

# ASX Announcement

## 21 January 2022

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### Business Update and December 2021 Quarter Cashflow

All figures in US\$

PCP = Previous Corresponding Period

Cogstate Ltd (ASX:CGS) has today released a business update and its Appendix 4C – Quarterly Cash Flow statement for the quarter ended 31 December 2021 (2Q22).

#### Highlights:

2Q22 REVENUE OF \$10.8M, UP 40% COMPARED TO PCP

- Clinical Trials revenue of \$9.7m, up 43% compared to PCP
- Healthcare revenue of \$1.1m, up 31% compared to PCP

1H22 REVENUE OF \$23.1M, UP 67% COMPARED TO PCP

- Clinical Trials revenue of \$20.8m, up 66% compared to PCP
- Healthcare revenue of \$2.2m, up 93% compared to PCP

2Q22 CLINICAL TRIALS SALES CONTRACTS OF \$13.7M, COMPARED TO \$14.3M in PCP. 1H22 SALES CONTRACTS OF \$54.5M, UP 141% COMPARED TO PCP

TOTAL REVENUE BACKLOG OF \$132.9 MILLION, A RECORD RESULT, UP 78% COMPARED TO PCP

- Clinical Trials revenue backlog of \$92.0m, up 85% compared to PCP
- Healthcare revenue backlog of \$40.9m

NET CASH OF \$24.6M AT 31 DECEMBER 2021\*

- Cash inflow from operations of \$1.5m, including movements in passthrough costs paid on behalf of customers. Cash inflow was \$1.4m excluding the effect of passthrough costs.
- Net cash increased \$1.2m from \$23.4m at 30 September 2021, including proceeds from exercise of employee share options of \$0.4m

#### APPENDIX 4D HALF YEAR FINANCIAL REPORT

- Detailed financial report for the half year ended 31 December 2021 is expected to be released on Thursday 24 February 2022.

	2Q22	2Q21	Variance	1H22	1H21	Variance
	US\$m	US\$m	%	US\$m	US\$m	%
Total revenue from ordinary activities	10.8	7.7	40%	23.1	13.9	67%
- Clinical Trials revenue	9.7	6.8	43%	20.8	12.6	66%
- Healthcare revenue	1.1	0.8	31%	2.2	1.1	93%
Sales contracts executed	13.7	14.3	(5%)	54.5	22.6	141%
Contracted future revenue	132.9	74.8	78%	132.9	74.8	78%
Net operating cash flow	1.5	15.5	n/a	1.3	13.2	n/a
Total cash flow	1.3	0.4	n/a	1.7	11.0	n/a
Net cash balance at end of period*	24.6	18.5	33%	24.6	18.5	33%
Trade receivables	8.8	5.5	60%	8.8	5.5	60%

\* Calculated as gross cash less borrowings and less cash receipts received in advance for future pass-through charges.

## Explanatory Notes

- Sales contracts:** In the Clinical Trials division, Cogstate enters into contracts (“sales contracts”) with both pharmaceutical and biotechnology companies for the provision of Cogstate technology and services, for use in clinical research trials, to determine the extent to which their investigational compound is impacting the cognition of the patient population. The contract value will differ for each clinical trial, depending upon the scope of the technology and services provided by Cogstate, as well as the complexity and length of the trial. An increase in the total value of sales contracts executed will increase the revenue backlog and will, over time, result in an increase to revenue recognised by Cogstate.
- Calculation of revenue from Clinical Trials division:** Revenue from sales contracts is recognised over the life of the contract. The length of a clinical trial can vary from several 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. During each period, revenue may be recognised from (i) contracts in the backlog at the beginning of the period, as well as (ii) sales contracts executed during the period. Usually there is a time lag between an increase or decrease in the level of sales contracts executed and a corresponding change to recognised revenue.
- Contracted future revenue backlog:** Executed sales contract values that have not yet been recognised as revenue at period end are referred to as “contracted future revenue”. The revenue from these contracts will be recognised upon achievement of pre-determined milestones throughout the clinical trials. The contracted future revenue figure provides insight into future revenue performance.
- Healthcare revenue:** Cogstate has developed tools specifically designed to aid healthcare professionals, in general and specialist practice medicine, with objective assessments of cognition in patients. Cogstate’s Healthcare offering includes the system branded as Cognigram™, a medical device which 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 neurodegenerative diseases such as Alzheimer’s disease. On 26 October 2020, Cogstate announced an exclusive global licensing agreement with pharmaceutical company Eisai (was previously just Japan), under which Eisai will market Cogstate technology as digital cognitive assessment tools targeting physicians, corporations, municipalities and also directly to consumers.

Due to the significance of the global licensing agreement, the group announced in its 1H21 results that it had reviewed the application of its accounting policy in respect of revenue relating to the grant of licences, provision of supporting services and the provision of server access, in accordance with the requirements of AASB 15 Revenue from Contracts with Customers.

Under the 10-year global (ex-Japan) agreement between Eisai and Cogstate executed on 26 October 2020:

- In addition to the upfront payments from Eisai of US\$15 million, Cogstate is also due to receive an ongoing royalty on revenue derived by Eisai from the sale of Cogstate technology. Over the course of the 10-year global agreement, the contractual terms prescribe that the royalty payments shall not be less than an additional \$30 million (\$10 million over years 1-5 and \$20 million over years 6-10).
- The full \$45m (upfront payment of \$15m plus the minimum royalties of \$30m due over the course of the global license agreement) is being amortised on a straight-line basis over 11 years (10-year term + 12 months to commence). Actual cash royalties paid in each period will be the higher of (i) royalty amount calculated based on sales of product or (ii) minimum annual cash royalty, which ramp up over the contract period.

## Revenue

Cogstate reported quarterly revenue of \$10.8 million for 2Q22, up 40% on pcp (2Q21 \$7.7m) and 1H22 revenue of \$23.1M, a record half for Cogstate, up 67% on pcp (1H21 \$13.9m).

Revenue	2Q22	2Q21	Variance	1H22	1H21	Variance
	US\$ m	US\$ m	%	US\$ m	US\$ m	%
Clinical Trials	9.7	6.8	43%	20.8	12.6	66%
Healthcare	1.1	0.9	31%	2.2	1.2	93%
Research	(0.03)	0.05	(168%)	0.01	0.13	(90%)
<b>Total Revenue</b>	<b>10.8</b>	<b>7.7</b>	<b>40%</b>	<b>23.1</b>	<b>13.9</b>	<b>67%</b>

Clinical Trials revenue benefitted from the ongoing strength in new Clinical Trials Sales contracts executed in recent periods, with quarterly new contract sales exceeding quarterly Clinical Trials revenue for 10 consecutive quarters.

Healthcare revenue was primarily the recognition of approximately \$1.1m of deferred revenue associated with the Eisai licencing agreement. The partnership with Eisai continues to progress well with product launched in Taiwan and Hong Kong and launch in the USA and several other Asian countries in the pipeline.

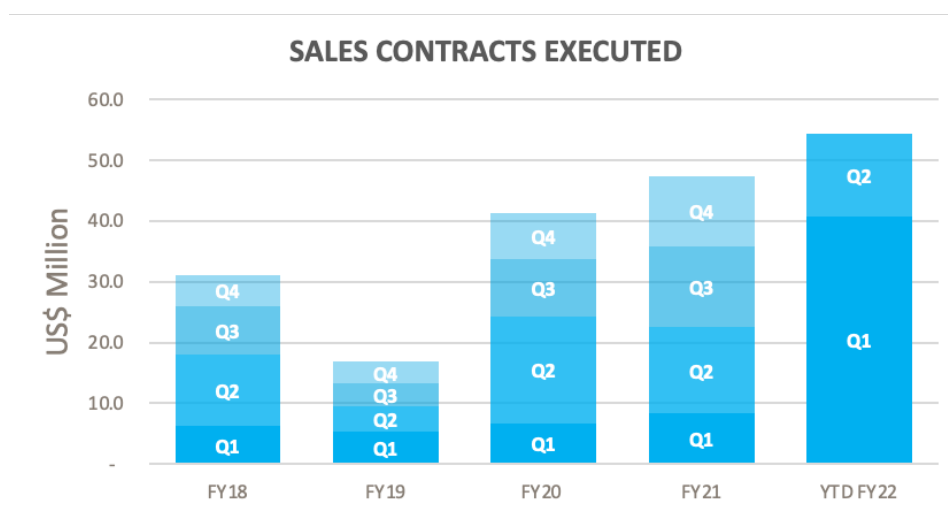
## Sales Contracts Executed

For the quarter ended 31 December 2021, Cogstate executed \$13.7 million of Clinical Trials sales contracts, taking the first half of FY22 to a record \$54.5 million. The gross value of 1H22 contracts signed is \$57.5 million with the net total including the cancellation of one ongoing trial in 1Q22.

Alzheimer's disease trials continue to drive the growth in Clinical Trials sales contracts executed. In 2Q22 Alzheimer's represented 69% of sales contracts while for 1H22 Alzheimer's represents 90% of contract sales.

As reported in 1Q22, included in 1H22 is a large phase 3 Alzheimer's disease trial where Cogstate digital assessments will be used as important endpoints in the trial.

### Clinical Trials Sales Contracts Executed



For context, a history of Clinical Trials sales contracts executed, per quarter, since 1 July 2019 is provided below:

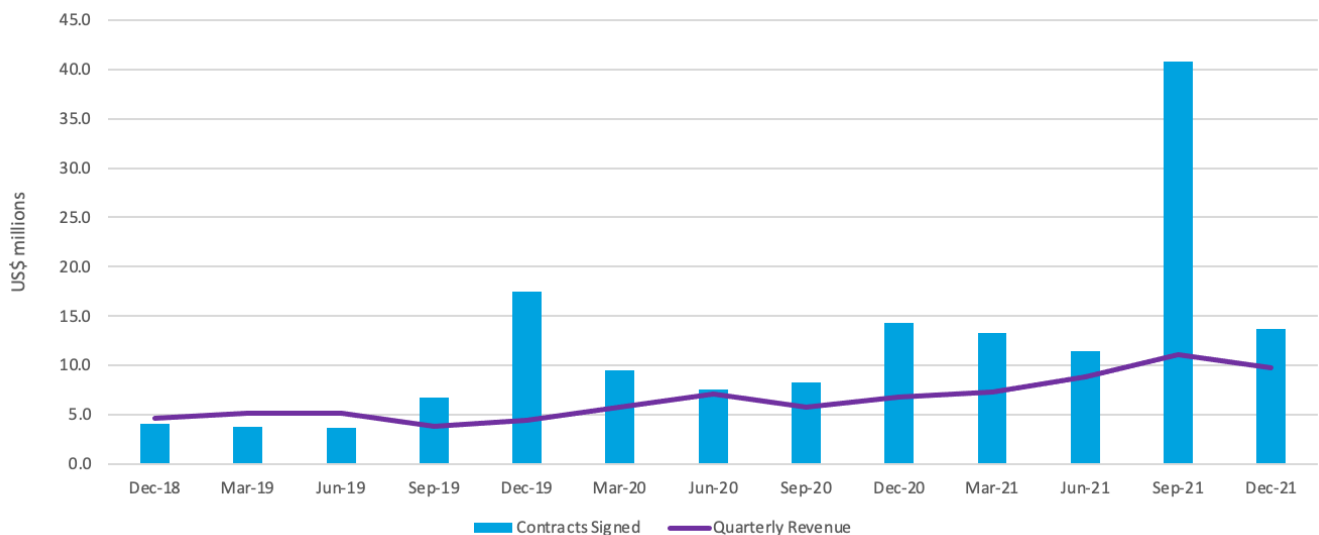
	Sep Quarter US\$m	Dec Quarter US\$m	1 <sup>st</sup> Half US\$m	Mar Quarter US\$m	Jun Quarter US\$m	2 <sup>nd</sup> Half US\$m	Financial Year US\$m
<b>FY22 YTD</b>	\$40.8	\$13.7	\$54.5				
<b>FY21</b>	\$8.3	\$14.3	\$22.6	\$13.3	\$11.4	\$24.7	\$47.3
<b>FY20</b>	\$6.7	\$17.5	\$24.2	\$9.5	\$7.6	\$17.1	\$41.3

## Contracted Future Revenue

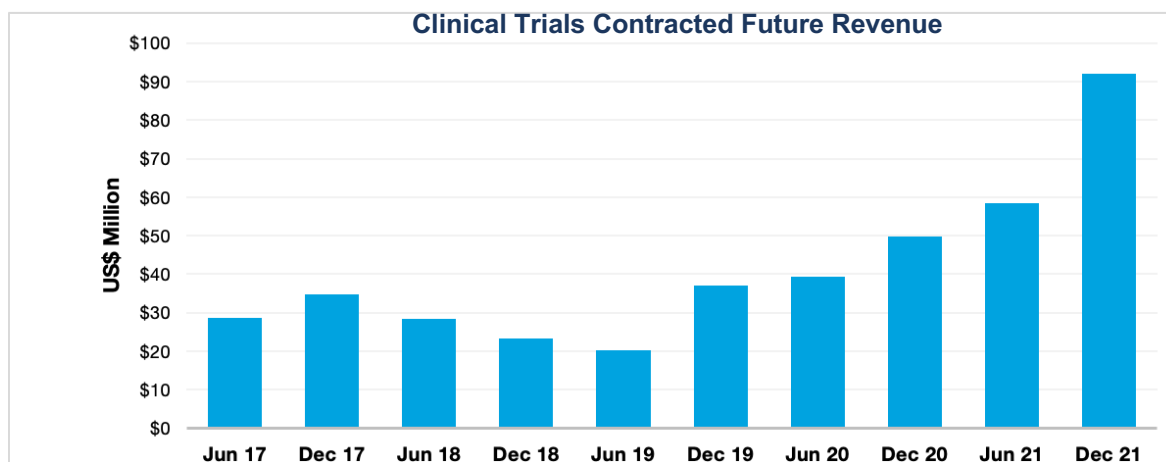
Total Contracted future revenue increased to \$132.9m as at 31 December 2021 vs \$74.8m in pcp. The contracted future revenue figure provides insight into future revenue performance of the Group.

In Clinical Trials, contracted future revenue increased during 2Q22 with the value of contracts executed (\$13.7m) exceeding Clinical Trials revenue recognised (\$9.7m). The value of new contracts signed has now exceeded revenue recognised in each of the last 10 consecutive quarters.

**Clinical Trials Sales Contracts vs Revenue Recognised**



The strong 1H22 new contract sales in Clinical Trials have in turn driven a further increase in the backlog of Clinical Trials contracted future revenue to a record of US\$92.0m. The graph below shows contracted future Clinical Trials revenue as at the end of each half year period since June 2017, as well as the December 2021 quarter.



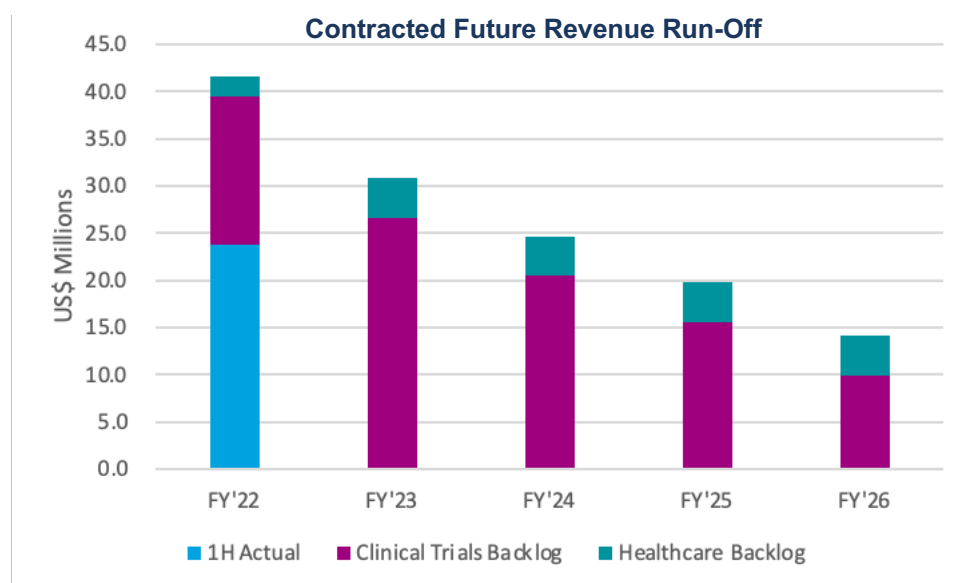
Cogstate continues to win work across a number of different indications, with Alzheimer's disease being a significant contributor, now representing 79% of contracted future Clinical Trials revenue.

In Healthcare, a further \$40.9m of revenue backlog remains to be recognized in relation to the Eisai Global partnerships over the license periods.

The revenue backlog for both the Clinical Trials and Healthcare segments are highlighted in the table below.

	31 Dec 21	30 Sep 21	31 Dec 20
	US\$	US\$	US\$
Contracted Clinical Trials Revenue	91,982,782	88,015,983	49,668,291
Eisai Licence – Global (commercial years 1-10)	40,150,572	41,180,936	24,224,099
Eisai Licence – Japan (10 year licence)	765,125	790,309	865,042
<b>Total Contracted Future Revenue</b>	<b>132,898,479</b>	<b>129,987,228</b>	<b>74,757,432</b>

The expected run-off of future revenue backlog is shown in the chart below:



## Operating Cash Flow

The table below summarises the cashflow for the quarter, while separating the cash flows that relate to pass-through expenses paid on behalf of Cogstate customers. Customer related pass-through for Cogstate is a timing difference only.

The summary shows a total operating cash inflow from operations of \$1.4 million during the quarter for Cogstate, with an additional \$0.18 million related to pass-through costs, giving a total cash inflow from operations of \$1.5m million.

	<b>Cogstate Operations</b>	<b>Customer Related Pass-Through Expenses</b>	<b>Total</b>
	<b>US\$m</b>	<b>US\$m</b>	<b>US\$m</b>
<b>Cash at 01 October 2021</b>	<b>23.4</b>	<b>0.5</b>	<b>24.0</b>
<b>Cash flow from operations</b>			
Eisai upfront payment (net of costs)	-	-	-
Cash flow from ordinary operations	1.4	0.2	1.5
<b>Total cash flow from operations</b>	<b>1.4</b>	<b>0.2</b>	<b>1.5</b>
<b>Cash flow from investing</b>			
Capitalised software development	(0.4)	-	(0.4)
Property, Plant & Equipment	(0.1)	-	(0.1)
Grant funds received	-	-	-
<b>Total cash flow from investing</b>	<b>(0.5)</b>	<b>-</b>	<b>(0.5)</b>
<b>Cash flow from financing</b>			
Proceeds from the exercise of options	0.4	-	0.4
Principal portion of lease payments	(0.2)	-	(0.2)
<b>Total cash flow from financing</b>	<b>0.3</b>	<b>-</b>	<b>0.3</b>
<b>Cash at 31 December 2021</b>	<b>24.6</b>	<b>0.7</b>	<b>25.3</b>

- Net cash, excluding amounts on behalf of customers for payment of pass-through expenses, increased by \$1.2 million during the quarter, to \$24.6 million.
- Cash receipts from customers totalled \$10.7 million for the quarter down from \$22.3 million in the prior corresponding period. The prior corresponding period cash receipts included the \$13.8 million (net of costs) receipt from Eisai in respect of the upfront royalty. Normalised, \$10.7 million cash receipts from customers for 2Q22 was \$2.5 million higher than the prior corresponding period.
- Cogstate has commenced invoicing Eisai for minimum quarterly royalty payments under the Global Agreement (excl. Japan) within 2Q22. Such invoices will be issued quarterly for the 10-year life of the license agreement.

- Staffing levels and staff costs have not varied substantially from September to December. Cash outflows relating to staff costs for the December quarter (\$5.9m) were lower than the September 2021 quarter due to the payment of annual bonuses in September 2021 partially offset by Q1 FY22 payroll taxes and commissions, both paid in Q2 FY22.

### Related Party Transaction

- As noted in item 6 of the Appendix 4C Cashflow Statement, payments made to related parties and their associates total \$308,780 for the quarter. The payments relate to:
  - Non-executive directors' fees paid to Martyn Myer, David Dolby, Richard Mohs, Richard van den Broek, Ingrid Player and Kim Wenn totalling \$110,171.
  - Salary and wages remuneration to executive director (CEO – Brad O'Connor) and another related party individual totalling \$198,609.
  - All noted remuneration is on commercial terms.

### Investing Cash Outflow

- Software development costs of \$0.4 million were capitalised during 2Q22. This includes external third party costs and internal staff labour.

### Cash Flow From Financing:

- Net financing cash inflow of \$0.27 million includes proceeds from exercise of options of \$0.43 million offset by principal portion of lease payments of \$0.16 million.

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### About Cogstate

Cogstate Ltd (ASX:CGS) is the neuroscience technology company optimising brain health assessments to advance the development of new medicines and to enable earlier clinical insights in healthcare. Cogstate technologies provide rapid, reliable and highly sensitive computerised cognitive tests across a growing list of domains and support electronic clinical outcome assessment (eCOA) solutions to replace costly and error-prone paper assessments with real-time data capture. The company's clinical trials solutions include quality assurance services for study endpoints that combine innovative operational approaches, advanced analytics and scientific consulting. For 20 years, Cogstate has proudly supported the leading-edge research needs of biopharmaceutical companies and academic institutions and the clinical care needs of physicians and patients around the world. In the Healthcare market, in August 2019 Cogstate entered into an exclusive licensing agreement with the pharmaceutical company Eisai, under which Eisai will market Cogstate technologies as digital cognitive assessment tools in Japanese markets. In October 2020, Cogstate extended its agreement with Eisai to the Rest of the World. The product, branded as NouKNOW, launched in Japan on 31 March 2020 ([nouknow.jp](http://nouknow.jp)). For more information, please visit [www.cogstate.com](http://www.cogstate.com).

### For further information contact:

Brad O'Connor, Chief Executive Officer, [boconnor@cogstate.com](mailto:boconnor@cogstate.com)

## Quarterly Report – 31 December 2021

### Summary Financial Table

	Quarter Just Completed	Previous Quarter Completed	Previous Corresponding Quarter
	31-Dec-21 US\$ million	30-Sep-21 US\$ million	31-Dec-20 US\$ million
<b>Receivables</b>			
Opening balance	7.84	7.85	5.00
Closing balance	8.80	7.84	5.49
<b>Net Increase/(Decrease) in Receivables</b>	<b>0.96</b>	<b>(0.01)</b>	<b>0.49</b>
<b>Payables</b>			
Opening balance	(3.14)	(5.66)	(3.41)
Closing balance	(4.43)	(3.14)	(3.78)
<b>Net Increase/(Decrease) in Payables</b>	<b>1.29</b>	<b>(2.52)</b>	<b>0.37</b>
<b>Cash Flow</b>			
Cash receipts from customers	10.67	9.71	22.33
Cash payments to employees	(5.91)	(6.53)	(4.35)
Cash payments to suppliers	(3.21)	(3.45)	(2.53)
Cash receipts, non-trading	0.00	0.00	0.01
<b>Net Operating Cash In/(Out) Flows</b>	<b>1.55</b>	<b>(0.27)</b>	<b>15.46</b>
<b>Net Investing Cash In/(Out) Flows</b>	<b>(0.50)</b>	<b>(0.13)</b>	<b>(1.37)</b>
<b>Net Financing Cash In/(Out) Flows</b>	<b>0.27</b>	<b>0.77</b>	<b>(0.14)</b>
Foreign exchange movement	-	-	-
<b>Net Increase/(Decrease) in cash held</b>	<b>1.32</b>	<b>0.37</b>	<b>13.95</b>



## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Cogstate Limited

**ABN**

80 090 975 723

**Quarter ended ("current quarter")**

31 December 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US</b>	<b>Year to date (6 months) \$US</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	10,671,646	20,383,962
Pass through receipts	1,868,891	2,216,109
1.2 Payments for		
(a) research and development	(1,323)	(1,479)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(163,156)	(193,927)
(d) leased assets (refer to 3.9)	-	-
(e) staff costs	(5,914,893)	(12,442,640)
(f) administration and corporate costs	(1,631,335)	(3,643,183)
(g) pass through payments	(1,692,404)	(2,707,925)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received (refer to 2.5)	-	-
1.5 Interest and other costs of finance paid	(10,532)	(23,000)
1.6 Income taxes paid	(493,181)	(494,563)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Other professional fees (incl. accounting & audit)	(480,010)	(734,915)
Information Technology costs	(490,682)	(886,891)
Advisory fees	-	-
Legal costs, including patent costs	(60,326)	(108,336)
Listing fees & Associated costs	(52,205)	(78,257)
Travel Costs	(1,062)	(1,703)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,549,428</b>	<b>1,283,252</b>

+ See chapter 19 for defined terms.

	Current quarter \$US	Year to date (6 months) \$US
<b>2. Cash flows from investing activities</b>	-	-
2.1 Payments to acquire:		
(a) entities		
(b) businesses	-	-
(c) property, plant and equipment	(133,754)	(276,857)
(d) investments	-	-
(e) intellectual property	-	-
(f) capitalised software development	(371,374)	(371,374)
2.2 Proceeds from disposal of:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	-	-
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Interest Received	3,319	11,747
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(501,809)</b>	<b>(636,484)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	434,149	1,402,345
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Principal portion of lease payments	(160,057)	(353,239)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>274,092</b>	<b>1,049,106</b>

+ See chapter 19 for defined terms.

		Current quarter \$US	Year to date (6 months) \$US
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	24,014,952	23,640,789
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,549,428	1,283,252
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(501,809)	(636,484)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	274,092	1,049,106
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>25,336,663</b>	<b>25,336,663</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$US	Previous quarter \$US
5.1	Bank balances	25,336,663	24,014,952
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>25,336,663</b>	<b>24,014,952</b>

<b>6. Payments to related parties of the entity and their associates</b>		Current quarter \$US
6.1	Aggregate amount of payments to related parties and their associates included in item 1	308,780
6.2	Aggregate amount of payments to related parties and their associates included in item 2	Nil

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Answer

+ See chapter 19 for defined terms.

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

		Total facility amount at quarter end \$US	Amount drawn at quarter end \$US
7.1	Loan facilities		
7.2	Credit standby arrangements	96,683	67,714
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	<b>96,683</b>	<b>67,714</b>

7.5 **Unused financing facilities available at quarter end** 28,969

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Bank Guarantee of US\$64k (A\$88k) and credit card facility of US\$33k (A\$45k).

		\$US
<b>8.</b>	<b>Estimated cash available for future operating activities</b>	
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,549,428
8.2	Cash and cash equivalents at quarter end (Item 4.6)	25,336,663
8.3	Unused finance facilities available at quarter end (Item 7.5)	28,969
8.4	Total available funding (Item 8.2 + Item 8.3)	25,365,632
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	N/A as cash from operating activities in item 8.1 is positive

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 21 January 2022

Authorised by: Darren Watson  
On behalf of the Board of Cogstate Ltd

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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+ See chapter 19 for defined terms.