Cogstate Limited

ABN 80 090 975 723

CogState

annual report

Including Additional Appendix 4E Disclosures

FOR THE YEAR ENDED 30 JUNE 2010

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Appendix 4E

(Rule 4.3A)
Preliminary Final Report
For The Year Ended 30 June 2010

Results For Announcement To The Market

(all comparisons to year ended 30 June 2009)

	2010 $	2009 $	up/down	% movement
Revenue from ordinary activities	9,747,254	8,642,862	up	13%
Profit/(Loss) from ordinary activities after tax attributable to members	1,637,615	1,429,634	up	15%
Net Profit/(Loss) for the period attributable to members	1,637,615	1,429,634	up	15%

Dividend Information

No dividend was paid during the year and the Directors do not recommend a dividend be paid in respect of the year ended 30 June 2010.

	30-Jun-10	30-Jun-09
Net tangible asset backing per share	$0.078	$0.069
Earnings per share	$0.025	$0.022

Management Discussion And Analysis

The directors are pleased to report the results of CogState Limited (CGS) for the year ended 30 June 2010.

Operating Results for the Year

A summary of revenue and results is set out below:

	First Half Jul – Dec 2009 $'000	Second Half Jan – Jun 2010 $'000	Financial Year 2010 $'000	Financial Year 2009 $'000
Recognised sales revenue	5,103,567	4,381,391	9,484,958	8,387,185
Revenue from principal activities	5,103,567	4,381,391	9,484,958	8,387,185
Cost of sales	(1,755,338)	(2,123,624)	(3,878,962)	(2,788,924)
Gross Profit from principal activities	3,348,229	2,257,767	5,605,996	5,598,261
Expenses relating to principal activities				
Employment costs*	(1,436,074)	(1,367,256)	(2,803,330)	(2,702,669)
Administrative expenses	(398,752)	(368,134)	(766,886)	(643,882)
Travel	(262,253)	(344,324)	(606,577)	(510,714)
Other operational costs	(357,954)	(530,825)	(888,779)	(588,529)
Total expenses of principal activities	(2,455,033)	(2,610,539)	(5,065,572)	(4,445,794)
Net profit from principal activities	893,196	(352,772)	540,424	1,152,467
Other revenue/(expenses)				
Finance Revenue	33,144	68,245	101,389	105,677
Other Revenue	-	160,907	160,907	150,000
Net foreign exchange gain/(loss)	(143,027)	63,682	(79,345)	456,860
Gain/(loss) on disposal of assets	6,695	2,623	9,318	2,551
Contract termination fees	(238,472)	(65,382)	(303,854)	(576,352)
Fair value loss on derivatives	-	(27,152)	(27,152)	-
Share of profit/(loss) from joint venture	-	(21,793)	(21,793)	-
Total other revenue/(expenses)	(341,660)	181,130	(160,530)	138,736
Operating profit/(loss) from operations, before income tax	551,536	(171,643)	379,894	1,291,203
Income tax credit/(expense) attributable to operating result	(24,913)	1,282,634	1,257,721	(66,563)
Research and development tax rebate received	-	-	-	204,994
Profit/(loss) after income tax	526,623	1,110,992	1,637,615	1,429,634

* - Performance-based bonuses expensed in June 2010 have been allocated evenly across the financial year

More detail and commentary on the operations and the results from those operations are set out below:

Net profit from principal activities - summary

The Group's principal activity was the provision of computerised cognition testing services. For the 2010 financial year, the Group recorded a net profit from its principal activity of $1.64 million, an increase of $0.21 million compared to a profit of $1.43 million in FY 2009.

Increased cost of sales expenses for FY 2010 resulted in a decrease in gross profit from principal activities, despite revenue growth. The decrease in gross profit margin was primarily related to investment made during the year in new product development and development of an online training system for use in clinical trials. In both cases, additional non recurring expenditure has been allocated to cost of sales, thereby decreasing gross profit margin. It is expected that the online training system will help to decrease the cost of servicing clinical trials contracts in FY 2011 and new product development costs have already generated additional revenue.

Results – Revenue

The Group recorded an increase in recognised sales revenue of 13% in the year ended 30 June 2010, compared to the 2009 year.

Sales revenues were affected by a stronger $A/$US exchange rate during FY2010, compared to FY2009. Approximately 99% of the Group's FY2009 sales were denominated in currencies other than $A, predominantly the $US (2009: 98%).

Total FY2010 revenue from ordinary activities, which includes sales revenue, interest received and grant income was $9,747,254 an increase of 13% compared to the FY2009 total of $8,642,862.

Results – Operating Expenses

Operating expenses for the 2010 financial year increased by 18% compared to the previous year. That increase was largely due to increases in direct staff numbers, necessary to service CogState's expanding clinical trials operations. As discussed above, there was a significant increase (102%) in Cost of sales (excluding direct employee costs).

The charts to the right provide a breakdown of operating expenses by category for FY 2010 and FY 2009. Variation in the mix of operating costs from year to year reflect the increased resources that support CogState's clinical trial service business.

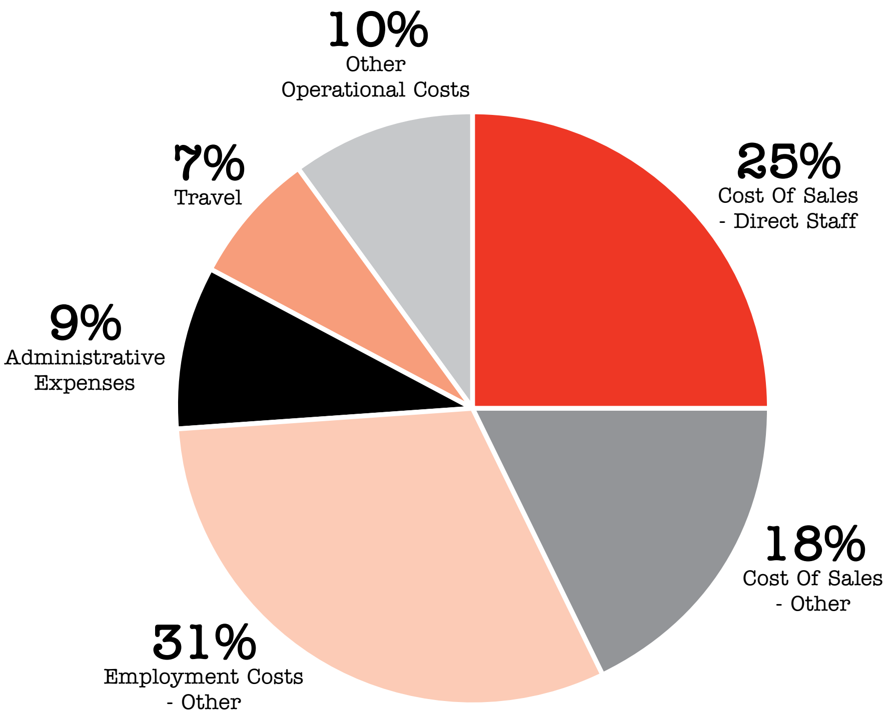
Other operational costs increased by 50% ($0.29m) from FY2009, with increased costs arising from;

a) consultant costs associated with the sport market in the USA as well as legal costs associated with the formation of, and legal agreements, in respect of, Axon Sports LLC ($0.14m)

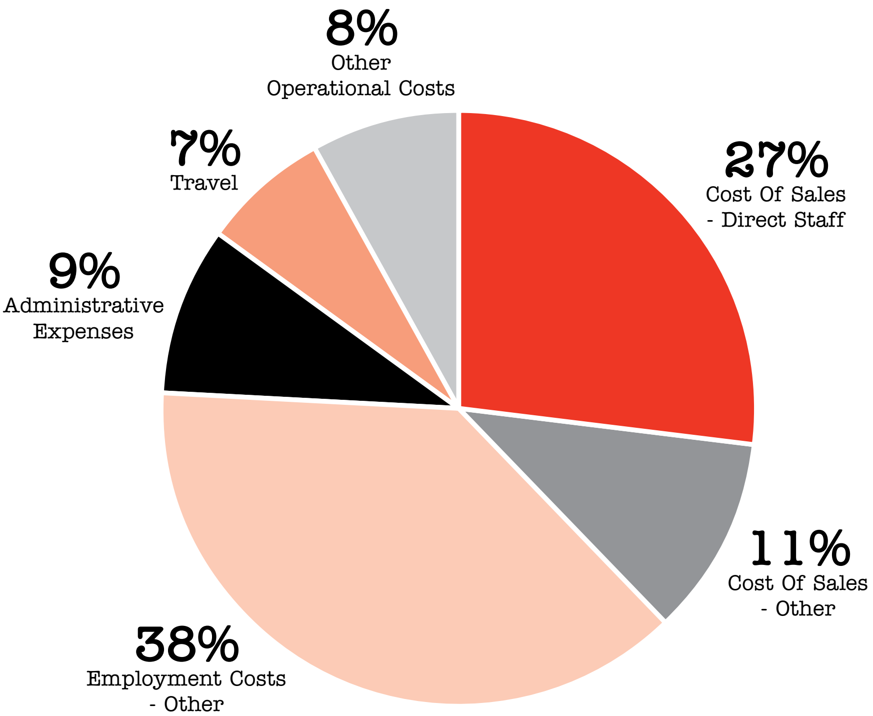
b) research and development costs associated with ongoing dementia screening product development ($0.6m)

c) additional occupancy costs associated with new office space ($0.05m)

Operating Expenses By Category - FY2010

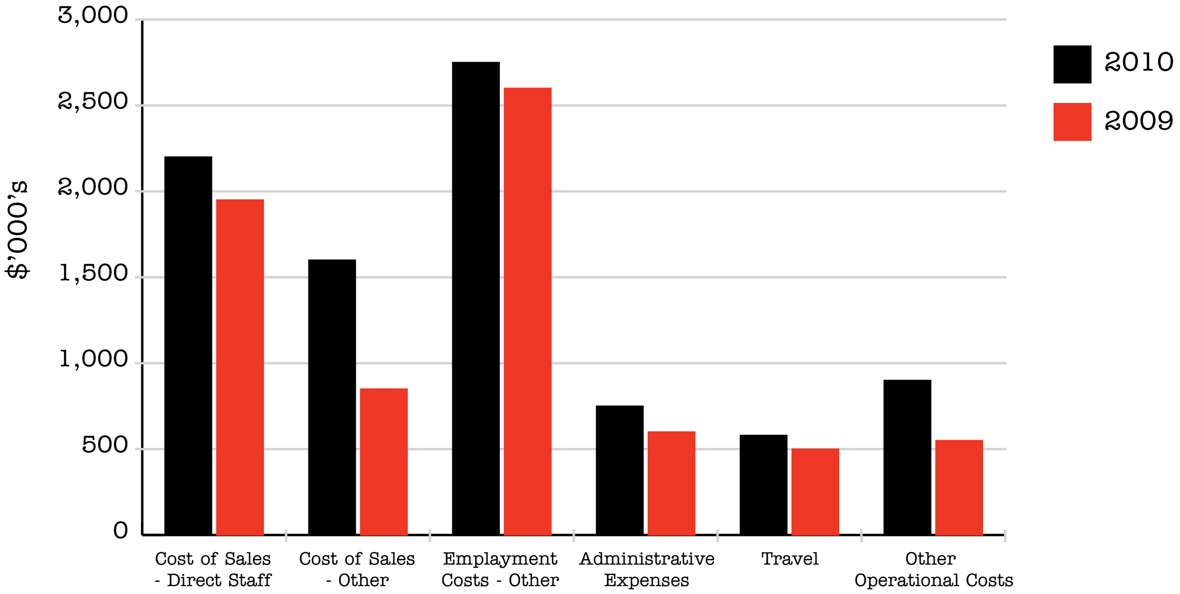


Operating Expenses By Category - FY2009



The graph below illustrates the movement of major expense categories from the previous financial year.

Expenses By Category
- Prior Year Comparison



Results – Non-Operating Items

The overall Group profit has been affected by the following significant items outside of the Group's normal operating activities:

	2010 $	2009 $
Net foreign exchange gain/(loss) The FY2009 net foreign exchange gain arose from the dramatic fluctuations in the $A/$US exchange rate in August 2008. The FY2010 net foreign exchange loss represents the continued strengthening of the $A for most of FY2010.	(79,344)	456,860
Contract termination fees expense The Contract Termination fees were incurred as a consequence of the termination of an outsourced project management contract and were payable by CogState to a supplier of contract management services. These fees were incurred outside of the normal operating activities of the Company. Further contract termination fees arising from this matter are expected to be payable from future contracted revenue, but are contingent upon services being invoiced by CogState Limited to other parties during those financial years under existing sales contracts, which CogState Limited currently expects will occur. The presently-estimated amounts of the future payments are: Year ending 30 June 2011: $170,000 Year ending 30 June 2012: $50,000	(303,854)	(576,352)

	2010 $	2009 $
Research and development tax rebate received CogState benefitted from the concessional tax treatment of research and development expenditure during the 2010 financial year; however a cash rebate was not received. The cash rebate is only available to tax payers whose turnover is less than $5 million per annum.	-	204,994

Results – Cash Flow

CogState's cash balance, including monies on term deposit, at 30 June 2010 was $3.09 million, an increase of $0.06 million (2%) compared to the balance of $3.03 million at 30 June 2009.

A summary of group cash flows is as follows:

	2010 $	2009 $
Cash receipts from customers	10,158,721	7,126,264
Net cash flows used in operating activities	1,408,847	914,575
Net cash flows used in investing activities	(1,394,657)	(391,949)
Net cash flows from financing activities	106,120	1,343,826
Foreign exchange movements	(58,269)	115,736
Net increase/(decrease) in cash held	62,041	1,982,188
Opening cash	3,030,395	1,048,207
Closing cash	3,092,436	3,030,395

This result reflects the Group's stronger FY2010 operating activity driven by an increase in receipts from customers.

The increased investing cash outflows reflect higher FY2010 spending on capital assets and an investment of $0.6 million in Axon Sports LLC.

The reduction in cash flows from financing activities reflects the fact that, apart from cash inflows resulting from capital issued under the CogState employee option plan, no capital was raised by CogState during the 2010 financial year. During the 2009 financial year, capital was raised via a private placement of shares as well as a rights issue to all CogState shareholders.

CogState

2010 annual report

2010 Hightlights

Net Profit After Tax of $1.6 million

13% growth in sales revenue to $9.5 million

Strong balance sheet with sufficient cash resources to fund growth opportunities

Expansion of operational capabilities and resources to meet increased demand in both US and Australian offices

38 sales contracts signed during the year with a combined value of $10.0 million

At 30 June 2010, contracts in place that will generate a further $4.5 million of revenue in future periods

The establishment of Axon Sports

2011 Focus

CogState clinical trials business will continue to be the central driver of profit for the 2011 financial year

Revenue growth,

particularly in the area of Alzheimer's disease research where CogState can benefit from its enhanced product offering

Improvement in gross margins through use of technology for more efficient management of clinical trials

Continued technological development

Building the Axon Sports brand and business in North America

Continued research into dementia screening and potential applications for CogState

Chairman & CEO's Letter

CogState's focus for the 2010 financial year was to maintain growth in its core business area, clinical trial services, while at the same time investing in research and product development that will drive future profit growth.

The growing reputation of CogState's world-class scientific expertise in the area of cognition, particularly in the areas of Alzheimer's disease research and schizophrenia research, has enabled the company to grow revenue in the clinical trial business. CogState's science team has been prolific in its production of peer reviewed scientific publications; those publications supporting use of CogState technology in a wide range of settings and clinical indications.

During 2010, CogState built on its strong operational capabilities necessary to support an increasing number of clinical trial sites around the world. At the same time, the size of our operational team supporting those studies grew during the year, with the majority of new staff added to our USA based team in New Haven, Connecticut.

CogState continued to advance with changes in technology, releasing an on-line testing system during the 2010 financial year. The on-line system requires no software download and can be run from any web browser, making it perfect for broader consumer use in situations such as concussion management in a school or home environment.

CogState delivered its second consecutive profit result for the 2010 financial year. The Net Profit After Tax of $1.6 million followed 2009's maiden profit of $1.4 million. Revenue from Principal Activities grew by 13% during the 2010 financial year, to $9.7 million. However, the Net Profit from Principal Activities fell to $0.5 million for the 2010 financial year, down from $1.2 million for previous year largely due to investment in product development.

CogState made significant investment during the year to benefit its clinical trial business in the long term. This included an additional offering to meet the needs of our customers in the area of Alzheimer's disease research. The enhanced CogState product has already been used in a number of Alzheimer's disease studies and management expects that this will lead to increased use of CogState technology and services in similar studies on a broader scale. Alzheimer's disease continues to be a key area of research where CogState technology can provide clear benefits to pharmaceutical companies as they seek to quantify the effects of their prospective drug treatment.

Additionally, investment was made in technology solutions that will enhance CogState's services in the clinical trials area. The investment in an online training solution for clinical trial sites will reduce the cost to CogState of delivering its technology into clinical trials, thereby enhancing gross margins over time.

The costs associated with both of these developments were expensed during the 2010 financial year, thereby reducing gross margin for the 2010 financial year.

The other key area of investment during the 2010 financial year was a review of commercial opportunities outside of CogState's core business in clinical trials. During the 2010 financial year the issue of concussion in sport, and associated return to play decisions, began to gather momentum in the mainstream media, particularly in the USA.

The growing sport market represents a considerable opportunity for CogState and therefore management spent considerable time analysing the opportunities for CogState before ultimately partnering with an experienced sports marketing team to form Axon Sports, LLC. Later in this document is a detailed discussion of Axon Sports and the opportunity that the joint venture represents for CogState.

Outlook

We look forward to another year of growth for CogState. Our clinical trials business will continue to be the central driver of CogState's profit. Our early indicators of activity for the 2011 financial year are encouraging.

Our expectations for the sport market are significant, but realistic in terms of results for the 2011 financial year. In August 2010 we launched a new brand (Axon Sports) and a new product into a market where there is a growing awareness by the consumer of a need for such a product. It will take some time before we have a true sense of how quickly the market will develop and to what extent we can capture a large share of that market. The initial focus of Axon Sports will be marketing and brand awareness, with those initial costs incurred upfront.

We would like to take this opportunity to thank the CogState team on delivering another year of growth. Not only has the team delivered a good result for shareholders, but the business continues to deliver a first-class service to our customers and provide an exciting working environment to engage and challenge our people..

Yours sincerely

Martyn Myer AO
Chairman

Brad O'Connor
Chief Executive Officer

Business Overview

CogState Ltd specialises in the development and commercialisation of rapid, computerised tests of cognition (brain function).

CogState's core business is based on the sale of this technology, along with world-class scientific expertise and strong operational support, to pharmaceutical and biotechnology companies to quantify the effect of drugs or other interventions on human subjects participating in clinical trials.

CogState's proprietary software is now being used in hundreds of clinical trial sites around the world and has been translated into over 40 languages. Pharmaceutical company customers include large multinational organisations such as Pfizer, AstraZeneca, and GlaxoSmithKline, amongst others, who use CogState technology regularly in their clinical drug trials.

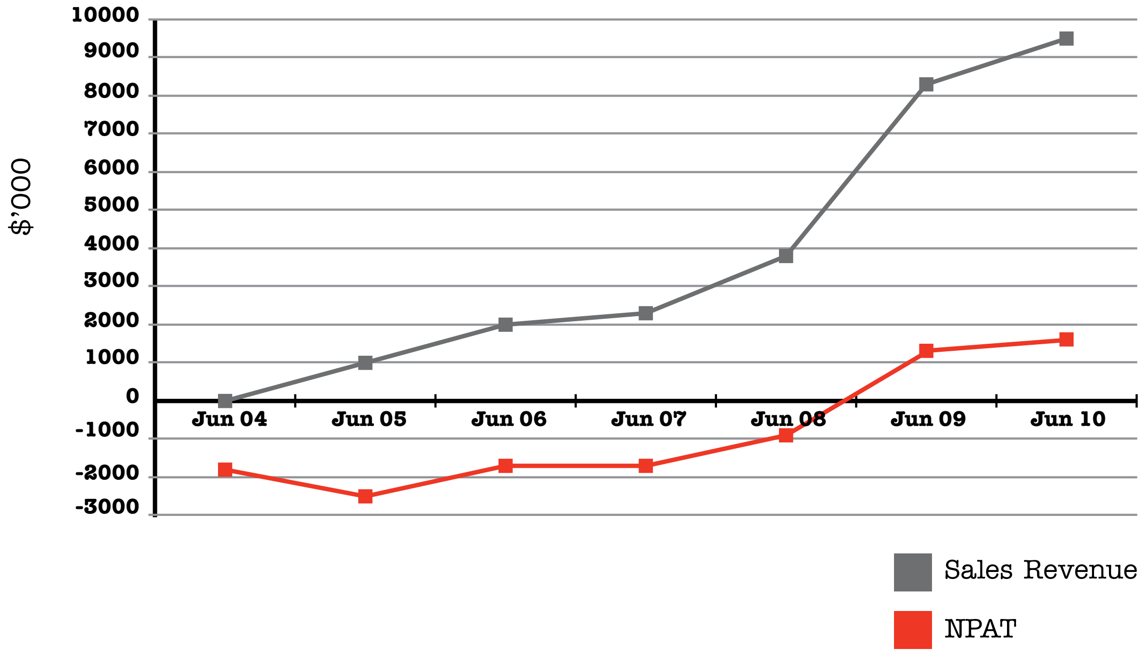
However, CogState's computerised tests of cognition have application outside of clinical drug trials. During the 2010 financial year, CogState signed a joint venture agreement to create Axon Sports, LLC, CogState's first commercial offering outside of the clinical trials market.

Financial Overview

For the 2010 financial year, the core clinical trials business delivered CogState's second consecutive profit result, following 2009's maiden profit.

CogState recorded a Net Profit After Tax (NPAT) of $1.6 million. Sales revenue, measured in Australian dollars, was $9.5 million, an increase of 13% compared to the previous year.

CogState Sales Revenue and Profitability, by Financial Year

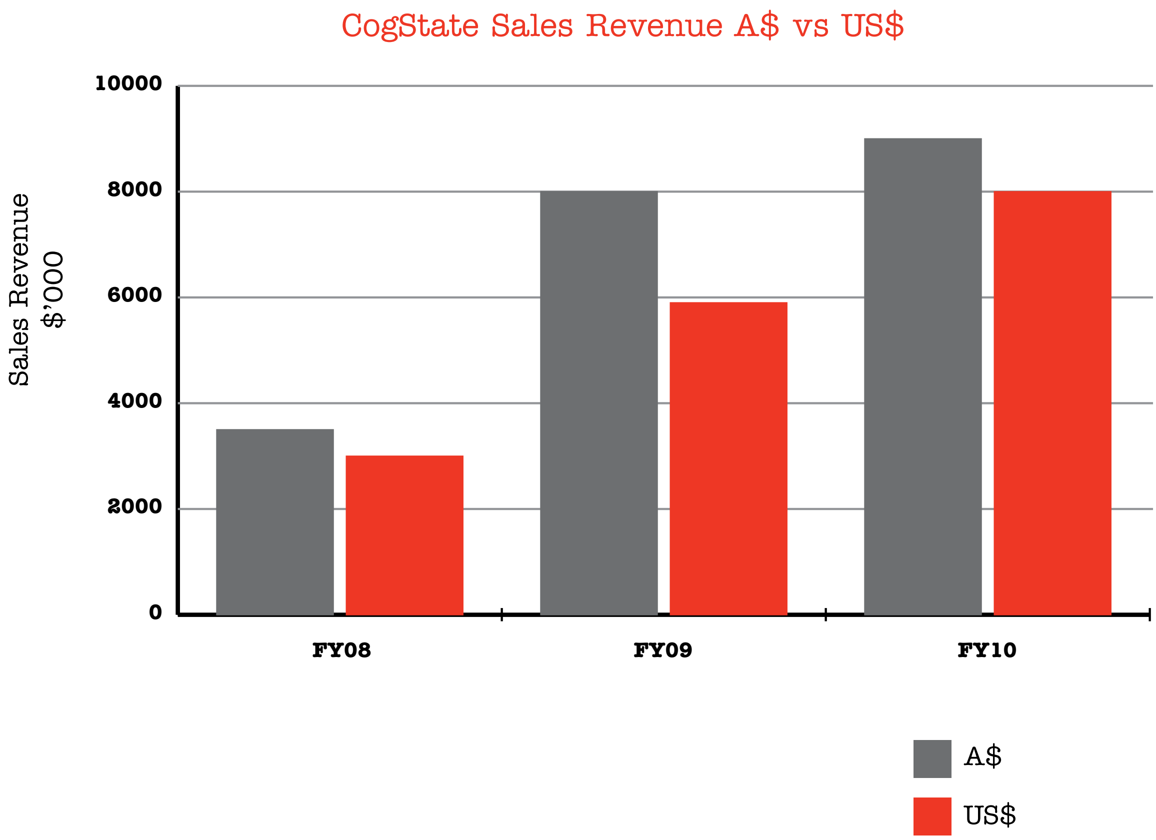


The NPAT result was impacted by the decision to bring to account the future benefit of accrued tax losses at 30 June 2010. The future benefit of those tax losses has not previously been recognised. The tax asset that has been brought to account reflects $4.3 million of tax losses that CogState believes is more probable than not to be offset against taxable income in future years.

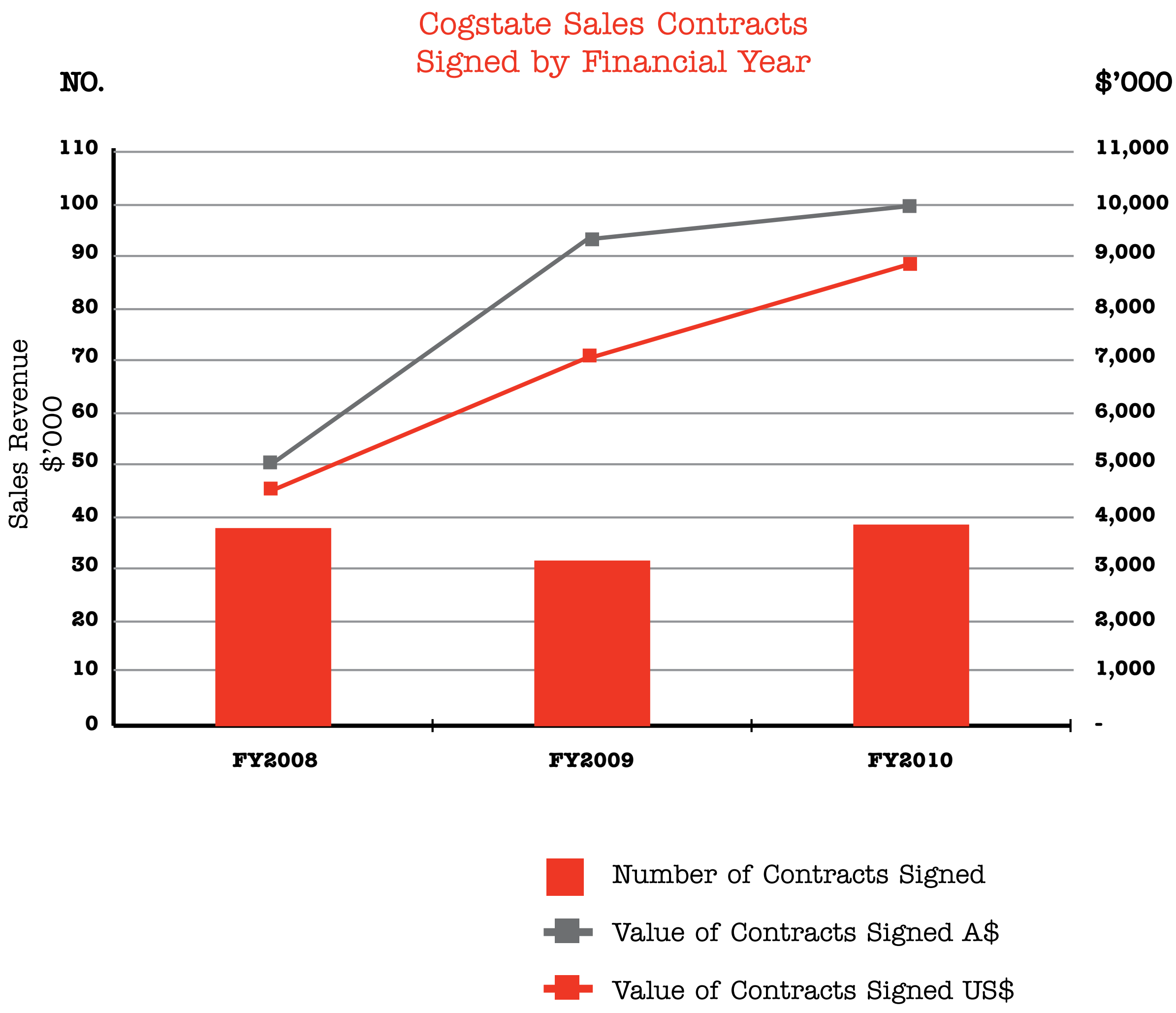
CogState applied $0.9 million of tax losses against its taxable income for the 2009 financial year and is expected to apply another $0.6 million of tax losses against taxable income for the 2010 financial year.

During the 2009 financial year, CogState benefited from the relatively weaker Australian dollar. The Australian dollar appreciated considerably, compared to the US dollar throughout the 2010 financial year. CogState's sales contracts and invoices are mostly denominated in US dollars, and therefore, as a result of higher Australian dollar, CogState's revenue did not grow by the same extent as base currency analysis would indicate.

The graph below shows that sales revenue, when measured in US dollars, actually grew by 35% during the 2010 financial year, compared to the 13% growth when measured in Australian dollars.



During the 2010 financial year, CogState signed 38 contracts (FY09: 32) with a combined value of A$10.0 million (FY09: A$9.3m) or US$8.8 million (FY08: US$7.2m). Again, the relatively higher value of the Australian dollar impacted this result – growth in the value of sales contracts signed was 23% when measured in US dollars, compared to the 8% growth in the Australian dollar result.



Axon Sports

Axon Sports is a joint venture company (powered by CogState Ltd technology) providing a cutting edge Computerized Cognitive Assessment Tool (CCAT).

Together with athletes, parents, school administrators, athletic trainers and doctors, Axon Sports is on a mission to protect and train the athletic brain. CogState holds 50% of the issued capital of Axon Sports, LLC, partnering with Quixote Investment, LLC, a Portland, Oregon based company. Our partners bring a wealth of sports marketing and product development experience to Axon Sports.

Axon Sports will initially focus on the US sports market, where there are more than 60 million youth, high school and adult athletes.

The Axon Sports/CogState technology was conceived in 2000 to help medical providers measure and assess the cognitive function of an athlete after a suspected brain injury. CogState licensed the technology to Axon Sports in June 2010.

How does it work?

The CCAT is a series of simple tasks that allows an athlete to establish a Baseline cognitive performance. Repeating the same test After Injury identifies any cognitive changes from the Baseline performance, which can indicate that the brain is not yet fully recovered from injury. On average, the test takes less than 15 minutes to complete. Results are available immediately and are scientifically validated and reliable. Comparing the results of a Baseline test to an After Injury test gives doctors a useful tool in making the decision on whether an athlete may safely return to play or to the classroom.


www.cogstate.com

Corporate Information

ABN 80 090 975 723

Directors

Mr Martyn Myer AO (Chairman)
Mr Brad O'Connor (Chief Executive Officer)
Mr Richard Morgan
Mr David Simpson
Dr Michael Wooldridge

Company Secretary

Mrs Lauren Delaney

Registered Office

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

Solicitors

Clayton Utz
333 Collins St, Melbourne, Vic 3000, Australia

Bankers

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

Share Register

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

Auditors

Ernst & Young
8 Exhibition Street, Melbourne Vic 3000, Australia

Internet Address

www.cogstate.com

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Directors' Report

Your directors submit their report for the year ended 30 June 2010.

Directors

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Martyn Myer AO, BE, MESc, MSM
(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 2009. 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 2009. Mr Myer obtained his Master of Science in Management at MIT in Boston, and his Master of Engineering Science at Monash University, Melbourne. During the last three years, Mr Myer has also served as a director of the following listed companies:

- Diversified United Investment Ltd
  - Appointed: 23 September 1991
- SP Australia Networks (Transmission) Ltd
  - Appointed: 26 October 2005 Retired 13 July 2010
- SP Australia Networks (Distribution) Ltd
  - Appointed: 9 September 2005 Retired 13 July 2010
- SP Australia Networks (Finance Trust)
  - Appointed 9 September 2005 Retired 13 July 2010

Brad O'Connor B.Bus
(Director and Chief Executive Officer)

Managing Director and Chief Executive Officer since December 2005.

Brad 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. Brad is also a director of CogState Inc., CogState Sport Inc., and Axon Sports LLC (CogState's joint venture in the North American sporting market).

Prior to taking the position of CEO at CogState, Brad joined CogState as Chief Financial Officer and Company Secretary in May 2004. Prior to that, Brad held senior positions at Spherion Group, Australian Wine Exchange and PricewaterhouseCoopers. Brad is a chartered accountant who holds a Bachelor of Business degree.

Mr Richard Morgan, CBiol.MI.Biol, Dip RC Path (Non-Executive Director)

Mr Morgan is an independent non-executive Director. He sits on the Audit and Compliance Committee as well as the Remuneration and Nomination Committee. Mr Morgan has over 25 years experience as senior R&D manager with Wellcome, GlaxoWellcome and GlaxoSmithKline. Following a period as Interim Head of Preclinical for PowderJect Pharmaceuticals, Mr Morgan established his own consultancy company providing advice on Toxicology and Preclinical Discovery and Development to client companies in the UK and Australia. Mr Morgan is also a principal of Medicines Development Limited and on the advisory boards of a number of Australian biotechnology companies. Mr Morgan holds C.Biol. M.I.Biol (Laboratory Animal Pathology) from the Institute of Biology and Dip.RCPath (Toxicology) from the Royal College of Pathologists.

Mr 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. Most recently he was the CEO of the Bluearth Institute, a Melbourne based not-for-profit enterprise established to develop programs that promote health and fitness through increased physical activity. Previously he was Senior Partner at Doremus Communications, the largest US business to business agency. From 1985 to 2001 he held a series of senior management positions in Asia, South Africa and North America as well as Australia for the multinational advertising agency, J.Walter Thompson.

Dr Michael Wooldridge MBBS, MBA, BSc (Non-Executive Director)

Dr Wooldridge is an independent non-executive Director. He sits on the Audit and Compliance Committee as well as the Remuneration and Nomination Committee. Dr Wooldridge is currently Chairman of Neurosciences Australia, Prime Retirement & Aged Care Property Trust and the Cooperative Research Centre in Oral Health Science. He is also Associate Professor at the University of Melbourne. During the last three years, Dr Wooldridge has also served as a director of the following listed companies:

- Dia-B Tech Ltd - Appointed: 22nd August 2003
- Resonance Health Ltd - Appointed: 1 March 2004; Resigned 30 June 2007
- Prime Retirement & Aged Care Property Trust - Appointed: 1st October 2007
- Australian Pharmaceutical Industries Limited - Appointed: 1 February 2006

Company Secretary

Lauren Delaney BCom, CA (NZICA)

Lauren was appointed as Company Secretary on 1 May 2007. Lauren joined CogState as Finance Manager in September 2006, prior to which she worked as a Business Analyst for Australia Post. Lauren studied accountancy and finance in New Zealand at the University of Otago and was admitted as a member of the New Zealand Institute of Chartered Accountants in June 1999.

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:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Martyn Myer	13,010,000	1,835,262
Mr Brad O'Connor	2,457,825	2,270,000
Mr Richard Morgan	323,513	415,000
Mr David Simpson	607,538	415,000
Dr Michael Wooldridge	120,743	415,000

Principal activities

The principal activities of CogState Limited during the year were the sale of computerised tests of cognition and associated services including scientific consultancy, project management, data management, statistical analysis and reporting. Principally these products and services were 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.

Operating and financial review

Group Overview

CogState Limited (CogState) was founded in 1999 and listed on the Australian Stock Exchange in February 2004.

CogState has two primary offices, an Australian office based in Melbourne, Victoria and a USA office based in New Haven, Connecticut. Staff who are not based in either of these offices work remotely, including CogState Principal Scientist, Dr John Harrison, who is based in the United Kingdom.

In July 2006, CogState Limited incorporated a wholly owned subsidiary, CogState Inc. CogState Inc employs all USA based staff.

In May 2010, CogState Inc incorporated CogState Sport Inc for investment in Axon Sports LLC.

CogState Limited, CogState Inc, and CogState Sport Inc form the Group.

CogState is focussed solely on the development and commercialisation of rapid computerised tests of cognition. To date, the major application of CogState's technologies has been in clinical testing. In this setting, a pharmaceutical company or similar organisation will contract to utilise CogState's tests to determine the effect on cognition of their drug, device or other intervention.

The tests provide rapid, sensitive and valid measurement of distinct cognitive functions. The tests use novel visual and verbal stimuli to ensure assessment is culture-neutral and not limited by a subject's level of education. All CogState tests are designed for repeated administration with minimal practice or learning effects, making them ideal for use in clinical research trials.

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Contract termination fees	(238,472)	(65,382)	(303,854)	(576,352)
Fair value loss on derivatives	-	(27,152)	(27,152)	-
Share of profit/(loss) from joint venture	-	(21,793)	(21,793)	-
Total other revenue/(expenses)	(341,660)	181,130	(160,530)	138,736
Operating profit/(loss) from operations, before income tax	551,536	(171,642)	379,894	1,291,203
Income tax credit/(expense) attributable to operating result	(24,913)	1,282,634	1,257,721	(66,563)
Research and development tax rebate received	-	-	-	204,994
Profit/(loss) from operations, after income tax	526,623	1,110,992	1,637,615	1,429,634

* - Performance-based bonuses expensed in June 2010 have been allocated evenly across the financial year

More detail and commentary on the operations and the results from those operations are set out below:

Revenue

Recognised consolidated sales revenue was derived from the following areas:

	First Half Jul – Dec 2009 $'000	Second Half Jan – Jun 2010 $'000	Financial Year 2010 $'000	Financial Year 2009 $'000
CogState Clinical Trials	4,810,168	3,759,537	8,569,705	8,060,366
CogState Sport	34,719	165,511	200,230	99,910
CogState Research	11,716	8,698	20,414	20,477
Expense recoveries	246,964	447,645	694,609	206,432
Recognised sales revenue	5,103,567	4,381,391	9,484,958	8,387,185

The Group recorded an increase in recognised sales revenue of 12%. Revenue from clinical trials for the second half of FY2010 declined, reflecting a small number of sales contracts that were deferred into the FY2011 year for reasons unrelated to CogState. Revenue from Sport increased 100% from FY2009.

Shareholder Returns

	2010	2009
Basic Earnings Per Share (cents)	2.48	2.24
Return on assets %	18.9	22.1

Dividends

No dividend was paid during the year and the Directors do not recommend a dividend be paid in respect of the year ended 30 June 2010.

Review of Financial Condition

Capital Structure

The Group has no debt and has sufficient working capital with which to fund its operations.

The only capital issued during the year was in relation to employees exercising options allocated under the CogState Employee Share Plan.

Cash Flows from Operations

	First Half Jul – Dec 2009 $'000	Second Half Jan – Jun 2010 $'000	Financial Year 2010 $'000	Financial Year 2009 $'000
Cash receipts from customers	4,787,084	5,371,637	10,158,721	7,126,264
Net operating cash inflows/(outflows)	65,126	1,343,721	1,408,847	914,575

Net cash inflow from operating activities for the year to 30 June 2010 was $1.4 million, an improvement of $0.49 million on the corresponding prior year's net inflow of $0.91m.

The improved cashflow compared to the previous financial year mainly reflects the improvement in sales revenue and the resultant receipts from customers.

Liquidity and Capital Resources

The Group has $3.09m in cash and cash investments at 30 June 2010 (2009: $3.03m).

The Group has sufficient capital resources to fund operations and has no plans to raise further capital at this time.

Risk Management

The Group has established an Audit and Compliance Committee which is focussed on:

- Monitoring corporate risk and implementing controls to manage those risks;
- The development of risk action plans and the activities of management in monitoring the risks identified;
- Continuous review of risk management practices within the Group.

The Board has put in place the following mechanisms to ensure that management's objectives and activities are aligned with the risks identified:

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets; and
- Implementation of Board approved policy and procedures manual to ensure that management can act within defined parameters and risk levels before needing to seek Board approval.

Significant Changes in the State of Affairs

With the exception of any matters referred to in this Directors report, or the financial statements and notes of the Consolidated Entity accompanying this report, there were no significant changes in the state of affairs of the Consolidated Entity during the 2010 financial year.

Significant Events after the Balance Date

With the exception of any matters referred to in this Directors report, or the financial statements and notes of the Consolidated Entity accompanying this report, there were no significant after balance date events.

Likely Development and Expected Results

CogState will continue to focus on growing market share in the clinical trials area. Additionally, throughout the 2011 financial year, resources will be continued to be devoted to development of markets for CogState products and services outside clinical areas, including direct testing of consumers (in the areas of concussion management and testing and monitoring of dementia).

It is expected that the Group will continue to grow revenue in all areas.

The results of the Group, revenue and profit, will continue to be impacted by movements in the Australian dollar, relative to the USA dollar. In 2010 the Australian dollar remained strong relative to the USD for most of the year, although it did weaken somewhat in the fourth quarter.

As an exporter, CogState will be impacted negatively by a higher Australian dollar with a dramatic impact on profitability should the Australian dollar again push back towards parity with the USA dollar, as it did in July 2008.

It is expected that the Group will maintain profitability. However, more specific guidance of expected 2011 financial year results will not be provided until a later date.

Unissued shares

As at the date of this report, there were 10,845,699 unissued ordinary shares under options. Refer to the remuneration report for further details of the 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.

Indemnification and Insurance of Directors and 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. The total amount of the insurance contract premium paid was $32,098 (2009: $31,236).

Environmental Regulation

Given the nature of its business, CogState is not subject to environmental regulation.

Directors' Meetings

The number of meetings of directors (including meetings of Committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings		Meetings of Committees			
			Audit		Remuneration	
	Attended	Eligible To Attend	Attended	Eligible To Attend	Attended	Eligible To Attend
Number of meetings held:		9		3		1
Number of meetings						
M Myer	9	9	3	3	1	1
B O'Connor	9	9				
R Morgan	9	9	2	3	1	1
D Simpson	9	9	3	3	1	1
M Wooldridge	9	9	3	3	1	1

Committee Membership

As at the date of this report, the company had an Audit and Compliance Committee, and a Remuneration and Nomination Committee. Members acting on the committees during the year were:

Audit & Compliance	Remuneration & Nomination
M Myer (c)	M Myer (c)
R Morgan	R Morgan
D Simpson	D Simpson
M Wooldridge	M Wooldridge

(c) Designates the chairman of the committee.

Auditor Independence

The directors received the following declaration from the auditor of CogState Limited.

ERNST & YOUNG

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

Auditor's Independence Declaration to the Directors of CogState Limited

In relation to our audit of the financial report of CogState Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

Joanne Lonergan
Partner
Melbourne
24 August 2010

Signed in accordance with a resolution of the directors.

Martyn Myer AO
Chairman

Melbourne, 24th August 2010


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Remuneration Report (Audited)

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 five 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, general managers and secretaries of the Parent and the Group.

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.

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 directors and senior manager remuneration is separate and distinct.

Non-Executive Director Remuneration

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 2010 is detailed later in this report.

Senior manager and executive director remuneration

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.

Fixed Remuneration

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.

Variable Remuneration – Short Term Incentive (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. 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.

Variable Remuneration – 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.

The options awarded may be subject to performance specific hurdles. Historically, the options have not been subject to performance hurdles because of the changing nature of the company and its changing focus during its formative years. However, options issued to Brad O'Connor, Executive Director and Chief Executive Officer, which were approved by shareholders at an Extraordinary General Meeting of members on 22 February 2006, had the following additional vesting conditions attached:

> 50% of the options can be exercised by Mr O'Connor when the share price of the Company's ordinary shares reaches $0.30 and for a period of at least one calendar month after the share price has reached $0.30, the average closing price of the Company's ordinary shares is at least $0.30 and the remaining 50% of the options can be exercised when the share price of the Company's ordinary shares reaches $0.40 and for a period of at least one calendar month after the share price has reached $0.40, the average closing price of the Company's ordinary shares is at least $0.40.

The above performance hurdles have been attached to these options to promote activities within the company to increase shareholder value.

Under normal conditions, the options vest with the executive over a period of three years from the date of issue. One third of the options vest on the first anniversary of the issue of the options and then one thirty-sixth (1/36) vests every month for the next twenty-four months, such that all options have vested after 3 years.

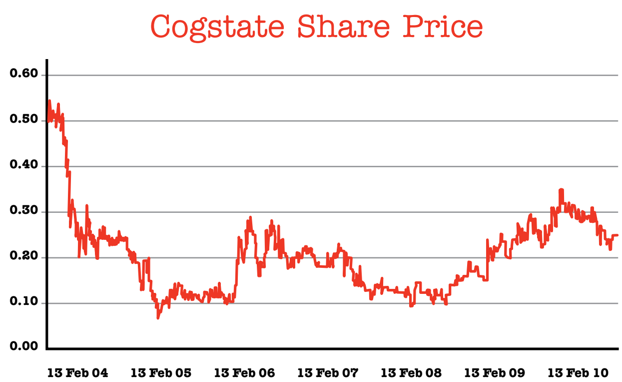
Should an executive cease to be employed by CogState then all options which have not yet vested will automatically lapse. Any options that have vested with the executive must be exercised within 30 days of ceasing employment or those vested options will also lapse.

The exercise price of the options is determined by the prevailing market price of CogState shares as at the date of the issue.

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.

Group Performance

The graph below shows the performance of the Group (as measured by the Company's share price) since listing in February 2004.



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. On termination on 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.

Details of Key Management Personnel (including the five highest paid executives of the Company and the Group)

Directors

Mr M Myer	*Chairman (non-executive)*
Mr B O'Connor	*Chief Executive Officer (and Executive Director)*
Mr R Morgan	*Director (non-executive)*
Dr M Wooldridge	*Director (non-executive)*
Mr D Simpson	*Director (non-executive)*

Specified Executives

Prof P Maruff	*Chief Scientific Officer*
Assoc Prof David Darby	*Chief Medical Officer*
Dr John Harrison	*Principal Scientist*
Sophie Egholm	*Head of Operations*

Table 1: Directors' & Key Management remuneration for the year ended 30 June 2010

	Short-term			Post employment		Long term benefits	Share Based	Total	% Performance Related
	Salary & Fees $	Non Monetary $	Cash Bonus $	Super'n $	Retirement Benefits $	Long service leave	Options $	$	%
Directors									
M Myer	70,642	-	-	6,358	-	-	12,806	89,806	-
B O'Connor*	253,126	2,413	81,000	14,461	-	30,916	51,553	433,469	18.69
R Morgan	39,000	-	-	-	-	-	12,806	51,806	-
M Wooldridge	35,780	-	-	3,220	-	-	12,806	51,806	-
D Simpson	-	-	-	39,000	-	-	12,806	51,806	-
Key Management									
P Maruff	229,006	23,346	40,000	14,461	-	42,781	42,165	391,760	10.21
J Harrison	178,494	-	25,297	-	-	-	43,763	247,554	10.22
S Egholm**	198,843		29,195	6,552		-	34,323	268,913	10.86
D Darby	225,539	-	-	14,461	-	44,685	27,472	312,157	-
Total	1,230,430	25,759	175,492	98,514	0	118,382	250,500	1,899,076	

Table 2: Directors' & Key Management remuneration for the year ended 30 June 2009

	Short-term			Post Employment		Share Based Payment	Total	% Performance Related
	Salary & Fees $	Non Monetary $	Cash Bonus $	Super'n $	Retirement Benefits $	Options $	$	%
Directors								
M Myer	65,649	-	-	7,501	-	9,204	82,354	-
B O'Connor*	244,240	-	219,300	13,745	-	34,618	511,903	43.82
R Morgan	36,575	-	-	-	-	7,135	43,710	-
M Wooldridge	33,555	-	-	3,020	-	7,135	43,710	-
D Simpson	-	1,896	-	34,679	-	7,135	43,710	-
Key Management								
P Maruff	224,636	13,619	100,000	13,745	-	27,157	379,157	26.37
J Harrison	194,108	-	82,586	-	-	33,769	310,463	26.60
S Egholm**	68,356		24,860	1,090		9,968	104,274	23.84
D Darby	212,339	-	30,000	19,111	-	21,219	282,669	10.61
Total	1,079,458	15,515	456,746	92,981	-	157,340	1,801,950	

*The percentage of performance related payment reflects those share based payments that have performance criteria attached

**Commenced employment with CogState Inc 16 March 2009

Remuneration Options: Granted and Vested During the Year

During the financial year, options were granted as equity compensation benefits to certain key management personnel as disclosed in table 3. 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 one year. The remaining two thirds can be exercised progressively over the following two years. 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 valueusing 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 26.

Table 3: Terms and Conditions for each grant for the year ended 30 June 2010

	Vested number	Granted Number	Grant date	Fair value per option grant date	Exercise price per share $	Final Vesting Date	First Exercise Date	Last Exercise Date
Directors								
Martyn Myer	-	100,000	30-Oct-09	$0.2007	$0.2400	30-Oct-12	30-Oct-10	30-Oct-14
Richard Morgan	-	100,000	30-Oct-09	$0.2007	$0.2400	30-Oct-12	30-Oct-10	30-Oct-14
Michael Wooldridge	-	100,000	30-Oct-09	$0.2007	$0.2400	30-Oct-12	30-Oct-10	30-Oct-10
Brad O'Connor	-	300,000	30-Oct-09	$0.2007	$0.2400	30-Oct-12	30-Oct-10	30-Oct-10
David Simpson	-	100,000	30-Oct-09	$0.2007	$0.2400	30-Oct-12	30-Oct-10	30-Oct-10
TOTAL		700,000						

Table 4: Terms and Conditions for each grant for the year ended 30 June 2009

	Vested number	Granted Number	Grant date	Fair value per option grant date	Exercise price per share $	Final Vesting Date	First Exercise Date	Last Exercise Date
Directors								
Martyn Myer	-	145,000	24-Oct-08	$0.1266	$0.1027	24-Oct-11	24-Oct-09	23-Oct-18
Richard Morgan	-	145,000	24-Oct-08	$0.1266	$0.1027	24-Oct-11	24-Oct-09	23-Oct-18
Michael Wooldridge	-	145,000	24-Oct-08	$0.1266	$0.1027	24-Oct-11	24-Oct-09	23-Oct-18
Brad O'Connor	-	460,000	24-Oct-08	$0.1266	$0.1027	24-Oct-11	24-Oct-09	23-Oct-18
David Simpson	-	145,000	24-Oct-08	$0.1266	$0.1027	24-Oct-11	24-Oct-09	23-Oct-18
Executives								
Paul Maruff	-	300,000	26-Jun-09	$0.1492	$0.2400	26-Jun-12	26-Jun-10	26-Jun-14
David Darby	-	150,000	26-Jun-09	$0.1492	$0.2400	26-Jun-12	26-Jun-10	26-Jun-14
John Harrison	-	200,000	26-Jun-09	$0.1492	$0.2400	26-Jun-12	26-Jun-10	26-Jun-14
Dale Fraser	-	150,000	26-Jun-09	$0.1492	$0.2400	26-Jun-12	26-Jun-10	26-Jun-14
TOTAL		1,840,000						

Table 5: Options granted and exercised as part of remuneration for the year ended 30 June 2010 (In accordance with the LTI plan)

Employee Name	Grant date	Grant number	Value per option at grant date*	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Value of options granted, exercised and lapsed during the year $
Directors							
Martyn Myer	30-Oct-09	100,000	0.2400	24,000.00	-	-	24,000.00
Richard Morgan	30-Oct-09	100,000	0.2400	24,000.00	-	-	24,000.00
Michael Wooldridge	30-Oct-09	100,000	0.2400	24,000.00	-	-	24,000.00
Brad O'Connor	30-Oct-09	300,000	0.2400	72,000.00	-	-	72,000.00
David Simpson	30-Oct-09	100,000	0.2400	24,000.00	-	-	24,000.00
Key Management							
John Harrison	-	-	-	-	91,425	-	91,425

*From 1 July 2004, options granted as part of senior management remuneration have been valued 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.

There were no alterations to the terms and conditions of options granted as remuneration to key management personnel since their grant date.

There were no forfeitures of options granted to key management personnel during the period.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Corporate Governance Statement

The Board of Directors of CogState Limited is responsible for the corporate governance framework of the Group having regard to the ASX Corporate Governance Council published guidelines as well as its corporate governance principles and recommendations (Recommendations). The Board guides and monitors the business and affairs of CogState Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Recommendations.

Recommendation	Comply	Reference/ Explanation
Principle 1 - Lay solid foundations for management and oversight		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	Page 37
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	Page 39
1.3 Companies should provide the information indicated in the guide to reporting on Principle 1.	Yes	Website; Annual Report
Principle 2 - Structure the board to add value		
2.1 A majority of the board should be independent directors.	Yes	Page 37
2.2 The chair should be an independent director.	No	Page 37
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	Page 37
2.4 The board should establish a Nomination committee.	Yes	Page 39
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Page 39
2.6 Companies should provide the information indicated in the guide to reporting on Principle 2.	Yes	Website; Annual Report
Principle 3 - Promote ethical and responsible decision-making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:	Yes	Internal Employee Handbook
• The practices necessary to maintain confidence in the company's integrity.	Yes	Internal Employee Handbook
• The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.	Yes	Internal Employee Handbook
• The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Internal Employee Handbook
3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes	Page 38
3.3 Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes	Website
Principle 4 - Safeguard integrity in financial reporting		
4.1 The board should establish an audit committee.	Yes	Page 39
4.2 The audit committee should be structured so that it:		
• Consists only of Non-executive directors	Yes	Page 39
• Consists of a majority of independent directors	Yes	Page 39
• Is chaired by an independent chair, who is not chair of the board	No	Page 39
• Has at least three members	Yes	Page 39
4.3 The audit committee should have a formal charter.	Yes	Page 39
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	Website; Annual Report

Recommendation	Comply Yes/No	Reference/ Explanation
Principle 5 - Make timely and balanced disclosure		
5.1 Companies should establish written policies designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	No	ASX listing rules are complied with and management are currently in the process of formally documenting the policy. Senior executives are aware of, and periodically reminded of, their accountability for compliance. Given the relatively small size of the organisation, this is regarded as a reasonable approach.
5.2 Companies should provide the information indicated in the guide to reporting on Principle 5.	Yes	Website
Principle 6 - Respect the rights of shareholders		
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Continuous disclosure and regular business updates provided to the market
6.2 Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes	Website
Principle 7 - Recognise and manage risk		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Page 40
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	Yes	Page 40
7.3 The board should disclose whether it has received assurance from the chief executive officer [or equivalent) and the chief financial officer [or equivalent] that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 40
7.4 Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes	Website; Annual Report
Principle 8 – Remunerate Fairly and responsibly		
8.1 The board should establish a remuneration committee.	Yes	Page 39
8.2 Companies should clearly distinguish the structure of Non executive directors' remuneration from that of executive directors and senior executives.	Yes	Page 27
8.3 Companies should provide the information indicated in the guide to reporting on Principle 8.	Yes	Website; Annual Report

CogState's corporate governance practices were in place throughout the year ended 30 June 2010.

Board Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The responsibility for the operation and administration of the Company is delegated, by the Board, to the CEO and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive management team.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees:

- Audit and Compliance
- Remuneration and Nomination.

The roles and responsibilities of these committees are discussed throughout this Corporate Governance Statement.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risk identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity; and
- implementation of budgets by management and monitoring progress against budget - via the establishment and reporting of both financial and non financial key performance indicators.

Other functions reserved to the Board include:

- approval of the annual and half-yearly financial reports;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored; and
- reporting to shareholders.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of CogState Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to interfere with – the exercise of their unfettered and independent judgement.

In accordance with the definition of independence above, Richard Morgan (non-executive director), Michael Wooldridge (non-executive director) and David Simpson (non-executive director) are considered to be independent.

Martyn Myer (non-executive Chairman) is not considered to be an independent director due to the substantial CogState Limited shareholding controlled by him.

The Recommendations suggest that the Chairperson should be an independent director. Despite his substantial shareholding in CogState Limited, the Board views Mr Myer as the best person to fulfil this role and discharge the associated duties at this stage of the company's development, notwithstanding his position as a substantial shareholder. Mr Myer brings to the Board extensive experience gained as a director of developing technology oriented companies and both large and small public companies.

The Recommendations suggest that a majority of the Board of Directors should be independent. As described above, three of the five CogState directors, comprising a majority of the Board, are independent.

It is considered that the nature and size of CogState operations, along with the ability of the company to fund additional director fees, precludes the company from appointing additional directors with the necessary expertise at this time in the company's development.

CogState Limited has the ability to draw on an excellent range of skills and experiences from the diverse backgrounds of its existing Board.

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
M Myer	10 years 8 months
B O'Connor	4 years 9 months
R Morgan	7 years 1 month
M Wooldridge	6 years 3 months
D Simpson	6 years

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative factors. The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of CogState Limited. Assessment of key executives' performance is based on agreed and documented factors and is performed formally on an annual basis. Assessment of the performance of the Board, its Committees and individual directors is performed by the Board on an ongoing basis.

During the reporting period:

- the Nomination Committee conducted a performance evaluation of the Chief Executive's performance against specific and measurable qualitative and quantitative performance criteria. This evaluation was in accordance with the process disclosed above;
- the Chief Executive Officer conducted performance appraisals of other key executives' performances against specific and measurable qualitative and quantitative performance criteria and this review was overseen by the Nomination Committee. This evaluation was in accordance with the process disclosed above;
- the Board conducted ongoing review of its performance and that of its Committees and individual directors against criteria relevant to the interests of the Company and its stakeholders, including assessment of its performance against best practice. This evaluation was in accordance with the process disclosed above.

Directors whose performance is consistently unsatisfactory may be asked to retire.

Trading Policy

Under the Company's Securities Trading Policy, an executive or Director must not trade in any securities of the Company at any time when they are in possession of unpublished, price sensitive information in relation to those securities.

Executives and Directors are notified in writing by the Company Secretary of times when it is appropriate to trade in securities of the Company. There is no trading in the securities of the Company by Executives or Directors outside of this prescribed time.

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by Directors in the securities of the Company.

Audit & Compliance Committee

The Board has established an Audit and Compliance Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the company to the audit committee.

The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the audit committee are non-executive directors.

The members of the Audit Committee during the year were:

M Myer
R Morgan
D Simpson
M Wooldridge

Three of the four directors detailed above (R Morgan, M Wooldridge and D Simpson) are independent directors, therefore the majority of the audit committee comprises independent directors.

The company has appointed Anthony Lewis as a permanent adviser to the Audit Committee. Mr Lewis is a former partner at Arthur Andersen. He holds a Bachelor of Economics and is a Fellow of the Institute of Chartered Accountants, a member of the Australian Institute of Company Directors and a member of the Australian Society of Certified Practicing Accountants.

The Recommendations suggest that the company should structure the audit committee with an independent chairperson, who is not the chairperson of the Board. Mr M Myer, the chairperson of the Audit Committee, is not considered to be an independent director due to the substantial CogState Limited shareholding that he holds and he is also the Chairman of the Board. However the Board views Mr Myer as the best person to fulfil this role due to his extensive experience gained as a director of developing technology oriented companies and both large and small public companies.

For details of the qualifications of those appointed to the audit committee, and their attendances at meetings of the committee, refer to the Directors' Report.

Remuneration

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration and Nomination Committee links the nature and amount of directors' and officers' emoluments to the company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives
- Attraction of quality management to the company
- Performance incentives which allow the executives to share the rewards of the success of CogState Limited.

For details on the amount of remuneration and all monetary and non-monetary components for each of the key management personnel during the year and for all directors, refer to the Directors' Report. Bonus and long term incentive payments have been made to key management personnel during the year. In relation to the grant of options, discretion is exercised by the Board, having regard to the overall performance of CogState Limited and the desire to motivate the individual.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and the executive team. The Board has established the Remuneration and Nomination Committee to make recommendations to the Board. The Remuneration and Nomination Committee comprises four non-executive directors. Members of the Remuneration and Nomination Committee throughout the year were:

M Myer
R Morgan
D Simpson
M Wooldridge

For details on the number of meetings of the remuneration committee held during the year and the attendances at those meetings, refer to the Directors' Report.

Risk

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:

- establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- continuously identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls;
- monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an annual assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources;
- compliance with applicable laws and regulations;
- preparation of reliable published financial information.

The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to the Audit Committee. Management is required by the Board to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of risk management by benchmarking the Company's performance to the Australia/New Zealand Standard on Risk Management.

Management reports to the audit committee at each audit committee meeting on the status of the company's risk management arrangements, including whether material business risks are being managed effectively. The audit committee keeps the Board apprised as to these matters.

Chief Executive Officer and Finance Manager Certification

In accordance with section 295A of the Corporations Act, the Chief Executive Officer and Finance Manager have provided a written statement to the Board that:

- their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- that the Company's risk management and internal compliance and control system is operating effectively in all material respects.

Statement Of Financial Position

As At 30 June 2010

		Consolidated	
	Note	2010 $	2009 $
ASSETS Current Assets			
Cash and cash equivalents	11	2,176,711	2,871,095
Trade and other receivables	12	1,623,471	2,146,026
Other short term deposit	11	915,725	159,300
Other current assets	13	270,639	89,287
Total Current Assets		4,986,546	5,265,708
Non-current Assets			
Plant and equipment	15	1,235,907	698,061
Intangible assets	16	401,584	401,584
Investment in joint ventures	14	562,719	-
Deferred tax assets	9	1,457,530	107,758
Total Non-current Assets		3,657,740	1,207,403
TOTAL ASSETS		8,644,286	6,473,111
LIABILITIES Current Liabilities			
Trade payables	17	155,777	221,033
Other payables	17	975,680	977,690
Derivative financial instruments	19	27,152	-
Provisions	18	405,923	270,762
Income tax payable		-	35,959
Deferred tax liabilities	9	20,790	5,332
Total Current Liabilities		1,585,322	1,510,776
Non-current Liabilities			
Provisions	18	38,007	26,157
Total Non-current Liabilities		38,007	26,157
TOTAL LIABILIITES		1,623,329	1,536,933
NET ASSETS		7,020,957	4,936,178
EQUITY			
Contributed equity	20	14,303,130	14,197,010
Accumulated losses	21	(8,559,074)	(10,196,689)
Reserves	21	1,276,901	935,857
TOTAL EQUITY		7,020,957	4,936,178

This Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement Of Comprehensive Income
For The Year Ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Operations			
Sale of services	6	9,484,958	8,387,185
Finance revenue	6	101,389	105,677
Revenue		9,586,347	8,492,862
Cost of sales	8(a)	(3,878,962)	(2,788,924)
Gross profit		5,707,385	5,703,938
Government grants	7	160,907	150,000
Other income		9,318	2,551
Employee benefits expense	8(e)	(2,803,330)	(2,702,669)
Depreciation and amortisation expense	8(c)	(39,173)	(43,449)
Occupancy expenses	8(d)	(216,074)	(165,682)
Marketing expenses		(140,928)	(99,386)
Accounting and auditing expenses		(183,092)	(183,262)
Administrative expenses	8(g)	(766,886)	(643,882)
Legal expenses		(86,640)	(37,671)
Travel expenses		(606,577)	(510,714)
Third party research and development expenses	8(f)	(61,274)	(200)
Sales commissions		(130,999)	(36,384)
Net foreign exchange gain/(loss)		(79,345)	456,860
Finance costs	8(b)	(57,751)	(22,495)
Non-operating contract termination fees	8(h)	(303,854)	(576,352)
Share of profit (loss) in joint venture		(21,793)	-
Profit before income tax		379,894	1,291,203
Income tax (expense)/benefit	9	1,257,721	138,431
Profit after income tax		1,637,615	1,429,634
Net profit for the period		1,637,615	1,429,634
Total comprehensive income for the period		1,637,615	1,429,634
Earnings per share (cents per share)			
- basic for profit from operations attributable to ordinary equity holders	10	2.48	2.24
- diluted for profit from operations attributable to ordinary equity holders		2.36	2.19

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement Of Changes In Equity

For The Year Ended 30 June 2010

	Consolidated			
	Issued Capital $	Retained Earnings $	Share Option Reserve $	Total $
As at 1 July 2008	12,853,184	(11,626,323)	698,468	1,925,329
Profit / (loss) for the period	-	1,429,634	-	1,429,634
Total comprehensive income	-	1,429,634	-	1,429,634
Transactions with owners in their capacity as owners				
Issue of Share Capital - Private Placement	799,393	-	-	799,393
Issue of Share Capital - Rights issue	612,868	-	-	612,868
Transaction cost on issue of share capital	(68,435)	-	-	(68,435)
Exercise of options	-	-	-	-
Cost of share-based payment	-	-	237,389	237,389
Equity dividends	-	-	-	-
As at 30 June 2009	14,197,010	(10,196,689)	935,857	4,936,178
As at 1 July 2009	14,197,010	(10,196,689)	935,857	4,936,178
Profit / (loss) for the period	-	1,637,615	-	1,637,615
Total comprehensive income	-	1,637,615	-	1,637,615
Transactions with owners in their capacity as owners				
Issue of Share Capital	-	-	-	-
Exercise of options	106,120	-	-	106,120
Cost of share-based payment	-	-	341,044	341,044
Equity dividends	-	-	-	-
As at 30 June 2010	14,303,130	(8,559,074)	1,276,901	7,020,957

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement Of Cash Flows

For The Year Ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash flows from operating activities			
Receipts from customers		10,158,721	7,126,264
Payments to suppliers and employees		(8,910,781)	(6,566,683)
Receipts from government grants		160,907	150,000
Receipts from tax rebates		-	204,994
Net cash flows used in operating activities	23	1,408,847	914,575
Cash flows from investing activities			
Interest received		82,991	94,230
Purchase of property, plant & equipment		(933,062)	(495,245)
Proceeds from disposal of property, plant & equipment		18,133	9,066
Investment in Axon Sports LLC		(562,719)	-
Net cash flows used in investing activities		(1,394,657)	(391,949)
Cash flows from financing activities			
Proceeds from issue of shares		106,120	1,412,261
Transaction costs of issue of shares		-	(68,435)
Net cash flows from financing activities		106,120	1,343,826
Net Increase in cash and cash equivalents		120,310	1,866,452
Net foreign exchange differences		(58,269)	115,736
Cash and cash equivalents at beginning of period		3,030,395	1,048,207
Cash and cash equivalents at end of period	11	3,092,436	3,030,395

This Statement of cash flows should be read in conjunction with the accompanying notes.


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Notes To The Financial Statements

1. Corporate Information

The financial report of CogState Limited (the company) for the year end 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 24th August 2010.

CogState Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange (ASX: CGS).

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Summary Of Significant Accounting Policies

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, which have been measured at fair value.

The financial report is presented in Australian dollars.

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(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New Accounting Standards and Interpretations

(i) Changes in accounting policy and disclosures. The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009.

- AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations effective 1 July 2009
- AASB 8 Operating Segments effective 1 July 2009
- AASB 101 Presentation of Financial Statements (revised 2007) effective 1 July 2009
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project effective 1 July 2009
- AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate effective 1 July 2009
- AASB 3 (Revised) Business Combinations effective 1 July 2009
- AASB 127 (Revised) Consolidated and Separate Financial Statements effective 1 July 2009
- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 effective 1 July 2009
- AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project effective 1 July 2009
- AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038] effective 1 July 2009
- AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] effective 1 July 2009
- AASB 2009-7 Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17] effective 1 July 2009

AASB 8 Operating Segments

AASB 8 replaced AASB 114 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in note 5, including the related revised comparative information.

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

AASB 2008-7 Amendments to Australian

Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendments delete the reference to the "cost method" making the distinction between pre and post acquisition profits no longer relevant. All dividends received are now recognised in profit or loss rather than having to be split between a reduction in the investment and profit and loss. However the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary. The amendments further clarify cases or reorganisations where a new parent is inserted above an existing parent of the group. It states that the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. The adoption of these amendments did not have any impact on the financial position or the performance of the Group.

Annual Improvements Project

In May 2008 and April 2009 the AASB issued omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- AASB 8 Operating Segments: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in note 5.

- AASB 116 Property, Plant and Equipment: replace the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

- AASB 120 Accounting for Government Grants and Disclosures of Government Assistance: loans granted with no or low interest will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates. This amendment did not impact the Group as the government assistance received is not loans but direct grants.

- AASB 128 Investment in Associates: an investment in an associate is a single asset for the purpose of conducting the impairment test, including any reversal of impairment. Any impairment is not separately allocated to the goodwill included in the investment balance. Any impairment is reversed if the recoverable amount of the associate increases. The Group has amended its impairment accounting policy accordingly. The amendment had no impact on the Group's financial position or performance. The Group has amended its impairment accounting policy accordingly.

- AASB 136 Impairment of Assets: when discounted cash flows are used to estimate "fair value less cost to sell" additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate "value in use". The Group has amended its disclosures accordingly in note 16. The amendment also clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

Other amendments resulting from the Annual Improvements Project to the following Standards did not have any impact on the accounting policies, financial position or performance of the Group:

- AASB 2 Share-based Payment
- AASB 108 Accounting Policies, Change in Accounting Estimates and Error
- AASB 110 Events after the Reporting Period
- AASB 117 Leases
- AASB 118 Revenue
- AASB 119 Employee Benefits
- AASB 131 Interests in Joint Ventures
- AASB 138 Intangible Assets
- AASB 140 Investment Property

(ii) Accounting Standards and Interpretations issued but not yet effective. AASB 101.16

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2010, outlined in the table below:

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect.	1 January 2010	Management anticipate that this will have minimal impact on the group financial report	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	Management anticipate that this will have no impact on the group financial report	1 July 2010
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: two categories for financial assets being amortised cost or fair value removal of the requirement to separate embedded derivatives in financial assets strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	Management anticipate that this will have minimal impact on the group financial report	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)	1 January 2011	Management anticipate that this will have minimal impact on the group financial report	1 July 2011
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	Management anticipate that this will have minimal impact on the group financial report	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards; and (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) for-profit entities in the private sector that have public accountability (as defined in this Standard); and (b) the Australian Government and State, Territory and Local Governments. The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) for-profit private sector entities that do not have public accountability; (b) all not-for-profit private sector entities; and public sector entities other than the Australian Government and State, Territory and Local Governments.	1 July 2013	Management anticipate that this will have minimal impact on the group financial report	1 July 2013
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and (c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	Management anticipate that this will have minimal impact on the group financial report	1 July 2011

*Application date is for the annual reporting periods beginning on or after the date shown in the above table.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of CogState Limited and its subsidiaries (as outlined in note 24) as at and for the period ended 30 June each year (the Group). The interest in Axon Sports LLC is equity accounted and is not part of the consolidated Group (see note 2(i) below).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(d) Operating segments - refer note 5

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the executive management team.

(e) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of CogState Limited and CogState Inc is Australian dollars ($).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance date.

All exchange differences in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(f) Cash and cash equivalents – refer note 11

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

For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, as well as other short term deposits

Short term deposits have a maturity term of up to three months and other short term deposits have a maturity term of three to six months.

Both short term and other 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.

(g) Trade and other receivables - refer note 12

Trade receivables which generally have a 30-90 day term are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt.

(h) Derivative financial instruments and hedging - refer note 19

During the year the Group commenced using forward currency contracts, to hedge its risks associated with foreign denominated trade receivables. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Any gains or losses arising from changes in the fair value of derivatives, are taken directly to profit or loss for the year.

(i) Interest in joint venture – refer note 14

The Group has a 50% interest in Axon Sports LLC and the Group's interest in this joint venture is accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, interest in joint ventures are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net interest in joint venture.

The Group's share of ' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the interest.

The reporting dates of the joint venture and the Group are identical and the joint venture's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(j) Property, plant and equipment – refer note 15

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

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

Office equipment – over 3 to 15 years
Computer Equipment – over 2 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(k) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee
Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. Lease incentives are recognised in the profit or loss as an integral part of the total lease expense.

(l) Impairment of non financial assets other than goodwill – refer note 16

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(m) Intangible assets – refer note 16

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 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 with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research and development costs
Research costs are expensed as incurred.

(n) Trade and other payables – refer note 17

Trade payables and other payables are carried at amortised costs. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Provisions and employee leave benefits - refer note 18

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee leave benefits
(i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave
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. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(p) Share-based payment transactions – refer note 25

(i) Equity settled transactions:
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 is currently one plan in place to provide these benefits:

- The Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives.

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 26.

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.

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 10).

(q) Contributed equity – refer note 20

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Revenue recognition – refer note 6

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of tests
Revenue is recognised when the significant risks and rewards of ownership of the test credits 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 test credits to the customer.

(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.

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

(iii) Interest revenue
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(s) Income tax and other taxes – refer note 9

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by balance date.

Deferred income tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Government grants – refer note 7

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments.

(u) Earnings per share – refer note 10

Basic earnings per share is calculated as net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. Financial Risk Management Objectives And Policies

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. During the year the Group entered into forward currency contracts to mitigate currency risks arising from the Group's foreign debtors collections. 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.

Risk Exposures and Responses

Foreign currency 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 GBP/A$ exchange rates. Previously the Group did not seek to hedge this exposure specifically, but sought to partially mitigate 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. Historically management has assessed any remaining foreign currency risk from Australian operations to be not material enough to justify the expense of formal hedging however in May 2010 management entered into forward currency contracts to help mitigate exposure.

Approximately 99% of the Group's sales are denominated in currencies other than the functional currency, whilst approximately 73% of costs are denominated in the Group's functional currency.

At 30 June 2010, the Group had (in AUD) the following exposure to foreign currency;

	Consolidated	
	2010 $	2009 $
Financial Assets		
Cash and cash equivalents	453,569	697,537
Trade receivables	1,402,894	2,102,561
Financial Liabilities		
Payables & Accruals	(328,864)	(707,001)
Net exposure	1,527,599	2,093,097

At 30 June 2010, 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 = $US0.8567, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2010 $	2009 $	2010 $	2009 $
Consolidated				
AUD:USD +10%	(152,805)	(190,470)	(152,805)	(190,470)
AUD:USD - 10%	185,072	232,336	185,072	232,336

The movements in profit in 2010 are less sensitive than in 2009 due to a lower amount of trade receivable balances held in USD.

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

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 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.

Liquidity Risk

The Group's exposure to liquidity risk is minimal. CogState Ltd's only significant financial liabilities are trade payables.

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	Consolidated	
	2010 $	2009 $
3 months or less	1,131,783	1,154,268
3-12 months	22,273	44,455
1-5 years	4,551	-
Over 5 years	-	-
	1,158,608	1,198,723

The forward currency contracts fall into the level 2 method in estimating fair value of financial instruments, where the fair value is estimated using inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

CogState has unused limits/facilities with the National Australia Bank and Citibank. At balance date, the Group has available approximately $99,282 of unused credit facilities available for its immediate use (2009: $100,977)

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	
	2010 $	2009 $
Financial Assets		
Cash at bank and in hand	664,218	1,044,645
Short-term deposits	1,512,493	1,826,450
Other short term deposits	915,725	159,300
Net exposure	3,092,436	3,030,395

At 30 June 2010, if any reasonably possible movement in interest rates had occurred such changes would have had an immaterial effect on profit or loss and equity.

4. Significant Accounting Judgements, Estimates And Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgments

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses.

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.

(ii) Significant accounting 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 16.

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 26. 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 2(l), 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 8.

5. Operating Segments

Identification of reportable segments

The Group has identified its operating segment 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 segment is identified by management based on the nature of the services provided (i.e. cognitive testing). Discrete financial information is reported to the executive management team on at least a monthly basis.

The reportable segment is determined by the services provided (i.e. cognitive testing), as this is the source of the Group's major risks and have the most effect on the rates of return.

Types of services

Cognitive testing

CogState's primary market 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.

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

Although cognitive testing is 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.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior period.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest revenue.
- Interest expense

The following table presents revenue and profit information regarding the only segment of cognitive testing for the years ended 30 June 2010 and 30 June 2009.

	Continuing Operations Cognitive Testing	
	2010 $	2009 $
Year ended 30 June 2009		
Revenue		
Sales to external customers	9,484,958	8,387,185
Other revenue	160,907	150,000
Total segment revenue	9,645,865	8,537,185
Interest Revenue	101,389	105,677
Total revenue per statement of comprehensive income	9,747,254	8,642,862
Result		
Operating profit	759,737	1,412,132
Non operating termination fees	(303,854)	(576,352)
Foreign exchange gain/(loss) realised and unrealised	(79,344)	456,860
Profit on disposal of assets	9,318	2,551
Segment result	385,856	1,295,191
Interest expense	(5,962)	(3,988)
Profit before tax per the statement of comprehensive income	379,894	1,291,203

6. Revenue

	Consolidated	
	2010 $	2009 $
Revenue		
Sale of services	9,264,313	8,266,798
Sale of tests	220,645	120,387
Total Sales revenue	9,484,958	8,387,185
Interest income	101,389	105,677
	9,586,347	8,492,862

7. Other Income

	Consolidated	
	2010 $	2009 $
Other income		
Government grants	160,907	150,000
	160,907	150,000

Government grants have been received for assistance in marketing the product to export markets. There are no unfulfilled conditions and contingencies attaching to these grants.

8. Expenses

		Consolidated	
		2010 $	2009 $
(a)	Cost of Sales		
	Direct project costs	(700,917)	(350,610)
	Direct employment expenses - salary & wages	(1,958,887)	(1,789,954)
	Direct bonuses	(101,752)	(110,214)
	Direct defined contributions plan expense	(86,730)	(72,948)
	Direct contractors	(81,175)	-
	Direct depreciation	(393,704)	(213,945)
	Direct travel	(232,632)	(136,747)
	Direct freight	(185,441)	(110,163)
	Direct expenses - other	(137,724)	(4,343)
		(3,878,962)	(2,788,924)
(b)	Finance costs		
	Finance charges paid on banking facilities	(24,637)	(18,507)
	Interest Expense	(5,962)	(3,988)
	Fair value loss on derivative	(27,152)	-
		(57,751)	(22,495)
(c)	Depreciation and amortisation included in profit or loss		
	Direct depreciation expense included in Cost of Sales		
	Direct depreciation	(393,704)	(213,945)
	Other indirect depreciation expenses		
	Depreciation and amortisation expense	(39,173)	(43,449)
	Total depreciation and amortisation expenses	(432,877)	(257,394)
(d)	Rental outgoing and relocation expenses		
	Minimum Lease payments	(164,518)	(127,809)
	Outgoings	(51,556)	(37,873)
		(216,074)	(165,682)

(e) Employee benefits expense

Employment expenses included in Cost of Sales		
Direct wages & salaries	(1,958,887)	(1,789,954)
Direct bonuses	(101,752)	(110,214)
Direct defined contributions plan expense	(86,730)	(72,948)
Direct contractors	(81,175)	-
	(2,228,544)	(1,973,116)
Other indirect employment expenses		
Wages and Salaries	(2,211,720)	(2,251,939)
Defined contributions plan expense	(102,641)	(133,885)
Annual leave provision	(130,807)	(51,680)
Long service leave provision	(17,118)	(27,776)
Share based payment expense	(341,044)	(237,389)
	(2,803,330)	(2,702,669)
Total employee benefits expense	(5,031,874)	(4,675,785)

(f) Research and development costs

Research & development costs charged directly to operating expenses in profit or loss	(61,274)	(200)

(g) Administrative expenses

General administration expenses	(248,349)	(230,449)
Communications expenses	(103,102)	(90,484)
Insurance expenses	(250,872)	(176,843)
ASX and share registry fees	(52,888)	(43,980)
Financial consultants	(111,675)	(102,126)
	(766,886)	(643,882)

(h) Non-operating item - Contract termination fees

Contract termination fees	(303,854)	(576,352)

These fees were incurred as a consequence of the termination of an outsourced project management contract and were payable by CogState to a supplier of contract management services. These fees were incurred outside of the normal operating activities of the Company.

Further contract termination fees arising from this matter are expected to be payable from future contracted revenues. The presently estimated amounts of these payments are

Year ending 30 June 2011: $170,000
Year ending 30 June 2012: $50,000

Refer Note 27(c) for further details.

9. Income Tax

The major components of the income tax expense/(benefit) are:

	Consolidated	
	2010 $	2009 $
(a) Income tax expense		
Current income tax		
Current income tax charge	83,998	106,271
R&D tax rebate	-	(204,994)
Income tax payable/(recoverable) for prior year	(6,839)	(230)
Deferred Income tax		
Relating to origination and reversal of temporary differences	(33,361)	(39,478)
Relating to the recognition of tax losses	(1,301,519)	
Income tax expense/(benefit) reported in the statement of comprehensive income	(1,257,721)	(138,431)
(b) Amounts charged or credited directly to equity		
Deferred income tax related to items charged or credited directly to equity		
Income tax expense/(benefit) reported in equity	-	-

(c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows		
Accounting profit/(loss) before tax	379,893	1,291,203
At the parent entity's statutory income tax rate of 30% (2009 30%)	113,968	387,361
R&D tax rebate	-	(204,994)
Income tax payable/(recoverable) for prior year	(6,839)	(230)
Expenditure not deductible for income tax purposes	89,660	92,605
Tax losses (recognised)/unrecognised	(1,440,568)	(372,753)
Recognition of net deferred tax asset/liability	(33,361)	(39,478)
Foreign tax rate adjustment and other translation adjustments	19,419	(942)
Income tax expense/(benefit) reported in the statement of comprehensive Income	(1,257,721)	(138,431)

	Statement of financial position		Statement of comprehensive income	
	2010 $	2009 $	2010 $	2009 $

(d) Recognised deferred tax assets and liabilities

Deferred income tax at 30 June relates to the following:

Deferred tax liabilities				
Accrued interest income	(8,310)	(4,391)	(3,919)	(998)
Unrealised foreign exchange gain	(12,480)	(941)	(11,538)	(941)
	(20,790)	(5,332)		

Deferred tax assets				
Unrealised foreign exchange loss	-	10,373	(10,373)	10,373
Provision for doubtful debts	162	1,323	(1,161)	1,323
Employment benefits	133,172	89,076	44,096	14,660
Accrued interest expense	1,106	-	1,106	(5,153)
Accrued expenses	21,571	6,986	14,585	(3,259)
Less unrecognised deferred tax asset	-	-	-	23,473
Unused tax losses	1,301,519	-	1,301,519	-
Foreign exchange movement on opening deferred tax balances	-	-	565	-
Deferred tax income/(expense)	1,457,530	107,758	1,334,880	39,478

(e) Benefit of income tax losses not brought to account

	Consolidated	
	2010 $	2009 $
Unused tax losses for which no deferred tax asset has been recognised	1,214,961	5,678,362
Potential asset calculated at 30%	364,488	1,703,509

The benefit will only be obtained if:

a) The company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised. Based on 2 years of taxable profits and our knowledge of future events including contracted and forecast sales this supports our view of sufficient future taxable profits being available to offset our unused tax losses;

b) The company continues to comply with the conditions for deductibility imposed by law; and

c) No changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

10. 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.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2010 $	2009 $
Net profit/(loss) attributable to ordinary equity holders	1,637,615	1,429,634

	2010 Number	2009 Number
Weighted average number of ordinary shares for basic earnings per share	65,938,466	63,807,490
Effect of Dilution Share options	3,440,508	4,730,000
Weighted average number of ordinary shares adjusted for the effect of dilution	69,378,974	65,215,333

11. Current Assets - Cash And Cash Equivalents

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Other short-term deposits represent certificates of deposit used to secure the Group's credit card facilities and other deposits with a maturity of greater than three months Despite their maturity term these deposits are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

The fair value of cash, cash equivalents, short term deposits, and other short term deposits is $3,092,436 (2009: $3,030,395).

	Consolidated	
	2010 $	2009 $
Cash at bank and in hand	664,218	1,044,645
Short-term deposits	1,512,494	1,826,450
Total cash and cash equivalents	2,176,712	2,871,095
Other short-term deposits	915,725	159,300
Total cash and short term deposits*	3,092,437	3,030,395

Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash flows, cash, cash equivalents and short term deposits comprise the following at 30 June:		
Cash at bank and in hand	664,218	1,044,645
Short-term deposits	1,512,494	1,826,450
Other short-term deposits*	915,725	159,300
	3,092,437	3,030,395

*Other short term deposits are readily convertible to cash

12. Current Assets - Trade And Other Receivables

	Consolidated	
	2010 $	2009 $
Trade receivables	1,624,012	2,113,661
Other receivables	-	36,775
Allowance for impairment loss (a)	(541)	(4,410)
	1,623,471	2,146,026

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of $541 (2009: $4,410) has been recognised by the consolidated group in the current year. These amounts have been included in revenue.

Movements in the provision for impairment loss were as follows:

	Consolidated	
	2010 $	2009 $
At 1 July	(4,410)	(465)
Charge for the year	(541)	(4,410)
Amounts recovered (provision written back)	4,410	465
Amounts written off (included in revenue)	-	-
At 30 June	(541)	(4,410)

At 30 June 2010 the aging analysis of trade receivables is as follows:

		0-30 days	31-60 days	61-90 days PDNI*	61-90 days CI+	+90 days PDNI*	+90 days CI+
2010	Consolidated	1,614,427	8,464	-	-	440	541
2009	Consolidated	2,103,219	-	-	-	6,033	4,410

*Past due not impaired (PDNI)

+Considered impaired (CI)

Receivables past due but not considered impaired are: Consolidated $440 (2009: $6,033). These amounts are not considered significant to the company and payment terms on them have not been re-negotiated. The company has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

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.

(b) Fair value and credit risk

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

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(d) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 3.

13. Current Assets – Other Current Assets

	Consolidated	
	2010 $	2009 $
Accrued income	157,467	14,638
Prepayments	59,350	28,597
Deposits paid	35,942	36,219
GST receivable	10,196	5,305
Income tax receivable	2,410	-
Deferred expenses	5,274	4,528
Total other assets	270,639	89,287

14. Non Current Assets - Investment In Joint Ventures

In May 2010 CogState formed a joint venture company Axon Sports LLC in partnership with Quixote Investments LLC, a Portland Oregon based investment group. As part of the agreement CogState will exclusively license its technology used to assess the cognitive condition of concussed athletes to Axon Sports for use in the North American market. Axon Sports will initially provide baseline and after-injury tests to young athletes across North America in ways that are easily accessible, convenient, affordable and understandable for all individuals.

	Consolidated	
	2010 $	2009 $
(a) Investment details		
Unlisted		
Axon Sports LLC	562,719	-
(b) Movement in carrying amount of the Group's investment in Axon Sports LLC		
At 30 June 2009	-	-
Initial investment in Axon Sports LLC	584,512	-
Share of losses	(21,793)	-
	562,719	-
(c) Summarised financial information		
Extract from Axon Sports LLC's statement of financial position		
Current assets	1,158,726	-
Non-current assets	17,256	-
	1,175,982	-
Current liabilities	(51,055)	-
Non-current liabilities	-	-
	(51,055)	-
Net assets	1,124,927	-
Share of Axon Sports LLC net assets	562,463	-
Extract from Axon Sports LLC's statement of comprehensive income		
Revenue	-	-
Expenses	(43,586)	-
Comprehensive income	(43,586)	-

There are no contingent liabilities relating to Axon Sports LLC.

15. Non Current Assets - Property, Plant And Equipment

	Consolidated
Office Furniture and Equipment Year ended 30 June 2010	$
At 1 July 2009, net of accumulated depreciation	698,061
Additions	985,729
Disposals	(15,006)
Depreciation charge for the year	(432,877)
At 30 June 2010, net of accumulated depreciation	1,235,907
At 1 July 2009	
Cost or fair value	1,274,207
Accumulated depreciation	(576,146)
Net Carrying amount	698,061
At 30 June 2010	
Cost or fair value	2,211,070
Accumulated depreciation	(975,163)
Net Carrying amount	1,235,907
Office Furniture and Equipment Year ended 30 June 2009	
At 1 July 2008, net of accumulated depreciation	478,414
Additions	480,994
Disposals	(3,953)
Depreciation charge for the year	(257,394)
At 30 June 2009, net of accumulated depreciation	698,061
At 1 July 2008	
Cost or fair value	801,009
Accumulated depreciation	(322,595)
Net Carrying amount	478,414
At 30 June 2009	
Cost or fair value	1,274,207
Accumulated depreciation	(576,146)
Net Carrying amount	698,061

16. Non Current Assets - Intangible Assets

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated
Intellectual Property Year ended 30 June 2010	$
At 1 July 2009	401,584
Additions - purchased intellectual property	-
At 30 June 2010	401,584
Year ended 30 June 2009	
At 1 July 2008	401,584
Additions - purchased intellectual property	-
At 30 June 2009	401,584

(b) Description of the Group's intangible assets

(i) Intellectual Property

Intangible assets include acquired intellectual property rights over key business technologies and processes. These intangible assets 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. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(c) Impairment losses recognised

(i) Continuing Operations

These assets were tested for impairment during the year ended 30 June 2010. No impairment loss was recognised for operations in the 2010 financial year.

(d) Impairment tests for intangibles with indefinite useful life

Acquired intellectual property rights have been allocated to one individual cash generating unit, which is a reportable segment, for impairment testing as follows:

• Cognitive testing cash generating unit;

Cognitive testing cash generating unit

The recoverable amount of the Cognitive testing 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. Management believes projections spanning a period greater than 3 years would be misleading due to CogState's short history and lack of stable trend indicators.

The pre-tax discount rate applied to cash flow projections is 20%.

Key assumptions used in value in use calculations for the Cognitive testing cash generating unit for 30 June 2010 and 30 June 2009.

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of the Cognitive testing cash generating unit.

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.

Bond rates - the yield on a three-year government bond rate at the end of the most recent financial year is used.

17. Current Liabilities - Trade And Other Payables

	Consolidated	
	2010 $	2009 $
Trade payables (a)	155,777	221,033
Other Payables Employee related payables	310,268	526,539
Accrued Payables	300,293	410,178
Revenue in advance (b)	365,119	40,973
	975,679	977,690

(a) Trade payables are non-interest bearing and are normally settled on 30-day terms.

(b) Revenue in advance

Revenue in advance represents amounts that have been invoiced and paid during the year but which have not been recorded as revenue during the year because of obligations under the particular sales contracts that have not been performed at year end.

(c) Fair value

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

18. Provisions

	Consolidated		
	Annual Leave $	Long Service Leave $	Total $
At 1 July 2009,	203,979	92,940	296,919
Arising during the year	293,430	63,451	349,335
Utilised	(209,870)	-	(202,324)
Unused amounts reversed	-	-	-
At 30 June 2010	287,539	156,391	443,930
Current 2010	287,539	118,384	405,923
Non-current 2010	-	38,007	38,007
	287,539	156,391	443,930
Current 2009	203,979	66,783	270,762
Non-current 2009	-	26,157	26,157
	203,979	92,940	296,919

19. Derivative Financial Instruments

	Consolidated 2010 $	Consolidated 2009 $
Current Liabilities		
Forward currency contracts – held for trading	27,152	-
	27,152	-

a) Instruments used by the group

Derivative financial instruments are used by the Group in order to hedge exposure to fluctuations in foreign currency rates.

(i) Forward currency contracts

Approximately 89% of the Group's sales are denominated in US Dollars, whilst approximately 73% of costs are denominated in AU Dollars. In order to protect against exchange rate movements, the Group has entered into forward currency contracts to sell US dollars. These contracts are hedging future transfers from US Dollars to AU dollars for working capital requirements and they are timed to mature monthly when its estimated AU Dollars will be needed.

At balance date, the details of outstanding contracts are:

	Amounts		Average exchange rates	
	2010 $	2009 $	2010 $	2009 $
Sell US$ maturity 3-15 months - consolidated	1,200,000	-	0.8420	-
	1,200,000	-	0.8420	-

Due to the uncertainty in determining the forward contracts effectiveness, the movements in the fair value of the forward contracts is recorded in profit or loss.

20. Contributed Equity

a) Ordinary Shares

	Consolidated	
	2010 $	2009 $
Ordinary Shares	14,303,130	14,197,010
Fully paid ordinary shares carry one vote per share and carry the right to dividends.		

	Number	$
Movement in ordinary shares on issue		
At 1 July 2008	51,891,764	12,853,184
Private placement - July 2008	7,783,765	799,393
Rights issue – General application September 2008	4,490,597	461,184
Rights issue – Directors September 2008	1,476,960	151,684
Transaction costs for above items	-	(68,435)
At 30 June 2009	65,643,086	14,197,010
At 1 July 2009	65,643,086	14,197,010
Exercise of options	709,831	106,120
At 30 June 2010	66,352,917	14,303,130

b) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The company achieved a profit for the first time in 2009. It was considered prudent at that time that no dividend be paid in respect of the year ended 30 June 2009. After consideration of working capital requirements to fund expansion into new markets, such as the Axon Sports joint venture in the USA, the Board has resolved that no dividend should be declared in respect of the year ended 30 June 2010.

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

21. Retained Earnings And Reserves

	Consolidated 2010 $	Consolidated 2009 $
Retained earnings		
Movement in retained earnings were as follows:		
Balance 1 July 2009	(10,196,689)	(11,626,323)
Net profit/(loss) for the year	1,637,615	1,429,634
Balance 30 June 2010	(8,559,074)	(10,196,689)
Share Option Reserve		
Movement in reserves were as follows:		
Balance 1 July 2009	935,857	698,468
Share based payments	341,044	237,389
Balance 30 June 2010	1,276,901	935,857
Employees	1,081,154	750,820
Non-employees	195,747	185,037
	1,276,901	935,857

Share option reserve

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 25 for further details of these plans.

This reserve is also used to record the value of equity benefits provided in share based payment transactions outside of the employee plan. In the financial year 2007 CogState issued two tranches of one million options each under separate underwriting agreements as part of its capital raising activities. These options have since lapsed however the value of these are recognised in this reserve.

Management have also granted options as compensation to an external consultant based in the US in recognition of his services to the company.

22. Parent Entity Information

	2010 $	2009 $
Information relating to CogState Ltd:		
Current assets	6,680,034	5,071,267
Total assets	8,260,990	6,237,012
Current liabilities	1,608,236	1,547,430
Total liabilities	1,608,236	1,573,587
Issued capital	14,303,130	14,197,010
Retained earnings	(8,775,755)	(10,393,747)
Share based payment reserve	1,125,377	860,162
Total shareholders' equity	6,652,752	4,663,425
Profit or loss of the parent entity	1,617,993	1,283,787
Total comprehensive income of the parent entity	1,617,993	1,283,787

Guarantee entered into by the parent entity in relation to lease of premises	88,784	-
Contractual commitments in relation to commercial leases	787,564	106,844

23. Statement Of Cash Flows

	Consolidated	
	2010 $	2009 $
Reconciliation of Net Profit/loss after tax to net cash flows from operations		
Net profit/(loss)	1,637,615	1,429,634
Adjustments for:		
Depreciation	432,877	257,394
Written down value of disposed plant and equipment	(8,815)	2,942
Net exchange differences	58,269	(115,736)
Share options expensed	341,044	237,389
Interest Received	(82,991)	(94,230)
Fair value of derivatives	27,152	-
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	522,555	(1,533,248)
(Increase)/decrease in prepayments	(30,753)	(5,420)
(Increase)/decrease in deferred tax assets	(1,349,773)	(41,417)
(Increase)/decrease in other assets	(148,188)	86,765
Increase/(decrease) in trade and other payables	(118,411)	600,526
Increase/(decrease) in income tax payable	(38,369)	3,865
Increase/(decrease) in deferred tax liabilities	15,457	1,940
Increase/(decrease) in provisions	151,178	84,171
Net cash generated by operating activities	1,408,847	914,575

24. Related Party Disclosure

(a) Subsidiaries

		% Equity Interest		Investments ($)	
Name	Country of Incorporation	2010	2009	2010	2009
CogState Inc	USA	100%	100%	13	13
CogState Sport Inc	USA	100%	-	562,719	-

(b) Ultimate parent

CogState Limited is the ultimate parent of the group.

(c) Jointly controlled entity

The Group has a 50% interest in Axon Sports LLC (2009: 0%), which will distribute the CogState Sport product in the US.

(d) Loans to subsidiaries

On 3 August 2006 CogState Inc received a loan of up to $1,000,000 from the ultimate parent company CogState Limited for working capital purposes at an interest rate of 8%, payable annually. CogState Limited may call on this loan at any time, by giving 30 days notice to CogState Inc, and require them to repay the whole, or part of the remaining balance. The maximum term of the loan ends on 2 August 2016.

On 17 June 2010 CogState Sport Inc received a loan from CogState Inc for the investment in Axon Sports LLC at an interest rate of 4.4%, payable annually. CogState Inc may call on this loan at any time, by giving 30 days notice to CogState Sport Inc, and require them to repay the whole, or part of the remaining balance.

(e) 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.

25. Key Management Personnel

(a) Compensation by category: Key Management Personnel

	Consolidated	
	2010 $	2009 $
Short Term	1,431,681	1,551,719
Post Employment	98,513	92,891
Other Long-Term	-	-
Termination Benefits	-	-
Share-based Payment	250,500	157,340
	1,780,694	1,801,950

The fair value of options granted as part of director and executive remuneration have been calculated 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.

(b) Option holdings of Key Management Personnel (Consolidated)

	Balance at beginning of period 1-Jul-09	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30-Jun-10	Vested at 30 June 2010 Total	Subject to Escrow	Exercisable	Not Exercisable
Directors									
M Myer *	1,735,262	100,000	-	-	1,835,262	1,670,818	-	1,670,818	-
R Morgan	315,000	100,000	-	-	415,000	250,556	-	250,556	-
D Simpson	315,000	100,000	-	-	415,000	250,556	-	250,556	-
M Wooldridge	315,000	100,000	-	-	415,000	250,556	-	250,556	-
B O'Connor	1,970,000	300,000	-	-	2,270,000	1,314,028	-	1,314,028	-
Executives									
P Maruff	2,268,153	-	-	-	2,268,153	1,775,375	-	1,775,375	-
D Darby	719,551	-	-	-	719,551	469,551	-	469,551	-
S Egholm	650,000	-	-	-	650,000	252,778	-	252,778	-
J Harrison	1,052,265	-	(574,414)	-	477,851	104,974	-	104,974	-
Total	9,340,231	700,000	(574,414)	-	9,465,817	6,339,192	-	6,339,192	-

	Balance at beginning of period 1-Jul-08	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30-Jun-09	Vested at 30 June 2009 Total	Subject to Escrow	Exercisable	Not Exercisable
Directors									
M Myer	1,590,262	145,000	-	-	1,735,262	1,590,262	-	1,590,262	-
R Morgan	170,000	145,000	-	-	315,000	170,000	-	170,000	-
D Simpson	170,000	145,000	-	-	315,000	170,000	-	170,000	-
M Wooldridge	170,000	145,000	-	-	315,000	170,000	-	170,000	-
B O'Connor	1,510,000	460,000	-	-	1,970,000	551,389	-	551,389	-
Executives									
P Maruff	1,508,153	760,000	-	-	2,268,153	1,410,931	-	1,410,931	-
D Darby	269,551	450,000	-	-	719,551	208,440	-	208,440	-
S Egholm	-	650,000	-	-	650,000	-	-	-	-
J Harrison	667,265	385,000	-	-	1,052,265	333,633	-	333,633	-
Total	6,055,231	3,285,000	-	-	9,340,231	4,604,655	-	4,604,655	-

* Of total option hold 1,080,150 are Investor Options issued conjunction with capital raising.

(c) Shareholdings of Key Management Personnel (Consolidated)

		Granted as Remuneration					
	Balance 1-Jul-09	Vested	Not Vested	Forfeited	Acquired via Rights issue	Acquired On-Market	Balance 30-Jun-10
Directors							
M Myer	12,500,000	-	-	-	-	510,000	13,010,000
R Morgan	323,513	-	-	-	-	-	323,513
D Simpson	607,538	-	-	-	-	-	607,538
M Wooldridge	120,743	-	-	-	-	-	120,743
B O'Connor	416,158	-	-	-	-	2,041,667	2,457,825
Executives							
D Darby	1,954,890	-	-	-	-		1,954,890

		Granted as Remuneration					
	Balance 1-Jul-08	Vested	Not Vested	Forfeited	Acquired via Rights issue	Acquired On-Market	Balance 30-Jun-09
Directors							
M Myer	8,197,941	-	-	-	1,298,075	3,003,984	12,500,000
R Morgan	279,289	-	-	-	44,224	-	323,513
D Simpson	524,489	-	-	-	83,049	-	607,538
M Wooldridge	104,237	-	-	-	16,506	-	120,743
B O'Connor	351,052	-	-	-	35,106	30,000	416,158
Executives							
D Darby	1,777,172	-	-	-	177,718		1,954,890

26. Share Based Payment Plans

(a) Recognised Share Based Payments Expenses

	Consolidated	
	2010 $	2009 $
Expense arising from equity settled share-based payment expenses	341,044	237,389

(b) Employee Share Option Plan, 'ESOP'

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. Until April 2009 the options were issued for a term of 10 years. The options are now issued for a period of 5 years.

In most cases, one third of the options are exercisable on the first anniversary of the date of the grant. The remaining two thirds of the options are progressively exercisable on a monthly basis over the following 24 months. In respect of options issued to Mr Brad O'Connor, Chief Executive Officer and approved by an Extraordinary Meeting of Shareholders on 22 February 2006, the following additional vesting conditions apply:

50% of the options can be exercised by Mr O'Connor when the share price of the Company's ordinary shares reaches $0.30 and for a period of at least one calendar month after the share price has reached $0.30, the average closing price of the Company's ordinary shares is at least $0.30 and the remaining 50% of the options can be exercised when the share price of the Company's ordinary shares reaches $0.40 and for a period of at least one calendar month after the share price has reached $0.40, the average closing price of the Company's ordinary shares is at least $0.40.

The options cannot be transferred and will not be quoted on the ASX. There are no cash settlement alternatives. There are currently 5 directors and 26 executives/staff eligible for this scheme.

CogState management has decided to suspend all allocations under the CogState Employee Option scheme until further notice as a result of recent tax changes in Australia that will impact staff members involved in the plan.

(c) Summaries of options granted under ESOP

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of and movement in share options issued during the year:

	2010	2010	2009	2009
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	10,810,530	$0.19	6,080,530	$0.23
Granted during the year	775,000	$0.25	5,135,000	$0.15
Forfeited during the year	(30,000)	$0.24	(405,000)	$0.19
Exercised during the year	(709,831)	$0.15	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	10,845,699	$0.20	10,810,530	$0.19

The outstanding balance as at 30 June 2010 is represented by

Number of options	Grant Date	Vesting Date	Expiry Date	Exercise Price
204,229	9-May-01	9-May-04	9-May-11	$0.24
75,640	30-Jan-02	30-Jan-05	30-Jan-12	$0.36
42,025	13-May-03	13-May-06	13-May-13	$0.36
63,034	13-Jul-03	13-Jul-06	31-Jul-13	$0.38
81,524	2-Nov-03	2-Nov-06	2-Nov-13	$0.38
331,975	27-Jan-04	27-Jan-07	27-Jan-14	$0.38
676,966	18-May-04	18-May-07	18-May-14	$0.28
138,750	15-Oct-04	15-Oct-07	15-Oct-14	$0.24
68,750	9-Feb-05	9-Feb-08	15-Jan-15	$0.19
407,872	30-May-05	30-May-08	30-May-15	$0.10
150,000	19-Jan-06	19-Jan-09	19-Jan-16	$0.12
847,500	22-Feb-06	22-Feb-09	1-Dec-15	$0.12
175,000	26-May-06	26-May-09	26-May-16	$0.28
600,000	9-Nov-06	9-Nov-08	9-Nov-10	$0.50
50,000	9-Nov-06	9-Nov-09	9-Nov-16	$0.19
600,000	17-May-07	17-May-10	17-May-17	$0.21
250,000	8-Aug-07	8-Aug-10	8-Aug-17	$0.17
250,000	25-Oct-07	25-Oct-10	25-Oct-17	$0.17
185,351	12-Dec-07	12-Dec-10	12-Dec-17	$0.17
1,527,083	5-Aug-08	5-Aug-11	5-Aug-18	$0.10
500,000	23-Oct-08	23-Oct-11	23-Oct-18	$0.15
1,040,000	24-Oct-08	24-Oct-11	24-Oct-18	$0.10
650,000	30-Apr-09	30-Apr-12	30-Apr-19	$0.20
1,155,000	26-Jun-09	26-Jun-12	26-Jun-14	$0.24
700,000	30-Oct-09	30-Oct-12	30-Oct-14	$0.24
25,000	31-Mar-10	31-Mar-13	31-Mar-15	$0.29
50,000	9-Mar-10	9-Mar-13	9-Mar-15	$0.30
10,845,699				

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding at 30 June 2010 is 6 years (2009: 7 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $0.10-$0.50 (2009: $0.10-$0.50).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was $0.1989 (2009: $0.1297).

(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 2010 and 30 June 2009:

	2010		
	30-Oct-09	9-Mar-10	31-Mar-10
Dividend yield (%)	0	0	0
Expected volatility (%)	69.91	68.95	68.66
Risk-free interest rate (%)	5.35%	5.26%	5.51%
Expected life of option (years)	3.5	3.5	3.5
Option exercise price ($)	0.24	0.3	0.29
Weighted average share price at grant date ($)	0.30	0.3	0.29

	2009				
	5-Aug-08	23-Oct-08	24-Oct-08	30-Apr-09	26-Jun-09
Dividend yield (%)	0	0	0	0	0
Expected volatility (%)	73.03	72.21	71.93	71.08	70.56
Risk-free interest rate (%)	6.50%	5.12%	5.08%	4.57%	5.19%
Expected life of option (years)	6.5	6.5	6.5	6.5	3.5
Option exercise price ($)	0.1027	0.15	0.1027	0.20	0.24
Weighted average share price at grant date ($)	0.15	0.15	0.15	0.20	0.24

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.

27. Commitments And Contingencies

(a) Operating lease commitments – Group as lessee

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.

During the period the CogState Ltd entered into an operating lease on new premises at Level 2 255 Bourke Street, the tenancy commenced on 1 April 2010 and will expire on 31 March 2015. CogState Ltd's operating lease in respect of its old premises in Melbourne, CogState Ltd's expires 26 August 2010.

During the period the CogState Inc also amended its operating lease and transferred to a new floor in the same premises. The new tenancy commenced on 1 July 2010 and will expire on 30 November 2016. CogState Inc's old tenancy ceased 30 June 2010.

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

	Consolidated	
	2010 $	2009 $
Within one year	188,575	134,085
After one year but no more than five years	1,066,262	123,899
More than five years	141,879	-
	1,396,716	257,984

(b) Contingent liabilities – Bank guarantee

CogState Limited has a bank guarantee in place for $88,783.75 in respect of the Company's obligations under the lease of premises at Level 2/255 Bourke Street, Melbourne.

(c) Contingent liabilities – contract termination fees

The payments of estimated contract termination fees for years ending 30 June 2011 and 30 June 2012, as referred to in Note 8(h), are contingent upon services being invoiced by CogState Limited to other parties during those financial years under existing sales contracts, which CogState Limited currently expects will occur.

28. Events After The Balance Sheet Date

No significant events have occurred after balance date.

29. Auditor's Remuneration

The auditor of CogState Limited is Ernst & Young.

Amounts received or due and receivable by Ernst & Young (Australia) for:

	Consolidated	
	2010 $	2009 $
- an audit or review of the financial report of the entity	52,888	47,750
- other services in relation to the entity	5,150	-
	58,038	47,750

Directors' Declaration

In accordance with a resolution of the directors of CogState Limited, we state that:

1) In the opinion of the directors:

   a) The financial statements and notes of the Company and of the Consolidated entity are in accordance with the Corporations Act 2001, including:

   i) Giving a true and fair view of the Company and the Consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

   ii) Complying with Accounting Standards and Corporations Regulations 2001; 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.

2) The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

3) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

On behalf of the Board

Martyn Myer AO
Chairman

Melbourne, 24th August 2010

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Independent auditors report

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, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. 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.

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

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Auditor's Opinion

In our opinion:

1. the financial report of CogState Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 32 of the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the Remuneration Report of CogState Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

Ernst + Young

Ernst & Young

JLonergan

Joanne Lonergan
Partner

Melbourne
24 August 2010

Shareholder Information

The shareholder information set out below was applicable as at 10 August 2010.

A. Distribution of Equity Securities

Numbers of equity security holders by size of holding, for each security type are:

Holding Range	Fully paid ordinary shares	Options over unissued shares
1 to 1,000	60	0
1,001 to 5,000	108	0
5,001 to 10,000	73	4
10,001 to 100,000	180	11
100,001 and Over	54	17
Total	475	32

Holding less than a marketable parcel	66

B. Equity Security Holders

Twenty largest equity security holders

The names of the twenty largest holders of ordinary shares are listed below:

No.	Shareholder Name	Quantity	%
1	Myer & Myer Pty Ltd	11,000,000	16.54%
2	GBS Venture Management Pty Ltd	6,470,868	9.73%
3	Asia Union Investments Pty Ltd	6,423,619	9.66%
4	Citicorp Nominees Pty Limited	3,728,187	5.61%
5	ANZ Nominees Limited	3,520,209	5.29%
6	J P Morgan Nominees Australia Limited	2,962,230	4.45%
7	Dr Peter Anthony Bick & Ms Melanie Jo Gribble	2,863,924	4.31%
8	Mr Bradley John O'Connor	2,214,656	3.33%
9	M F Custodians Ltd	2,010,000	3.02%
10	Ravenscourt Pty Ltd	2,000,000	3.01%
11	Daleford Way Pty Ltd	1,741,311	2.62%
12	Dr David Darby & Dr Beverley-Anne Rodan	1,331,514	2.00%
13	Beta Gamma Pty Ltd	1,000,000	1.50%
13	Howitt Nominees Pty Ltd	1,000,000	1.50%
14	Ellam Park Pty Ltd	876,921	1.32%
15	HSBC Custody Nominees (Australia) Limited	730,000	1.10%
16	A/Prof David Gordon Darby	623,376	0.94%
17	Mr David Alexander Simpson & Mrs Dawn Gentry Simpson	607,538	0.91%
18	Mrs Erica Margaret Strong	575,000	0.86%
19	Mr Campbell Dinwoodie Taylor	450,000	0.68%
20	Mr John Farms Scobie	400,000	0.60%
		52,529,353	78.99%

C. Unquoted equity securities

	Number on Issue	Number of Holders
Options to acquire ordinary shares	4,941,029	5*
Options to acquire ordinary shares, issued under the Directors' and Executives' Option Plan	10,845,699	29

* - Includes two holders who also hold options under the Directors' and Executives' Option Plan

D. Substantial Shareholders

Substantial shareholders of ordinary shares in the company are set out below:

Shareholder Name	Quantity	%
Martyn Myer	13,010,000	19.61%
GBS Venture Management Pty Ltd	6,470,868	9.75%
Asia Union Investments Pty Ltd	6,423,619	9.68%
Citicorp Nominees Pty Limited	3,728,187	5.62%
ANZ Nominees Limited	3,520,209	5.30%
	33,152,883	49.96%

E. Voting Rights

All ordinary fully paid shares carry one vote per share without restrictions.

Options do not carry a right to vote.

There is no current on market buy back.


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