



ASX Announcement

Melbourne, Thursday 16th July 2009

CogState Unaudited Results – Year Ended 30 June 2009

Highlights:

- NPAT \$1.38 million – \$2 million improvement on the previous year
- Sales Revenue up 120% to \$8.39 million
- Signed sales contracts up 85% to \$9.29 million
- Cash and debtors of more than \$5 million at 30 June 2009

Based on unaudited financial statements, CogState (ASX:CGS) today announced its anticipated financial results for the year to 30 June 2009. Audited financial statements will be released on 25 August 2009. All figures are stated in Australian dollars.

NPAT

CogState expects to record a Net Profit After Tax (NPAT) of approximately \$1.38 million for the year to 30 June 2009. The NPAT result is an improvement of more than \$2 million on the loss of \$0.75 million recorded for the 2008 financial year.

The difference in expected NPAT to the previously issued guidance in the range of \$1.5 - \$1.75 million was primarily caused by movements in the Australian dollar, relative to the US dollar. CogState, which invoices almost exclusively in US dollars, suffered a decrease in margins, particularly in May and June, because of the strengthening Australian dollar.

Since CogState released its initial profit guidance in February 2009, the value of the Australian dollar has increased by more than 20%, decreasing forecast NPAT by more than \$0.6 million. While CogState forecasts did allow for currency fluctuations and the impact of such fluctuations on net earnings, the rate of increase in the value of the Australian dollar exceeded all consensus expert projections for the currency range over the relevant period.

Analysis of the unaudited results shows that the NPAT for the second half of the year was impacted significantly by the following items:

- Loss on foreign exchange of \$188,000, a variance of \$833,000 from the first half gain of \$645,000;
- Payments made to United Biosource Corporation, including termination costs following cessation of the strategic partnership, during the second half of the financial year totalling \$760,000, a variation of \$720,000 from the first half payments of \$40,000. Such payments will not be made in respect of any sales contracts quoted and executed after May 2009.
- Increased staff costs for the second half of the year totalling \$550,000, which comprise mostly bonus payments made in respect of the full year to 30 June 2009.

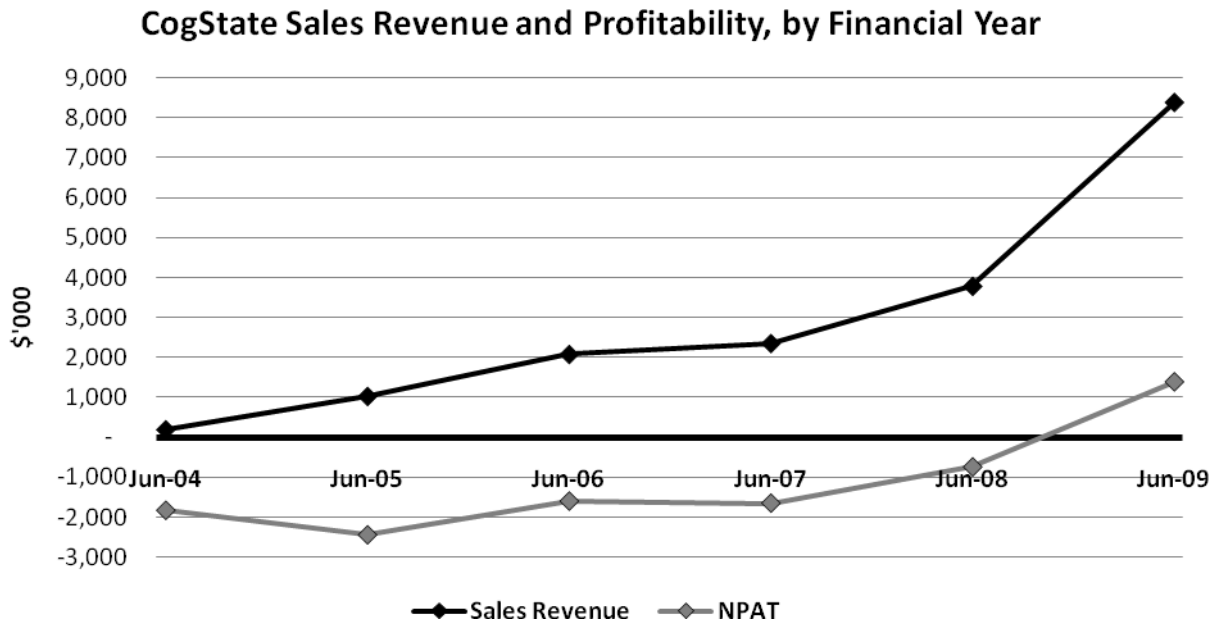


Sales Revenue

The demand for CogState's services remained strong during the second half of the financial year. The unaudited financial statements show that gross sales revenue for the year to 30 June 2009 was \$8.39 million, an increase of more than 120% on the \$3.78 million sales revenue recorded for the year to 30 June 2008.

Sales revenue for the June 2009 quarter was a record \$2.82 million, a 41% improvement on the previous best revenue quarter (Sept 2008: \$1.99 million) and 115% improvement on the previous corresponding quarter (June 2008: \$1.31 million).

The graph below shows the improvement in CogState sales revenue and profitability over the period since listing on the ASX:



CogState continues to experience strong trading conditions. The amount of quotes currently outstanding in respect of upcoming clinical trials is encouraging. CogState hopes to secure a number of these contracts within the September 2009 quarter.

Sales Contracts

During the financial year, CogState signed sales contracts to the value of \$9.29 million, an increase of 85% on the \$5.02 million worth of contracts signed during the 2008 financial year. The average value of contracts signed during the 2009 financial year was \$0.29 million, up from \$0.14 million for the previous financial year. The increase in average contract value reflects the increased use of CogState in larger phase II clinical trials.



Cash & Debtors

At 30 June 2009, CogState had cash resources in excess of \$3 million (June 2008: \$1 million). The net cash inflow from operations during the year to 30 June 2009 exceeded \$1 million.

Additionally, at 30 June 2009, CogState's trade debtors totalled more than \$2 million (June 2008: \$0.6 million). All trade debts are considered recoverable under normal trading terms. CogState has not written off any debts as bad during the year to 30 June 2009.

CogState has no external debt, other than operating trade creditors, and net assets of approximately \$4.8 million at 30 June 2009.

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 additional information:

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