

ASX Announcement

Melbourne, 23 October 2008

CogState Reports First Profitable Quarter

Issues Profit Guidance for December Quarter

Highlights:

- **First profitable quarter recorded**
- **\$2 million sales revenue for the September 2008 quarter**
- **\$5 million sales revenue for the 12 months ended 30 September 2008**
- **\$3.5 million sales contracts signed during the quarter**
- **\$0.5 million net cash inflow from operations for the 12 months ended 30 September 2008 (after allowing for debtor movements)**

CogState Ltd (ASX:CGS) today announced that it recorded its first profitable result for the quarter ended 30 September 2008. The profit, in excess of \$0.5 million, was driven by sales revenue of \$2 million for the quarter.

Trailing twelve months revenue recorded for the year to 30 September 2008 exceeded \$5 million. That result is a 31% improvement on the \$3.8 million revenue recorded for the twelve months to 30 June 2008.

During the quarter, the company signed 16 contracts for clinical trials with a combined value of \$3.5 million. This compares to September 2007 quarter, when the company signed 6 contracts for clinical trials with a combined value of \$0.6 million.

As at 30 September, CogState had contracts in place that will generate a further \$3.1 million of revenue over the coming periods. The company expects \$2.2 million of that future revenue to be recognised during the 2009 financial year.

As at 30 September, CogState had cash reserves of \$1.9 million. Additionally trade debtors at 30 September were \$1.5 million, 91% of which were under 30 days. CogState expects full recovery of those debts within normal trading terms. After taking into account movements in trade debtors, the company reported that net cash inflow from operations for the trailing twelve months to 30 September was \$0.5 million. The net inflow from operations is before taking into account capital raised, interest received and foreign exchange gains.



Profit guidance for the next quarter

CogState has forecast revenue of at least \$1.5 million for the quarter ending 31 December 2008. That level of revenue would generate an operating break even result for the December quarter, thereby producing a profit for the half year ending 31 December 2008.

At this time the company has not provided profit guidance for the second half of the financial year.

About CogState

CogState Ltd (ASX: CGS) specialises in the development and commercialisation of rapid, computerised tests of cognition (brain function). The tests are sold to pharmaceutical, biotechnology, nutraceutical and functional food companies to quantify the effect of drugs or other interventions on human subjects participating in clinical trials.

Since sales into the clinical trials market began in 2004, CogState has secured agreements with organisations including Pfizer, AstraZeneca, GlaxoSmithKline, Merck, Abbott Laboratories, Centres for Disease Control (USA), ALZA Corporation (a member of the Johnson and Johnson group), Lundbeck and Organon USA. CogState is currently expanding its existing activities in the US and European clinical trial markets. For additional information:

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