

COGSTATE LIMITED

APPENDIX 4D

PRELIMINARY HALF-YEAR REPORT

HALF-YEAR 31 DECEMBER 2015

NAME OF ENTITY: COGSTATE LIMITED

ABN 80 090 975 723

HALF-YEAR 31 DECEMBER 2015

(PREVIOUS CORRESPONDING PERIOD: 31 DECEMBER 2014)

RESULTS FOR ANNOUNCEMENT TO THE MARKET



REVENUES FROM ORDINARY ACTIVITIES

UP \$6,793,103

TO \$13,020,778



NET PROFIT AFTER TAX (FROM ORDINARY ACTIVITIES) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS

UP \$5,212,780

TO \$2,556,288

DIVIDENDS/DISTRIBUTIONS

No dividends have been paid or declared during the period and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2015.

	31 DECEMBER 2015	31 DECEMBER 2014
Net tangible asset backing (per share)	0.09	0.07

EXPLANATION OF RESULTS

A summary of revenue and results is set out below:

	FY16 H1 \$'000,000	FY15 H2 \$'000,000	FY15 H1 \$'000,000
Clinical Trials			
Revenue	12.24	9.62	5.57
Cost of sales	-5.23	-3.78	-2.95
Gross Margin	7.01	5.84	2.62
Pass Through costs	0.01	0.07	0.10
Total Clinical Trials contribution	7.02	5.91	2.72
Precision Recruitment contribution	0.60	0.21	0.23
Healthcare Contribution	-0.16	-0.13	-0.10
Sport Contribution	-0.03	-0.02	-0.09
Total Business Unit Contribution	7.42	5.97	2.76
Overhead costs - continuing operations	-6.46	-6.71	-5.62
Overhead costs - discontinuing operations	0	0	-0.34
Other Income	0.10	0.70	0.43
EBITA	1.06	-0.04	-2.77

REVENUE BREAKDOWN - A\$

	GROWTH	31 DECEMBER 2015	31 DECEMBER 2014
Clinical Trials Segment	119.8%	12,240,428	5,569,013
Precision Recruitment Segment	163.0%	664,462	252,637
Sports Segment	(90.4%)	30,183	313,894
Healthcare Segment	(12.1%)	11,632	13,227
Research	100%	33,836	-
Revenue from Customers	111.1%	12,980,541	6,148,771
Interest Received	(49%)	40,237	78,904
Total Revenue	109.1%	13,020,778	6,227,675
Clinical Trials Segment			
Revenue per above		12,240,428	5,569,013
Pass Through cost recoveries		3,018,723	1,621,978
		15,259,151	7,190,991

Measured in Australian dollars, Cogstate recorded a 111.1% increase in revenue from customers compared to the previous financial year. The increase in Clinical Trials revenue reflects a significant improvement in the number and value of new sales contracts signed over the last 18 months. As a result of the increase in sales contracts, Cogstate started this half year period with a record amount of contracted future revenue to bring to account. In addition, during the half-year, Cogstate signed US\$16.6 million of new sales contracts, which was a 26% increase on the US\$13.2 million of sales contracts signed in the previous corresponding period. The increase in clinical trial sales contracts signed also reflects the increased business developments resources that were added during the last 12 months.

The pass through cost recoveries are costs incurred on behalf of clinical trial customers that are directly on-charged to the customer. The financial statements, including the comparative information, have been re-stated to show the net impact of these recoveries, whereas in prior years, the pass through cost recoveries were shown as revenue and the associated cost shown as an expense.

Precision Recruitment is a web-based cognitive screening product which received first sales revenues in June 2014. The increase in the Precision Recruitment revenues reflects the full year impact of those initial contracts, as well as revenue from a small number of additional sales contracts with new customers.

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 I study and up to 48 months for a phase III study.

	31 DECEMBER 2015	31 DECEMBER 2014
Clinical Trial Revenue contracted at 1 July	21,276,882	9,735,154
Contracts signed during the period *	23,058,750	14,360,943
Revenue recognised **	(12,240,428)	(5,569,013)
Foreign exchange fluctuation ***	2,760,236	(418,650)
Clinical Trials Revenue contracted at 31 December	34,855,440	18,108,434

* Clinical trials contracts are predominantly denominated in \$US. The value of contracts signed has been converted to \$A at the spot rates on the date of the contract being signed.

** Revenue is invoiced in the applicable currency of the contract, usually \$US. Revenue is converted at the spot rate on the date of invoice.

*** Prevailing exchange rates - 01/07/2014 A\$1 = US\$0.95 and 31/12/2014 A\$1 = US\$0.82; 01/07/2015 A\$1 = US\$0.77 and 31/12/2015 A\$1 = US\$0.73.

The Net Profit After Tax for the period was \$2.56m, a turnaround of \$5.21m on the previous corresponding period (2014:\$2.66m loss).

RESULTS - EXPENSES

1. EMPLOYMENT EXPENSES

Full Time Equivalent (FTE) employees were 108.66 at 31 December 2015, broken down as follows:

BUSINESS UNIT	FTE AT 31 DECEMBER 2015	FTE AT 30 JUNE 2015	FTE AT 31 DECEMBER 2014
Clinical Trials	47.73	35.73	34
Business Development	10	7	3
Sport	2	2	2
Healthcare	2	2	2
Product Development	31.2	28.80	25.06
Administration	15.73	12.58	12.28
Total	108.66	88.11	78.34

The employment costs for staff directly involved in the generation of revenue, or providing the services necessary to earn that revenue, are allocated as a cost of sales expense. For all other staff (including Product Development, Quality Assurance, Legal, Finance and Admin), their employment costs are shown as Employee Benefits Expense.

COGSTATE LIMITED
ABN 80 090 975 723

HALF-YEAR REPORT

31 DECEMBER 2015

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Cogstate Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These interim financial statements are the consolidated interim financial statements of the consolidated entity consisting of Cogstate Limited and its subsidiaries. The interim financial statements are presented in Australian currency.

Cogstate Limited is a company limited by shares, incorporated and domiciled in Australia.

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

CORPORATE DIRECTORY

DIRECTORS

Martyn Myer AO BE, MEdSc, MSM - Chairman
Brad O'Connor B Bus, CA
David Simpson BA (Honours) FAICD
Richard van den Broek CFA
David Dolby BSE, MBA

SECRETARY

Claire Newstead-Sinclair BBus, CA

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2, 255 Bourke Street, Melbourne Vic 3000, Australia

SHARE REGISTER

Link Market Services
Level 1/333 Collins Street, Melbourne Vic 3000

AUDITOR

Pitcher Partners
Level 19, 15 William Street, Melbourne Vic 3000

SOLICITORS

Clayton Utz
333 Collins Street, Melbourne Vic 3000

BANKERS

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

STOCK EXCHANGE LISTINGS

Cogstate Limited shares are listed on the Australian Stock Exchange.
Market code: CGS

WEBSITE

www.cogstate.com

DIRECTORS' REPORT

Your directors present their report together with the condensed financial report of the consolidated entity (referred to hereafter as the Group) consisting of Cogstate Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2015 and the independent review report thereon. The financial report has been prepared in accordance with Australian Accounting Standards.

DIRECTORS

The following persons were directors of Cogstate Limited during the whole of the financial period and up to the date of this report:

- Martyn Myer AO
- Brad O'Connor
- David Simpson
- Richard van den Broek
- David Dolby

Alan Finkel AO was a director during the period and resigned on 31 December 2015.

REVIEW OF OPERATIONS

Cogstate Ltd is a leading cognitive science company focused on optimising the measurement of cognition to guide decision-making. Cogstate commercialises rapid, reliable and highly sensitive computerised cognitive tests for clinical trials, academic research and healthcare.

In its Clinical Trials business, Cogstate provides both novel technologies and expert professional services for clinical research programs seeking to demonstrate a drug's impact on cognition. Delivering solutions spanning the continuum from study design to final statistical analysis, Cogstate's latest Clinical Trials offering, Precision Recruitment™ is a powerful solution based on an online prescreening portal to accelerate the identification and engagement of qualified candidates for clinical trials in high-need indications such as Alzheimer's disease. Cogstate regularly works with many of the world's largest pharmaceutical companies and has participated in over 200 clinical trials of varying indications, including Alzheimer's disease, anaemia, cardiovascular, childhood and adult epilepsy, major depressive disorder, oncology, Parkinson's disease and schizophrenia.

Cogstate regularly collaborates with academics to support their research initiatives. Cogstate has

participated in over 1,000 active or completed academic research studies in 67 different indications. This collaborative work has resulted in over 300 peer reviewed publications of Cogstate data. In Alzheimer's disease, Cogstate is at the forefront of leading prevention trials via its participation in key studies such as 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) and the Alzheimer's Disease Neuroimaging Initiative (ADNI).

In Healthcare, Cogstate provides physicians with tools to assess cognition of their patients. The reports generated on the basis of such an assessment allow physicians to identify subtle changes that could be indicative of a range of factors from head injury to 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 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 over 10 years. Current users of Cogstate 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 Cogstate system.

Cogstate has 4 primary offices in the following locations: an Australian head office based in Melbourne; two locations in the USA including a primary office in New Haven, CT and a smaller office in New York, NY; and a European presence in Barcelona, Spain. Staff who are not based in one of these offices work remotely.

For the half year ended 31 December 2015, total revenue increased by 109.1%, compared to the previous corresponding half year. The revenue increase can be attributed to the significant increase in the number and value of sales contracts signed in recent periods, reflecting increased commercial sales resources and favourable trading conditions

Full time equivalent employees at 31 December 2015 totaled 108.66 compared to 78.34 full time equivalent employees at 31 December 2014.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the period ended 31 December 2015.

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 9.

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



Martyn Myer AO
DIRECTOR

MELBOURNE
16 FEBRUARY 2016



COGSTATE LIMITED

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

In relation to the independent auditor's review for the half year ended 31 December 2015, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

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

A handwritten signature in black ink, appearing to read 'K L Byrne'.

K L BYRNE
Partner

A handwritten signature in black ink, appearing to read 'Pitcher Partners'.

PITCHER PARTNERS
Melbourne

16 February 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 \$	31 DECEMBER 2014 \$
Operations			
Revenue	3	12,980,541	6,148,771
Finance income		40,237	78,904
Total Revenue		13,020,778	6,227,675
Cost of sales		(5,543,453)	(3,918,593)
Gross Profit		7,477,325	2,309,082
Other income	4	22,302	97,057
Employee benefits expense		(4,378,402)	(2,376,271)
Depreciation and amortisation		(134,416)	(195,597)
Occupancy		(334,783)	(345,629)
Marketing		(251,238)	(498,658)
General Administration		(908,560)	(1,303,132)
Net foreign exchange gain		99,836	428,541
Travel expenses		(251,774)	(416,178)
Finance expenses		(30,280)	(44,419)
Other expenses		(15,226)	(124,524)
Professional fees		(194,432)	(391,278)
Profit/(Loss) before income tax		1,100,352	(2,861,006)
Income tax benefit		1,455,936	204,514
Profit/(Loss) for the period		2,556,288	(2,656,492)
Other comprehensive income			
<i>Items that may be subsequently reclassified to the profit and loss</i>			
Exchange differences on translation of foreign operations		-	(36,138)
Other comprehensive income for the period, net of tax		-	(36,138)
Total comprehensive income for the period		2,556,288	(2,692,630)
Profit is attributable to:			
Owners of Cogstate Limited		2,556,288	(2,656,492)
Total comprehensive income for the period is attributable to:			
Owners of Cogstate Limited		2,556,288	(2,692,630)
Total comprehensive income for the year attributable to owners of Cogstate Limited arises from:			
Continuing operations		2,556,288	(2,206,730)
Discontinued operations		-	(485,900)
		2,556,288	(2,692,630)

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

	2015 CENTS	2014 CENTS
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:		
Basic earnings per share	2.4	(2.2)
Diluted earnings per share	2.3	(2.2)
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per share	2.4	(2.7)
Diluted earnings per share	2.3	(2.7)

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

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 \$	31 JUNE 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents		5,089,974	5,497,197
Trade and other receivables		6,683,432	4,896,483
Other current assets		1,147,139	455,855
Total current assets		12,920,545	10,849,535
Non-current assets			
Property, plant and equipment		1,993,479	1,117,040
Deferred tax assets	5	3,552,784	1,936,922
Intangible assets		401,584	401,584
Total non-current assets		5,947,847	3,455,546
Total assets		18,868,392	14,305,081
LIABILITIES			
Current liabilities			
Trade and other payables		3,724,780	2,548,349
Provisions		1,309,745	1,127,660
Total current liabilities		5,034,525	3,676,009
Non-current liabilities			
Deferred tax liabilities		583,408	492,026
Provisions		35,546	22,108
Total non-current liabilities		618,954	514,134
Total liabilities		5,653,479	4,190,143
Net assets		13,214,913	10,114,938
EQUITY			
Contributed equity	6	27,316,111	26,557,229
Other reserves		643,494	858,689
Accumulated losses		(14,744,692)	(17,300,980)
Capital and reserves attributable to owners of Cogstate Limited		13,214,913	10,114,938
Total equity		13,214,913	10,114,938

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR 31 DECEMBER 2015

	ATTRIBUTABLE TO OWNERS OF COGSTATE LIMITED						TOTAL EQUITY \$
	NOTES	CONTRIBUTED EQUITY \$	SHARE-BASED PAYMENTS \$	FOREIGN CURRENCY TRANSLATION \$	RETAINED EARNINGS \$	TOTAL \$	
Balance at 1 July 2014		23,771,855	1,907,573	(131,218)	(12,532,951)	13,015,259	13,015,259
Loss for the period as reported in the 2014 interim financial statements		-	-	-	(2,656,492)	(2,656,492)	(2,656,492)
Other comprehensive income		-	-	(36,138)	-	(36,138)	(36,138)
Total comprehensive income for the period		-	-	(36,138)	(2,656,492)	(2,692,630)	(2,692,630)
Transactions with owners in their capacity as owners:							
Transfer between share based payments reserve and retained earnings		-	(286,657)	-	286,657	-	-
Exercise of options		21,734	-	-	-	21,734	21,734
Cost of share-based payment		-	(8,113)	-	-	(8,113)	(8,113)
		21,734	(294,770)	-	286,657	13,621	13,621
Balance at 31 December 2014		23,793,589	1,612,803	(167,356)	(14,902,786)	10,336,250	10,336,250
Balance at 1 July 2015		26,557,229	989,907	(131,218)	(17,300,980)	10,114,938	10,114,938
Profit for the period as reported in the 2015 interim financial statements		-	-	-	2,556,288	2,556,288	2,556,288
Total comprehensive income for the period		-	-	-	2,556,288	2,556,288	2,556,288
Transfer between share-based payments reserve and retained earnings							
Transfer to share capital on exercise of options		245,586	(245,586)	-	-	-	-
Exercise of options		513,296	-	-	-	513,296	513,296
Cost of share-based payment		-	30,391	-	-	30,391	30,391
		758,882	(215,195)	-	-	543,687	543,687
Balance at 31 December 2015		27,316,111	774,712	(131,218)	(14,744,692)	13,214,913	13,214,913

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 \$	31 DECEMBER 2014 \$
Cash flows from operating activities			
Receipts from customers		14,166,015	8,041,473
Payments to suppliers and employees		(14,006,122)	(9,641,908)
		159,893	(1,600,435)
Grants received		2,889	-
Net cash inflow (outflow) from operating activities	7	162,782	(1,600,435)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,182,422)	(476,821)
Proceeds from sale of property, plant and equipment		-	7,175
Interest received		39,724	85,222
Net cash (outflow) from investing activities		(1,142,698)	(384,424)
Cash flows from financing activities			
Proceeds from issues of shares		513,296	21,734
Net cash inflow from financing activities		513,296	21,734
Net (decrease) in cash and cash equivalents		(466,620)	(1,963,125)
Cash and cash equivalents at the beginning of the financial year		5,497,197	7,126,749
Effects of exchange rate changes on cash and cash equivalents		59,397	6,600
Cash and cash equivalents at end of period		5,089,974	5,170,224

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION OF HALF-YEAR REPORT

These condensed consolidated financial reports for the half-year reporting period ended 31 December 2015 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

These condensed consolidated financial reports do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for 30 June 2015 and any public announcements made by Cogstate Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Cogstate Ltd is a for profit entity for the purposes of preparing the financial statements.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2015 and the corresponding half-year except as described below in Note 1(a).

(A) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE ENTITY

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

AASB 9 Financial Instruments improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. For financial liabilities, the new requirements only affect the accounting for those that are designated at fair value

through profit and loss. Therefore, there will be no impact on the consolidated entity's accounting for financial liabilities.

In December 2013, new general hedge accounting requirements were incorporated into AASB 9. The new model aligns hedge accounting more closely with risk management, and will be easier to apply and reduce the costs of implementation. However, the new model requires extended disclosure. The standard is not applicable until 1 January 2017 but is available for early adoption. The consolidated entity has yet to assess the impact of new general hedge accounting model on its hedge arrangements. The consolidated entity has decided not to early adopt AASB 9 at 31 December 2015.

AASB 15 Revenue from Contracts with Customers introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods and services. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple element arrangements. The standard is not applicable until 1 January 2017 but is available for early adoption. The consolidated entity has yet to assess the impact of AASB 15 and has therefore decided not to early adopt AASB 15 at 31 December 2015.

Other standards and interpretations have been issued at the reporting date but are not yet effective.

2 SEGMENT INFORMATION

(A) DESCRIPTION OF SEGMENTS

Identification of reportable segments

The consolidated entity 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, computerised cognitive assessment tools and skills training for athletes, assessment of cognitive decline by primary care physicians and precision recruitment of patients for clinical drug trials). 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
- Fair value gain/(loss) on derivative
- Interest expense
- Foreign exchange gain/(loss)
- Profit/(loss) on disposal of assets
- Royalty income
- Finance costs
- Depreciation and amortisation expense
- Other income/(expenses)
- Research and Development Grant
- 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 precision recruitment market. In this market, the technology is used as an online screening tool as part of the process of recruiting subjects.

The third operating segment is the healthcare market. In this market, the technology and associated services are being developed as a tool for primary care physicians to assess cognitive decline.

The fourth operating segment is the sport market. In this market, the technology and associated services are used to provide concussion management tools in sport.

Another market Cogstate is involved in is Academic Research, however, this market is not currently significant to Cogstate's results and is not reported as a separate operating 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's present revenue and profit information regarding the segments of Clinical Trials, Precision Recruitment, Healthcare and Sport markets for the periods ended 31 December 2015 and 31 December 2014.

2015	CLINICAL TRIALS \$	PRECISION RECRUITMENT \$	HEALTHCARE MARKET \$	SPORT \$	ADMINISTRATION \$	TOTAL \$
Sales to external customers	12,240,428	664,462	11,632	30,183	33,836	12,980,541
Revenue from external customers	12,240,428	664,462	11,632	30,183	33,836	12,980,541
Cost of Sales	(5,229,304)	(68,266)	(173,766)	(60,820)	(11,297)	(5,543,453)
Total Segment Gross Profit	7,011,124	596,196	(162,134)	(30,637)	22,539	7,437,088
Interest revenue	-	-	-	-	40,237	40,237
Total gross profit per statement of comprehensive income						7,477,325
Net Pass-through Recovery	7,295	-	-	-	-	7,295
Operating profit	7,018,419	596,196	(162,134)	(30,637)	(6,256,414)	1,165,431
Depreciation and amortisation expenses	-	-	-	-	(134,416)	(134,416)
Foreign exchange gain/(loss) realised and unrealized	-	-	-	-	99,836	99,836
Profit/(loss) on disposal of assets	-	-	-	-	(15,226)	(15,226)
Royalty income	-	-	-	-	12,118	12,118
Finance costs	-	-	-	-	(30,280)	(30,280)
Grant income	-	-	-	-	2,889	2,889
Segment result	7,018,419	596,196	(162,134)	(30,637)	(6,321,493)	1,100,352
Profit/(loss) before tax per statement of comprehensive income	7,018,419	596,196	(162,134)	(30,637)	(6,321,493)	1,100,352

2014	CLINICAL TRIALS \$	PRECISION RECRUITMENT \$	HEALTHCARE MARKET \$	SPORT \$	ADMINISTRATION \$	TOTAL \$
Sales to external customers	5,569,013	252,637	13,227	313,894	-	6,148,771
Revenue from external customers	5,569,013	252,637	13,227	313,894	-	6,148,771
Cost of Sales	(2,947,424)	(23,475)	(113,635)	(393,354)	(440,705)	(3,918,593)
Total Segment Gross Profit	2,621,589	229,162	(100,408)	(79,460)	(440,705)	2,230,178
Interest revenue	-	-	-	-	78,904	78,904
Total gross profit per statement of comprehensive income						2,309,082
Net Pass-through Recovery	97,059	-	-	-	-	97,059
Operating profit	2,718,648	229,162	(100,408)	(79,460)	(5,692,949)	(2,925,007)
Depreciation and amortisation expenses	-	-	-	-	(195,597)	(195,597)
Foreign exchange gain/(loss) realised and unrealised	-	-	-	-	428,541	428,541
Profit/(loss) on disposal of assets	-	-	-	-	(2,648)	(2,648)
Finance costs	-	-	-	-	(44,419)	(44,419)
Other income / (Expenses)	-	-	-	-	(121,876)	(121,876)
Segment result	2,718,648	229,162	(100,408)	(79,460)	(5,628,948)	(2,861,006)
Profit/(loss) before tax per statement of comprehensive income	2,718,648	229,162	(100,408)	(79,460)	(5,628,948)	(2,861,006)

3 REVENUE

	31 DECEMBER 2015 \$	31 DECEMBER 2014 \$
From continuing operations		
Sales revenue		
Sale of services and licenses in clinical trials	12,240,428	5,569,013
Sale of services and licenses in precision recruitment	664,462	252,637
Sale of services and licenses in healthcare	11,632	-
Sale of services and licenses in sport	30,183	327,121
Sale of services and licenses in research	33,836	-
	12,980,541	6,148,771

4 OTHER INCOME

	31 DECEMBER 2015 \$	31 DECEMBER 2014 \$
Government grants	2,889	-
Royalty revenue	12,118	-
Net pass-through recovery	7,295	97,057
	22,302	97,057

5 NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	31 DECEMBER 2015 \$	30 JUNE 2015 \$
The balance comprises temporary differences attributable to:		
Tax losses	3,060,541	1,502,028
Employee benefits	403,755	342,726
Rights Issue Expenses	34,704	41,443
Accrued expenses	24,949	50,725
Unrealised foreign exchange loss	28,835	-
	3,552,784	1,936,922

In Cogstate Ltd tax losses of A\$3,322,857 are available for future use at 31 December 2015.

In Cogstate Inc tax losses of A\$6,878,947 are available for future use at 31 December 2015.

The deferred tax asset of \$3,060,541 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 recognized as a deferred tax asset for future use.

6 CONTRIBUTED EQUITY

(A) MOVEMENTS IN ORDINARY SHARE CAPITAL

DATE	DETAILS	NUMBER OF SHARES	ISSUE PRICE \$
1 July 2015	Opening balance	107,481,013	26,557,229
13 October 2015	Exercise of options	100,000	25,000
14 October 2015	Exercise of options	100,000	25,000
19 October 2015	Exercise of options	150,000	37,500
27 October 2015	Exercise of options	33,333	7,333
6 November 2015	Exercise of options	1,597,500	307,463
24 November 2015	Exercise of options	25,000	6,250
25 November 2015	Exercise of options	125,000	31,250
27 November 2015	Exercise of options	150,000	37,500
7 December 2015	Exercise of options	75,000	18,750
11 December 2015	Exercise of options	150,000	17,250
	Transfer to share capital on exercise of options	-	245,586
31 December 2015	Balance	109,986,846	27,316,111

7 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 DECEMBER 2015 \$	31 DECEMBER 2014 \$
Profit/(loss) for the year	2,556,288	(2,656,492)
Depreciation and amortisation	303,573	324,487
Write off of assets	15,226	2,648
Non-cash employee benefits expense - share-based payments	30,961	(8,113)
Net exchange differences	(112,507)	(333,026)
Change in operating assets and liabilities:		
(Increase) decrease in trade debtors and other receivables	(1,786,949)	294,124
(Increase) decrease in deferred tax assets	(1,615,862)	(489,847)
(Increase) decrease in other operating assets	(691,284)	(133,827)
(Decrease) increase in trade creditors and accruals	1,176,431	1,162,777
(Decrease) increase in deferred tax liabilities	91,382	287,004
(Decrease) increase in other provisions	195,523	(50,170)
Net cash inflow (outflow) from operating activities	162,782	(1,600,435)

8 DISCONTINUED OPERATION

On 30 November 2014, Cogstate sold the Axon Sports training business to an American company. Under the terms of the sale, Cogstate did not receive any upfront consideration but are entitled to a percentage of all revenue over the next 5 years. The purchaser assumed all ongoing costs and liabilities of the Axon Sports training business, including all personnel, development, marketing and promotional costs.

At this stage, the inflows from the percentage of revenue over the next 5 years are not virtually certain or yet probable and, hence, there is no receivable or contingent asset to be taken to account as at 31 December 2015.

Financial information of the discontinued operation was disclosed in note 12 of the consolidated entity's annual financial statements for year ended 30 June 2015.

9 FAIR VALUE MEASUREMENT

The net fair value of financial assets and financial liabilities approximates their carrying value amounts as disclosed in the Consolidated Statement of Financial Position and Notes to the Financial Statements.

10 COMMITMENTS & CONTINGENCIES

No new commitments or contingent liabilities have arisen.

11 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the interim financial statements and notes set out on pages 10 to 21 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Martyn Myer AO
DIRECTOR

MELBOURNE
16 FEBRUARY 2016

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

Independent auditor's review report to the members of Cogstate Limited



**COGSTATE LIMITED
ABN 80 090 975 723
AND CONTROLLED ENTITIES**

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

We have reviewed the accompanying half-year financial report of Cogstate Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cogstate Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**COGSTATE LIMITED
ABN 80 090 975 723
AND CONTROLLED ENTITIES**

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cogstate Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



K L BYRNE
Partner
16 February 2016



PITCHER PARTNERS
Melbourne