



COGSTATE
ASSESS • MONITOR • IMPROVE

ASX Announcement

18th February 2014

Significant growth in future revenue for Cogstate FY2014 half year financial results

Summary

Business update as at January 31, 2014

- Positive outlook with Clinical Trials Revenue to be recognised in future periods up to US\$18.06 million at 31 January 2014, compared to US\$11.38 million at 31 December 2012.
- Record value of clinical trial contracts awarded during December 2013 and January 2014.
- FY14 revenue impact will be positive but revenue recognised over the life of the contracts (up to seven years in some cases).
- Of the US\$18.06 million committed future revenue, US\$5.2 million of Clinical Trials revenue to be recognised in the second half of the FY14 financial year.

Financial Results for six month period ended December 31, 2013

- Results in line with guidance provided in November 2013.
- Total revenue recognised A\$5.43 million (including A\$4.8 million from Clinical Trials).
- Net loss A\$2.68 million reflecting decrease in Clinical Trials revenue during the period as well as investment in Axon Sports and healthcare business.
- Cash position A\$11.1m in combined cash and debtors.

Medical Technology Company Cogstate Ltd (ASX.CGS) has today released its financial results for the half year ended December 31, 2013 reporting overall revenue of A\$5.43 million. Importantly, the Company is also reporting a significant strengthening of its future revenue position following the award of a number of large clinical trial contracts in December 2013 and January 2014.

At 31 January 2014, the Clinical Trials business, which continues to underpin the Company's balance sheet, has US\$18.06 million in future revenue booked, up from US\$11.38 million at 31 December 2012 and from US\$9.14 million at 30 June 2013. Of this, US\$5.2 million is expected to be recognised in the second half of the FY14 financial year.

"The signing of new Clinical Trials contracts returned strongly to trend in early 2014, positioning us positively for the future. This follows a drop in revenue as a result of contracts concluding last year which is impacting our performance this financial year. Cogstate's pool of Committed Future

Revenue, which is based on awarded contracts, has never been stronger and the sales pipeline is healthy with additional proposals awaiting decision,” said Brad O’Connor, Chief Executive Officer.

The financial result for the Half Year reflects the substantial investment required to establish Cogstate’s new and revenue-generating COGNIGRAM™ (healthcare) business. The result was also impacted by a reduction in signing new contracts in the Clinical Trials business corresponding to a decline in research activity last year by Cogstate’s customers in the pharmaceutical and biotechnology sectors. The Clinical Trials business, which is subject to fluctuation, supplies the computerised cognitive testing and associated services used to quantify the effect of drugs on humans participating in clinical trials.

Revenue earned from milestone payments relating to clinical trial contracts that are currently underway, or completed, during the period was A\$4.82 million - a decline of almost A\$1 million (A\$0.98 million) compared to the corresponding half-year period to December 31, 2012.

Cogstate reported a net loss of A\$2.68 million, which was in line with the guidance issued in November 2013.

The period also included a successful Capital Raising of A\$8 million via a fully underwritten Rights Issue (A\$4 million), the exercising of options and a placement of A\$3.5 million to two US professional investors.

The Rights Issue was well supported by Cogstate’s major investors, including US Investor Dagmar Dolby who became Cogstate’s second largest shareholder with approximately 14% of issued capital following its participation in the Placement and Rights Issue.

These proceeds will allow the Company to accelerate the expansion of the COGNIGRAM™ in Canada and beyond. Primary physicians (GPs) in Canada can now refer their patients to undergo COGNIGRAM™ testing to monitor for subtle changes in cognitive behaviour associated with a neurodegenerative disease, such as Alzheimer’s disease, or to monitor changes in cognitive function following concussion or after treatment with drugs or other types of interventions.

The Canadian roll-out of COGNIGRAM™, in partnership with Merck, represents the first application of Cogstate’s cognitive testing technology to primary care.

“The COGNIGRAM™ revenues during the period reflect the introduction of this testing technology to a new market and also the armamentarium of Canadian GPs. It will however become an important and significant revenue generator for Cogstate in the future.”

“Our COGNIGRAM™ partner Merck remains highly committed to driving adoption of COGNIGRAM™ in the Canadian market. Revenue in year one was always expected to be low and our aim was to build a large network of primary physicians who are familiar with COGNIGRAM™, are increasingly using our computerised test with their patients, and act as important advocates with their peers.”

“The response from primary physicians is very positive and we now have 580 registered to use COGNIGRAM™, and 20 centres offering the test to patients. We are confident that we have created a strong foundation for COGNIGRAM to drive new revenue in the coming year,” Mr O’Connor said.

The Axon Sports business generated revenue of \$500,967 which was 84% up from the previous corresponding period (\$271,734). Axon Sports’ partnership with the GSK Human Performance Lab, a world-class research facility based in London, provides a further example of its emergence as a leader in athletic brain training.

As noted in the November business update, during 2014 Cogstate will seek third party external investors for the Axon Sports cognitive training business. This external funding will limit future funding requirements by Cogstate, and allow the Axon Sports business to continue development of its training products for the elite market and consumer markets.

Investor conference call

An investor call will be held on Wednesday 19th February at 10.30am (AEDT) hosted by Cogstate Chief Executive Officer Brad O’Connor. A presentation will be lodged prior to the call and will be accessible during the call via web access

<http://event.on24.com/r.htm?e=747102&s=1&k=A8DC16D8AE2752A5F0EEA90C2501D073>

Australian Participant Dial-In Numbers

Participants can dial either of the numbers below to join the call. **Please quote ID 57997116.**

Toll-free: 1800 123 296

Toll: + 61 2 8038 5221 (can be used if dialing from international location)

International Participant Dial In Numbers

These numbers are toll-free dial in numbers for each country listed below. For countries not listed below, the Australian Toll number listed above can be dialed.

Canada	1855 5616 766
China	4001 203 085
Hong Kong	800 908 865
India	1800 3010 6141
Japan	0120 985 190
New Zealand	0800 452 782
Singapore	800 616 2288
United Kingdom	0808 234 0757
United States	1855 293 1544

For further information contact:

Investors (Global ex US)

Rebecca Wilson
Buchan Consulting
+61 417 382 391

rwilson@buchanwe.com.au

Brad O'Connor
Cogstate Chief Executive Officer
+61 3 9664 1300 or 0411 888 347

boconnor@cogstate.com

Investors (US)

Lauren Glaser (Trout)
+1 646 378 2972

lglaser@troutgroup.com

Media (Australia)

Ben Oliver
Tel: +61 3 9866 4722

boliver@buchanwe.com.au

About Cogstate

Cogstate Ltd (ASX: CGS) is a multi-faceted cognitive assessment and training company, focused on the development and commercialisation of rapid, computerised tests of cognition (brain function). It has three distinct business units:

Clinical Trials: In the clinical drug trial market, Cogstate technology and associated services are used by pharmaceutical and biotechnology companies to quantify the effect of drugs or other interventions on human subjects participating in clinical trials. Since sales into the clinical trials market began in 2004, Cogstate has secured agreements with top pharmaceutical companies including Pfizer, AstraZeneca, Bristol-Myers Squibb, GlaxoSmithKline, Johnson & Johnson, Novartis, Lundbeck, Daiippon Sumitomo, Targacept, Otsuka, and Servier.

Axon Sports: The mission of Axon Sports is to “protect and train the athletic brain”. Axon’s focus is to research, develop and deliver cutting edge tools to assess, monitor and improve the athletic brain.

Axon has been developing sport specific training products, initially focussed on American football and baseball, and the resulting technologies have now been launched within a small number of elite US college programs. In addition, the first of Axon’s consumer iPad apps was launched in 2012.

In the area of sports related concussion, Cogstate’s technology has been used by a number of highly regarded institutions and sporting organisations around the world for almost 10 years. That technology is now marketed to consumers as Axon Sports. Current users of Cogstate/Axon Sports in Australia include the AFL and NRL, whilst in the USA elite programs such as the NBA, WNBA, NHL as well as college programs such as University of Notre Dame, University of Michigan and University of Connecticut all use the Axon Sports system.

Healthcare: In the primary care or general practice setting, the Cogstate’s COGNIGRAM™ assesses cognition in patients and the reports generated on the basis of this assessment can allow physicians to identify subtle changes that could be indicative of the early stage of a neurodegenerative disease, such as Alzheimer’s disease. Cogstate intends to develop COGNIGRAM™ to monitor changes in cognitive function following concussion or after treatment with drugs or other types of interventions. In June 2012, Cogstate entered into an agreement with Merck Canada Inc. providing it with the exclusive right to market and promote COGNIGRAM™ in Canada.