

10 September 2015

Cambridge Cognition Holdings Plc
("Cambridge Cognition" or the "Company")**Half Yearly Report**

Cambridge Cognition Holdings plc, (AIM: COG), which specialises in development and marketing of computerised tests for detection and monitoring of neuropsychological disorders, including early detection of dementia, announces its Interim Results for the six months ended 30 June 2015.

The Company continues to build on last year's encouraging results with revenue growth, reduction in EBITDA losses and advances in product and technology developments in its three key business units:

- Pharmaceutical clinical trials
- Academic Research
- Healthcare technologies for point of care and digital health applications

Financial Highlights

- Total revenue up 17.7% to £2.93m (H1 2014: £2.49m)
- EBITDA losses reduced to £0.26m (H1 2014: £0.47m loss)
- Loss before tax reduced to £0.28m (H1 2014: £0.47m loss)
- Loss per share reduced to 1.7p (H1 2014: 2.9p)
- Cash balances of £1.26m (31 Dec 2014: £1.52m)

Operational Highlights

- Pharmaceutical clinical trial revenues up 20.1% to £1.91m
- Academic research revenues up 10.3% to £0.96m
- Appointment of first distribution partners for the Academic Research market
- The establishment of e-commerce and digital marketing capabilities enhanced the market reach of the pharmaceutical clinical trials and academic research business units
- Over 20,000 patients assessed using Cantab Mobile
- Extension of the Cantab Mobile marketing activity with the establishment of an occupational health service offering
- New technologies licensed from the Universities of Bristol and Cambridge to extend the healthcare technology platform
- Establishment of a commercial team in the US

Commenting on the results Steven Powell, Chief Operating Officer of Cambridge Cognition, said:

"We are excited by the opportunities presented by both the new product portfolio and the new US business development team. We have continued to grow revenues in the first half of the year while making significant commercial and technological advances; particularly in the healthcare technologies unit."

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CHIEF OPERATING OFFICER'S REVIEW

We are pleased to report our results for the first half of the year which builds on last year's return to growth. During the period we migrated our cognitive tests to the new cloud-based Connect range of products for both Pharmaceutical and Academic applications and expanded the new US commercial team. Significant investment and advancement in the Healthcare Technology unit has built on the use of the Cantab Mobile product in point of care testing as we highlighted earlier in the year.

Financial Results

Revenue in the period was up 17.7% to £2.93m (H1 2014: £2.49m), which reflects a strong underlying performance in both Clinical and Academic Software and Services sales. The important introduction of the cloud-based Connect range of products which allows customers to use iPads (rather than the pre-programmed touch screen tablets as used by the Cantab Solutions product range), is reflected in a reduction in Hardware sales which impacted on the percentage increase in total sales.

Total revenues from the Pharmaceutical Clinical Trials unit increased by 20.1% to £1.91m (H1 2014: £1.59m). Within this total, the higher margin Software and Services revenues increased 30.5% to £1.71m (H1 2014: £1.31m) and reflects the move away from lower margin hardware sales made possible by the introduction of the cloud-based Connect platform which, in time, will have a beneficial effect on future logistics costs.

	H1 2015 £m	H1 2014 £m	% Change
Hardware	0.18	0.23	(21.7)%
Software and Services	1.71	1.31	30.5%
Other	0.02	0.05	(60.0)%
Total	1.91	1.59	20.1%

Revenues from Academic Research performed well with sales up 10.3% to £0.96m (H1 2014: £0.87m) which included an 18.9% increase in Software and Services sales to £0.88m (H1 2014: £0.74m).

	H1 2015 £m	H1 2014 £m	% Change
Hardware	0.06	0.12	(50.0)%
Software	0.88	0.74	18.9%
Other	0.02	0.01	100.0%
Total	0.96	0.87	10.3%

The Academic Research business has benefitted significantly from the introduction of the first products on the cloud-based Connect platform and the introduction of an e-commerce facility and a strengthening of the digital marketing capability.

Sales from the Healthcare Technology business unit were up 75.0% to £56k (H1 2014: £32k) and, although the results are still modest, the prospects for the future are exciting and this unit is likely to be the source of significant new developments in the second half of the year as outlined in the Operational Review below.

Gross profit grew by 18.9% to £2.58m (H1 2014: £2.17m), reflecting an improvement in gross profit margin to 88.1% (H1 2014: 87.0%).

The operating loss for the period of £0.28m (H1 2014: £0.48m) is a 41.7% reduction on the equivalent period last year.

	H1 2015 £m	H1 2014 £m
Pharmaceutical Clinical Trials	0.28	(0.02)
Academic Research	0.30	0.45
Healthcare	(0.53)	(0.61)
Central Costs	(0.33)	(0.29)
Total	(0.28)	(0.47)

The Pharmaceutical Clinical Trials business produced an operating profit in the period following the 20.1% increase in revenue. The operating profit on the Academic Research business fell in the period as a consequence of investment in additional sales resource in the US and product development costs not incurred in H1 2014. Together, the profits made by these two business units were sufficient to absorb

unallocated central costs and still leave a surplus. Healthcare business costs in 2014 included £0.27m of one-off promotional costs associated with Cantab Mobile. Excluding these costs, investment in healthcare has increased by £0.19m over H1 2014 reflecting our commitment to this growth area.

Other investment in the period includes incremental spend of £0.18m on the US operation over and above that incurred in the same period last year. The full benefit of the additional resource added to the US operation of five sales and marketing personnel and two scientists was not felt throughout the first six months as they established themselves in the Company but we expect this investment to drive future revenue growth in all aspects of the business.

EBITDA showed a reduction in losses to £0.26m (H1 2014: £0.47m loss). Losses before tax were also reduced to £0.28m (H1 2014: £0.47m loss). As a result, loss per share improved to 1.7p (H1 2014: 2.9p). These results reflect the improved sales performance of 17.7% overall (Software and Services increase 26.2% overall) against an increase in Administrative expenses of only 4.1%.

There was a significant improvement in the net cash outflow from operations during the period, with net cash outflow from operating activities reduced to £0.27m (H1 2014: outflow of £0.65m). Cash balances at 30 June 2015 were £1.26m (as at 31 December 2014: £1.52m).

Operational Review

Pharmaceutical Clinical Trials

At the beginning of the year we opened an office in the US to increase our US sales presence and improve customer support and business development activities. Three additional members of staff were added to the clinical sales team and two to the scientific support team.

In the first half we launched our first efficacy products on our cloud-based Cantab Connect technology platform in the form of two Alzheimer's products targeting the pharmaceutical clinical market buoyed by recent positive data published by large pharmaceutical companies. In April 2015 we announced that the first product to be launched on the Cantab Connect platform had exceeded sales of £1m since launch and sales continue to develop well. In addition, our technology was utilised in two large, pharmaceutical clinical trials in the first half; one a Phase IIb/III study in Alzheimer's disease and the other a Phase IV project in ADHD.

In the second half we continue to demonstrate both our commercial and scientific credentials within the pharmaceutical sector as demonstrated by our presentation of five scientific posters and two podium presentations at this year's Alzheimer's Association International Conference, where we published new data generated in collaboration with pharmaceutical partners. We also continue to work with pharmaceutical customers on their clinical trials and are looking to secure additional contracts before the year end although changes in the regulatory environment could impact on the timing and size of these contracts.

Academic Research

With software sales up 19% in the period, the Academic team continues to focus on a series of clearly defined initiatives aimed at growing this business beyond the levels enjoyed in the past few years. With the opening of the US office we added two US based members of staff to the Academic sales team.

The launch at the start of the year of the cloud-based Cantab Connect product for Research applications has been well received. The initial launch was of six tests in one language and since then a further nine additional language variants have been introduced and five further tests will be added by the end of 2015. The expansion of the product features in this way is expected to further increase adoption of the new product during the remainder of 2015 and into 2016.

Geographic sales channels have been expanded with the addition of three new distributors. To date their impact has been limited as contracts were concluded only in the latter part of the period but we expect to see their contribution in the second half of the year.

In the second half of the year the Academic Business Unit will benefit from the launch of a new e-commerce site allowing academic researchers to purchase Cantab products online. The launch of this site has been accompanied by an increased investment in digital marketing which has enabled us to increase our profile in the academic market. We have also, post the reporting period, taken the significant step of making single CANTAB tests available to academic customers via the internet, enabling them to conduct small experimental studies without having to invest in long term multi-test licenses.

During the period we increased awareness of our products amongst new potential academic customers through the launch of a bursary award for young academic researchers, which offered a small financial award as well as the use of our product for three months. We received applications from over 110

academics, across more than 30 countries, many of which we have not previously sold to.

We also signed larger contracts with the University of Dundee for Cantab to be part of a consortium project called MATRICS (Multidisciplinary Approaches to Translational Research In Conduct Syndromes), as well as with the University of Melbourne for a Huntington's disease study.

Healthcare Technology

Having now exceeded 20,000 patient assessments the efficacy of Cantab Mobile, our iPad based CE-marked Class II medical device which detects the earliest signs of memory loss associated with dementia, is now well established. It has been validated in the largest single healthcare provider in the world and the product is now positioned to support the establishment of corporate partners for geographic expansion beyond the UK and into other applications such as providing a gatekeeping tool to support the development of Alzheimer's therapies. To extend our activity in dementia management, our healthcare team continues to work with the Brain Health Centre in trials of a new digital healthcare system designed to dramatically reduce the wait for more accurate dementia diagnosis. Clinical data collection has begun for this (UK) Technology Strategy Board funded project.

Having now established strong credentials for Cantab Mobile in the NHS, the next stage in the commercialisation of the product is to:

- Launch the product in new geographic markets via distribution partners.
- Extend the reach of the product for dementia assessment with the launch of a 'sister' product for use in secondary care, thus supporting the management of dementia patients along their treatment pathway.
- Apply the product to new opportunities in non-clinical fields. The first such opportunity is for executive health screening and, having completed a successful pilot study in the first half of 2015 and having secured our first corporate partnership, we are now launching a new entity, Cantab Corporate Health in conjunction with a specialist occupational health consultancy to market into and support this highly significant opportunity.

Occupational health affords a very significant near term opportunity. Managing the associated risk of cognitive health is now on the employer agenda with new initiatives such as The Alzheimer's Society guide for dementia friendly employers. This risk is only going to grow; by 2020, 32% of the working age population will be aged 50+ (Source: ONS). In parallel there is a new and growing drive to promote employee mental health wellbeing, including cognitive health, as a key to improved performance. Over 1.3m UK employees now work for employers signed up to the Charter of Employers Who Are Positive about Mental Health. These trends translate to a UK market for work related cognitive health assessments estimated to be of the order of £26m, which equates to 86 pence for every one of the 30.1m people currently in work in the UK. If the same metric applies in other countries it would mean a potential market value of £170m for the US alone.

In the longer term, we have now accessed a new and innovative battery of tests and technologies from our academic and clinical partners. These will enable us to develop cognitive assessments in new clinical applications such as depression and measure cognitive dysfunction in new ways, for example by monitoring facial expressions. In parallel, we are investigating working with commercial partners to apply both current and these new tests onto new platforms which will enable cognitive function to be measured at the point of care and by individuals to monitor their health. This naturally opens up significant new markets for Cambridge Cognition which will be accessed via partners, where we are the providers of science content. This will become an increasingly valuable component of our operations.

Board Changes

At the beginning of July 2015 we were extremely sad to announce that Nick Kerton would take an extended leave of absence from the Company due to a serious medical condition. In the interim I have joined the Board as Chief Operating Officer, acting as Chief Executive Officer. Nick continues to receive intensive treatment for his illness but remains in regular contact with the Company. We send him and his family our very best wishes and hope for a positive outcome to his treatment.

Also, effective 1 July 2015 Andy Blackwell was appointed Non-Executive Director, having been the Company's Chief Scientific Officer since 2007. Andy has built a strong science team at Cambridge Cognition and is responsible for our very strong profile in the field of Neuroscience.

Outlook

We have continued the direction set in 2014 through the first half of 2015 and the contributions from our three business units in this reporting period have laid the foundation for an encouraging year in which we will further develop our technology base to create new income streams.

The outcome for 2015 will be dependent on continued delivery of our commercial and technology pipelines across the business. We expect this to be a year of continued business development, particularly in our academic research and healthcare businesses.

Steven Powell
Chief Operating Officer
10 September 2015

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
For the six months ended 30 June 2015

		6 months to 30 June 2015	6 months to 30 June 2014	12 months to 31 December 2014
		Unaudited	Unaudited	Audited
	Note	£'000	£'000	£'000
Revenue	5	2,927	2,494	5,802
Cost of sales		(348)	(324)	(866)
Gross Profit		2,579	2,170	4,936
Administrative expenses		(3,028)	(2,911)	(5,583)
Other income		165	259	343
Operating (loss)	5	(284)	(482)	(304)
Finance income		-	9	9
Finance costs		-	-	-
(Loss) before tax		(284)	(473)	(295)
Income tax		(2)	-	122
(Loss) for the period attributable to the equity shareholders of the Company		(286)	(473)	(173)
Earnings per share (pence)	6			
Basic		(1.7)	(2.9)	(1.1)
Diluted		(1.7)	(2.9)	(1.1)

Total comprehensive income equates to the loss for the period reported above. All results relate to continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2015

	At 30 June 2015	At 30 June 2014	At 31 December 2014
Note	Unaudited £'000	Unaudited £'000	Audited £'000
Assets			
Non-current assets			
Goodwill	352	352	352
Property, plant and equipment	110	50	64
Total non-current assets	462	402	416
Current assets			
Inventories	77	104	185
Trade and other receivables	1,711	2,078	1,632
Cash and cash equivalents	1,260	1,593	1,519
Total current assets	3,048	3,775	3,336
Total assets	3,510	4,177	3,752
Liabilities			
Current liabilities			
Trade and other payables	1,637	2,455	1,703
Total liabilities	1,637	2,455	1,703
Equity			
Share capital	170	169	169
Share premium account	6,412	6,335	6,335
Other reserve	5,981	5,981	5,981
Own shares	(51)	(204)	(174)
Retained earnings	(10,639)	(10,559)	(10,262)
Total equity	1,873	1,722	2,049
Total liabilities and equity	3,510	4,177	3,752

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 June 2015

	Share capital £'000	Share premium £'000	Other reserve £'000	Own shares £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2014	169	6,335	5,981	(204)	(10,151)	2,130
Total comprehensive income for the period	-	-	-	-	(473)	(473)
Credit to equity for equity settled share based payments	-	-	-	-	65	65
Transactions with owners	-	-	-	-	65	65
Balance at 30 June 2014	169	6,335	5,981	(204)	(10,559)	1,722
Balance at 1 July 2014	169	6,335	5,981	(204)	(10,559)	1,722
Total comprehensive income for the period	-	-	-	-	300	300
Transfer on allocation of shares held in trust	-	-	-	30	(30)	-
Credit to equity for equity settled share based payments	-	-	-	-	27	27
Transactions with owners	-	-	-	30	(3)	27
Balance at 31 December 2014	169	6,335	5,981	(174)	(10,262)	2,049
Balance at 1 January 2015	169	6,335	5,981	(174)	(10,262)	2,049
Total comprehensive income for the period	-	-	-	-	(286)	(286)
Issue of new share capital	1	77	-	-	-	78
Transfer on allocation of shares in trust	-	-	-	123	(123)	-
Credit to equity for equity settled share based payments	-	-	-	-	32	32
Transactions with owners	1	77	-	123	(91)	110
Balance at 30 June 2015	170	6,412	5,981	(51)	(10,639)	1,873

CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6 months ended 30 June 2015

		6 months to 30 June 2015	6 months to 30 June 2014	12 months to 31 December 2014
	Note	Unaudited £'000	Unaudited £'000	Audited £'000
Net cash flows from operating activities	7	(271)	(654)	(693)
Investing activities				
Purchase of property, plant and equipment		(66)	(14)	(49)
Net cash flow used in investing activities		(66)	(14)	(49)
Financing activities	-			
Proceeds from the issue of share capital net of costs		78	-	-
Net cash flows from financing activities		78	-	-
Net increase in cash and cash		(259)	(668)	(742)
Cash and cash equivalents at start of period		1,519	2,261	2,261
Cash and cash equivalents at end of period		1,260	1,593	1,519

NOTES TO THE INTERIM FINANCIAL STATEMENT

1. General information

Cambridge Cognition Holdings plc ('the Company') and its subsidiaries (together, 'the Group') develops and commercialises computerised neuropsychological tests for sale worldwide, principally in the UK, the US and Europe.

The Company is a public limited company listed on the Alternative Investment Market ('AIM') of the London Stock Exchange (symbol COG) and is incorporated and domiciled in the UK. The address of its registered office is Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU.

The condensed consolidated interim financial statements were approved by the Board of Directors for issue on 9 September 2015.

The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

Statutory accounts of the Group for the year ended 31 December 2014 were approved by the Board of Directors on 11 March 2015 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements together with the comparative information for the six months ended 30 June 2015 have been reviewed, not audited.

The Company prepares its accounts in accordance with UKGAAP, which the Financial Reporting Council has announced is to change for reporting periods commencing on or after 1 January 2015. The Company has chosen to prepare its accounts in accordance with FRS101 from this date. If any shareholders of the Company object to this proposal, they should inform the Company in writing to its registered office by no later than 30 October 2015. This change will not impact the preparation of the Group's accounts.

2. Basis of preparation

Going concern basis

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

3. Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2014.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Consolidated Financial Information.

Revenue recognition

Trading operations recognise revenue with regard to amounts chargeable to customers under service contracts. The policy is to recognise revenue in respect of testing services upon achievement of milestones set out in the related agreements. This is expected to approximate to the timing of the physical performance of the service activity on such contracts.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the provision of continuous services set out in IAS 18 Revenue. The directors are satisfied that the significant risks and rewards are transferred and that recognition of the revenue over the duration of the contractual period is appropriate.

Goodwill

The Group reviews the carrying value of its goodwill balances which is allocated to Academic business unit by carrying out impairment tests at least on an annual basis. These tests require estimates to be made of the value in use which are dependent on estimates of future cash flows and long term growth rates.

Recovery of deferred tax assets

Deferred tax assets have not been recognised for deductible temporary differences and tax losses as management considers that there is not sufficient certainty that future taxable profits will be available to utilise those temporary differences and tax losses.

5. Segmental information

The analysis of revenue by business unit is as follows:

	6 months to 30 June 2015	6 months to 30 June 2014	12 months to 31 December 2014
	£'000	£'000	£'000
Pharmaceutical Clinical Trials	1,913	1,588	3,926
Academic Research	958	874	1,675
Healthcare Technology	56	32	201
	2,927	2,494	5,802

The analysis of revenue by product type is as follows:

	6 months to 30 June 2015	6 months to 30 June 2014	12 months to 31 December 2014
	£'000	£'000	£'000
Hardware	259	347	1,080
Software and services	2,631	2,085	4,583
Other	37	62	139
	2,927	2,494	5,802

The analysis of operating profit/ (loss) by business unit is as follows:

	6 months to 30 June 2015	6 months to 30 June 2014	12 months to 31 December 2014
	£'000	£'000	£'000
Pharmaceutical Clinical Trials	280	(22)	458
Academic Research	299	453	841
Healthcare Technology	(531)	(608)	(992)
Central costs	(332)	(296)	(611)
	(284)	(473)	(304)

The analysis of operating profit/(loss) allocates costs to the business unit to which they relate, including an allocation of support function costs. Central costs represent the Company's corporate costs.

6. Earnings per share

Calculation of loss per share is based on the following loss and numbers of shares:

	6 months to 30 June 2015 £'000	6 months to 30 June 2014 £'000	12 months to 31 December 2014 £'000
Earnings			
(Loss) for the period	(286)	(473)	(173)
	'000	'000	'000
Number of shares			
Basic weighted average number of shares	16,739	16,401	16,439

The basic weighted average number of shares excludes shares held by an Employee Benefit Trust. Fully diluted loss per share is calculated after showing the effect of outstanding options in issue. As the effect of the options would be to reduce the loss per share, the diluted loss per share is the same as the basic loss per share.

The number of shares in issue at 30 June 2015 was 17,043,124 (31 December 2014: 16,930,556).

7. Reconciliation of operating loss to operating cash flows

	6 months to 30 June 2015 £'000	6 months to 30 June 2014 £'000	12 months to 31 December 2014 £'000
(Loss) before tax	(284)	(473)	(295)
Adjustments for:			
Depreciation	20	17	38
Share-based payments charge	32	65	92
Finance costs	-	-	-
Operating cash flows before working capital movements	(232)	(391)	(165)
Change in inventories	108	19	(62)
Change in trade and other receivables	(201)	(1,231)	(663)
Change in trade and other payables	(66)	820	68
Cash generated by operations	(391)	(783)	(822)
Tax credit received	120	129	129
Net cash flows from operations	(271)	(654)	(693)

8. Copies of interim financial statements

Copies of the interim financial statements are available from the Company at its registered office at Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU. The interim financial information document will also be available on the Company's website www.cambridgecognition.com.