



ASX Announcement

Melbourne, 22 July 2011

CogState Reports Unaudited Full Year Profit Results

Based on unaudited financial statements, CogState (ASX:CGS) today announced its anticipated financial results for the year ended 30 June 2011. Audited financial statements will be released on 24 August 2011. All figures are stated in Australian dollars unless otherwise stated.

Highlights

- Third consecutive cash flow positive year with a net cash inflow of \$0.2 million for the year
- Cash reserves of \$3.3 million at 30 June 2011
- Breakeven operating result
- Net Loss After Tax is expected to be \$0.8 million, after taking into account:
 - Share of loss from Axon Sports joint venture \$0.6 million
 - Foreign exchange losses \$0.2 million
- Restructure undertaken in June 2011 will result in cost savings for the 2012 financial year

Cashflow

CogState recorded an improved cash performance compared to the previous financial year. Cash on hand increased by \$0.2 million during the 2011 financial year, compared to an increase of \$0.1 million during the previous financial year.

At 30 June 2011, CogState had combined cash and debtors of \$4.5 million, made up as follows:

- Cash reserves of \$3.3 million (30 June 2010: \$3.1 million)
- Trade debtors of \$1.2 million (30 June 2010: \$1.6 million)

During the 2011 financial year, CogState was able to record an increase in both the value of sales contracts signed and sales invoices issued, which are both denominated in US dollars. Notwithstanding this fact, when measured in Australian dollars, CogState recorded a decrease in sales revenue and therefore also a reduction in cash receipts



from customers. Cash receipts from customers during the year were \$8.0 million, 21% less than the previous year.

CogState was able to reduce cash outflows from operations by 15% to \$7.57 million through rigorous cost reduction strategies as well as reduced costs from US operations reflecting the currency impact on US costs.

In addition, CogState was able to reduce its investment in computer hardware for use in clinical trials. During the 2011 financial year, CogState spent \$0.8 million less on computer hardware than during the previous financial year which was possible because hardware inventory on hand was largely sufficient to meet the needs for clinical trials commenced during the year.

CogState made an investment of \$0.25 million into Axon Sports LLC during the 2011 financial year. This investment was a reduction on the \$0.5 million investment made during the 2010 financial year.

Proceeds from the issue of shares during the year totaled \$30,688. The shares issued were in respect of the exercise of options under the CogState employee share option plan.

Profit / Loss

CogState is expected to record a breakeven operating result, with a small loss of less than \$10,000 for the 2011 financial year.

The breakeven operating result was achieved after taking into account \$0.2 million of restructure charges relating to cost reduction initiatives that were undertaken in June 2011. The restructure decreased CogState's employee headcount by 13 resulting in a gross annual cost saving of over \$1 million inclusive of wages and on-costs. The \$0.2 million restructure costs associated with termination of employment of the 13 staff were fully expensed in June 2011. The benefit of the cost savings from the restructure will be seen in the 2012 financial year results.

During the 2012 financial year, CogState expects to add approximately \$0.35 million of costs to operating expenditure relating to additional roles within the clinical trial business. After taking into account the additional costs associated with these new roles, net operating cost reductions in respect of the 2012 financial year are expected to be in the order \$0.65 million.

The Net Loss After Tax for the year is expected to be \$0.8 million. The Net Loss is inclusive of CogState's share of the loss generated by Axon Sports LLC for the year to 30 June 2011 (\$0.6 million) and losses on foreign currency translation (\$0.2 million).



Balance Sheet Summary

Based on unaudited financial statements, CogState provides the following summary of its Balance Sheet at 30 June 2011:

	30 June 2011	30 June 2010
	\$'000,000	\$000,000
Cash Assets	3.3	3.1
Trade Receivables	1.2	1.6
Total Assets	7.7	8.6
Total Liabilities	1.4	1.6
Net Assets	6.3	7.0

About CogState

CogState Ltd (ASX: CGS) specialises in the development and commercialisation of rapid, computerised tests of cognition (brain function). To date, CogState has commercialised its technology in two markets – clinical drug trials and concussion management in sport.

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, Merck, Johnson & Johnson, Novartis, Lundbeck, Dainippon Sumitomo, Otsuka, and Servier.

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. Current users include, University of Notre Dame, University of Michigan, English Rugby League, English Jockey Club, and a number of national and international Rugby League and Rugby Union clubs. In Australia, both the AFL and NRL have mandated computerised cognitive testing, using CogState, within the last month.



CogState has established a joint venture in the USA, called Axon Sports, to market its concussion management technology. Axon Sports has an exclusive license to market and sell the CogState technology in the area of sports and related concussions within North America (USA, Canada, Mexico).

For further information:

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