



# Investor Roadshow

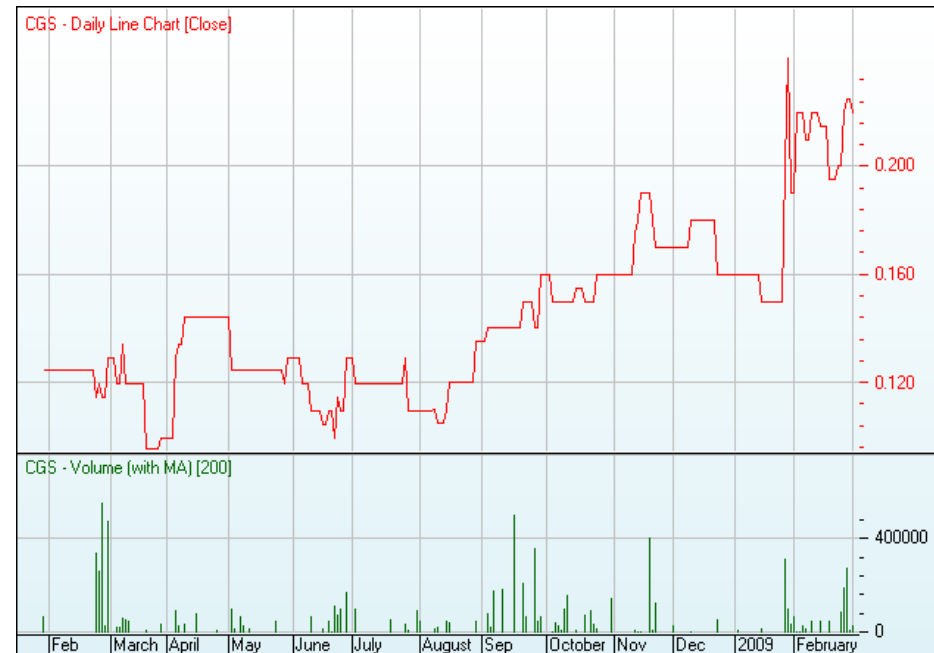
March 2009

# Overview

*CogState (ASX: CGS) is a health services and equipment company that provides cognition testing technology to pharmaceutical companies undertaking clinical trials*

Share price	\$0.22
Market cap (as at 02/03/09)	\$14.4m
Cash (as at 31/12/08) (excluding debtors \$1.2m)	\$2.8m
52 week high	\$0.24
52 week low	\$0.06

Major Shareholders	Shares	Held (%)
MF Custodians Ltd	10,873,899	16.57
United BioSource Corporation	10,846,463	16.52
GBS Venture Management	9,137,535	13.92
Asia Union Investments	4,000,000	6.09
ANZ Nominees Ltd	3,381,709	5.15
<b>TOP 20 TOTAL</b>	<b>52,960,925</b>	<b>80.68</b>



# CogState's core business model - explained

- Provides cognition testing to the global pharmaceutical industry within the clinical trial process
- Cognition testing used in many clinical trials for drugs designed to work on central nervous system diseases and disorders – looking for both:
  - improvement (thinking more clearly); and
  - absence of decline (no side effects)
- Approved CNS drugs (est. market worth of US\$77.3b in 2007) and in-development drugs represent one of the fastest growing markets for pharmaceutical companies
- CNS disorders contribute up to 35% of disease burden in major pharma markets
- 12 major pharma companies: ~163 ongoing trials within CNS portfolio at various stages of development (Phase 1- Phase 3)

# CogState's core business model - explained

## Market Size – available figures

- 820 drug trials currently registered with the National Institutes of Health in the USA for CNS diseases and disorders:

Disease	Phase I	Phase II	Phase III	Phase IV
Alzheimer's Disease	29	36	21	22
Schizophrenia	17	55	59	86
Depression	18	86	62	104
Insomnia	2	8	17	15
ADHD	1	14	16	35
Traumatic Brain Injury	10	30	42	35

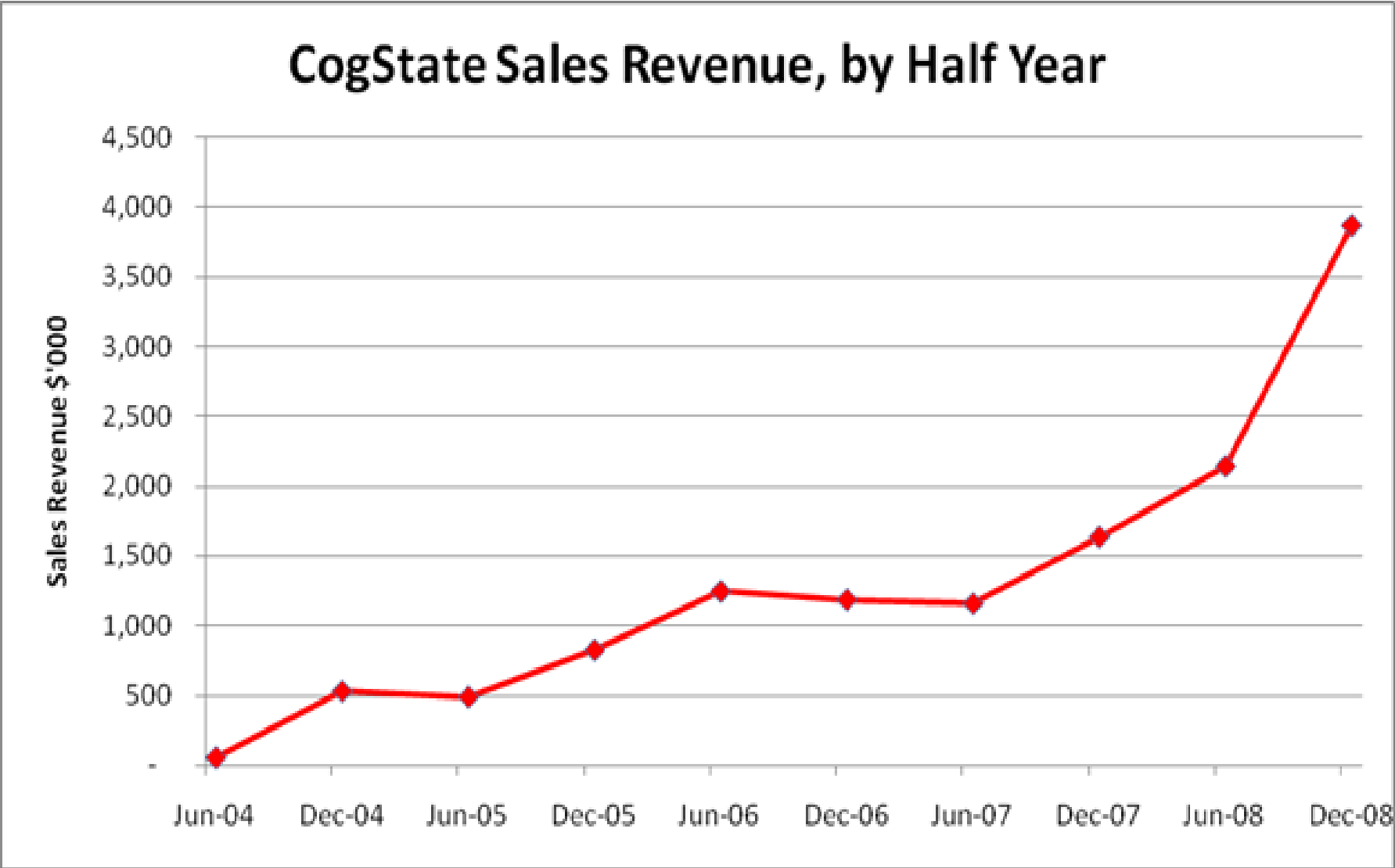
# H1 Results

Summary of financial results for the half year ended 31 Dec 2008:

- Net profit after tax of \$1.29 million
- Revenue up 135% to \$3.92 million (2007: \$1.67 million)
  - Revenue for the 2008 calendar year exceeded \$6 million
- Value of sales contracts signed up 75% to \$4.2 million (2007: \$2.4 million)
- Cash inflow from operations of \$0.5 million (2007: \$1.1 million outflow)
  - Cash inflow from operations for the 2008 calendar year exceeded \$1 million

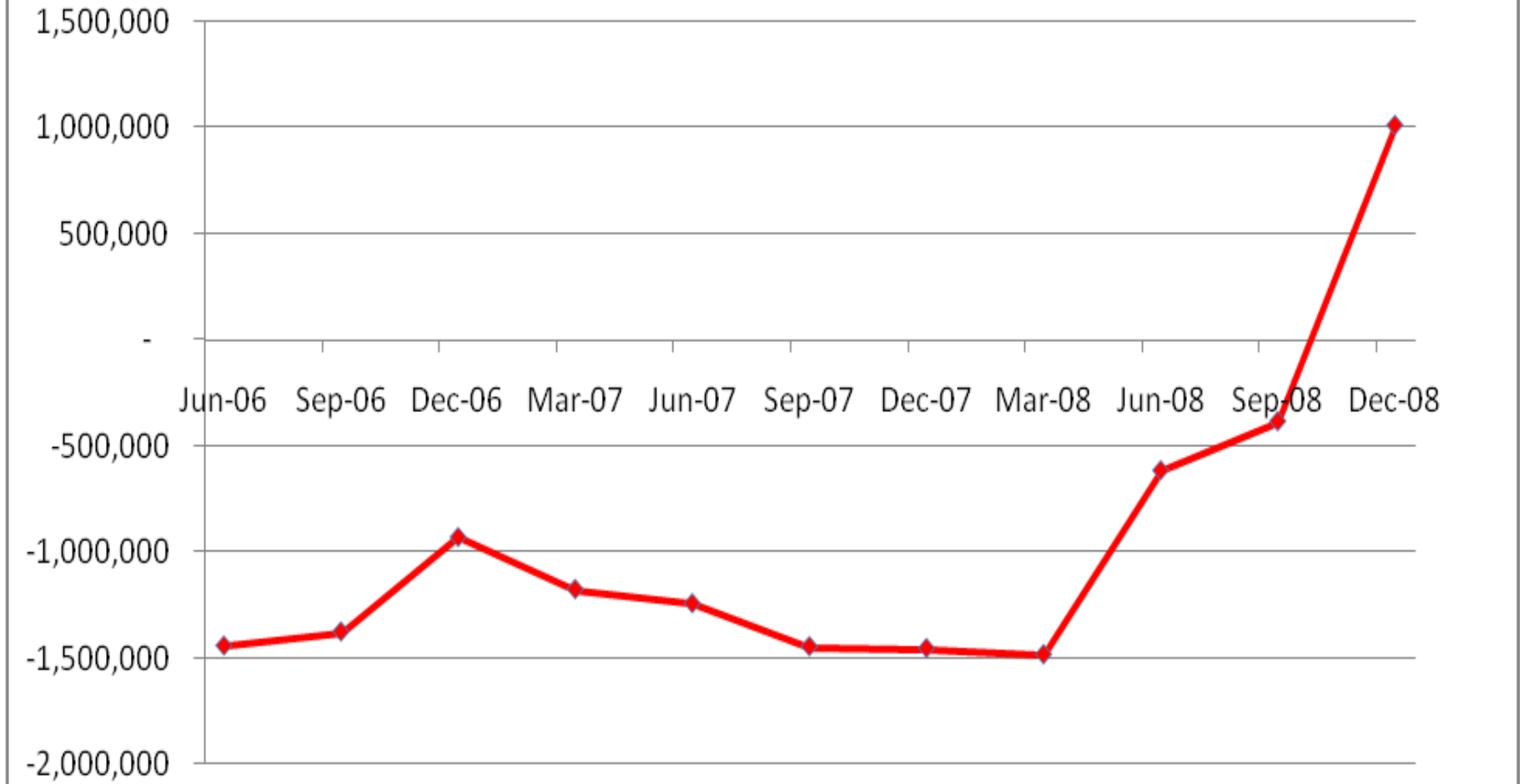
# Sales Revenue, by Half Year

## CogState Sales Revenue, by Half Year



# Operating Cash Flow

## CogState Operating Cash Flows, Trailing 12 Months



# 31 December - Summary Balance Sheet

Includes impact of capital raising from Rights Issue and Private Placement

	30 June 08	31 Dec 08	Movement
Cash and cash investments	1,048,207	2,776,674	1,728,467
Trade debtors	612,778	1,198,303	585,525
Other assets	236,971	214,875	(22,096)
Fixed assets	879,998	1,090,979	210,981
Total liabilities	(852,625)	(601,806)	250,819
Net Assets	1,925,329	4,679,025	2,753,696

The above figures are summarised from audited financial statements

# Profit Guidance

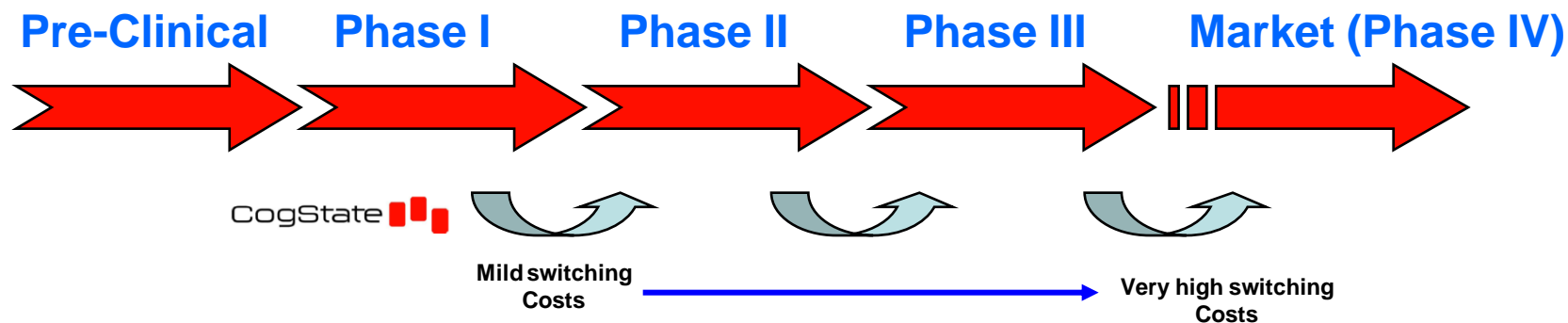
The following guidance is provided in respect of the half year ending 30 June 2009:

- Contracts already in place will generate \$3.4 million revenue in future periods, of which \$2 million is expected to be recognised before 30 June 2009
- Revenue for the half forecast in the range of \$3.0 - \$3.5 million, based on contracts already in place in addition to contracts expected to be signed during the period
- NPAT for the year to 30 June 2009 forecast in the range of \$1.50 - \$1.75 million

# Why CogState is growing so rapidly

- Key CogState staff (Dr. Paul Maruff, Dr. John Harrison, Dr David Darby and Prof. Peter Snyder) provide a high level of scientific expertise in respect of measuring cognitive change in clinical trials
- The scientific expertise is combined with operational delivery from an advanced technology system and well structured processes and procedures
- Increasing investment in R&D by pharma as significant drugs come off patent
- CogState is embedded in clinical trial process – high switching costs

## Typical Pathway In Drug Development



**HIGH COST BARRIERS TO CHANGE**

# Is the growth sustainable?

- Increased use of CogState in phase 2 & 3 clinical trials
  - Larger contracts over longer time period providing greater certainty of contracted revenue from future periods
- Cognition continues to be an area of focus in many indications, but particularly Alzheimer's disease and schizophrenia
- Big pharma investment in R&D expected to continue, particularly in programs with drugs in phase 2 & 3, as we approach patent expiration dates for some of the biggest selling drugs
- Increased use of computerised assessment
- CogState continues to seek to expand from its small customer base

# Market dynamics & the CogState advantage

- CogState provides rapid computerised testing batteries - < 15 mins
- Datapoint® – real time information etc to clients
- Top Down business model – prove capability for new customers via Phase 1 trials – allows for other Phase 1, and new Phase 2 before switching costs prohibitive
- Strong repeat business, highlights delivery and execution

## Computerised Cognition Testing – 3 Major Players



Est. 1994  
Private, UK based  
CANTAB testing battery



Est. 1986  
Industry leader  
Private, UK based

# United BioSource Corp. (UBC) Partnership

- Original agreement for 12 months, not renewed
- CogState well positioned to be able to grow operational capabilities and manage large studies
  - Additional resources in both USA & UK
- Focus on technology advancement to more efficiently manage large studies
- CogState will retain 100% of revenue from future contracts

# Positive outlook

- Profit guidance provided for FY 2009
  - \$1.50 - \$1.75 million NPAT
- Contracts already in place will generate \$3.4 million revenue in future periods
- Defensive outlook given volatile economic conditions
  - Customers are big pharma companies
  - Provided pharma continues to invest in R&D, minimal impact on CogState's business
  - Benefit from falling AUD\$, but note natural hedge with US office and associated US\$ expenses

Brad O'Connor  
Chief Executive Officer  
CogState  
Ph: 03 9664 1300  
[boconnor@cogstate.com](mailto:boconnor@cogstate.com)