

2016 ANNUAL REPORT



We believe that **brain health is profoundly important to quality of life** and should be easier to measure. That's why we so passionately apply our expertise, access to data and flexible technology **to simplify the measurement of cognition**. It's our core focus, and we won't stop until cognitive assessment—**anyone, anytime, anyplace**—is a routine exercise across healthcare and clinical research.



COGSTATE

Cogstate Ltd (ASX: CGS) is a leading cognitive science company dedicated to simplifying the measurement of cognition through the delivery of software and services in clinical trials, academic research and healthcare. Cogstate is a pioneer in commercialising rapid, reliable and highly sensitive computerised cognitive tests and provides expert support for traditional neuropsychological and functional assessments to drive higher quality measures.

Cogstate customers include the world's leading biopharmaceutical companies; military and elite sporting organisations; physicians and patients; renowned academic institutions and public-private partnerships. With more than 130 employees and a global network of neuropsychologist consultants across 24 countries, our unusually diverse portfolio of scientific and operational expertise, access to data and flexible technology is at the core of everything we do.

INNOVATIVE COGNITIVE ASSESSMENT SOLUTIONS FOR . . .



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

Cogstate Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX:CGS).

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

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report.

The financial statements were authorised for issue by the directors on 16 August 2016.

BUSINESS MILESTONES



RETURN TO PROFITABILITY

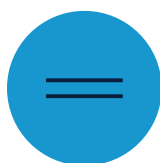
Delivered on our guidance to return to positive EBIT (earnings before interest and tax), recording EBIT of A\$1.0M for the 2016 financial year. Focused commercial strategy driving results.



RECORD SALES CONTRACTS OF US\$28.5 MILLION

Another record year for contracts signed with US\$28.5M signed in FY16, an increase of 20% on FY15.

STRONG OPERATIONAL
DELIVERY DRIVING
REPEAT BUSINESS



76% OF NEW
CONTRACTS

signed across the Clinical Trials customer base were from repeat clients.



CONTRIBUTIONS FROM NEW PRODUCT

First full year contribution from Precision Recruitment™, which was launched in July 2015. Cogstate has invested significantly in the Product Development team during FY16 to increase the speed to market for the next generation product offering.



CONTINUED COMMITMENT TO SCIENCE

Our technologies and experts have contributed to over 1,300 academic research studies in diverse therapeutic indications including Alzheimer's disease, HIV, multiple sclerosis, oncology, Parkinson's disease, epilepsy, and schizophrenia.

BUSINESS OUTLOOK



CONTRACTED REVENUE PIPELINE HIGHEST-TO-DATE

Cogstate will begin the 2017 financial year with A\$33.9M of contracted revenue, an increase of 58% compared to the beginning of FY16. This provides the company with high revenue visibility.



FAVOURABLE OUTLOOK FOR CLINICAL TRIALS GROWTH



Positive industry growth trends regarding the volume and scale of clinical trials are expected to increase. Independent research firm, MarketsandMarkets predicts that the Cognitive Assessment and Training market will continue to grow at an average of 25.6%P.A. until 2020. [Source: <http://www.marketsandmarkets.com/PressReleases/cognitive-assessment.asp>]

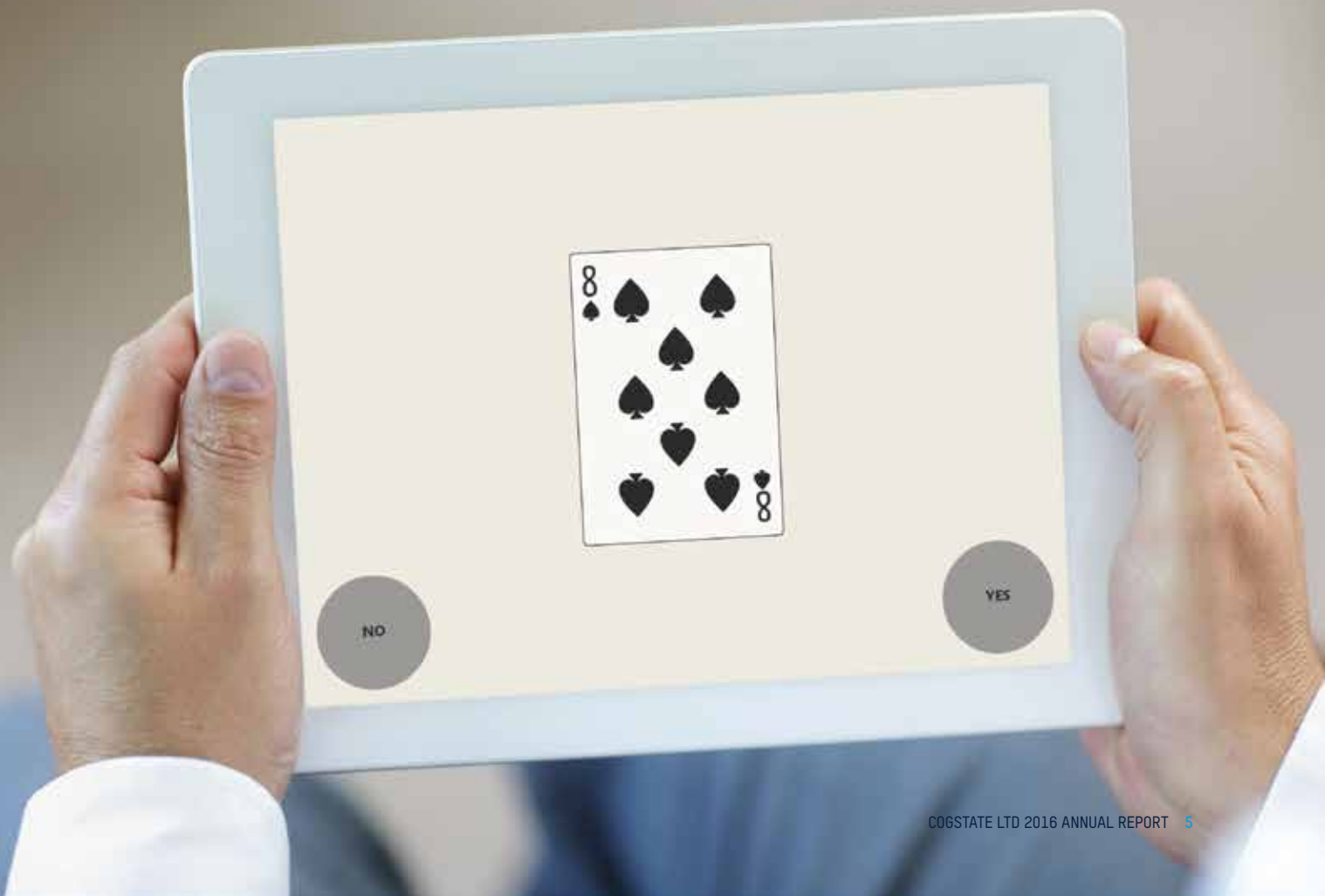


R&D INVESTMENT FOCUSED ON GROWING MARKETS

Continued engagement with academic research communities, particularly in the areas of Alzheimer's disease, oncology and paediatrics, expected to result in further product development insights and data generation for informing customers in the Clinical Trials business.

NEXT GENERATION SOLUTIONS

Fully supported rollout of Precision Recruitment™ continues to further diversify revenue streams. Product development is focused on upgrading the core product suite to deliver operational efficiencies and enhancements that can also be applied across other products, including device independence, unsupervised assessment, and expanded libraries of translations and test menus.



CHAIRMAN'S LETTER

TO MY FELLOW SHAREHOLDERS,

I am delighted to present the Cogstate Limited Annual Report for the financial year ended 30 June 2016. The 2016 financial year has been very successful for Cogstate as we have executed a focused commercial strategy which, together with operational excellence, has driven another record year of sales growth and, importantly, the transition to profitability.

The commercial strategy that we have executed over the past two years—to focus on our core business of measuring cognitive change, invest in business development and reduce cash burn—has contributed to this excellent result, which has seen the company deliver:

- Total revenue increase of 68.8% to A\$27.3m
- Record sales contracts of US\$28.5m
- Return to positive EBIT, recording A\$1.0m and delivering on guidance

Over the past two years, sales contracts signed have grown from US\$9.0m in the 2014 financial year to US\$28.5m in the 2016 financial year. As a result we enter the new financial year with the security of a pipeline of contracted revenue of A\$17.5m to be recognised in FY17, significantly ahead of the \$10.9m of contracted revenue at the beginning of the 2016 financial year.

Our commercial business development team was fully resourced as of October 2015, and we have seen the targeted sales strategy deliver top line growth from our customer base of global pharmaceutical and biotechnology companies and contract research organisations. Backed by outstanding operational delivery, the team has been successful at driving exceptionally high levels of repeat business. To further these customer relationships, Cogstate has implemented a disciplined Strategic Account Management program for seven of our most important pharmaceutical sponsors to guide engagement and account growth. This process allows us to more effectively focus on our customer's business objectives to ensure we strengthen relationships at all levels and ultimately identify how we can make a positive impact on their business. These strategies, combined with our already strong revenue pipeline, give us continued confidence of growth in 2017 and beyond.

At an industry level, demand for our services are growing. A research report undertaken by independent market research firm MarketsandMarkets predicts that the Cognitive Assessment and Training market will continue to grow at a Compound Annual Average Growth Rate of 25.6% P.A until 2020.

This year Cogstate continued to expand our support of clinical trials into additional therapeutic areas beyond CNS with new studies awarded in Chronic Heart Failure, Familial Hypercholesterolemia, Glioblastoma, HIV, Multiple Solid Tumors, Non-Small Cell Lung Cancer, Prostate Cancer, Retinal Disorders and Healthy Volunteer studies.

The diversity of studies has also been seen in our support of academic research. Our commitment to advancing the global body of scientific knowledge has been a long held strategy that has enhanced our reputation and depth of understanding of the varied disease areas within which we work. Over the past year, Cogstate has continued our involvement in important international research studies and academic collaborations, currently supporting 485 active studies that span many therapeutic indications including Alzheimer's disease, paediatric and adult oncology, Parkinson's disease, epilepsy, depression, and schizophrenia.

This commitment to academic research has proven to enhance our ability to support commercial clinical trials, validating our tools in important patient populations. Alzheimer's disease related studies again account for 45% of sales contract value in FY16, a level we expect will continue; while newer growth areas like oncology trials made up 20% of this year's sales contracts, up from 5% the year prior.

While we believe our Clinical Trials portfolio of services for cognitive assessment is the deepest in the industry, we will continue expanding and updating our portfolio of products as we seek to capture additional growth. In July 2015 we launched a new release of Precision Recruitment™, an important tool for online cognitive prescreening of clinical trial participants. We were very pleased with the contribution from the first full year of Precision Recruitment™, which delivered Cogstate A\$1.59m in revenue in the 2016 financial year, an increase of 207% when compared to the revenues from the beta version of the product that was available in the previous financial year.

As we look to the year ahead, we do so with great enthusiasm, especially in the area of Alzheimer's research. Could it be that a 30-year quest to develop a drug that will halt the progression of Alzheimer's disease may be nearing the finish line? Success of the first disease-modifying drug would have an enormous societal impact with an ever-increasing population of Alzheimer's patients estimated to reach 131 million worldwide by 2050. With 96 drugs in clinical development, results from a pivotal trial on Solanezumab, developed by Eli Lilly, are expected in the fourth quarter of 2016. If it successfully clears the Food and Drug Administration, it could be on the market as early as 2017—driving demand in primary care for a validated, fit-for-purpose tool to detect early cognitive decline—changing the landscape for Cogstate in Healthcare.

I am honoured to be a part of this important work and grateful to my fellow Board members and the entire Cogstate team for their continued dedication. I am particularly proud of the company's achievements this year as we continue to pursue our purpose to simplify the measurement of cognition to help bring life-changing therapies to patients and earlier, more accurate diagnoses.

Yours sincerely,



Martyn Myer AO, CHAIRMAN

SUMMARY OF FINANCIAL PERFORMANCE

	1ST HALF FY16 \$'000,000	2ND HALF FY16 \$'000,000	FY16 \$'000,000	FY15 \$'000,000
Clinical Trials (incl. Precision Recruitment and Research sales)				
· Revenue	12.94	14.22	27.16	15.70
· Cost of sales	(5.31)	(6.09)	(11.40)	(6.80)
Gross Margin	7.63	8.13	15.76	8.90
· Net recovery of pass-through costs	0.01	(0.02)	(0.01)	0.16
Total Clinical Trials Contribution	7.64	8.11	15.75	9.06
Healthcare contribution	(0.17)	(0.22)	(0.39)	(0.23)
Sport contribution	(0.03)	(0.02)	(0.05)	(0.11)
Total Business Unit Contribution	7.44	7.87	15.31	8.72
Overhead costs – new product development	(1.41)	(1.88)	(3.29)	(1.78)
Overhead costs – other continuing operations	(5.03)	(6.27)	(11.30)	(10.70)
Overhead costs – discontinued operations	0.00	0.00	0.00	(0.34)
Research and development grant rebate	0.00	0.55	0.55	0.48
Foreign exchange gain / (loss) realised and unrealised	0.10	(0.33)	(0.23)	0.63
Other income	0.00	(0.01)	(0.01)	(0.07)
EBIT	1.10	(0.07)	1.03	(3.06)
Net interest income	0.01	0.00	0.01	0.01
Impairment of assets	0.00	0.00	0.00	(2.16)
Income tax benefit	1.45	0.15	1.60	0.15
Profit / (Loss) After Tax	2.56	0.08	2.64	(5.06)



RECORD REVENUE AND POSITIVE EBIT

Cogstate's focused commercial strategy and the strengthening of its business development team over the 2016 financial year were major contributors to the delivery of record revenue and positive EBIT.



CONTINUED REVENUE GROWTH

In the 2016 financial year, contracted revenue has continued to grow at a faster rate than recognised revenue in each quarter, laying the foundation for continued revenue growth.



MAINTAINED GROSS MARGINS

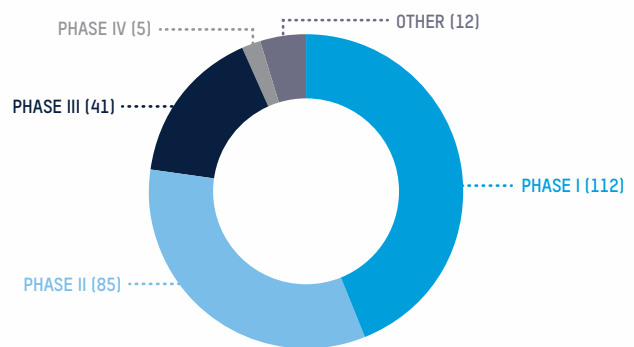
Gross margins from Clinical Trials have been maintained despite the significant growth in staff numbers required to support the growing business.

COGSTATE EXPERIENCE

CLINICAL TRIALS



255
**ACTIVE/COMPLETED
STUDIES**



54
COUNTRIES



88
**LANGUAGES
& DIALECTS**



55
**BIOPHARMA
CUSTOMERS**

ACADEMIC RESEARCH



>1,300
**ACTIVE/COMPLETED
STUDIES**



70
INDICATIONS



>400
**PEER REVIEWED
PUBLICATIONS**

COGSTATE SUPPORTS THE MEASUREMENT OF COGNITION ACROSS THE FOLLOWING THERAPEUTIC INDICATIONS

Cognition disorders **Alzheimer's disease** Heart failure
Major depressive disorder Multiple sclerosis (MS) **Hepatitis C**
Parkinson's disease Diabetic peripheral neuropathy **Mild cognitive impairment**
Insomnia **Schizophrenia** Overactive bladder Stroke
Obsessive compulsive disorder **Alcohol Toxicity** **Familial Hypercholesterolemia**
Attention deficit hyperactivity disorder **Epilepsy** Prostate cancer Lung carcinoma
Bipolar disorder **Glioblastoma** Tourette's syndrome **Paediatric Hyponatremia**
Autism spectrum disorders **Healthy Population** Anemia **HIV**
Pain Fragile X **Cardiovascular Risk** NSCLC **Down syndrome** Depression



BUSINESS PERFORMANCE

FIRST FULL YEAR OF BUSINESS DEVELOPMENT ACTIVITIES

Cogstate established its commercial business development team in late 2014, and now has a dedicated team of 11 full time roles focused on business development, sales proposals and marketing.

Over the course of the last year Cogstate has undertaken significant marketing initiatives including those focused on new lead generation, such as inside sales campaigns, conference participation, webinars and podcasts; as well as targeted activities as part of the Strategic Account Management program to expand our relationship with seven of our most important pharmaceutical sponsors.



state.com



COGSTATE

OPTIMIZING THE
MEASUREMENT
OF COGNITION TO
GUIDE BETTER
DECISION-MAKING



CLINICAL TRIALS

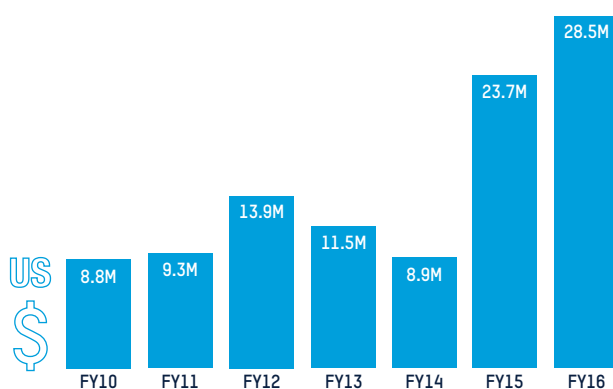


HEALTHCARE



ACADEMIC
RESEARCH

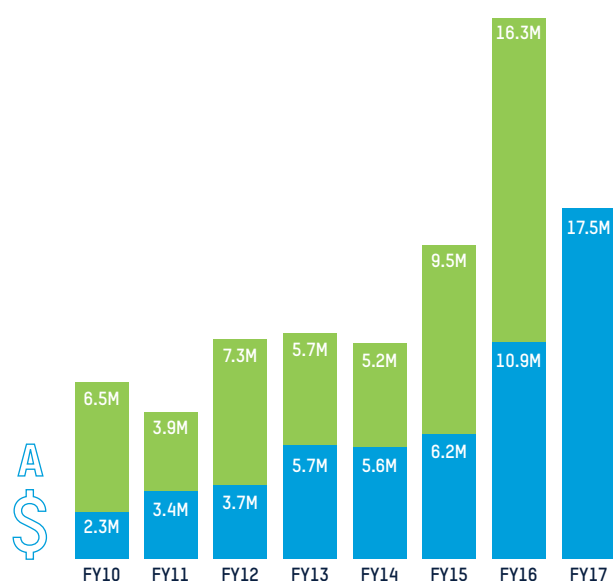




STRONG GROWTH IN NEW SALES CONTRACTS

Cogstate signed US\$28.5M (A\$39.0M) of new sales contracts in the 2016 financial year, continuing the strong growth trend experienced in 2015.

Cogstate continues to play an integral part in clinical trials to find a treatment for Alzheimer's disease, with 45% of all new contracts signed in FY16 contributing to this field (40% in FY15). Two significant contracts in this indication were signed in FY16, each worth in excess of A\$4.8M over the life of the contract.

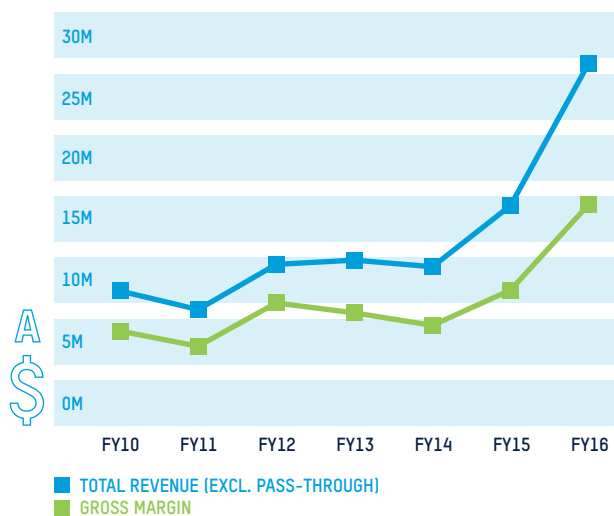


COMPELLING CONTRACTED REVENUE POSITION

Cogstate started the 2016 financial year with A\$10.9M of contracted revenue. Of the new contracts signed during the year, Cogstate recognised an additional A\$16.3M of Clinical Trials revenue in FY16.

Cogstate will begin the 2017 financial year with A\$17.5M of contracted revenue to be recognised during FY17, an increase of 60% on FY16.

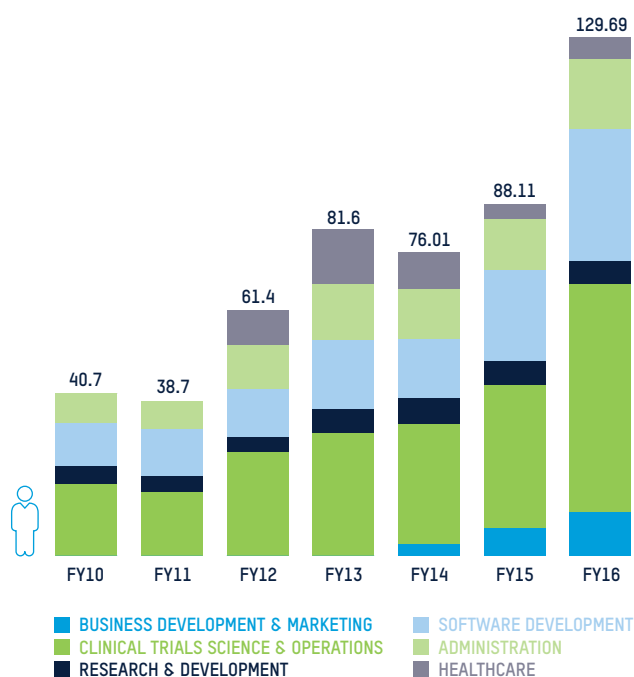
■ REVENUE RECOGNISED FROM CONTRACTS SIGNED DURING THE YEAR
■ REVENUE RECOGNISED FROM CONTRACTS ON HAND AT BEGINNING OF YEAR



REVENUE GROWTH & GROSS MARGIN

The combined effects of the improved contracted revenue position at the start of the 2016 financial year, as well as the growth in new sales contracts delivered 73% revenue growth in Clinical Trials and Precision Recruitment for FY16.

Cogstate's Clinical Trials business produced a gross margin of A\$15.8M for the 2016 financial year, 77% growth from the A\$8.9M gross margin achieved in FY15.



INCREASED STAFF TO SUPPORT GROWTH

With the growth in sales, it has been necessary for Cogstate to hire additional resources. New positions have been primarily for roles directly focused on delivery of Clinical Trials solutions. Even with this growth in full-time resources, Cogstate has maintained gross margins within the Clinical Trials business.



CONTINUED COMMITMENT TO RESEARCH

Over the past year, Cogstate has continued to build on its involvement in important international research studies and academic collaborations across various indications, including Alzheimer's disease, HIV, multiple sclerosis, paediatric and adult oncology, Parkinson's disease, epilepsy, and schizophrenia.

In particular, significant efforts are being made to further research in oncology, including an evaluation of the impact of chemotherapy on cognitive function among patients diagnosed with testicular cancer. Oncology in paediatric populations is also a focus. Collaborations with the Children's Oncology Group (COG) in the US and the Children's Medical Centre are in progress, supporting cognitive monitoring for paediatric brain tumor patients and young cancer survivors, including evaluations of the impact of various treatment options on cognition in children diagnosed with acute lymphoblastic leukemia. Through use of the validated Cogstate paediatric battery, a strong emphasis has been placed on the collection of normative data for paediatric populations, for which Cogstate has completed one of the largest studies of its kind – creating a database of normative data from over 38,000 healthy individuals. This work has been advanced through collaborations with academic and research institutions worldwide for comparisons between healthy and patient groups. Research findings and the development of normative data have positively impacted our ability to support the measurement of cognition for oncology studies in our Clinical Trials business.

Cogstate has also continued to support research in the area of dementia and Alzheimer's disease with Cogstate computerised test batteries being used in studies evaluating anti-amyloid treatment of asymptomatic Alzheimer's disease, observational research on the detection of disease-related changes in pre-clinical populations, and comparisons between cognitive outcomes and neuroimaging outcomes through participation in the Mayo Clinic Study on Aging.

Further, Cogstate remains a key contributor to public private partnership studies such as the 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), the Alzheimer's Disease Neuroimaging Initiative (ADNI), and the Global Alzheimer's Platform (GAP Foundation) Trial ready cohort for pre-clinical-prodromal Alzheimer's disease.

PRODUCT DEVELOPMENT - A PLATFORM APPROACH

Cogstate has delivered underlying earnings growth from its core business whilst investing in Product Development that will deliver future value.

The Product Development team has implemented a single, scalable technology platform (Cogstate Solutions Platform) for the delivery of cognitive assessment products across different markets. This platform approach allows for faster solutions deployment and for features developed within one cognitive assessment product to be rapidly applied to other products in adjacent markets. Cogstate delivered two products on the platform over the course of FY16, which featured novel functionality such as unsupervised cognitive assessments, tablet and web-based modalities, and an expanded library of cognitive tests.

As we continue to invest in product development in FY17, our focus will be to further leverage the Cogstate Solutions Platform to update and expand our product offerings in well-established markets such as Clinical Trials and in emerging markets such as Healthcare. We will continue to partner with academic researchers to validate newly released solutions, and a new User Engagement Program in Clinical Trials will launch to gain further insights from important stakeholders including clinical trial sites and pharmaceutical sponsors. This discipline of applying our deep understanding of the markets we serve to rapidly respond with innovative solutions remains central to expanding our leadership position in the measurement of cognition.

CORPORATE DIRECTORY

DIRECTORS

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

SECRETARY

Claire Newstead-Sinclair BBus, CA
Abby Moore BAcc, CA (ceased 31 August 2016)
Cindy Tilley BCom, CPA (appointed 31 August 2016)

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2, 255 Bourke Street, Melbourne Vic 3000 Australia

SHARE AND DEBENTURE 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

WEBSITE

www.cogstate.com



REVIEW OF OPERATIONS AND ACTIVITIES

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

Cogstate Ltd is a leading cognitive science company delivering software and services to optimise the measurement of cognition in clinical trials, academic research, public private partnership studies, and healthcare. Cogstate is a pioneer in commercialising rapid, reliable and highly sensitive computerised cognitive tests and provides expert support for traditional neurological assessments to drive higher quality outcome measures. Cogstate clients include the world's leading biopharmaceutical companies; military and elite sporting organisations; physicians and patients; renowned academic institutions and public-private partnerships.



CLINICAL TRIALS

Cogstate provides both cognitive testing technologies and expert professional services for clinical trials seeking to demonstrate a drug's impact on cognition.

Delivering a complete solution for cognitive endpoints from study design to final statistical analysis, Cogstate has been contracted to support the research efforts of 19 of the world's top 25 pharmaceutical companies. Cogstate's latest Clinical Trials innovation, Precision Recruitment, is an online cognitive pre-screener to accelerate the identification of qualified candidates for clinical trials in high-need indications such as Alzheimer's disease.



ACADEMIC RESEARCH

Cogstate regularly collaborates with academics to support their research initiatives.

Cogstate has participated in over 1,300 academic research studies in more than 70 different therapeutic indications. This collaborative work has resulted in over 400 peer-reviewed publications of Cogstate data. In Alzheimer's disease, Cogstate is at the forefront of leading prevention trials through its participation in key public private partnership studies such as the Anti-Amyloid Treatment in Asymptomatic Alzheimer's study (A4), the Dominantly Inherited Alzheimer Network (DIAN), the Australian Imaging, Biomarker & Lifestyle Study of Ageing (AIBL), the Alzheimer's Disease Neuroimaging Initiative (ADNI), and the Global Alzheimer's Platform (GAP Foundation) Trial ready cohort for pre-clinical-prodromal Alzheimer's disease.



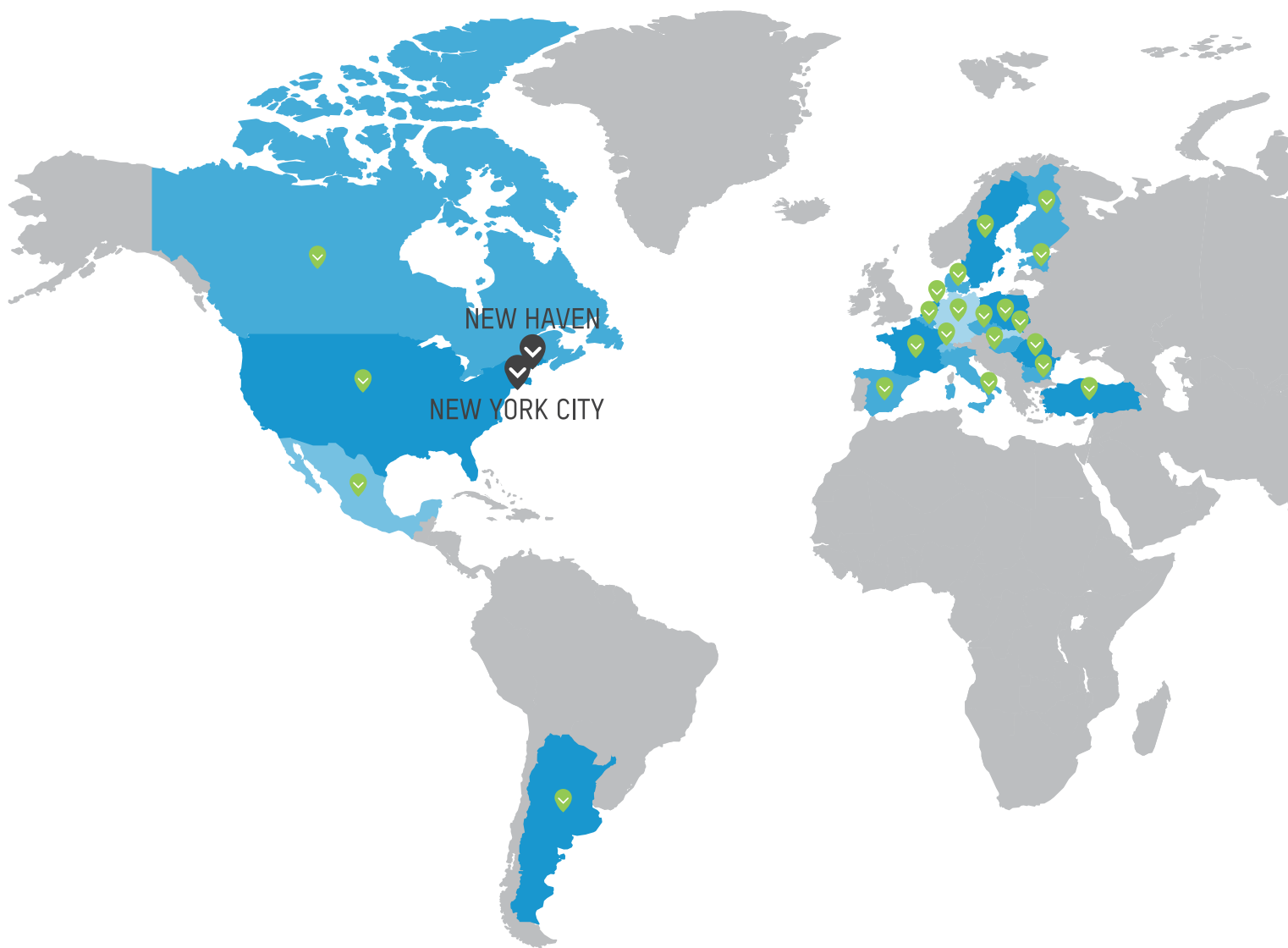
HEALTHCARE

Cogstate provides clinicians with tools to measure cognitive function in their patients.

The tools allow for regular and standardised testing to assist in the early detection of even subtle changes that could signify the need for further evaluation related to a range of factors from head injury, early stage of a neurodegenerative disease, to side effects following pharmacological treatments. User-friendly reports allow clinicians to easily track cognitive change over time, compare results to age-matched normative data, and understand performance on both specific cognitive domains and composite scores.

In the area of sports related concussion, Cogstate's technology has been used for over a decade by a number of highly regarded institutions and sporting organisations around the world to support their concussion management and return-to-play protocols.

Current users of Cogstate include the Australian Football League and Australian National Rugby League, the UK Rugby Football League and UK Rugby Football Union, New Zealand Rugby League, Scottish and Welsh Rugby Leagues, and in the US it includes elite professional men's and women's basketball, men's ice-hockey as well as college programs such as University of Notre Dame, University of Michigan and University of Connecticut.





GROUP OVERVIEW

The Cogstate Group comprises Cogstate Ltd and six subsidiaries that are directly or indirectly all wholly owned:

Cogstate Ltd: founded in 1999 and listed on the Australian Stock Exchange in February 2004;

Cogstate Inc: incorporated in 2006 and wholly owned by Cogstate Ltd, Cogstate Inc. employs USA based staff, except those employed by Cogstate Sports LLC;

Cogstate Health Inc (formerly Cogstate Sport Inc): incorporated in 2010 and wholly owned by Cogstate Inc to make the investment in Cogstate Sport LLC;

Cogstate Sport LLC (formerly Axon Sports LLC): the remaining 50% of Axon Sports LLC was acquired by Cogstate Health Inc (formerly Cogstate Sport Inc) in August 2011, making it a wholly owned subsidiary of Cogstate Health Inc;

Cogstate Sports Pty Ltd (formerly Axon Sports Pty Ltd): incorporated in 2011 and wholly owned by Cogstate Ltd to sell the concussion management technology in Australia;

Cogstate Canada Inc: incorporated in 2012 and wholly owned by Cogstate Ltd to market COGNIGRAM in Canada; and

Cogstate Spain SL: incorporated in 2013 and wholly owned by Cogstate Ltd as an operational office for the Clinical Trials business in Europe.

COGSTATE HAS 3 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**. Cogstate also has a growing number of remote staff, as well as a global network of expert neuropsychologist consultants across 24 countries.



LOCAL EXPERT ADVISOR (LEAD) NETWORK



COGSTATE OFFICE LOCATIONS



DIRECTORS' REPORT

Your directors present their report on 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 year ended 30 June 2016 and the auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

DIRECTORS

The following persons held office as directors of Cogstate Limited during the financial year:

- Martyn Myer AO
- Brad O'Connor
- David Simpson
- Richard van den Broek
- David Dolby
- Alan Finkel AO
(appointed 12 May 2015,
resigned 31 December 2015)



INFORMATION ON DIRECTORS

Martyn Myer AO
BE, MEng, MSM.
Chair - Non-Executive Chairman

Mr Myer is Chairman of Cogstate Limited. Mr Myer also chairs the Remuneration and Nomination Committee and the Audit and Compliance Committee. Until 30 June 2007 he was President of the Howard Florey Institute of Experimental Physiology and Medicine and was a director of the Florey Neuroscience Institutes until May 2010. At the Howard Florey Institute he participated in the transition of the Institute's research focus towards diagnostic and therapeutic neuroscience, including a focus on degenerative brain diseases. Mr Myer was appointed to the Council of the University of Melbourne in February 2010. Mr Myer obtained his Master of Science in Management at MIT in Boston, and his Master of Engineering Science at Monash University, Melbourne.

Mr Myer is also a director of Cogstate Inc., Cogstate Health Inc., Cogstate Sports Pty Ltd, Cogstate Canada Inc and Cogstate Spain SL.

Brad O'Connor
BBus, CA
Chief Executive Officer

Managing Director and Chief Executive Officer since December 2005.

Mr O'Connor has responsibility for Cogstate's overall strategic direction and day-to-day operations as well as development of expansion opportunities outside of the core clinical trials business.

Prior to taking the position of CEO at Cogstate on 1 December 2005, Mr O'Connor joined Cogstate as Chief Financial Officer and Company Secretary in May 2004. Prior to that, Mr O'Connor held senior positions at Spherion Group, Australian Wine Exchange and PricewaterhouseCoopers. Mr O'Connor is a Chartered Accountant who holds a Bachelor of Business degree.

Mr O'Connor is also a director of Cogstate Inc., Cogstate Health Inc., Cogstate Canada Inc, Cogstate Sports Pty Ltd, Cogstate Sports LLC and Cogstate Spain SL.

David Simpson
BA (Honours) FAICD
Non-Executive Director

Mr Simpson is an independent non-executive Director. He sits on the Audit and Compliance Committee as well as the Remuneration and Nomination Committee. He is the Chairman for Cool Australia, an environmental charity, and also works as a business consultant and executive coach. The bulk of his previous career was in the multinational advertising industry holding a series of leadership roles for Omnicom and WPP in North America, Asia and South Africa as well as Australia.

Mr Simpson is also a director of Cogstate Inc., Cogstate Health Inc and Cogstate Sports LLC.

INFORMATION ON DIRECTORS (CONTINUED)

Richard van den Broek CFA Non-Executive Director

Mr van den Broek is an independent non-executive Director. He sits on the Audit and Compliance Committee as well as the Remuneration and Nomination Committee. Mr van den Broek is founder and managing partner of HSMR Advisors LLC, a U.S. based fund manager with an investment emphasis on small and mid-cap biotech public companies.

From 2000 through 2003 he was a Partner at Cooper Hill Partners, LLC, an investment fund focused on the healthcare sector. Prior to that Mr. van den Broek had a ten year career as a biotech analyst, starting at Oppenheimer & Co., then Merrill Lynch, and finally at Hambrecht & Quist.

During the last three years, Mr van den Broek has also served as a director of the following listed companies:

- Pharmaxis Ltd - Appointed: April 2009 Retired 19 September 2013.

David Dolby BSE, MBA. Non-Executive Director

Mr Dolby is an independent non-executive Director. He sits on the Audit and Compliance Committee as well as the Remuneration and Nomination Committee.

David holds a BSE in Civil Engineering from Duke University, and an MBA from the Stanford Graduate School of Business. David represents the Dolby Family Trust on a number of technology, scientific research, and consumer products investments focusing on innovation and commercialising intellectual property. David is managing director of Dolby Family Ventures, an institutional venture capital fund backed by the Dolby family office. David has been a member of the Board of Directors and a member of the Technology Strategy Committee of Dolby Laboratories since 2011, and previously served as Manager, Strategic Partnerships. In this role, David was responsible for managing strategic partnerships and technology standards. David serves as chair of the Audit Committee for the Ray and Dagma Dolby Family Fund, focusing on philanthropic grants as well as mission driven impact investments in medical research and advocacy. David's experience also includes roles at Kaleidescape, Inc, a company focussed on high-performance music and movie server systems, and NetVMG, which developed route control software. Previously, David was an investment banking analyst focussed on technology with Perseus Group (now GCA Savvian).

COMPANY SECRETARY

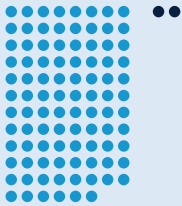



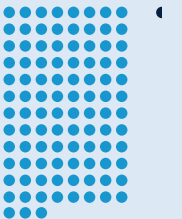
The company secretary is Ms Claire Newstead-Sinclair BBus, CA. Ms Newstead-Sinclair was appointed to the position of company secretary in 2010, prior to which she worked as a Finance Manager for OAMPS Insurance Brokers (now Arthur J. Gallagher), when it was part of the Wesfarmers Group. Claire is a Chartered Accountant who holds a Bachelor of Business degree. Claire commenced maternity leave on 16 May 2016.

The company secretary appointed during Ms Newstead-Sinclair's period of leave is Ms Abby Moore, BAcc, CA. Ms Moore holds Bachelor of Accounting degree from Monash University and is a member of CAANZ. Ms Moore previously worked for Ambulance Victoria as the Operation Business Manager and prior to that was Finance Manager for OAMPS Insurance Brokers (now Arthur J. Gallagher), when it was part of the Westfarmers Group.

Ms Moore ceased in the role of acting Company Secretary and was replaced by Ms Cindy Tilley BCom, CPA, effective 31 August 2016.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares and options of Cogstate Limited were:

MR MARTYN MYER	MR BRAD O'CONNOR	MR DAVID SIMPSON	Number of Ordinary Shares
 19,507,786 345,000	 4,889,183 1,350,000	 1,213,689 100,000	Number of Options over Ordinary Shares
MR RICHARD VAN DEN BROEK	MR DAVID DOLBY		
 3,835,000 150,000	 19,776,389 100,000		

PRINCIPAL ACTIVITIES

The Group's principal continuing activity during the year was the sale of computerised tests of cognition and associated services including scientific consultancy, project management, data management, statistical analysis and reporting. Principally Cogstate technology and associated services are utilised in four market segments; clinical trials, sports, healthcare and precision recruitment.

In the clinical trials segment, products and services are sold to pharmaceutical, biotechnology, nutraceutical and functional food companies to quantify the effect of drugs or other interventions on human subjects participating in clinical trials.

In the sports market, the same technology is used to help doctors to determine when an athlete has recovered from a concussive brain injury. On 30 November 2014, Cogstate sold the Axon Sports training business to an American company.

In healthcare, Cogstate technology is used by primary care physicians to monitor for cognitive decline over time.

In precision recruitment, Cogstate has developed a web-based tool for streamlining patient recruitment for drug trials, based on at-home assessment of cognitive function and other inclusion criteria.

There was no significant change in the nature of the activity of the Group during the year.

OPERATING RESULTS FOR THE YEAR

The combined impact of higher contracted revenue book at the beginning of the 2016 financial year along with an increase in the value of contracts signed during the course of the financial year, resulted in a substantial increase of revenue for the year. Total revenue for the year to 30 June 2016 was \$27.3 million, a 69% increase in revenue when compared to the previous year. The company recorded a Net Profit After Tax of \$2.64 million which included an income tax benefit of \$1.6 million.

DIVIDENDS

No dividends have been paid during the financial year. The directors do not recommend that a dividend be paid in respect of the financial year (2015: \$nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Dr Alan Finkel resigned from the position of non-executive director on 31 December 2015, following his appointment as Australia's Chief Scientist.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Over the course of the 2015 and 2016 financial years, Cogstate has implemented a commercial business development team and increased sales contracts through expansion of customer base, services and disease focus areas. In the 2017 financial year, Cogstate expects to be able to continue to grow sales contracts. Cogstate enters the 2017 financial year with contracted future clinical trials and precision recruitment revenue of \$33.9 million, of which \$17.5 million will be realised in the 2017 financial year. The contracted revenue position at the start of the year, combined with the expectation of sales growth during the year, should again deliver revenue growth in the 2017 financial year.

Cogstate will continue to invest in new technology solutions that will enhance future revenue opportunities in existing and new markets.

ENVIRONMENTAL REGULATION

The Group is not affected by any significant environmental regulation in respect of its operations.

MEETINGS OF DIRECTORS

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each director were:



AUDIT & COMPLIANCE

Martyn Myer AO (c) | David Simpson | Richard van den Broek | David Dolby



REMUNERATION & NOMINATION

Martyn Myer AO (c) | David Simpson | Richard van den Broek | David Dolby

UNISSUED SHARES

As at the date of this report, there were 10,372,917 unissued ordinary shares under employee options. Refer to the remuneration report and Note 28 of the financial report for further details of the employee options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Cogstate Limited were issued during the year ended 30 June 2016 on the exercise of options granted under the Cogstate Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

DATE OPTIONS EXERCISED	ISSUE PRICE OF SHARES	NUMBER OF SHARES ISSUED
13/10/2015	\$0.25	100,000
14/10/2015	\$0.25	100,000
19/10/2015	\$0.25	150,000
27/10/2015	\$0.22	33,333
06/11/2015	\$0.12	847,500
06/11/2015	\$0.28	750,000
24/11/2015	\$0.25	25,000
25/11/2015	\$0.25	125,000
27/11/2015	\$0.25	150,000
07/12/2015	\$0.25	75,000
11/12/2015	\$0.12	150,000
28/01/2016	\$0.20	650,000
28/01/2016	\$0.25	75,000
28/01/2016	\$0.22	100,000
18/02/2016	\$0.36	25,000
23/02/2016	\$0.36	3,333
08/03/2016	\$0.17	250,000
08/03/2016	\$0.10	460,000
08/03/2016	\$0.22	250,000
14/04/2016	\$0.33	40,000
14/04/2016	\$0.36	8,333
18/05/2016	\$0.28	25,000
		4,392,499

INSURANCE OF OFFICERS

During the financial year, the Group has paid premiums in respect of a contract insuring all the directors of Cogstate Limited against costs incurred in defending proceedings for conduct involving any wrongful act by a director. Under the policy, the Company cannot release to any third party or otherwise publish the amount of the premium. Accordingly, the Company relies on section 300 (9) of the Corporations Act to exempt it from the requirement to disclose the premium amount of the relevant policy.

NON-AUDIT SERVICES

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	CONSOLIDATED	
	2016 \$	2015 \$
Taxation services		
Pitcher Partners firm:		
Tax compliance services	64,145	70,850
Total remuneration for taxation services	64,145	70,850
Other services		
Network firms of Pitcher Partners	77,951	63,114
Total remuneration for non-audit services	142,096	133,964

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 32.



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

In relation to the independent audit for the year ended 30 June 2016, 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 year.

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

K L BYRNE
Partner

16 August 2016

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

PITCHER PARTNERS
Melbourne

AUDITED REMUNERATION REPORT

The directors are pleased to present your company's 2016 remuneration report which sets out remuneration information for Cogstate Limited's non-executive directors, executive directors and other key management personnel.

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the three executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives and general managers of the Parent and the Group.

DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSED IN THIS REPORT

NAME	POSITION
Non-executive and executive directors see pages 26 to 27 above	
Other key management personnel	
Prof Paul Maruff	Chief Scientific Officer
Sophie Egholm	President Clinical Trials (until 13 March 2015)
Craig Gravina	Chief Technology Officer
Lammert Albers	Chief Commercial Officer
Jason Sada	President Axon Sports (until 30 November 2014)
Katherine Jopling	Operations Director

REMUNERATION PHILOSOPHY

The performance of Cogstate is dependent upon the quality of its directors and senior executives. Given the developing nature of Cogstate, the remuneration policy must reflect the need to attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high quality executives;
- Provide an equity incentive for senior executives that will highly motivate executives and align their motivation with creation of shareholder value; and
- Ensure that rewards are referenced to relevant employment market conditions.

AUDITED REMUNERATION REPORT (CONTINUED)

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors of the company is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and the amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

OBJECTIVE

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

STRUCTURE

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 21st October 2009 when shareholders approved an aggregate remuneration of \$350,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed periodically. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the company. Non-executive directors are encouraged to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have a stake in the company. The non-executive directors of the company also participate in the employee share option plan.

The remuneration of non-executive directors for the year ended 30 June 2016 is detailed later in this report.

EXECUTIVE REMUNERATION POLICY AND FRAMEWORK

OBJECTIVE

The company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company. The objective of the remuneration policy is to:

- Reward executives for company and individual performance;
- Align the interests of the executives with those of the shareholders; and
- Ensure that total remuneration is competitive by market standards.

STRUCTURE

In determining the level and make-up of executive remuneration, the Remuneration Committee has reviewed reports detailing market levels of remuneration for comparable roles.

Remuneration consists of fixed and variable elements, with the variable component broken down further into short and long term incentives.

AUDITED REMUNERATION REPORT (CONTINUED)

BASE PAY AND BENEFITS

OBJECTIVE

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of company-wide and individual performance, relevant comparative remuneration from external sources and relevant comparison between roles within the company. As noted above, the Committee draws on relevant industry remuneration data.

STRUCTURE

Executives receive their fixed remuneration as a salary payment.

SHORT-TERM INCENTIVES (STI)

OBJECTIVE

The objective of the STI is to link the achievement of the company's operational targets with the remuneration received by the executives charged with meeting those targets.

STRUCTURE

Actual STI payments granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key performance indicators (KPIs) covering both financial and non-financial, corporate and individual measures of performance. Typically included are measures such as sales growth, process improvement, product development and leadership/team contribution. For the 2016 financial year, most STI payments were based on 45% - 67% individual KPI's and 33% - 55% company profitability targets. The company profitability targets are tiered levels above the budgeted profit target for the year. It is noted that profitability targets were achieved in the 2016 financial year. These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

The aggregate pool of potential STI payments has been approved by the Remuneration Committee.

LONG-TERM INCENTIVES (LTI)

OBJECTIVE

The objective of the LTI plan is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

STRUCTURE

LTI grants to executives are delivered in the form of options.

GENERAL EMPLOYEE SHARE OPTION PLAN

Under normal conditions, one third of the options are exercisable on the second anniversary of the date of the grant. The remaining two thirds of the options are exercisable after the following 12 months, such that all options have vested after 3 years.

Should an executive cease to be employed by Cogstate then all options which have not yet vested will automatically lapse. Any options that have vested with the executive must be exercised within 30 days of ceasing employment or those vested options will also lapse.

The exercise price of the options is determined relative to the prevailing market price of Cogstate shares as at the date of the issue. Usually options are issued with an exercise price \$0.04 above the prevailing market price.

Historically the options have had an exercise period of ten years from the date of issue, however all issues of options under the employee option plan since June 2009 have an exercise period of five years, and at any time during that period, the executive can decide to exercise any vested options, provided the executive does not cease employment during that time.

AUDITED REMUNERATION REPORT (CONTINUED)

EMPLOYMENT CONTRACTS

CHIEF EXECUTIVE OFFICER

The CEO, Brad O'Connor, is employed under contract. The current employment contract was entered into on 1 December 2005 and amendments made, as necessary, since that date. Under the terms of the contract:

- Mr O'Connor receives fixed remuneration and may be eligible for short term cash incentives based on specified financial results for the company.
- Either party may terminate the contract by providing twelve months written notice.
- Upon termination, any Employee Share Options that are vested may be exercised by Mr O'Connor within a 30 day period. Any options that are un-vested, or any vested options not exercised within 30 days of termination of the employment contract, will be forfeited.
- The company may terminate the contract immediately upon the event of certain specified acts or omissions by Mr O'Connor.

OTHER EXECUTIVES (STANDARD CONTRACTS)

All executives have rolling contracts. The Company may terminate the executive's employment agreement by providing written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). The notice period is determined by the employment agreement for each executive and can vary from 30-90 days. On termination or notice by the Company, any LTI options that have vested or that will vest during the notice period will be released. LTI options that have not yet vested will be forfeited. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause, any unvested options will immediately be forfeited.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2015 ANNUAL GENERAL MEETING

Cogstate Limited received more than 77% of "yes" votes on its remuneration report for the 2015 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

AUDITED REMUNERATION REPORT (CONTINUED)

PERFORMANCE OF COGSTATE LIMITED

RELATIONSHIP BETWEEN REMUNERATION AND COGSTATE LIMITED'S PERFORMANCE

The following table shows key performance indicators for the group over the last 5 years :

CONSOLIDATED	2016	2015	2014	2013	2012
Profit/(loss) for the year attributable to owners of Cogstate Limited (\$'000)	1,039	(5,214)	(4,545)	(1,660)	(2,792)
Basic earnings per share (cents)	2.4	(5.1)	(4.3)	(2.6)	3.3
Dividends payments (\$'000)	-	-	-	-	-
Dividend ratio (%)	-	-	-	-	-
Increase/(decrease) in share price (%)	+271.4	(30.0)	(17.0)	+20.0	+58.0
Total KMP incentives as percentage of profit/(loss) for the year (%)	101.2	(15.0)	(3.0)	(22.0)	29.0

The above table illustrates the link between Cogstate Limited's profit/(loss) before tax and payments made under the STI plan. The correlation will be stronger in some years compared to others, since STI awards are made based on an assessment of both financial and non-financial performance criteria

AUDITED REMUNERATION REPORT (CONTINUED)

DETAILS OF REMUNERATION

2016

NAME	SHORT-TERM EMPLOYEE BENEFITS		
	CASH SALARY AND FEES \$	CASH BONUS * \$	NON-MONETARY BENEFITS \$
Non-executive directors			
M Myer	89,269	-	-
D Simpson	22,500	-	-
R van den Broek	57,500	-	-
D Dolby	57,500	-	-
A Finkel ¹	26,256	-	-
Sub-total non-executive directors	253,025	-	-
Executive director			
B O'Connor	350,050	314,424	28,752
Other key management personnel (Group)			
P Maruff	333,055	190,961	22,637
C Gravina#	427,716	99,437	-
L Albers#	405,541	381,537	-
K Jopling# ²	220,015	65,097	-
Total key management personnel compensation (group)	1,989,402	1,051,456	51,389

Employee paid in US\$ and payments converted to AU\$ at spot rate at the time of payments.

* Bonuses are accrued at 30 June and paid in August of the following financial year.

¹ Alan Finkel resigned on 31 December 2015.

² Kate Jopling was promoted to Operations Director on 1 September 2014 and was considered a part of key management personnel from 1 July 2015.

POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	TOTAL
SUPERANNUATION \$	LONG SERVICE LEAVE \$	\$	OPTIONS \$	\$
8,481	-	-	4,461	102,211
35,000	-	-	4,461	61,961
-	-	-	4,461	61,961
-	-	-	3,907	61,407
2,494	-	-	-	28,750
45,975	-	-	17,290	316,290
19,308	11,360	-	61,502	785,396
19,308	11,377	-	38,062	615,400
6,721	-	-	31,514	565,388
6,196	-	-	30,759	824,033
7,206	-	-	6,969	299,287
104,714	22,737	-	186,096	3,405,794

AUDITED REMUNERATION REPORT (CONTINUED)

DETAILS OF REMUNERATION (CONTINUED)

2015

2019

	SHORT-TERM EMPLOYEE BENEFITS		
	CASH SALARY AND FEES *	CASH BONUS **	NON-MONETARY BENEFITS
NAME	\$	\$	\$
Non-executive directors			
M Myer	77,626	-	-
D Simpson	15,000	-	-
R van den Broek	50,000	-	-
R Chapa ¹	-	-	-
D Dolby	50,000	-	-
A Finkel ²	7,610	-	-
Sub-total non-executive directors	200,236	-	-
Executive director			
B O'Connor	326,810	241,535	14,907
Other key management personnel (Group)			
P Maruff	318,273	181,151	23,443
S Egholm# ³	185,493	-	-
C Gravina# ⁴	360,759	104,994	-
L Albers# ⁵	265,362	278,878	-
J Sada# ⁶	161,015	-	-
Total key management personnel compensation (group)	1,817,948	806,558	38,350

Employee paid in US\$ and payments converted to AU\$ at spot rate at the time of payments.

* Rudy Chapa is reimbursed for his Cogstate related travel expenses in lieu of receiving the applicable director fee.

** Bonuses are accrued at 30 June and paid in July of the following financial year.

¹ Rudy Chapa resigned from the Cogstate Board on 15 September 2014.² Alan Finkel joined the Cogstate Board on 12 May 2015 as a Non Executive Director.³ Sophie Egholm resigned effective 13 March 2015.⁴ Craig Cravina was employed on 2 June 2014 as a Chief Technology Officer.⁵ Lammert Albers was employed on 1 November 2014 as a Chief Commercial Officer.⁶ Jason Sada's employment has been terminated due to the divestment of Axon Sports LLC which was finalised on 30 November 2014.

POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	TOTAL
SUPERANNUATION \$	LONG SERVICE LEAVE \$	\$	OPTIONS \$	\$
7,374	-	-	4,647	89,647
35,000	-	-	4,305	54,305
-	-	-	4,305	54,305
-	-	-	733	733
-	-	-	-	50,000
723	-	-	-	8,333
43,097	-	-	13,990	257,323
18,783	11,627	-	21,525	635,187
18,783	9,723	-	35,797	587,170
11,303	-	180,697	4,504	381,997
9,960	-	-	37,764	513,477
-	-	-	29,627	573,867
3,800	-	-	7,661	172,476
105,726	21,350	180,697	150,868	3,121,497

AUDITED REMUNERATION REPORT (CONTINUED)

DETAILS OF REMUNERATION (CONTINUED)

The relative proportions of remuneration that are linked to performance are as follows:

CONSOLIDATED	STI		LTI *	
	2016 %	2015 %	2016 %	2015 %
Non-executive directors				
M Myer	-	-	4	5
D Simpson	-	-	7	8
R van den Broek	-	-	7	8
R Chapa	-	-	-	100
D Dolby	-	-	6	-
Executive director				
B O'Connor	40	38	8	3
Other key management personnel (Group)				
P Maruff	31	31	6	6
S Egholm	-	-	-	1
C Gravina	18	20	6	7
L Albers **	46	43	4	6
J Sada	-	-	-	10
K Jopling	22	-	2	-

* Since the long-term incentives are provided exclusively by way of options, the percentages disclosed also reflect the value of remuneration consisting of options, based on the value of options expensed during the year.

** Cash bonus is based on sales commissions.

Options granted to non-executive directors, executive directors and key management personnel during the year are detailed in the below table:

	VESTED NUMBER	GRANTED NUMBER	GRANT DATE	FAIR VALUE PER OPTION GRANT DATE
Non-executive directors				
M Myer	-	50,000	22-Oct-15	\$0.15
D Simpson	-	50,000	22-Oct-15	\$0.15
R van den Broek	-	50,000	22-Oct-15	\$0.15
D Dolby	-	100,000	22-Oct-15	\$0.15
A Finkel*	-	50,000	22-Oct-15	\$0.15
Executive director				
B O'Connor	-	1,100,000	22-Oct-15	\$0.17
Other key management personnel (Group)				
P Maruff	-	-	-	-

* Alan Finkel resigned on 31 December 2015.

AUDITED REMUNERATION REPORT (CONTINUED)

SHARE-BASED COMPENSATION

REMUNERATION OPTIONS: GRANTED AND VESTED DURING THE YEAR

During the financial year, options were granted as equity compensation benefits to certain key management personnel. The options were issued for nil consideration. Each option entitles the holder to subscribe for one fully paid ordinary share in the company at the specified exercise price. One third of the options may be exercised after two years. The remaining two thirds can be exercised after the following year. The expiry date is at the discretion of the board and may vary. Historically options expire after ten years, however since June 2009 options issued expire after five years.

Options are calculated at fair value using a binomial option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

For further details relating to the options, refer to note 28.

EXERCISE PRICE PER SHARE \$	FINAL VESTING DATE	FIRST EXERCISE DATE	LAST EXERCISE DATE	VALUE OF OPTIONS GRANTED DURING THE YEAR \$	VALUE OF OPTIONS EXERCISED DURING THE YEAR \$	VALUE OF OPTIONS LAPSED DURING THE YEAR \$
\$0.26	22-Oct-18	22-Oct-17	22-Oct-20	1,954	25,000	-
\$0.26	22-Oct-18	22-Oct-17	22-Oct-20	1,954	7,333	-
\$0.26	22-Oct-18	22-Oct-17	22-Oct-20	1,954	25,000	-
\$0.26	22-Oct-18	22-Oct-17	22-Oct-20	3,907	-	-
\$0.26	22-Oct-18	22-Oct-17	22-Oct-20	1,954	-	(1,954)
\$0.21	20-Mar-18	20-Mar-17	20-Mar-20	48,964	279,705	-
-	-	-	-	-	37,500	-

AUDITED REMUNERATION REPORT (CONTINUED)

SHARE-BASED COMPENSATION (CONTINUED)

(A) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

(i) Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Cogstate Limited and other key management personnel of the Group, including their personally related parties, are set out below.

CONSOLIDATED 2016 NAME	BALANCE AT START OF THE YEAR	GRANTED AS COMPENSA- TION	EXERCISED	OTHER CHANGES	BALANCE AT END OF THE YEAR	VESTED AND EXERCIS- ABLE	UNVESTED
Directors							
M Myer	395,000	50,000	(100,000)	-	345,000	261,666	83,334
D Simpson	83,333	50,000	(33,333)	-	100,000	16,666	83,334
R van den Broek	200,000	50,000	(100,000)	-	150,000	66,666	83,334
B O'Connor	2,207,500	1,100,000	(1,957,500)	-	1,350,000	83,333	1,266,667
D Dolby	-	100,000	-	-	100,000	-	100,000
A Finkel	-	50,000	-	(50,000)	-	-	-
Total	2,885,833	1,400,000	(2,190,833)	(50,000)	2,045,000	428,331	1,616,669
Other key management personnel (Group)							
P Maruff	2,610,000	-	(150,000)	-	2,460,000	1,160,000	1,300,000
C Gravina	1,000,000	-	-	-	1,000,000	250,000	750,000
L Albers	1,000,000	-	-	-	1,000,000	-	1,000,000
K Jopling	300,000	-	-	-	300,000	8,333	291,667
Total	4,910,000	-	(150,000)	-	4,760,000	1,418,333	3,341,667

All vested options are exercisable at the end of the year.

Director-related entity transactions

Directors of the Company and their director-related entities, conduct transactions with the Company within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Company would have adopted if dealing with a director or director-related entity at arm's length in similar circumstances.

A related party of Brad O'Connor is employed by Cogstate Ltd. Remuneration and terms of this employment are made on a normal arm's length basis.

A related party of Martyn Myer is employed by Cogstate Inc. Remuneration and terms of this employment are made on a normal arm's length basis.

AUDITED REMUNERATION REPORT (CONTINUED)

(A) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL (CONTINUED)

CONSOLIDATED 2015 NAME	BALANCE AT START OF THE YEAR	GRANTED AS COMPENSA- TION	EXERCISED	OTHER CHANGES*	BALANCE AT END OF THE YEAR	VESTED AND EXERCIS- ABLE	UNVESTED
Directors of Cogstate Limited							
M Myer	495,000	-	-	(100,000)	395,000	345,000	50,000
D Simpson	83,333	-	-	-	83,333	33,333	50,000
R van den Broek	200,000	-	-	-	200,000	150,000	50,000
R Chapa	150,000	-	-	(150,000)	-	-	-
B O'Connor	2,920,000	-	-	(712,500)	2,207,500	1,957,500	250,000
D Dolby	4,379,241	-	-	(4,379,241)	-	-	-
Total	8,227,574	-	-	(5,341,741)	2,885,833	2,485,833	400,000
Other key management personnel (Group)							
P Maruff	2,742,872	900,000	(407,872)	(625,000)	2,610,000	1,110,000	1,500,000
S Egholm	925,000	-	-	(100,000)	825,000	825,000	-
C Gravina	750,000	250,000	-	-	1,000,000	-	1,000,000
L Albers	-	1,000,000	-	-	1,000,000	-	1,000,000
J Sada	750,000	-	-	(750,000)	-	-	-
Total	5,167,872	2,150,000	(407,872)	(1,475,000)	5,435,000	1,935,000	3,500,000

* Sub-underwriting fee of 4,379,241 options was given to David Dolby for acting as the sub-underwriter of the right issue during 2014 financial year. The options had an exercised price of \$0.39 with an exercised period of one year and were not exercised in this time.

(ii) Share holdings

The numbers of shares in the company held during the financial year by each director of Cogstate Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

CONSOLIDATED 2016 NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF THE YEAR
Directors of Cogstate Limited				
Ordinary shares				
M Myer	18,907,786	100,000	500,000	19,507,786
D Simpson	1,180,356	33,333	-	1,213,689
R van den Broek	3,735,000	100,000	-	3,835,000
B O'Connor	3,156,683	1,957,500	(225,000)	4,889,183
D Dolby	19,776,389	-	-	19,776,389

AUDITED REMUNERATION REPORT (CONTINUED)

(A) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL (CONTINUED)

CONSOLIDATED 2015 NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF THE YEAR
Directors of Cogstate Limited				
Ordinary shares				
M Myer	17,493,214	-	1,414,572	18,907,786
D Simpson	1,180,356	-	-	1,180,356
R van den Broek	3,735,000	-	-	3,735,000
R Chapa	12,961,831	-	(12,961,831)	-
B O'Connor	3,156,683	-	-	3,156,683
D Dolby	13,606,389	-	6,170,000	19,776,389
A Finkel	1,000,000	-	8,000,000	9,000,000

End of audited remuneration report

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.

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

Martyn Myer AO, DIRECTOR
Melbourne, 16 August 2016



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	CONSOLIDATED	
		2016 \$	2015 \$
Operations			
Revenue	5	27,252,055	16,073,369
Finance income	5	79,787	118,903
Total Revenue	5	27,331,842	16,192,272
Cost of sales	6	(11,934,426)	(8,166,895)
Gross Profit		15,397,416	8,025,377
Other income	7	552,682	643,803
Employee benefits expense	8	(9,716,321)	(6,017,267)
Depreciation and amortisation	9	(325,095)	(458,519)
Occupancy		(686,774)	(687,573)
Marketing		(704,495)	(496,770)
Professional fees		(457,919)	(538,554)
General Administration		(2,014,686)	(2,931,640)
Net foreign exchange gain/(loss)		(228,404)	632,920
Travel expenses		(590,705)	(959,773)
Finance expenses		(65,788)	(111,634)
Other		(121,131)	(149,941)
Impairment of assets	18,19	-	(2,164,283)
Profit / (Loss) before income tax		1,038,780	(5,213,854)
Income tax benefit	10	1,603,139	151,632
Profit / (Loss) from continuing operations		2,641,919	(5,062,222)
Profit / (Loss) for the year		2,641,919	(5,062,222)
Total comprehensive income for the year		2,641,919	(5,062,222)
Profit / (loss) is attributable to:			
Owners of Cogstate Limited		2,641,919	(5,062,222)
Total comprehensive income / (loss) for the year is attributable to:			
Owners of Cogstate Limited		2,641,919	(5,062,222)
Total comprehensive income / (loss) for the year attributable to owners of Cogstate Limited arises from:			
Continuing operations		2,641,919	(4,722,092)
Discontinued operations		-	(340,130)
		2,641,919	(5,062,222)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	CENTS	CENTS
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	13	2.4	(4.8)
Diluted earnings per share	13	2.3	(4.8)
Earnings per share for profit from discontinuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	13	-	(0.3)
Diluted earnings per share	13	-	(0.3)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	13	2.4	(5.1)
Diluted earnings per share	13	2.3	(5.1)

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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

		CONSOLIDATED	
	NOTES	2016 \$	2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	15	7,471,284	5,497,197
Trade and other receivables	16	5,260,768	4,896,483
Other current assets	17	937,358	455,855
Total current assets		13,669,410	10,849,535
Non-current assets			
Property, plant and equipment	18	1,713,357	1,117,040
Deferred tax assets	11	3,844,937	1,936,922
Intangible assets	19	401,584	401,584
Total non-current assets		5,959,878	3,455,546
Total assets		19,629,288	14,305,081
LIABILITIES			
Current liabilities			
Trade and other payables	20	3,390,367	2,548,349
Provisions	21	1,685,721	1,127,660
Total current liabilities		5,076,088	3,676,009
Non-current liabilities			
Deferred tax liabilities	12	723,720	492,026
Provisions	21	34,575	22,108
Total non-current liabilities		758,295	514,134
Total liabilities		5,834,383	4,190,143
Net assets		13,794,905	10,114,938
EQUITY			
Contributed equity	22	27,892,930	26,557,229
Other reserves	23(a)	561,036	858,689
Retained earnings		(14,659,061)	(17,300,980)
Capital and reserves attributable to owners of Cogstate Limited		13,794,905	10,114,938
Total equity		13,794,905	10,114,938

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

CONSOLIDATED	NOTES	ATTRIBUTABLE TO OWNERS OF COGSTATE LIMITED				
		CONTRIBUTED EQUITY \$	SHARE BASED PAYMENTS RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	RETAINED EARNINGS \$	TOTAL EQUITY \$
Balance at 1 July 2014		23,771,855	1,907,573	(131,218)	(12,532,951)	13,015,259
Loss for the year as reported in the 2015 financial statements		-	-	-	(5,062,222)	(5,062,222)
Total comprehensive income for the year		-	-	-	(5,062,222)	(5,062,222)
Transaction with owners in their capacity as owners						
Contributions of equity, net of transaction costs and tax	22	2,000,000	-	-	-	2,000,000
Issue of options for underwriting of rights issue		422,227	(422,227)	-	-	-
Transfer between share based payments reserve and retained earnings		-	(294,193)	-	294,193	-
Employee share scheme	23	298,059	(298,059)	-	-	-
Exercise of options		65,088	-	-	-	65,088
Cost of share-based payment		-	96,813	-	-	96,813
		2,785,374	(917,666)	-	294,193	2,161,901
Balance at 30 June 2015		26,557,229	989,907	(131,218)	(17,300,980)	10,114,938
Balance at 1 July 2015		26,557,229	989,907	(131,218)	(17,300,980)	10,114,938
Profit for the year as reported in the 2016 financial statements		-	-	-	2,641,919	2,641,919
Total comprehensive income for the year		-	-	-	2,641,919	2,641,919
Transactions with owners in their capacity as owners:						
Transfer to share capital on exercise of options	23	473,513	(473,513)	-	-	-
Exercise of options		862,188	-	-	-	862,188
Cost of share-based payment		-	175,860	-	-	175,860
		1,335,701	(297,653)	-	-	1,038,048
Balance at 30 June 2016		27,892,930	692,254	(131,218)	(14,659,061)	13,794,905

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	CONSOLIDATED	
		2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		31,113,554	18,055,310
Payments to suppliers and employees		(29,108,845)	(21,310,219)
Research and Development tax rebate received		546,082	477,984
Net cash inflow (outflow) from operating activities	25	2,550,791	(2,776,925)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,629,958)	(1,055,021)
Proceeds from sale of property, plant and equipment		-	8,528
Interest received		79,787	123,771
Net cash (outflow) from investing activities		(1,550,171)	(922,722)
Cash flows from financing activities			
Proceeds from issues of shares		862,188	2,065,088
Interest payments		-	(65,539)
Net cash inflow from financing activities		862,188	1,999,549
Net increase (decrease) in cash and cash equivalents		1,862,808	(1,700,098)
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		111,279	70,546
Cash and cash equivalents at end of year	15	7,471,284	5,497,197

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Cogstate Limited and its subsidiaries.

(A) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Cogstate Limited is a for-profit entity for the purpose of preparing the financial statements.

(I) COMPLIANCE WITH IFRS

The consolidated financial statements of the Cogstate Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(II) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(III) EARLY ADOPTION OF STANDARDS

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015.

(IV) HISTORICAL COST CONVENTION

These financial statements have been prepared under the historical cost convention as modified by revaluations to fair value for certain classes of assets as described in the accounting policies, and derivative financial instruments, which have been measured at fair value.

(V) CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established.

(C) FOREIGN CURRENCY TRANSLATION

(I) FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements of each entity within the consolidated entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) FOREIGN CURRENCY TRANSLATION (CONTINUED)

(II) TRANSACTIONS AND BALANCES

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or re statement are recognised as revenues and expenses for the financial year.

(III) GROUP COMPANIES

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated as follows:

- assets and liabilities are translated at the closing rate on reporting date;
- income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- all resulting exchange differences are recognised in other comprehensive income.

(D) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities as follows:

(I) LICENSE FEES

Revenue is recognised when the significant risks and rewards of access to the licensed software have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the license key to the customer. At this point, no right to a refund exists.

Sales commissions payable in relation to sales contracts are recorded as a cost of sale at the same point in time in which the revenue is recognised.

(II) RENDERING OF SERVICES

Revenue from the provision of cognitive testing services is recognised by reference to the stage of completion of a contract.

Stage of completion is measured by reference to key milestones set out in each contractual agreement and the costs incurred to date for each contract. At the point of milestone completion, no right to a refund exists.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(III) INTEREST INCOME

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amounts of goods and services tax (GST).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) INCOME TAX

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

DEFERRED TAX BALANCES

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Cogstate Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(F) LEASES

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 29). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(G) IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

Cogstate conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

(H) CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits.

Short term deposits have a maturity term of up to six months.

Short term deposits are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) FINANCIAL INSTRUMENTS

LOANS AND RECEIVABLES

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

FINANCIAL LIABILITIES

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(J) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

- Office Equipment 3 - 15 years
- Computer Equipment 2 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when technical feasibility studies demonstrate that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of the intangible assets over their estimated useful lives, which range from 3 to 5 years. Amortisation commences when the asset is available for use.

Other development expenditure is recognised as an expense when incurred.

(K) INTANGIBLE ASSETS

(I) INTANGIBLE ASSETS

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets include acquired intellectual property rights over key business technologies and processes. These intangible assets relating to the Clinical Trials business unit have been determined to have indefinite useful lives and the cost model is utilised for their measurement. These technologies form the basis of the Cogstate business and this fact has allowed the Group to determine that these assets have an indefinite useful life.

Intangible assets is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Intangible assets are carried at cost less accumulated impairment losses.

(II) RESEARCH AND DEVELOPMENT

Research expenditure is recognised as an expense as incurred.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(M) EMPLOYEE BENEFITS

(I) SHORT-TERM OBLIGATIONS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

(II) OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(III) SHARE-BASED PAYMENTS

The Group provides benefits to employees (including senior executives) of the Group in the form of equity-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

- The Non-Executive Director Share Option Plan (NEDOP), which provides benefits to directors.
- The Employee Share Option Plan (ESOP), which provides benefits to senior executives and employees. Information relating to these schemes is set out in note 28.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, further details of which are given in note 28.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Cogstate Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of nonmarket performance conditions being met and (iii) the expired portion of the vesting period.

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) EMPLOYEE BENEFITS (CONTINUED)

(III) SHARE-BASED PAYMENTS (CONTINUED)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 13).

(N) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis except for the GST component of investing or financing activities which are presented as operating cash flows.

(O) GOING CONCERN ASSUMPTION

The 2016 financial statements have been prepared on a going concern basis. This is based on the group being profitable in financial year 2016 and continuing to be in a positive net asset position, having no external debt and continuing to carry significant cash reserves that enable the group to meet its debts as and when they fall due.

(P) COMPARATIVES

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(Q) ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.

(R) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

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 Financial Instruments Recognition and Measurement. 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. In the current reporting period, the group recognised \$nil in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

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 2018 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 30 June 2016.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(R) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

AASB 15 Revenue from contracts with customers introduces a five step process for revenue recognition with the core principle 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 or services. The five step approach is as follows:

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price; and
- Step 5: Recognise revenue when a performance obligation is satisfied.

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 effective date is annual reporting periods beginning on or after 1 January 2018.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The consolidated entity has yet to assess the impact.

Other standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented. However the consolidated entity has yet to assess the impact.

2 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, cash, short-term deposits and derivatives.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including interest rate risk, credit allowances, and future cash flow forecast projections.

	CONSOLIDATED	
	2016 \$	2015 \$
Financial assets		
Cash and cash equivalents	7,471,284	5,497,197
Trade and other receivables	5,260,768	4,896,483
	12,732,052	10,393,680
Financial liabilities		
Trade and other payables	3,390,367	2,548,349

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) MARKET RISK

(I) FOREIGN EXCHANGE RISK

As a result of the majority of the customer base being domiciled in the United States and Europe, the Group's financial assets can be affected by movements in the US\$/A\$ and EUR/A\$ exchange rates. Approximately 99.9% of the Group's sales are denominated in currencies other than the functional currency, whilst approximately 24% of costs are denominated in the Group's functional currency. The Group does not seek to hedge this exposure specifically, but partially mitigates the effect of its foreign currency exposure by using US\$ as its transaction currency with overseas customers. Trade receivables are received in US\$ into a US\$ denominated bank account, these monies are then used to fund the US operations. Management has not entered into forward currency contracts during the current year.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

CONSOLIDATED	30 JUNE 2016 AUD \$	30 JUNE 2015 AUD \$
Cash and cash equivalents	4,165,415	1,962,784
Trade receivables	5,431,083	4,846,808
Trade payables	(3,332,041)	(2,347,770)
Net exposure	6,264,457	4,461,822

Sensitivity

At 30 June 2016, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant and based on a base rate of \$A1.00 = \$US0.7426, and \$A1.00 = EUR0.6699 post tax profit and equity would have been affected as follows:

	POST TAX PROFIT			EQUITY
	HIGHER/(LOWER) 2016 \$	HIGHER/(LOWER) 2015 \$	HIGHER/(LOWER) 2016 \$	HIGHER/(LOWER) 2015 \$
AUD:USD + 10%	(579,996)	(383,080)	(579,996)	(383,080)
AUD:EUR + 10%	(35,420)	21,942	(35,420)	21,942
Total	(615,416)	(361,138)	(615,416)	(361,138)
AUD:USD - 10%	605,055	571,641	605,055	571,641
AUD:EUR - 10%	34,871	(21,515)	34,871	(21,515)
Total	639,926	550,126	639,926	550,126

Management believes that the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) MARKET RISK (CONTINUED)

(II) INTEREST RATE RISK

The Group's exposure to market interest rates relates primarily to the Group's cash on hand and short term deposits which are subject to varying interest rates.

At balance date the Group had the following mix of financial assets exposed to Australian variable interest rate risk:

CONSOLIDATED	30 JUNE 2016 \$	30 JUNE 2015 \$
Cash at bank and on hand	4,619,221	2,717,144
Short-term deposits	2,852,063	2,780,053
Net exposure to interest rate risk	7,471,284	5,497,197

Sensitivity

If interest rates were to increase/decrease by 1%/(0.5%) from rates used for the entire year, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	POST TAX PROFIT		EQUITY	
	HIGHER 2016 \$	(LOWER) 2015 \$	HIGHER 2016 \$	(LOWER) 2015 \$
Increase 1%	74,713	54,972	74,713	54,972
Decrease 0.5%	37,356	27,486	37,356	27,486

(B) CREDIT RISK

Credit risk arises from the financial assets of the Group, which comprises cash, short term deposits, and trade receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of major Australian and US financial institutions to minimise the risk of default of counterparties.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

(C) LIQUIDITY RISK

The Group's exposure to liquidity risk is minimal. Cogstate Ltd's only significant financial liabilities are trade payables. All financial liabilities are able to be settled within six months.

(D) FAIR VALUE MEASUREMENTS

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(A) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences and tax losses in Australia and United States as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses. No tax losses have been recognised as deferred tax assets from losses incurred in the Canada and Spain.

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

IMPAIRMENT OF INTANGIBLES WITH INDEFINITE USEFUL LIVES

The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. No impairment loss was recognised during the current year. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in note 19.

SHARE-BASED PAYMENT TRANSACTIONS

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, with the assumptions detailed in note 28. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

LONG SERVICE LEAVE PROVISION

As discussed in note 1(m), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date.

ESTIMATION OF USEFUL LIVES OF ASSETS

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 18.

4 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
- Finance costs
- Depreciation and amortisation expense
- Other income
- 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 in Clinical Trials.

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.

Other markets Cogstate is involved in include research projects, however, none of these markets are currently significant to Cogstate's results and are not reported as separate operating segments.

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.

4 SEGMENT INFORMATION (CONTINUED)

(B) SEGMENT INFORMATION

The following table's present revenue and profit information regarding the segments of clinical trials, sport and healthcare markets for the years ended year ended 30 June 2016 and 30 June 2015.

CONSOLIDATED 2016	CLINICAL TRIALS \$	PRECISION RECRUITMENT TOOL \$	HEALTHCARE MARKET \$	SPORT \$	ADMINISTRATION \$	TOTAL \$
Sales to external customers	25,553,736	1,587,199	23,834	66,980	20,306	27,252,055
Revenue from external customers	25,553,736	1,587,199	23,834	66,980	20,306	27,252,055
Cost of Sales	(11,198,927)	(154,353)	(409,007)	(119,225)	(52,914)	(11,934,426)
Total Segment Gross Profit	14,354,809	1,432,846	(385,173)	(52,245)	(32,608)	15,317,629
Interest revenue	-	-	-	-	79,787	79,787
Total gross profit per statement of comprehensive income						15,397,416
Net Pass-through Recovery	(12,487)	-	-	-	-	(12,487)
Operating profit	14,342,322	1,432,846	(385,173)	(52,245)	(14,217,730)	1,120,020
Depreciation and amortisation expenses	-	-	-	-	(325,095)	(325,095)
Foreign exchange gain/(loss) realised and unrealised	-	-	-	-	(228,404)	(228,404)
Profit/(loss) on disposal of assets	-	-	-	-	(27,122)	(27,122)
Royalty income	-	-	-	-	19,087	19,087
Finance costs	-	-	-	-	(65,788)	(65,788)
Research and Development Grant	-	-	-	-	546,082	546,082
Segment result	14,342,322	1,432,846	(385,173)	(52,245)	(14,298,970)	1,038,780
Profit/(loss) before tax per statement of comprehensive income	14,342,322	1,432,846	(385,173)	(52,245)	(14,298,970)	1,038,780

4 SEGMENT INFORMATION (CONTINUED)

(B) SEGMENT INFORMATION (CONTINUED)

CONSOLIDATED 2015	CLINICAL TRIALS \$	PRECISION RECRUITMENT TOOL \$	HEALTHCARE MARKET \$	SPORT \$	ADMINISTRATION \$	TOTAL \$
Sales to external customers	15,184,662	517,382	23,449	347,876	-	16,073,369
Revenue from external customers	15,184,662	517,382	23,449	347,876	-	16,073,369
Cost of Sales	(6,724,872)	(74,449)	(256,224)	(458,219)	(653,131)	(8,166,895)
Total Segment Gross Profit	8,459,790	442,933	(232,775)	(110,343)	(653,131)	7,906,474
Interest revenue	-	-	-	-	118,903	118,903
Total gross profit per statement of comprehensive income						8,025,377
Net Pass-through Recovery	158,221	-	-	-	-	158,221
Operating profit	8,618,011	442,933	(232,775)	(110,343)	(12,201,570)	(3,483,744)
Depreciation and amortisation expenses	-	-	-	-	(458,419)	(458,419)
Foreign exchange gain/(loss) realised and unrealised	-	-	-	-	632,290	632,290
Profit/(loss) on disposal of assets	-	-	-	-	10,730	10,730
Royalty income	-	-	-	-	7,598	7,598
Finance costs	-	-	-	-	(111,634)	(111,634)
Impairment of assets	-	-	-	-	(2,164,283)	(2,164,283)
Other income / (Expenses)	-	-	-	-	(124,376)	(124,376)
Research and Development Grant	-	-	-	-	477,984	477,984
Segment result	8,776,232	442,933	(232,775)	(110,343)	(13,931,680)	(5,213,854)
Profit/(loss) before tax per statement of comprehensive income	8,776,232	442,933	(232,775)	(110,343)	(13,931,680)	(5,213,854)

4 SEGMENT INFORMATION (CONTINUED)

(C) SEGMENT REVENUE

Cogstate Ltd had two external customers whose respective contribution to total Cogstate Ltd revenue exceeded 10% during the current financial year. Those customers and their respective contributions to total revenue included:

- Johnson & Johnson Group of companies \$ 4.9m
- Eli Lilly \$ 4.7m

In 2015, Cogstate Ltd had two external customers whose respective contribution to total Cogstate Ltd revenue exceeded 10% during the current financial year. Those customers and their respective contributions to total revenue included:

- Johnson & Johnson Group of companies \$ 4.2m
- AstraZeneca \$ 2.9m

Consistent with the requirements of AASB8, as the Chief Operating Decision Maker does not receive information regarding segment assets, no disclosure of segment assets has been provided.

5 REVENUE

	CONSOLIDATED	
	2016 \$	2015 \$
From continuing operations		
Sales revenue		
Sale of services and licenses in clinical trials	25,553,736	15,184,662
Sale of services and licenses in precision recruitment	1,587,199	517,382
Sale of services and licenses in sport	66,980	347,876
Sale of services and licenses in healthcare	23,834	23,449
Sale of services and licenses in research	20,306	-
	27,252,055	16,073,369
Finance income	79,787	118,903
Total revenue	27,331,842	16,192,272

6 COST OF SALES

	2016 \$	2015 \$
Cost of sales		
Direct wages and salaries	(10,174,823)	(7,317,864)
Direct contractors	(692,867)	(313,297)
Direct depreciation	(544,140)	(278,118)
Other cost of sales	(522,596)	(257,616)
Total cost of sales	(11,934,426)	(8,166,895)

7 OTHER INCOME

	CONSOLIDATED	
	2016 \$	2015 \$
Royalty revenue	19,087	7,598
Research and Development Grant rebate	546,082	477,984
Net pass-through recovery	(12,487)	158,221
Total other income	552,682	643,803

8 EMPLOYEE BENEFIT EXPENSE

	2016 \$	2015 \$
Employee benefit expenses		
Wages & Salaries	(9,540,461)	(5,920,454)
Share based payments expenses	(175,860)	(96,813)
Total employee benefit expenses	(9,716,321)	(6,017,267)

9 DEPRECIATION AND AMORTISATION

	2016 \$	2015 \$
Depreciation		
Other indirect depreciation expense	(325,095)	(176,582)
Amortisation		
Intellectual Property	-	(281,937)
Total depreciation and amortisation	(325,095)	(458,519)

10 INCOME TAX EXPENSE

(A) INCOME TAX EXPENSE/(BENEFIT)

	CONSOLIDATED	
	2016 \$	2015 \$
Current tax	(1,603,139)	-
Deferred tax	-	(175,388)
Adjustments for tax of prior periods	73,182	23,756
	(1,529,957)	(151,632)
Income tax expense/(benefit) is attributable to:		
Profit/(loss) from continuing operations	(1,603,139)	44,863
Loss from discontinued operations	-	(196,495)
Aggregate income tax benefit	(1,603,139)	(151,632)

10 INCOME TAX EXPENSE (CONTINUED)

(B) RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX EXPENSE/(BENEFIT)

	CONSOLIDATED	
	2016 \$	2015 \$
Profit/ (Loss) from continuing operations before income tax expense	1,038,780	(4,727,954)
Profit/ (Loss) from discontinuing operations before income tax expense	-	(485,900)
	1,038,780	(5,213,854)
Prima Facie Tax at the Australian tax rate of 30.0% (2015 - 30.0%)	311,634	(1,564,156)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Intellectual Property impairment	-	437,002
Amortisation of intangibles	-	84,581
Expenditure not deductible for income tax purposes (incl. R&D)	164,493	500,446
	476,127	(542,127)
Adjustments for current tax of prior periods	73,182	23,756
Tax losses not recognised	144,165	366,739
Previously unrecognised tax losses now recognised	(2,296,613)	-
Income tax benefit	(1,603,139)	(151,632)

(C) TAX LOSSES

	CONSOLIDATED	
	2016 \$	2015 \$
Unused tax losses for which no deferred tax asset has been recognised (cumulative)	330,024	1,678,679
Potential tax benefit of foreign losses (current year)	144,165	304,384

The benefit will only be obtained if:

- The Canadian and Spanish companies derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;
- The Canadian and Spanish companies continue to comply with the conditions for deductibility imposed by law; and
- No changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

11 NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	CONSOLIDATED	
	2016 \$	2015 \$
The balance comprises temporary differences attributable to:		
Tax losses	3,133,115	1,502,028
Employee benefits	594,796	342,726
Rights issue expenses	27,629	41,443
Accrued expenses	60,849	50,725
Doubtful debts	28,548	-
	3,844,937	1,936,922

12 NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

	CONSOLIDATED	
	2016 \$	2015 \$
The balance comprises temporary differences attributable to:		
Accrued interest income	2,862	1,181
Unrealised foreign exchange gain	720,858	490,845
	723,720	492,026

13 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(A) BASIC EARNINGS PER SHARE

	CONSOLIDATED	
	2016 CENTS	2015 CENTS
From continuing operations attributable to the ordinary equity holders of the company	2.4	(4.8)
From discontinued operations	-	(0.3)
Total basic earnings per share attributable to the ordinary equity holders of the company	2.4	(5.1)

(B) DILUTED EARNINGS PER SHARE

	CONSOLIDATED	
	2016 CENTS	2015 CENTS
From continuing operations attributable to the ordinary equity holders of the company	2.3	(4.8)
From discontinued operations	-	(0.3)
Total diluted earnings per share attributable to the ordinary equity holders of the company	2.3	(5.1)

(C) RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	CONSOLIDATED	
	2016 \$	2015 \$
Basic earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
Used in calculating basic earnings per share	2,641,919	(5,062,222)
Diluted earnings per share		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the company		
Used in calculating basic earnings per share	2,641,919	(5,062,222)

13 EARNINGS PER SHARE (CONTINUED)

(D) WEIGHTED AVERAGE NUMBER OF SHARES USED AS DENOMINATOR

	CONSOLIDATED	
	2016 NUMBER	2015 NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	109,763,493	100,149,171
Adjustments for calculation of diluted earnings per share:		
Options	6,618,513	1,634,189
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	116,382,006	101,783,360

(E) INFORMATION ON THE CLASSIFICATION OF SECURITIES**(I) OPTIONS**

Options granted to employees under the Cogstate Employee Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 28.

6,618,513 options are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2016 ('out of the money' and/or unvested). These options could potentially dilute basic earnings per share in the future.

14 DISCONTINUED OPERATION

(A) DISCONTINUED OPERATION

(I) DESCRIPTION

On 30 November 2014, Cogstate sold the Axon Sports training business to a USA based investment company. Under the terms of the sale, Cogstate will not receive any upfront consideration but will be entitled to a percentage of all revenue over the next 5 years. The purchaser has 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 4 years are not virtually certain or yet probable and, hence, there is no receivable or contingent asset to be taken to account as at 30 June 2016.

The total loss on sale has been included in the statement of comprehensive income.

Financial information relating to the discontinued operation for the prior period is set out below.

(II) FINANCIAL PERFORMANCE

The financial performance information presented is for the year ended 2015.

	CONSOLIDATED
	2015
	\$
Revenue	203,848
Expenses	(689,748)
Loss before income tax	(485,900)
Income tax benefit	145,770
Loss after income tax of discontinued operation	(340,130)
Loss from discontinued operation	(340,130)

15 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2016 \$	2015 \$
Cash at bank and in hand	4,619,221	2,717,144
Short-term deposits	2,852,063	2,780,053
	7,471,284	5,497,197

(A) RECONCILIATION TO CASH AT THE END OF THE YEAR

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.

16 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2016 \$	2015 \$
Trade receivables	5,355,926	4,896,483
Provision for impairment of receivables (a)	(95,158)	-
	5,260,768	4,896,483

(A) IMPAIRED TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. Impairment loss of \$95,158 has been recognised by the consolidated group in the current year (2015: \$nil).

(B) PAST DUE BUT NOT IMPAIRED

Receivables past due but not considered impaired are \$nil (2015: \$nil). Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(C) FOREIGN EXCHANGE AND INTEREST RATE RISK

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(D) FAIR VALUE AND CREDIT RISK

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

17 CURRENT ASSETS - OTHER CURRENT ASSETS

	CONSOLIDATED	
	2016	2015
	\$	\$
Accrued income	201,642	117,255
Prepayments	633,870	278,413
Other receivables	101,846	60,187
	937,358	455,855

18 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2016	2015
	\$	\$
Property, plant and equipment		
Gross value	4,720,179	3,670,050
Accumulated depreciation	(3,006,822)	(2,553,010)
	1,713,357	1,117,040

	PLANT AND EQUIPMENT	TOTAL
	\$	\$
CONSOLIDATED		
Year ended 30 June 2016		
Opening net book amount	1,117,040	1,117,040
Additions	1,531,410	1,531,410
Depreciation charge	(869,235)	(869,235)
Disposals	(65,858)	(65,858)
Closing net book amount	1,713,357	1,713,357

	PLANT AND EQUIPMENT	TOTAL
	\$	\$
CONSOLIDATED		
Year ended 30 June 2015		
Opening net book amount	1,318,224	1,318,224
Additions	1,055,021	1,055,021
Depreciation charge	(458,519)	(458,519)
Disposals	(90,075)	(90,075)
Impairment of assets	(707,611)	(707,611)
Closing net book amount	1,117,040	1,117,040

19 NON-CURRENT ASSETS - INTANGIBLE ASSETS

		CONSOLIDATED	
		2016	2015
		\$	\$
Intellectual Property - Clinical Trials			
Gross value		401,584	401,584
		401,584	401,584

		INTELLECTUAL PROPERTY - CLINICAL TRIALS	TOTAL
CONSOLIDATED		\$	\$
Year ended 30 June 2016			
Opening net book amount		401,584	401,584

		INTELLECTUAL PROPERTY - HEALTHCARE MARKET	INTELLECTUAL PROPERTY - CLINICAL TRIALS	TOTAL
CONSOLIDATED		\$	\$	\$
Year ended 30 June 2015				
Opening net book amount	1,738,609	401,584		2,140,193
Amortisation charge	(281,937)	-		(281,937)
Impairment charge	(1,456,672)	-		(1,456,672)
Closing net book amount	-	401,584		401,584

IMPAIRMENT LOSSES RECOGNISED

CONTINUING OPERATIONS

These assets were tested for impairment during the year ended 30 June 2016.

IMPAIRMENT TESTS FOR INTANGIBLES

Acquired intellectual property rights have been allocated to two individual cash generating units, which are reportable segments, for impairment testing as follows:

- Clinical trials cash generating unit; and
- Healthcare market cash generating unit.

There was no impairment of the carrying value of the intellectual property for the Clinical Trials cash generating unit.

19 NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT LOSSES RECOGNISED (CONTINUED)

The carrying value of the intellectual property for the Healthcare market was considered impaired during the financial year ended 30 June 2015 and was written down to a zero carrying value. The initial recognition of intellectual property for the healthcare market occurred during the 2012 financial year, when Cogstate purchased the remaining 50% interest in the Axon Sports joint venture. As a result of the purchase, the accounting standards required a balance to be taken up in the consolidated financial statements for Intellectual Property. Whilst the recognition was related to the purchase of 50% of the Axon Sports joint venture, the actual Intellectual Property related to the core Cogstate technology that was being deployed in the healthcare market, in both concussion management as well as Cognigram in Canada. Given the uncertainty of future revenue from the healthcare market, a decision was made at 30 June 2015 to write down the carrying value of the intellectual property to a zero value.

CLINICAL TRIALS CASH GENERATING UNIT (INDEFINITE LIFE INTELLECTUAL PROPERTY)

The recoverable amount of the Clinical Trials unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a three year period and a terminal growth rate of 3% (2015: terminal growth rate of 3%).

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of the Clinical Trials cash generating unit for 30 June 2016 and 30 June 2015.

Budgeted gross sales - the basis used to determine the value assigned to the budgeted gross sales is the contracted sales for the coming periods taken at the date of the budget formulation, increased for expected new contractual agreements. Thus, values assigned to gross sales reflect past experience, except for new contractual agreements, which are estimated at approximately the same level as the most recent financial year, over half of which, for the next financial year, are being tendered for.

Budgeted operating expenses - the basis used to determine the value assigned to the budgeted operating expenses is the level of the most recent financial year increased on average by the consumer price index plus one percentage point. Thus, values assigned to operating expenses reflect past experience, whilst allowing for general price rises and additional costs necessary for a Group in a growth phase.

The pre-tax discount rate applied to cash flow projections is 20% (2015: 20%). The cash generating unit's recoverable amount exceeds the carrying value of the cash generating unit.

20 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2016 \$	2015 \$
Trade payables	840,389	1,010,452
Accrued payables	2,275,310	1,482,609
Revenue in advance	274,668	55,288
	3,390,367	2,548,349

21 CURRENT LIABILITIES - PROVISIONS

	CONSOLIDATED	
	2016 \$	2015 \$
Current		
Annual leave	1,413,551	880,602
Long service leave	272,170	247,058
Current provisions	1,685,721	1,127,660
Non-current		
Long service leave	34,575	22,108
	34,575	22,108
Total provisions	1,720,296	1,149,768

22 CONTRIBUTED EQUITY

(A) SHARE CAPITAL

	NOTES	2016 SHARES	2015 SHARES	2016 \$	2015 \$
Ordinary shares					
Ordinary shares - fully paid	22(b), 22(c)	111,873,515	107,481,013	27,892,930	26,557,229

(B) MOVEMENTS IN ORDINARY SHARE CAPITAL

DATE	DETAILS	NUMBER OF SHARES	\$
1 July 2014	Opening balance	98,954,808	23,771,855
	Issue of new shares via private placement	8,000,000	2,000,000
	Exercise of options	526,205	65,088
	Transfer to share capital on exercise of options	-	298,059
	Adjustment of lapsed options granted pursuant to sub-underwriting of rights issue not exercised	-	422,227
30 June 2015	Balance	107,481,013	26,557,229
	Exercise of options	4,392,502	862,188
	Transfer to share capital on exercise of options	-	473,513
30 June 2016	Balance	111,873,515	27,892,930

(C) ORDINARY SHARES

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

22 CONTRIBUTED EQUITY (CONTINUED)

(D) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board has resolved that no dividend should be declared in respect of the year ended 30 June 2016.

The Group is not subject to any externally imposed capital requirements.

23 OTHER RESERVES

(A) OTHER RESERVES

		CONSOLIDATED	
		2016	2015
		\$	\$
Share-based payments		692,254	989,907
Foreign currency translation		(131,218)	(131,218)
		561,036	858,689

		CONSOLIDATED	
		2016	2015
		\$	\$
NOTES			
Movements:			
Share-based payments			
Opening balance		989,907	1,907,573
Option expense	28	175,860	96,813
Transfer to retained earnings		-	(294,193)
Adjustment of options issued for rights issue not exercised	22(b)	-	(422,227)
Transfer to share capital on exercise of options	22(b)	(473,513)	(298,059)
Balance 30 June		692,254	989,907
Foreign currency translation			
Opening balance		(131,218)	(131,218)
Share based payments			
Employees		662,351	731,428
Non-Employees		29,903	258,479
		692,254	989,907

23 OTHER RESERVES (CONTINUED)

(B) NATURE AND PURPOSE OF OTHER RESERVES

(I) SHARE-BASED PAYMENTS

This reserve is used to record the value of equity benefits provided in a share based payment transaction to employees and directors as part of their remuneration. Refer to note 28 for further details of these plans.

Management have also granted options as compensation to two external industry consultants based in the US in recognition of their services to the company.

(II) FOREIGN CURRENCY TRANSLATION

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

24 PARENT ENTITY FINANCIAL INFORMATION

(A) SUMMARY FINANCIAL INFORMATION

	2016 \$	2015 \$
Balance sheet		
Current assets	13,476,816	12,494,980
Total assets	17,179,999	14,631,349
Current liabilities	4,478,113	3,432,265
Total liabilities	4,515,561	3,454,373
Net assets	12,664,438	11,176,976
Shareholders' equity		
Issued capital	27,892,931	26,557,229
Reserves		
Share option reserve	400,874	537,190
Retained earnings	(15,629,367)	(15,917,444)
Total shareholders' equity	12,664,438	11,176,975
Profit or loss for the year	288,077	(8,613,891)
Total comprehensive income	288,077	(8,613,891)

24 PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

(B) GUARANTEES AND COMMITMENTS ENTERED INTO BY THE PARENT ENTITY

	2016 \$	2015 \$
Financial guarantee in relation to commercial lease	88,784	88,784
Contractual commitments in relation to commercial leases	326,467	458,856
	415,251	547,640

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

	CONSOLIDATED	
	2016 \$	2015 \$
Profit/(loss) for the year	2,641,919	(5,062,222)
Depreciation and amortisation	869,235	736,637
Impairment of assets	-	2,164,283
Write off of assets	27,122	(10,730)
Non-cash employee benefits expense - share-based payments	175,860	96,813
Net exchange differences	(53,782)	(32,686)
Change in operating assets and liabilities:		
(Increase) in trade debtors and other receivables	(364,285)	(2,129,699)
(Increase) decrease in deferred tax assets	(1,908,015)	(609,297)
(Increase) decrease in other operating assets	(96,137)	(60,132)
(Decrease) increase in trade and other payables	842,018	1,427,488
(Decrease) increase in provision for income taxes payable	(29,911)	38,092
(Decrease) increase in deferred tax liabilities	231,694	433,911
(Decrease) increase in other provisions	570,530	230,988
(Increase) decrease in prepayments	(355,457)	(371)
Net cash inflow (outflow) from operating activities	2,550,791	(2,776,925)

26 RELATED PARTY TRANSACTIONS

(A) SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(b):

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING	
		2016 %	2015 %
Cogstate Inc	USA	100	100
Cogstate Health Inc (formerly Cogstate Sport Inc)	USA	100	100
Cogstate Sport LLC	USA	100	100
Cogstate Sports Pty Ltd	Australia	100	100
Cogstate Canada Inc	Canada	100	100
Cogstate Spain SL	Spain	100	100

(B) PARENT ENTITIES

Cogstate Limited is the ultimate parent of the group.

(C) KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 27.

(D) DIRECTOR-RELATED ENTITY TRANSACTION

Directors of the Company and their director-related entities, conduct transactions with the Company within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Company would have adopted if dealing with a director or director-related entity at arm's length in similar circumstances.

A related party of Brad O'Connor is employed by Cogstate Ltd. Remuneration and terms of this employment are made on a normal arm's length basis.

A related party of Martyn Myer is employed by Cogstate Inc. Remuneration and terms of this employment are made on a normal arm's length basis.

27 KEY MANAGEMENT PERSONNEL DISCLOSURES

(A) KEY MANAGEMENT PERSONNEL COMPENSATION

	CONSOLIDATED	
	2016 \$	2015 \$
Short-term employee benefits	3,092,247	2,662,856
Post-employment benefits	104,714	105,726
Long-term benefits	22,737	21,350
Termination benefits	-	180,697
Share-based payments	186,096	150,868
	3,405,794	3,121,497

Detailed remuneration disclosures are provided in the remuneration report on pages 33 to 46.

28 SHARE-BASED PAYMENTS

(A) EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	CONSOLIDATED	
	2016 \$	2015 \$
Options issued under employee share option plan	175,860	96,813

Reconciliation of share-based payment expense for the 2016 financial year is as follows:

CONSOLIDATED	2016 \$	2015 \$
Expense reversed as options not fully vested lapsed	(72,550)	(109,943)
Expense for options issued during current financial year	81,566	56,776
Expense for options issued in previous financial years	166,844	149,980
	175,860	96,813

28 SHARE-BASED PAYMENTS (CONTINUED)

(B) EMPLOYEE OPTION PLAN

An employee share scheme has been established where Cogstate Limited may, at the discretion of the Board, grant options over the ordinary shares of Cogstate Limited to executives and certain members of staff of the Group, and to directors, subject to shareholder approval in required circumstances. The options, issued for nil consideration directly to employees, are granted in accordance with guidelines established by the directors of Cogstate Limited, with a recommendation from the management of Cogstate Limited, although the directors retain the final discretion on the issue of options. From 2009, the options are issued for a period of 5 years. The previous existing plan issued options for a period of 10 years.

In most cases, one third of the options are exercisable on the second anniversary of the date of the grant. The remaining two thirds of the options are exercisable after the following 12 months.

The options cannot be transferred and will not be quoted on the ASX. There are no cash settlement alternatives. There are currently 4 directors and 29 executives/staff eligible for this scheme.

(C) SUMMARIES OF OPTIONS GRANTED UNDER ESOP

	2016 NO.	2016 WAEP	2015 NO.	2015 WAEP
Outstanding at the beginning of the year	12,515,416	\$0.23	12,385,788	\$0.23
Granted during the year	2,450,000	\$0.30	3,810,000	\$0.23
Forfeited during the year	(200,000)	\$0.26	(1,586,667)	\$0.29
Exercised during the year	(4,392,499)	\$0.20	(526,205)	\$0.12
Expired during the year	-	-	(1,567,500)	\$0.25
Outstanding at the end of the year	10,372,917	\$0.26	12,515,416	\$0.23

28 SHARE-BASED PAYMENTS (CONTINUED)

(C) SUMMARIES OF OPTIONS GRANTED UNDER ESOP (CONTINUED)

The outstanding balance as at 30 June 2016 is represented by:

NUMBER OF OPTIONS	GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE
125,000	17-May-07	17-May-10	17-May-17	\$0.21
250,000	08-Aug-07	08-Aug-10	08-Aug-17	\$0.17
604,583	01-Jul-08	05-Aug-11	05-Aug-18	\$0.10
500,000	06-Oct-08	23-Oct-11	23-Oct-18	\$0.15
145,000	24-Oct-08	24-Oct-11	23-Oct-18	\$0.10
150,000	25-Oct-11	25-Oct-14	25-Oct-16	\$0.22
480,000	28-Nov-11	28-Nov-14	28-Nov-16	\$0.22
326,667	29-Jul-13	29-Jul-15	29-Jul-18	\$0.36
676,667	29-Jul-13	29-Jul-16	29-Jul-18	\$0.36
133,332	31-Oct-13	31-Oct-15	31-Oct-18	\$0.49
266,669	31-Oct-13	31-Oct-16	31-Oct-18	\$0.49
8,333	02-Apr-14	02-Apr-16	02-Apr-19	\$0.36
16,667	02-Apr-14	02-Apr-17	02-Apr-19	\$0.36
250,000	02-Jun-14	02-Jun-16	02-Jun-19	\$0.28
500,000	02-Jun-14	02-Jun-17	02-Jun-19	\$0.28
6,667	07-Jul-14	07-Jul-16	07-Jul-19	\$0.30
13,333	07-Jul-14	07-Jul-17	07-Jul-19	\$0.30
6,667	04-Aug-14	04-Aug-16	04-Aug-19	\$0.28
13,333	04-Aug-14	04-Aug-17	04-Aug-19	\$0.28
250,000	03-Nov-14	03-Nov-16	03-Nov-19	\$0.28
500,000	03-Nov-14	03-Nov-17	03-Nov-19	\$0.28
16,667	02-Mar-15	02-Mar-17	02-Mar-20	\$0.21
33,333	02-Mar-15	02-Mar-18	02-Mar-20	\$0.21
916,667	20-Mar-15	20-Mar-17	20-Mar-20	\$0.21
1,833,333	20-Mar-15	20-Mar-18	20-Mar-20	\$0.21
216,667	11-Sep-15	11-Sep-17	11-Sep-20	\$0.27
433,333	11-Sep-15	11-Sep-18	11-Sep-20	\$0.27
366,667	22-Oct-15	20-Mar-17	20-Mar-20	\$0.21
83,333	22-Oct-15	22-Oct-17	22-Oct-20	\$0.26
733,333	22-Oct-15	20-Mar-18	20-Mar-20	\$0.21
166,667	22-Oct-15	22-Oct-18	22-Oct-20	\$0.26
16,667	09-Nov-15	09-Nov-17	09-Nov-20	\$0.40
33,333	09-Nov-15	09-Nov-18	09-Nov-20	\$0.40
33,333	04-Jan-16	04-Jan-18	04-Jan-21	\$0.60
66,667	04-Jan-16	04-Jan-19	04-Jan-21	\$0.60
66,667	30-Jun-16	30-Jun-18	30-Jun-21	\$0.82
133,333	30-Jun-16	30-Jun-19	30-Jun-21	\$0.82
10,372,917				

(D) WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE

The weighted average remaining contractual life for the share options outstanding at 30 June 2016 is 3 years (2015: 3 years).

28 SHARE-BASED PAYMENTS (CONTINUED)

(E) RANGE OF EXERCISE PRICE

The range of exercise prices for options outstanding at the end of the year was \$0.10-\$0.82 (2015: \$0.12-\$0.49).

(F) WEIGHTED AVERAGE FAIR VALUE

The weighted average fair value of options granted during the year was \$0.3029 (2015: \$0.2288).

(G) OPTION PRICING MODEL

EQUITY SETTLED TRANSACTIONS

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2016 and 30 June 2015:

2016	11-09-15	22-10-15	22-10-15	09-11-16	04-01-16	30-06-16
Dividend yield (%)	0	0	0	0	0	0
Expected volatility (%)	44.00	44.00	44.00	44.00	44.00	44.00
Risk-free interest rate (%)	2.19	2.25	2.25	2.42	2.26	1.64
Expected life of option (years)	3	3	3	3	3	3
Option exercise price (\$)	0.27	0.21	0.26	0.4	0.6	0.82
Market share price at grant date (\$)	0.23	0.31	0.31	0.36	0.56	0.78

2015	07-07-13	23-07-14	01-08-14	04-08-14	02-09-14	03-11-14	17-11-14	02-03-15	20-03-15
Dividend yield (%)	0	0	0	0	0	0	0	0	0
Expected volatility (%)	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44.00
Risk-free interest rate (%)	3.11	3.03	3.11	3.08	2.99	2.84	2.86	2.24	2.13
Expected life of option (years)	3	3	3	3	3	3	3	3	3
Option exercise price (\$)	0.30	0.29	0.28	0.28	0.32	0.27	0.26	0.21	0.21
Market share price at grant date (\$)	0.26	0.25	0.24	0.24	0.28	0.23	0.22	0.17	0.17

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

29 COMMITMENTS AND CONTINGENCIES

(A) LEASE COMMITMENTS: GROUP AS LESSEE

(i) NON-CANCELLABLE OPERATING LEASES

The Group has entered into commercial leases on the Group's premises in Melbourne and New Haven, as well as some items of plant and equipment. These leases have an average life of up to 6 years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	CONSOLIDATED	
	2016 \$	2015 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	572,341	438,818
Later than one year but not later than five years	336,470	685,678
	908,811	1,124,496

(B) GUARANTEES

Cogstate Limited has a bank guarantee in place for \$88,784 in respect of the Company's obligations under the lease of premises at Level 2/255 Bourke Street, Melbourne.

(C) CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2016 (2015: nil).

30 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has occurred subsequent to year 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 in subsequent financial years.

31 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(A) PITCHER PARTNERS

	CONSOLIDATED	
	2016 \$	2015 \$
Audit and other assurance services		
Audit and review of financial statements	65,465	64,801
Total remuneration for audit and other assurance services	65,465	64,801
Taxation services		
Tax compliance services	64,145	70,850
Total remuneration for taxation services	64,145	70,850
Total remuneration of Pitcher Partners	129,610	135,651

(B) NETWORK FIRMS OF PITCHER PARTNERS

	CONSOLIDATED	
	2016 \$	2015 \$
Other services		
Taxation services	77,951	63,114
Total remuneration for other services	77,951	63,114
Total remuneration of network firms of Pitcher Partners	77,951	63,114
Total auditors' remuneration	207,561	198,765

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 36 to 77 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and
 - (iii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the 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 has been made after receiving the declarations required to be made by the chief executive officer to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2016.

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



Martyn Myer AO, DIRECTOR
Melbourne, 16 August 2016

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



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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGSTATE LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Cogstate Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

COGSTATE LIMITED
ABN 123456789
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COGSTATE LIMITED

Independence

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

Opinion

In our opinion:

- (a) the financial report of Cogstate Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 33 to 46 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.


Opinion

In our opinion, the Remuneration Report of Cogstate Limited and controlled entities for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.



K L BYRNE
Partner

16 August 2016



PITCHER PARTNERS
Melbourne

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 5 August 2016.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

HOLDING	CLASS OF EQUITY SECURITY ORDINARY SHARES	
	SHARES	OPTIONS
1 - 1000	121	-
1,001 - 5,000	196	-
5,001 - 10,000	102	2
10,001 - 100,000	213	19
100,001 and over	65	12
	697	33

There were 97 holders of less than a marketable parcel of ordinary shares.

B. EQUITY SECURITY HOLDERS

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities are listed below:

NAME	NUMBER HELD	ORDINARY SHARES
		PERCENTAGE OF ISSUED SHARES
National Nominees Limited	24,784,557	22.15
Dagmar Dolby	19,776,389	17.68
Nebula Neuro Pty Ltd	8,000,000	7.15
Citicorp Nominees Pty Limited	7,952,597	7.11
Beta Gamma Pty Ltd	4,988,750	4.46
Anacacia Pty Limited	4,980,554	4.45
Mr Bradley John O'Connor	4,228,117	3.78
HSBC Custody Nominees (Australia) Limited	2,786,427	2.49
Dr Peter Anthony Bick & Ms Melanie Jo Gribble	2,500,000	2.23
RBC Investor Services Australia Pty Limited	2,000,000	1.79
Daleford Way Pty Ltd	1,741,311	1.56
BNP Paribas Noms Pty Ltd	1,525,975	1.36
Douglas Rosenberg	1,413,787	1.26
Mr David Alexander Simpson & Mrs Dawn Gentry Simpson	1,213,689	1.08
Mr Alistair David Strong	1,170,000	1.05
Mutual Trust Pty Ltd	1,129,806	1.01
Alexander 2006 Llc	1,059,138	0.95
Howitt Nominees Pty Ltd	1,000,000	0.89
Mr Campbell Dinwoodie Taylor	765,426	0.68
Ronnocob Pty Ltd	661,066	0.59
	93,677,589	83.74

UNQUOTED EQUITY SECURITIES

	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options to acquire ordinary shares, issued under the Directors' and Employees Share Option Plan	10,372,917	33

C. SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

NAME	ORDINARY SHARES	
	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
Dagmar Dolby	19,776,389	17.68
Martyn Myer (held through National Nominees Limited)	19,507,786	17.44
Alan Finkel (held through Nebula Neuro Pty Ltd & Howitt Nominees Pty Ltd)	9,000,000	8.04
	48,284,175	43.16


D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

- (a) All ordinary fully paid share carry one vote per share without restrictions.
- (b) Options do not carry a right to vote.
- (c) There is no current on market buy back.


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