 US$	2018 US$
Share based payments		
Employees	1,896,337	2,151,020
Non-employees	-	-
	1,896,337	2,151,020

(b) Nature and purpose of other reserves

(i) Share-based payments

This reserve is used to record the value of equity benefits provided in a share based payment transaction to employees and directors as part of their remuneration. Refer to Note 28 for further details of these plans.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in Note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss upon the disposal of the net investment.

24 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

Information relating to Cogstate Ltd:	2019 US$	2018 US$
Current assets	9,919,152	14,436,180
Total assets	23,837,923	20,173,789
Current liabilities	14,155,598	6,690,956
Total liabilities	14,178,946	6,774,005
Net assets	**9,658,977**	**13,399,784**
Issued capital	25,341,756	24,163,398
Retained earnings	(14,078,280)	(9,038,456)
Share based payment reserve	1,104,598	983,939
Foreign currency translation reserve	(2,709,097)	(2,709,097)
Total shareholders' equity	**9,658,977**	**13,399,784**

(b) Guarantees and commitments entered into by the parent entity

	2019 US$	2018 US$
Guarantee entered into by the parent entity in relation to lease of premises	62,264	65,620
Contractual commitments in relation to commercial leases	216,372	360,659
	278,636	426,279

25 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2019 US$	2018 US$
Profit/(loss) of the year	(2,495,767)	(565,918)
Depreciation and amortisation	495,439	651,718
Loss/(profit) on disposal of assets	(60)	4,176
Non-cash employee benefits expense - share-based payments	50,975	953,003
Net exchange differences	(40,680)	24,327
Change in operating assets & liabilities:		
(Increase) decrease in trade debtors and other receivables	2,060,805	(2,446,114)
(Increase) decrease in deferred tax assets	(1,561,355)	(419,303)
(Increase) decrease in other operating assets	97,771	(461,975)
(Increase) decrease in prepayments	94,890	761,122
(Decrease) increase in trade payables and borrowings	1,580,213	1,277,823
(Decrease) increase in provision for income taxes payable	235,154	(37,558)
(Decrease) increase in deferred tax liabilities	34,478	(193,018)
(Decrease) increase in employee provisions	(179,491)	329,718
Net cash inflow/(outflow) from operating activities	372,372	(121,999)

26 RELATED PARTY TRANSACTIONS

(a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in Note 1(b):

		Equity holding %	
Name of entity	**Country of incorporation**	**2019 %**	**2018 %**
Cogstate Inc	USA	100%	100%
Cogstate Health Inc	USA	100%	100%
Cogstate Healthcare LLC	USA	100%	100%
Cogstate Sport Pty Ltd	Australia	100%	100%
Cogstate Canada Inc	Canada	100%	100%
Cogstate Spain SL	Spain	100%	100%

(b) Parent entities

Cogstate Limited is the ultimate parent of the Group.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 27.

(d) Director-related entity transactions

Directors of the Company and their director-related entities, conduct transactions with the Company within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Company would have adopted if dealing with a director or director-related entity at arm's length in similar circumstances.

In February 2019, the Company has entered into an unsecured debt facility with the two entities, affiliated with Martyn Myer and David Dolby respectively. The facility has not been drawn down upon at this time. If drawn down, the Company can repay the debt and cancel the facility at any time, with no penalty to the Company. If drawn down, the Company will pay interest, quarterly, to the debt providers. There are no warrants or other instruments or any security interests attached to the facility. The debt facility, in the amount of A$2m, is available to the Company until 31 December 2019 unless terminated earlier by the Company, or a default event.

A related party of Brad O'Connor is employed by Cogstate Ltd. Remuneration and terms of this employment are made on a normal arm's length basis.

A related party of Martyn Myer is employed by Cogstate Inc. Remuneration and terms of this employment are made on a normal arm's length basis.

27 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2019 US$	**2018 US$**
Short-term employee benefits	2,204,015	2,999,407
Post-employment benefits	58,012	101,172
Long-term benefits	20,376	25,489
Termination benefits	174,243	169,125
Share-based payments	281,585	635,520
	2,738,231	**3,930,713**

Detailed remuneration disclosures are provided in the remuneration report on pages 20 to 33.

28 SHARE-BASED PAYMENTS

(a) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2019 US$	2018 US$
Expense arising from equity settled share-based payment expenses	50,975	953,003

Reconciliation of share-based payment expense for the 2019 financial year is as follows:

	2019 US$	**2018 US$**
Expense reversed as options not fully vested/lapsed	(646,762)	(178,111)
Expense for options issued during current financial year	155,713	46,790
Expense for options issued in previous financial years	542,024	1,084,324
	50,975	953,003

(b) Employee Option Plan

An employee share scheme has been established where Cogstate Limited may, at the discretion of the Board, grant options over the ordinary shares of Cogstate Limited to executives and certain members of staff of the Group, and to directors, subject to shareholder approval in required circumstances. The options, issued for nil consideration directly to employees, are granted in accordance with guidelines established by the directors of Cogstate Limited, with a recommendation from the management of Cogstate Limited, although the directors retain the final discretion on the issue of options. From 2009, the options are issued for a period of 5 years. The previous existing plan issued options for a period of 10 years.

In most cases, one third of the options are exercisable on the second anniversary of the date of the grant. The remaining two thirds of the options are exercisable after the following 12 months.

The options cannot be transferred and will not be quoted on the ASX. There are no cash settlement alternatives. There are currently 3 directors and 38 executives/staff eligible for this scheme.

(c) Summaries of options granted under ESOP

	2019 No.	2019 WAEP	2018 No.	2018 WAEP
Outstanding at the beginning of the year	13,751,250	$0.63	15,794,584	$0.63
Granted during the year	4,190,000	$0.64	540,000	$0.94
Forfeited during the year	(3,745,000)	$0.95	(1,900,000)	$1.12
Exercised during the year	(4,836,011)	$0.25	(683,333)	$0.29
Expired during the year	-	-	-	-
Outstanding at the end of the year	9,360,239	$0.64	13,751,250	$0.59

The outstanding balance as at 30 June 2019 is represented by:

Number of options	Grant date	Vesting Date	Expiry Date	Exercise Price
1,100,000	22/Oct/15	22/Oct/18	20/Mar/20	0.2100
720,239	02/Mar/15	02/Mar/18	02/Mar/20	0.2100
150,000	22/Oct/15	22/Oct/18	22/Oct/20	0.2600
350,000	11/Sep/15	11/Sep/18	11/Sep/20	0.2700
50,000	29/Mar/19	29/Mar/22	29/Mar/24	0.2900
50,000	09/Nov/15	09/Nov/18	09/Nov/20	0.4000
100,000	04/Jan/16	04/Jan/19	04/Jan/21	0.6000
3,090,000	28/Sep/18	28/Sep/21	28/Sep/23	0.6400
100,000	29/Mar/18	29/Mar/21	29/Mar/23	0.8300
1,150,000	17/Oct/16	17/Oct/19	17/Oct/21	0.8400
2,250,000	30/Sep/16	30/Sep/19	30/Sep/21	0.9300
250,000	31/Mar/17	30/Mar/20	31/Mar/22	1.1500
9,360,239				

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding at 30 June 2019 is 2.62 years (2018: 2.32 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $0.21-$1.15 (2018: $0.10-$1.15).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was $0.6358 (2018: $0.9430).

(g) Option pricing model

Equity settled transactions

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2019 and 30 June 2018:

2019	28-Sep-18	24-Oct-18	29-Mar-19
Dividend yield (%)	0	0	0
Expected volatility (%)	60	60	60
Risk-free interest rate (%)	2.36	2.33	1.53
Expected life of option (years)	3	3	3
Option exercise price ($)	0.64	0.64	0.29
Market share price at grant date	0.57	0.6	0.25

2018	29-Sep-17	29-Dec-17	29-Mar-18
Dividend yield (%)	0	0	0
Expected volatility (%)	60	60	60
Risk-free interest rate (%)	2.46	2.37	2.32
Expected life of option (years)	3	3	3
Option exercise price ($)	0.98	0.93	0.83
Market share price at grant date ($)	0.94	0.89	0.79

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

29 COMMITMENTS AND CONTINGENCIES

(a) Lease commitments: Group as lessee

(i) Non-cancellable operating leases

The Group has entered into commercial leases on the Group's premises in Melbourne, New Haven and New York, as well as some items of plant and equipment. These leases have an average life of up to 6 years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2019 US$	2018 US$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	946,074	913,574
After one year but no more than five years	2,590,920	2,932,894
More than five years	-	563,250
	3,536,994	4,409,718

(b) Guarantees

Cogstate Limited has a bank guarantee in place for US$62,264 in respect of the Company's obligations under the lease of premises at Level 2/255 Bourke Street, Melbourne.

(c) Contingent liabilities

The Group had no contingent liabilities at 30 June 2019 (2018: nil).

30 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 8 July, Cogstate issued a total of 22,857,143 fully paid ordinary shares at an issue price of A$0.175 per share by way of placement to Australian Ethical Investment Limited for a total consideration of A$4,000,000 (approximately US$2,800,000).

On 27 August, Cogstate entered into an agreement with pharmaceutical company, Eisai Co., Ltd., to distribute Cogstate technology in Japan. Under the exclusive licencing agreement, Eisai will market Cogstate technology as a screening tool for cognition in all healthcare and consumer markets, excluding clinical trials and academic research applications.

Under the terms of the agreement Eisai will:

- Provide an upfront royalty payment to Cogstate of US$1m;
- Fund necessary product development activities to further tailor Cogstate solutions for the Japanese user base; and
- Fund a commercial team in Japan.

Cogstate and Eisai will share profits equally after taking into account the associated costs of generating revenue.

The agreement has an initial term of ten years, with performance criteria to maintain exclusivity after five years.

Additionally, on 27 August Cogstate issued a total of 6,700,000 fully paid ordinary shares at an issue price of A$0.20308 per share by way of placement to Eisai Co., Ltd for a total consideration of A$1,360,636.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

a) the Group's operations in future financial years; or
b) the results of those operations in future financial years; or
c) the Group's state of affairs in future financial years.

31 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) Pitcher Partners (Melbourne)

	2019 US$	2018 US$
Audit and other assurance services		
Audit and review of financial statements	99,196	82,241
Total remuneration for audit and other assurance services	99,196	82,241
Taxation services		
Tax compliance services	13,000	13,940
Total remuneration for taxation services	13,000	13,940
Total remuneration of Pitcher Partners	112,196	96,181

(b) Network Firms of Pitcher Partners

	2019 US$	2018 US$
Other services		
Taxation services	26,468	34,831
Total remuneration for other services	26,468	34,831
Total remuneration of network firms of Pitcher Partners	26,468	34,831
Total auditors' remuneration	**138,664**	**131,012**

Directors’ declaration

The directors declare that:

1. In the directors’ opinion, the financial statements and notes thereto, as set out on pages 36 to 72, are in accordance with the *Corporations Act 2001*, including:

    (a) complying with Australian Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

    (b) as stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

    (c) giving a true and fair view of the financial position of the Group as at 30 June 2019 and of its performance for the year ended on that date.

2. In the directors’ opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2019.

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

Martyn Myer AO, Chairman

Melbourne, 27 August 2019

Independent auditor's report

Cogstate Limited
ABN: 80 090 975 723

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
Cogstate Limited**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cogstate Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PITCHER PARTNERS

Cogstate Limited
ABN: 80 090 975 723

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
Cogstate Limited

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition Refer to Note 1(d) and Note 5	
The Group recognised revenue of $21.35m relating to the provision of services and licencing access to computerised cognitive tests. The Group enters into contracts with customers that often span multiple financial years. We focused on the existence and accurate recognition of revenue in line with contract terms and the underlying performance of service obligations. • The license fee revenue is recognised when the significant risks and rewards relating to the licensed software are passed to the customer. • The recognition of testing services revenue for clinical trials is when the contracted services are provided We focused on the appropriate recognition of revenue as a key audit matter as these flows are a key determinant of profit.	Our testing of revenue transactions focused on evidencing the supply of software, and provision of services in accord with contract terms. Our procedures included amongst others: • Evaluating management processes regarding the recognition of revenue, including reviewing the controls and processes for recognising and recording revenue transactions. • For a sample of revenue transactions: - Testing the revenue recorded to supporting documentation including signed contract. - Reviewing contract performance obligations, to evaluate whether the revenue was being recognised in line with the date of the software supply or rendering of services. - Testing the existence of monies receipted relating to license and service revenue. • Reviewing the general journals throughout the year impacting on revenue. • Testing material revenue transactions that were recognised as revenue in the final month of the financial year. • Assessing the adequacy of the disclosure in the financial report.

PITCHER PARTNERS

Cogstate Limited
ABN: 80 090 975 723

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
Cogstate Limited

Key Audit Matter	**How our audit addressed the key audit matter**
Deferred Tax Assets Refer to Note 11	
Deferred Tax Assets of $3.69m have been recognised in relation to Australian and US temporary differences, R&D tax offsets, and tax losses carried forward. We have focused on this balance due to the increase in the balance, and the recognition of the asset being subject to management judgements concerning the probability of the relevant entities generating sufficient future taxable income to recoup the asset.	Our testing of Deferred Tax Assets focused on evaluating the probability assessment of the relevant entities to generate sufficient future taxable income to recoup the asset. Our procedures included amongst others: • Confirming the Cogstate Australian Tax Consolidated Group and Cogstate US Tax Consolidated Group have been recouping existing tax losses. • Reviewing management judgements in determining the Group's financial forecasts to assess the probability of asset recoupment in the future. • Engaging a tax expert to review the income tax calculations for the Cogstate Australian Tax Consolidated Group at 30 June 2019 to determine the reasonableness of Deferred Tax Assets and Liabilities balances. • Engaging a US Tax Expert to review the income tax calculations for the Cogstate US Tax Consolidated Group at 30 June 2019 to determine the reasonableness of Deferred Tax Assets and Liabilities balances. • Agreeing the carried forward tax loss position at year end to lodged 30 June 2018 tax returns. • Assessing the adequacy of the disclosure in the financial report.

Pitcher Partners

Cogstate Limited
ABN: 80 090 975 723

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
Cogstate Limited

Key Audit Matter	How our audit addressed the key audit matter
Intangible Assets Refer to Note 18	
Intangible assets totalling $4.94m are owned by the Group and represent a significant balance in the consolidated statement of financial position. The components of this balance are internally development software for a new data platform infrastructure ($4.31m), software licenses ($0.33m) and acquired intellectual property rights for clinical trials software ($0.31m). Intangible assets are a key audit matter as the Group's largest asset, and as the software asset is being internally constructed there is management judgment in determining the absorption of operating costs as development costs and the consequent potential to impact the determination of profit for the year. Also, the key assumptions used by management, such as the discount rate and future growth rates, in the impairment assessment of the intangible assets.	Our testing of internally developed software focused on assessing the existence and accuracy of attributed expenditure. Our procedures included amongst others: • Evaluating management's judgement and processes regarding the recognition of software development costs, including a review of the controls and processes for recognising and recording development costs; and • Testing a sample of capitalised development costs by: - Vouching the capitalised time to approved employee timesheets. - Recalculating the value of time capitalised for a sample of employees by vouching hourly rates and other applicable on-costs to signed employment contracts. Our testing of the value of intangible assets focused on evaluating the Group's valuation model in connection to the assessment of impairment of the intangible property. Our procedures included amongst others: • Obtaining an understanding of the processes associated with the preparation of the valuation model used to assess the recoverable amount of Cogstate Limited's cash generating unit; • Critically evaluating management's methodology and their key assumptions utilised in the valuation model which is described in Note 18; and • Checking the mathematical accuracy of the cash flow model and forecast cash flows to the latest Board approved forecasts. • Assessing the adequacy of the disclosure in the financial report.

PITCHER PARTNERS

Cogstate Limited
ABN: 80 090 975 723

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
Cogstate Limited

Key Audit Matter	**How our audit addressed the key audit matter**
Going concern Refer to Note 1(q)	
The 31 December 2018 half year financial report identified the potential need for future capital funding and accordingly, a risk in relation to the Group continuing as a going concern. The determination of whether such circumstances continue to exist at 30 June 2019 is key to the users of the financial statements.	We evaluated the financial position of the Group as at 30 June 2019, progress of, and future plans for, management's capital management strategy (including placements made on 8 July and 27 August 2019), and management's assessment of the adoption of the going concern basis of accounting. Our procedures included amongst others: • Obtaining management's cash flow forecasts, including assumptions and projections of expected future sales, expenses and cash flow forecasts for a minimum of 12 months from the date of the financial statements. • Discussing with management the financing of the entity and the key capital management strategies. • Reviewing management's forecasts: - Evaluating the reliability of the data used to general the forecast, - Verifying the arithmetic accuracy of the information and computations, - Ensuring the information is internally consistent, - Comparing the forecasts to prior period experience and assessing reasonableness of the forecast, and - Considering assumptions for the economy, interest rates, industry trends, costs, staffing, sales and general market conditions.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Cogstate Limited
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
Cogstate Limited

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Cogstate Limited
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
Cogstate Limited

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.
  We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pitcher Partners

Cogstate Limited
ABN: 80 090 975 723

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
Cogstate Limited

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 33 of the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Cogstate Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

M Harrison

M J HARRISON
Partner

Pitcher Partners

PITCHER PARTNERS
Melbourne

27 August 2019

Shareholder information

The shareholder information set out below was applicable as at 19 August 2019.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

		Class of equity security ordinary shares
Holding	**Shares**	**Options**
1 to 1,000	398	0
1,001 to 5,000	590	0
5,001 to 10,000	179	0
10,001 to 100,000	232	21
100,001 and Over	66	20
	1,465	**41**

There were 418 holders of less than a marketable parcel of ordinary shares.

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

		Ordinary shares
Name	**Number held**	**Percentage of issued shares**
NATIONAL NOMINEES LIMITED	23,496,379	16.5%
DAGMAR DOLBY	19,776,389	13.9%
MYER & MYER PTY LTD	13,113,244	9.2%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,904,806	8.4%
NEBULA NEURO PTY LTD	8,000,000	5.6%
CITICORP NOMINEES PTY LIMITED	7,565,017	5.3%
ANACACIA PTY LIMITED	6,346,216	4.5%
MPYER INVESTMENTS PTY LTD	5,510,792	3.9%
BETA GAMMA PTY LTD	4,500,000	3.2%
MR BRADLEY JOHN O'CONNOR	4,178,117	2.9%
BOND STREET CUSTODIANS LIMITED	3,300,947	2.3%
DR PETER ANTHONY BICK & MS MELANIE JO GRIBBLE	2,500,000	1.8%
MYER & MYER PTY LTD	2,330,000	1.6%
MUTUAL TRUST PTY LTD	1,812,469	1.3%
DAGMAR DOLBY	1,615,000	1.1%
MR DAVID ALEXANDER SIMPSON & MRS DAWN GENTRY SIMPSON	1,263,689	0.9%
MR ALISTAIR DAVID STRONG	1,170,000	0.8%
ALEXANDER 2006 LLC	1,059,138	0.7%
HOWITT NOMINEES PTY LTD	1,000,000	0.7%
RONNOCOB PTY LTD	661,066	0.5%
	121,103,269	**85.3%**

Unquoted equity securities

	Number on issue	Number of holders
Options to acquire ordinary shares, issued under the Directors' and Employees Share Option Plan	9,360,239	41

C. SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below:

		Ordinary shares
Name	**Number held**	**Percentage of issued shares**
Australian Ethical Investment Limited	22,857,143	16.09
Martyn Myer and associated entities	21,467,786	15.11
Dagmar Dolby	21,391,389	15.06
FIL Limited	11,565,973	8.14
Alan Finkel (held through Nebula Neuro Pty Ltd & Howitt Nominees Pty Ltd)	9,000,000	6.34
	86,282,291	**60.74**

D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) All ordinary fully paid share carry one vote per share without restrictions.

(b) Options do not carry a right to vote.

(c) There is no current on market buy back.

Corporate directory

DIRECTORS

Martyn Myer AO, *BE, MESc, MSM.*
Chairman

Brad O'Connor, *B Bus, CA.*
Chief Executive Officer

Richard van den Broek, *CFA.*
Non-Executive Director

David Dolby BSE, *MBA.*
Non-Executive Director

Richard Mohs, *PhD.*
Non-Executive Director

Jane McAloon, *BEc (Hons), LLB, GDipGov, FAICD, FCIS.*
Non-Executive Director

COMPANY SECRETARY

Claire Newstead-Sinclair, *BBus, CA.*

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2, 255 Bourke Street
Melbourne Vic 3000 Australia

SHARE AND DEBENTURE REGISTER

Link Market Services
Tower 4, Collins Square
727 Collins Street
Melbourne Vic 3008

AUDITOR

Pitcher Partners
Level 13, 664 Collins Street
Docklands Vic 3008

SOLICITORS

Clayton Utz
333 Collins Street
Melbourne Vic 3000

BANKERS

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

WEBSITE

www.cogstate.com