

ASX ANNOUNCEMENT

22 AUGUST 2017

CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY FOR FINANCIAL REPORTING

Melbourne – 22 August, 2017: The cognitive science company, Cogstate Ltd (ASX:CGS) today advises that the functional currency of Cogstate Ltd and other entities in the Cogstate group have changed to US dollars from Australian dollars, effective from the commencement of the 2018 financial year. Consistent with this change, the presentation currency of the Group will also change to US dollars.

This change means that the financial information in the Company's quarterly ASX reports, as well as its half-year and full-year accounts, will be presented in US dollars.

Given that around 98% of Cogstate's revenue and more than 70% of its costs are denominated in US dollars, this change will provide shareholders with a more accurate reflection of the Company's underlying performance.

The restated consolidated profit or loss and other comprehensive income statement and consolidated statement of financial position for the year ended 30 June 2017 are expected to be reported as comparative information for the 2017/2018 reporting year.

Historical financial information has been restated to US dollars and provided on the following pages.

The financial information included in the attached statements for the years ended 30 June 2017 and 30 June 2016, previously reported in Australian dollars, has been restated to US dollars using the procedures outlined below:

1. The Income Statement has been translated into US dollars using the average foreign currency rates prevailing for the relevant period.
2. Assets and liabilities in the Statement of Financial Position have been translated into US dollars at the closing foreign currency rates on the relevant balance sheet dates.
3. The equity section of the Statement of Financial Position, including foreign currency translation reserve, retained earnings, contributed equity and other reserves have been translated into US dollars using historical rates.

The financial information presented has not been audited.

About Cogstate

Cogstate Ltd (ASX:CGS) is a leading science and technology solutions provider dedicated to optimising the measurement of cognition in clinical trials, academic research and healthcare. Cogstate provides enabling technologies and professional services for higher quality neuropsychological assessments and is a pioneer in commercialising rapid, reliable and sensitive computerised cognitive tests. Cogstate customers include the world's leading biopharmaceutical companies; elite sporting organisations and military; physicians and patients; renowned academic institutions and public-private partnerships. For more information visit www.cogstate.com.

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Change in Functional Currency – Prior Period Profit or Loss restated to USD

Consolidated Statement of Profit or Loss and other comprehensive income

	Year ended 30 June 2017	Consolidated Year ended 30 June 2016
Operations	\$	\$
Revenue	26,404,953	19,838,202
Finance income	56,145	58,128
Total Revenue	26,461,098	19,896,330
Cost of sales	(12,720,622)	(8,747,278)
Gross Profit	13,740,476	11,149,052
Other income	70,513	413,416
Employee benefits expense	(9,453,825)	(7,047,216)
Depreciation	(326,931)	(236,516)
Occupancy	(814,449)	(566,871)
Marketing	(442,878)	(525,481)
Professional fees	(464,126)	(334,451)
General Administration	(1,847,171)	(1,471,541)
Net foreign exchange loss	(370,334)	(78,265)
Travel expenses	(694,048)	(427,619)
Finance expenses	(58,443)	(48,573)
Other	(229)	(90,669)
(Loss)/profit before income tax	(661,445)	735,266
Income tax benefit/(expense)	18,106	1,185,782
(Loss)/profit from continuing operations	(643,339)	1,921,048
(Loss)/profit for the year	(643,339)	1,921,048
Total comprehensive income/(loss) for the year	(643,339)	1,921,048
(Loss)/profit is attributable to:		
Owners of Cogstate Limited	(643,339)	1,921,048
Total comprehensive (loss)/income for the year is attributable to:		
Owners of Cogstate Limited	(643,339)	1,921,048
Total comprehensive (loss)/income for the year attributable to owners of Cogstate Limited arises from:		
Continuing operations	(643,339)	1,921,048

Change in Functional Currency – Prior Period Balance Sheet Restated to USD

Consolidated statement of financial position

	Consolidated	
	30 June 2017	30 June 2016
ASSETS		
Current assets		
Cash and cash equivalents	7,157,027	5,548,178
Trade and other receivables	3,890,282	3,906,646
Other current assets	923,409	696,089
Total current assets	11,970,718	10,150,913
Non-current assets		
Property, plant and equipment	1,610,290	1,272,350
Deferred tax assets	2,884,932	2,855,279
Intangible assets	308,898	298,216
Total non-current assets	4,804,120	4,425,845
Total assets	16,774,838	14,576,758
LIABILITIES		
Current liabilities		
Trade payables and other liabilities	3,546,995	2,512,393
Provisions	1,610,465	1,251,825
Total current liabilities	5,157,460	3,764,218
Non-current liabilities		
Deferred tax liabilities	475,633	537,443
Provisions	59,421	25,675
Total non-current liabilities	535,054	563,118
Total liabilities	5,692,514	4,327,336
Net assets	11,082,324	10,249,422
EQUITY		
Contributed equity	23,915,433	23,269,918
Other reserves	(1,714,077)	(2,544,803)
Retained earnings	(11,119,032)	(10,475,693)
Capital and reserves attributable to owners of Cogstate Limited	11,082,324	10,249,422
Total equity	11,082,324	10,249,422

Net profit/(loss) from principal activities - summary

Clinical Trials	30 June 2017	30 June 2016
Revenue	26,187,137	19,756,418
Cost of sales	(8,636,366)	(5,759,269)
Gross Margin	17,550,771	13,997,149
Selling, General & Admin costs	(3,171,244)	(2,584,073)
Pass-through costs, net of recovery	36,859	(7,937)
Clinical Trials contribution	14,416,386	11,405,139
Healthcare (incl Sport)		
Revenue	205,045	66,784
Cost of sales	(844,605)	(365,398)
Other operating expenditure	(292,002)	(386,002)
Healthcare contribution	(931,562)	(684,616)
R&D (incl. academic research studies, normative data studies and new technology validation)		
Revenue	12,771	15,000
Cost of sales	(68,407)	(38,538)
Other operating expenditure - Salaries & Wages	(512,425)	(384,147)
R&D contribution	(568,061)	(407,685)
Product Development & Quality Assurance	(4,192,666)	(2,992,824)
IT Infrastructure	(1,053,593)	(798,340)
Share based payments (expense of Employee options)	(722,901)	(128,082)
Office & Facilities	(814,449)	(566,871)
Other operating expenditure	(6,514,064)	(5,492,671)
Other income, incl. R&D tax rebate	33,654	421,353
Interest Income	56,145	58,128
Net foreign exchange losses	(370,334)	(78,265)
Other Expenditure (Net)	(13,578,208)	(9,577,573)
Net Loss before tax	(661,445)	735,266

Profit contribution from the Clinical Trials segment

Clinical Trials	2013	2014	2015	2016	2017
Net New Business Awards USD	11,486,866	8,957,967	23,721,231	28,521,520	29,529,058
Revenue	11,617,878	9,894,305	13,140,256	19,756,418	26,187,137
Cost of Sales	(4,182,057)	(3,557,609)	(4,081,218)	(5,759,269)	(8,636,366)
Margin	7,435,821	6,336,696	9,059,038	13,997,149	17,550,771
<i>Gross Margin %</i>	<i>64%</i>	<i>64%</i>	<i>69%</i>	<i>71%</i>	<i>67%</i>
Selling, General & Admin costs	(678,987)	(772,651)	(1,608,794)	(2,584,073)	(3,171,244)
Pass-through costs, net of recovery	(59,478)	104,653	132,407	(7,937)	36,859
Clinical Trials contribution	6,697,356	5,668,697	7,582,651	11,405,139	14,416,386
<i>Profit Contribution/Revenue</i>	<i>58%</i>	<i>57%</i>	<i>58%</i>	<i>58%</i>	<i>55%</i>