



ASX Announcement

Melbourne, 23 February 2010

CogState reports solid half year profit

Highlights:

- **Half year NPAT of A\$0.5 million on revenue of A\$5.1 million in line with guidance previously issued**
- **Revenue increased by 31% delivering a 27% increase in operating profit to \$0.9 million**
- **Sales contracts to the value of A\$1.9 million signed since 1 January 2010, taking the value of sales contracts signed since 1 July 2009 to A\$8.2 million (US\$7.2 million)**
- **Contracts already in place will generate A\$5.7 million of revenue in future periods, of which A\$2.7 million is expected to be recognised in FY2010**

CogState Ltd (ASX: CGS) today released its Appendix 4D and Half Year Financial Report for the period ended 31 December 2009, recording a net profit after tax (NPAT) of A\$0.5 million.

NPAT declined by A\$0.8 million on the previous corresponding period (2008: A\$1.3 million). The decline in NPAT can be attributed to non-operating contract termination fees paid during the period (A\$0.2 million) and a decrease in foreign exchange gains compared to the prior period (A\$0.8 million). These two factors combined to reduce profit by A\$1.0 million.

Operating profit (measured as earnings before interest expense, grant income, tax, foreign exchange gain/loss and termination fees) grew by 27% to A\$0.9 million (2008: A\$0.7 million). The increase in operating profit was driven by a strong increase in revenues, up 31% to A\$5.1 million (2008: A\$3.9 million).

Sales Contracts

On January 27, 2010, CogState announced that 25 sales contracts had been signed during the half year to 31 December 2009 with a combined value of A\$6.3 million (US\$5.5 million).

Since 1 January 2010, CogState has signed a further five sales contracts with a combined value of A\$1.9 million (US\$1.7 million), taking the total value of contracts signed this financial year to A\$8.2 million (US\$7.2 million).



Presently, CogState has contracts in place that will generate A\$5.7 million of revenue in future periods. This is a 67% increase on the A\$3.4 million of contracted future revenue at the same time last year.

Of that contracted future revenue, A\$2.7 million is expected to be recognised before 30 June 2010.

Profit Guidance

CogState has not provided full year profit guidance at this stage. During this period of significant expansion of CogState's business, with revenue growing rapidly and, as a consequence, headcount and costs also increasing, there is enough uncertainty to make profit guidance extremely difficult at this time.

The Board plans to review the progress of outstanding sales proposals over the coming weeks, with the intention of providing full year profit guidance with the release of the third quarter business update.

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, Johnson & Johnson, Novartis, Lundbeck, Dainippon Sumitomo, Otsuka, Servier, along with a number of other organisations.

For further information:

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