



CogState Limited
ABN 80 090 975 723

**Appendix 4D Information and Condensed Half-Year Financial
Report**

For the half-year ended 31 December 2008

CORPORATE INFORMATION

ABN 80 090 975 723

Directors

Mr Martyn Myer AO (Chairman)
Mr Brad O'Connor (Chief Executive Officer)
Mr Richard Morgan
Mr David Simpson
Dr Michael Wooldridge

Company Secretary

Mr Tony Panther

Registered Office

Level 7
21 Victoria Street
Melbourne Vic 3000

Share Register

Link Market Services
Level 1, 333 Collins Street, Melbourne, Victoria, 3000
Telephone: 1300 554 474

Auditors

Ernst & Young

Stock Exchange Listing

CogState Limited shares are listed on the Australian Stock Exchange.
Market code: CGS

Internet Address

www.cogstate.com

TABLE OF CONTENTS

Appendix 4D Information.....	4
Half year financial report	6

Appendix 4D Information**Reporting period: 1 July 2008 to 31 December 2008****Reporting corresponding period: 1 July 2007 to 31 December 2007***(Appendix 4D item 1)*

	31 Dec 2008	31 Dec 2007	
Revenue from ordinary activities <i>(Appendix 4D item 2.1)</i>	\$3,922,694	\$1,670,346	134.8% improvement
Profit/(Loss) from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	\$1,291,216	(\$604,463)	\$1,895,679 improvement (percentage change not applicable as result has moved from loss to profit)
Net Profit/(Loss) for the period attributable to members <i>(Appendix 4D item 2.3)</i>	\$1,291,216	(\$604,463)	\$1,895,679 improvement (percentage change not applicable as result has moved from loss to profit)

Dividends / Distributions*(Appendix 4D items 2.4, 2.5 and 2.6)*

No dividends have been paid or declared during the period and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2008.

Explanation of Revenue*(Appendix 4D item 2.6)*

	2008	2007
Sales to customers	\$3,867,143	\$1,638,908
Interest received	\$55,551	\$31,438
	<u>\$3,922,694</u>	<u>\$1,670,346</u>

Revenue from contracted services, predominantly relating to the provision of cognitive testing services within clinical trials, is recognised according to the stage of completion of the work under each contract.

There can be a timing difference between the issue of invoices by CogState to customers and the ultimate recognition of the revenue relating to the invoice.

At 31 December 2008, Revenue in Advance (amounts invoiced to customers, but not recognised as revenue) totalled \$47,659 (30 June 2008: \$73,615).

“Revenue in Advance” is shown as a liability (included within “Trade and Other Payables”) on the Balance Sheet.

Appendix 4D Information (continued)**Explanation of Net Profit***(Appendix 4D item 2.6)*

The total profit for the period was \$1,291,216, an improvement of \$1,895,679 on the previous corresponding period (2007: loss of \$604,463).

Revenue has grown by 134.8%, compared to the previous corresponding half year.

Net revenue from clinical trials (after direct costs of conducting trials of \$1,088,831, 2007: \$637,865) totalled \$2,778,312 for the half year ended 31 December 2008; an increase of 177.5% compared to the half year ended 31 December 2007 (\$1,001,043).

Total operating expenses (excluding direct costs of conducting trials and foreign exchange movements) for the half year ended 31 December 2008 totalled \$2,106,589 (2007: \$1,593,523) an increase of 32.2% compared to the previous corresponding period.

Employment costs of \$2,060,840 (2007: \$1,526,238) accounted for 64.5 % of total direct trial costs and operating costs (2007: 68.4 %).

Foreign exchange gains for the half year ended 31 December 2008 totalled \$645,384 (2007: loss of \$36,405).

Net Tangible Assets Per Security*(Appendix 4D item 3)*

31-Dec-08	31-Dec-07
6.5 cents	3.1 cents

COGSTATE LIMITED

CONDENSED HALF-YEAR REPORT – 31 DECEMBER 2008

Table of Contents

DIRECTORS' REPORT	7
AUDITOR'S INDEPENDENCE DECLARATION.....	10
INCOME STATEMENT	11
BALANCE SHEET	12
CASH FLOW STATEMENT	13
STATEMENT OF CHANGES IN EQUITY	14
NOTES TO THE HALF YEAR FINANCIAL STATEMENTS	15
DIRECTORS' DECLARATION.....	24
INDEPENDENT REVIEW REPORT TO MEMBERS.....	25

DIRECTORS' REPORT

Your directors submit their report for the half year ended 31 December 2008.

This half year report covers the consolidated entity comprising CogState Limited and its subsidiary, CogState Inc. (the Group).

DIRECTORS

The names of the company's directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Martyn Myer AO (Chairman, Chairman of the Audit Committee)

Mr Brad O'Connor (Chief Executive Officer)

Mr Richard Morgan

Mr David Simpson

Dr Michael Wooldridge

REVIEW AND RESULTS OF OPERATIONS

CogState's primary market is cognitive testing in clinical trials. In this market, CogState's technology and associated services are used to quantify the effect of disease and of drugs, devices or other interventions on human subjects participating in clinical trials conducted by pharmaceutical, biotechnology, nutraceutical and functional food companies.

CogState conducts its operations from offices in Australia, the USA and the UK.

Revenue from the sale of cognitive testing technology has continued to grow during the half year. Revenue from the provision of cognitive testing services for the half year ended 31 December 2008 (\$3,867,143) increased 136.0% compared to the half year ended 31 December 2007 (\$1,638,908).

Net revenue from clinical trials (after direct costs of conducting trials of \$1,088,831, 2007: \$637,865) totalled \$2,778,312 for the half year ended 31 December 2008; an increase of 177.5% compared to the half year ended 31 December 2007 (\$1,007,326).

The total profit for the period was \$1,291,216, an improvement of \$1,895,679 on the previous corresponding period (2007: loss of \$604,463). The profit before income tax was \$1,372,658, an improvement of \$1,970,105 on the previous corresponding period (2007: loss before income tax of \$597,447).

The improved performance reflected increases in the number of sales contracts signed during the period, the average value of those contracts and improved trading conditions produced by a weaker Australian dollar relative to the US dollar.

Total operating expenses (excluding direct costs of conducting trials and foreign exchange movements) for the half year ended 31 December 2008 totalled \$2,106,589 (2007: \$1,593,523) an increase of 32.2% compared to the previous corresponding period.

Employment costs of \$2,060,840 (2007: \$1,526,238) accounted for 64.5 % of total direct trial costs and operating costs (2007: 68.4 %).

DIRECTORS' REPORT (continued)

Foreign exchange gains for the half year ended 31 December 2008 totalled \$645,384 (2007: loss of \$36,405). These gains arose mainly on the Group's \$US-denominated trade debtors and \$US bank accounts and were generated by the significant fall in the \$A against the \$US during the July – October 2008 period. Virtually all of the Group's sales are made in \$US.

Full time equivalent employees at 31 December 2008 totalled 27, (increased from 25 as at 30 June 2008), compared to 22 full time equivalent employees at 31 December 2007.

In August/September 2008 CogState successfully raised an additional \$1,343,826 (net of transaction costs) in share capital by way of a private placement to United BioSource Corporation (UBC) and through a 1 for 10 rights issue. The rights issue was fully underwritten by UBC and the company's directors.

The funds were raised for general working capital requirements, allowing the Company to continue expansion in the clinical trial market while also allowing for investment of resources in the potentially lucrative home testing and work place markets.

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION

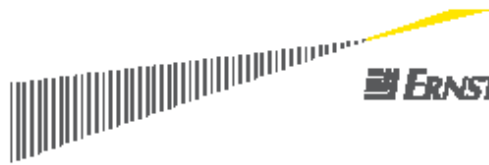
We have obtained the following independence declaration from our auditors, Ernst & Young, as presented on page 10.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Martyn Myer', is written over a light blue rectangular background.

Mr Martyn Myer AO
Chairman
Melbourne, 25th February 2009

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration to the Directors of CogState Limited

In relation to our review of the financial report of CogState Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Joanne Lonergan
Partner

Melbourne
25 February 2009

Liability limited by a scheme approved
under Professional Standards Legislation

**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

		Consolidated	
	Note	2008	2007
		\$	\$
Operations			
Sale of services	4(a)	3,867,143	1,638,908
Finance revenue	4(a)	55,551	31,438
Revenue		3,922,694	1,670,346
Cost of sales	4(b)	(1,088,831)	(637,865)
Gross profit		2,833,863	1,032,481
Employee benefits expense	4(c)	(1,194,602)	(998,954)
Depreciation and amortisation expense	4(d)	(21,161)	(8,288)
Occupancy expenses		(85,458)	(71,908)
Marketing expenses		(28,183)	(37,992)
Accounting and auditing expenses		(88,645)	(72,233)
Administrative expenses	4(e)	(356,725)	(262,549)
Legal expenses		(18,155)	(21,504)
Travel expenses		(299,543)	(114,083)
Third party research and development expenses		-	(150)
Sales Commissions		(2,585)	(866)
Finance costs	4(f)	(11,532)	(4,996)
Foreign exchange gain/(loss) realised & unrealised		645,384	(36,405)
Profit/(loss) from operations before income tax		1,372,658	(597,447)
Income tax (expense)/benefit		(81,442)	(7,016)
Profit/(loss) after tax from operations		1,291,216	(604,463)
Net profit/(loss) for the period		1,291,216	(604,463)
Earnings per share (cents per share)			
- basic for profit/(loss) attributable to ordinary equity holders		2.08	(1.25)
- diluted for profit/(loss) attributable to ordinary equity holders		2.06	(1.25)

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

		Consolidated	
	Note	31-Dec-08	30-Jun-08
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	796,804	508,247
Trade and other receivables	6	1,198,303	612,778
Other short term deposits	5	1,979,870	539,960
Prepayments		79,316	23,177
Other current assets		74,459	147,453
Total Current Assets		4,128,752	1,831,615
Non-current Assets			
Plant and equipment		689,395	478,414
Intangible assets		401,584	401,584
Deferred tax assets		61,100	66,341
Total Non-current Assets		1,152,079	946,339
TOTAL ASSETS		5,280,831	2,777,954
LIABILITIES			
Current Liabilities			
Trade and other payables		250,892	600,318
Interest-bearing debt		30,555	-
Provisions		247,233	206,631
Income tax payable		52,914	32,094
Deferred tax liabilities		3,393	3,393
Total Current Liabilities		584,987	842,436
Non-current Liabilities			
Provisions		16,819	10,189
Total Non-current Liabilities		16,819	10,189
TOTAL LIABILITIES		601,806	852,625
NET ASSETS		4,679,025	1,925,329
EQUITY			
Contributed equity	9	14,197,010	12,853,184
Accumulated losses		(10,335,107)	(11,626,323)
Reserves		817,122	698,468
TOTAL EQUITY		4,679,025	1,925,329

**CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Note	Consolidated	
		2008	2007
		\$	\$
Cash flows from operating activities			
Receipts from customers		3,557,256	1,000,833
Payments to suppliers and employees		(3,074,594)	(2,154,037)
Net cash flows from/(used in) operating activities		<u>482,662</u>	<u>(1,153,204)</u>
Cash flows from investing activities			
Interest received		25,406	31,773
Purchase of property, plant & equipment		(287,112)	(120,767)
Net cash flows used in investing activities		<u>(261,706)</u>	<u>(88,994)</u>
Cash flows from financing activities			
Proceeds from issue of shares		1,412,261	1,000,000
Transaction costs of issue of shares		(68,435)	(50,000)
Repayment of debt		(71,295)	(70,033)
Interest payments		(2,791)	(2,536)
Net cash flows from financing activities		<u>1,269,740</u>	<u>877,431</u>
Net increase/(decrease) in cash and cash equivalents		1,490,696	(364,767)
Net foreign exchange differences		237,771	(27,724)
Cash and cash equivalents at beginning of period		<u>1,048,207</u>	<u>1,250,053</u>
Cash and cash equivalents at end of period	5	<u><u>2,776,674</u></u>	<u><u>857,562</u></u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Consolidated			
	Issued Capital	Retained earnings	Other Reserves	Total
		\$	\$	
As at 1 July 2007	11,903,184	(10,879,827)	560,345	1,583,702
Total income and expense for the period recognised directly in equity	-	-	-	-
Profit / (loss) for the period	-	(604,463)	-	(604,463)
Total	11,903,184	(11,484,290)	560,345	979,239
Issue of Share Capital	950,000	-	-	950,000
Exercise of options	-	-	-	-
Cost of share-based payment	-	-	79,719	79,719
Equity dividends	-	-	-	-
As at 31 December 2007	12,853,184	(11,484,290)	640,064	2,008,958
As at 1 July 2008	12,853,184	(11,626,323)	698,468	1,925,329
Total income and expense for the period recognised directly in equity	-	-	-	-
Profit / (loss) for the period	-	1,291,216	-	1,291,216
Total	12,853,184	(10,335,107)	698,468	3,216,545
Issue of Share Capital	1,343,826	-	-	1,343,826
Exercise of options	-	-	-	-
Cost of share-based payment	-	-	118,654	118,654
Equity dividends	-	-	-	-
As at 31 December 2008	14,197,010	(10,335,107)	817,122	4,679,025

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008****1. CORPORATE INFORMATION**

The condensed financial report of CogState Ltd (the Group) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 25 February 2009.

CogState Ltd is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange (ASX:CGS).

The nature of the operations and principal activities of the Group are described in note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of CogState Limited as at 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by CogState Limited and its controlled entity during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of Preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards, including AASB134 *Interim Financial Reporting*. The half-year financial report has been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2008, except for the adoption of any mandatory amending standards.

(c) Reclassification of components of Cost of Sales – refer Note 4(b)

Commencing 1 July 2008, the Group has, in order to better assess the direct costs associated with the Group's clinical trial sales, reclassified a number of operational costs as "direct" costs and included these in the Cost of Sales on the Income Statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

These costs are:

- direct employment expenses, being employment costs of science, project management and sales staff;
- direct depreciation, being the depreciation expense of computer hardware used in clinical trial operations; and
- direct travel and freight, being those travel and freight costs incurred in connection with clinical trials.

This presentation required a reclassification of corresponding relevant expense types in the prior year comparatives, where material. The amounts reclassified were:

	2007
	\$
Employment costs	527,284
Depreciation	30,335
Travel	19,089
Total expenses reclassified as Cost of sales expenses	<u>576,708</u>

The reclassification of these expense items in the prior year comparatives does not affect the net loss of the comparative period.

(d) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of CogState Ltd and its subsidiary CogState Inc. as at 31 December 2008 ('the Group').

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible, are considered when assessing whether the group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

In preparing the consolidated financial statements all intercompany balances and transactions, income and expenses and profit and losses resulting from the intra group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the group and cease to be consolidated from the date in which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and the contingent liabilities assumed at the date of acquisition.

3. SEGMENT INFORMATION

The following tables present revenue and profit information and certain asset and liability information regarding the only business segment of cognitive testing for the six months ended 31 December 2008 and 31 December 2007.

The Group's primary segment reporting format is business segments as the Group's risks and rates of return are affected predominantly by these products and services produced. Secondary segment information is reported geographically, as the Group's operations are based in Australia, with the majority of sales to international companies.

The geographical segments are determined based on the domicile of the customer.

3. SEGMENT INFORMATION (continued)

	Operations	
	Cognitive Testing	
	2008	2007
	\$	\$
Half Year ended 31 December		
Revenue		
Sales to external customers	3,867,143	1,638,908
Revenue from operations	3,867,143	1,638,908
Unallocated Revenue	55,551	31,438
Segment Revenue	3,922,694	1,670,346
Result		
Segment result	1,479,950	(525,745)
Unallocated Expense	(2,791)	(2,536)
Profit/(loss) before tax and finance costs	1,477,159	(528,281)
Finance costs	(104,501)	(69,166)
Profit/(loss) before tax	1,372,658	(597,447)
Income tax expense	(81,442)	(7,016)
Profit/(loss) for the six months	1,291,216	(604,463)
Assets and liabilities		
Segment assets	5,186,395	2,800,000
Unallocated Assets	94,436	50,133
Total Assets	5,280,831	2,850,133
Segment liabilities	601,806	841,175
Total liabilities	601,806	841,175
Other Segment information		
Capital expenditure	299,594	120,767
Non-cash expenses: Depreciation	(21,161)	(38,623)
Cash flow information		
Net cash flows from/(used in) operating activities	482,662	(1,153,204)
Net cash flows from/(used in) investing activities	(261,706)	(88,994)
Net cash flows from/(used in) financing activities	1,269,740	877,431

3. SEGMENT INFORMATION (continued)

	2008	2007
	\$	\$
Geographical Segments		
Revenue		
Sales to external Customers		
Asia Pacific	126,481	289,074
USA and Canada	3,173,839	646,691
Europe	559,541	701,865
South Africa	7,282	1,279
Segment revenue	3,867,143	1,638,908
Revenue from operations	3,867,143	1,638,908
Unallocated revenue	55,551	31,438
Total revenue	3,922,694	1,670,346
Other Segment Information		
<i>Segment Assets</i>		
Asia Pacific	4,765,120	2,620,998
USA and Canada	421,275	179,002
Total	5,186,395	2,800,000
Unallocated assets	94,436	50,133
Total net assets	5,280,831	2,850,133
<i>Capital Expenditure</i>		
Asia Pacific	299,594	120,199
USA and Canada	-	568
Total	299,594	120,767

4. REVENUE, INCOME AND EXPENSES

	Consolidated	
	2008	2007
	\$	\$
(a) Revenue		
Sale of services	3,867,143	1,638,908
Finance revenue	55,551	31,438
	3,922,694	1,670,346
Finance Revenue		
Bank interest receivable	55,551	31,438

4. REVENUE, INCOME AND EXPENSES (continued)

	Consolidated	
	2008	2007
	\$	\$
(b) Cost of sales		
Direct project costs	(78,266)	(61,157)
Direct employment expenses	(866,238)	(527,284)
Direct depreciation	(77,453)	(30,335)
Direct travel	(50,121)	(19,089)
Direct freight	(16,753)	-
	<u>(1,088,831)</u>	<u>(637,865)</u>
(c) Employee benefits expense		
Employment expenses included in Cost of Sales		
Direct employment expenses	(866,238)	(527,284)
Other indirect employment expenses		
Wages and salaries	(1,054,157)	(909,712)
Long service leave provision	(21,791)	(9,523)
Share based payment expense	(118,654)	(79,719)
	<u>(1,194,602)</u>	<u>(998,954)</u>
Total employment expenses	<u>(2,060,840)</u>	<u>(1,526,238)</u>
(d) Depreciation and amortisation expense		
Direct depreciation expense included in Cost of Sales		
Direct depreciation	(77,453)	(30,335)
Other indirect depreciation expenses		
Depreciation and amortisation expense	(21,161)	(8,288)
Total depreciation and amortisation expenses	<u>(98,614)</u>	<u>(38,623)</u>

4. REVENUE, INCOME AND EXPENSES (continued)

	Consolidated	
	2008	2007
	\$	\$
(e) Administrative expenses		
General administration expenses	(90,540)	(50,793)
Computer expenses	(7,633)	(13,334)
Communications expenses	(40,448)	(31,249)
Insurance expenses	(93,006)	(75,101)
Web hosting expenses	(18,417)	(8,818)
Parking expenses	(905)	(1,963)
Entertainment	(10,016)	(14,585)
ASX and share registry fees	(34,468)	(48,400)
Financial consultants	(61,292)	(18,306)
	<u>(356,725)</u>	<u>(262,549)</u>
(f) Finance costs		
Finance charges paid on banking facilities	(8,741)	(2,460)
Interest Expense	(2,791)	(2,536)
	<u>(11,532)</u>	<u>(4,996)</u>

5. CASH AND CASH EQUIVALENTS

For the purposes of the half year cash flow statement, cash and cash equivalents are comprised of the following:

	Consolidated	
	31-Dec-08	31-Dec-07
	\$	\$
Cash at bank and in hand	796,804	728,372
Short-term deposits	1,979,870	129,190
	<u>2,776,674</u>	<u>857,562</u>

6. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31-Dec-08	30-Jun-08
	\$	\$
Trade Receivables ¹	1,198,346	613,243
Allowance for Doubtful Debts	(43)	(465)
	<u>1,198,303</u>	<u>612,778</u>

¹Trade receivables are non-interest bearing and are generally on 30 day terms.

The balance as at 31 December 2008 is significantly higher than the 30 June 2008 balance due to strong sales in the preceding month, the majority of which fall due after 31 December 2008.

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. An allowance of \$43 (30 June 2008: \$465) has been recognised as an expense for the current half year for specific debtors for which such evidence exists. The amount of the allowance has been measured as the difference between the carrying amount of the trade receivable and the estimated future cash flows expected to be received from the relevant debtors.

7. PLANT AND EQUIPMENT**Acquisitions and Disposals**

During the half year ended 31 December 2008, the group acquired assets with a cost of \$299,594 (2007: \$133,627).

No assets were disposed of during the period. (2007: Nil)

8. COMMITMENTS AND CONTINGENCIES**Operating lease commitments – Group as lessee**

The Group has entered into commercial leases on the Group's premises in Melbourne and New Haven, USA, as well as some items of plant and equipment. These leases have an average life of up to 3 years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

No contingencies were noted during the half year ended 31 December 2008.

Future minimum rentals payable under non-cancellable operating leases as at reporting date are as follows:

	Consolidated	
	31-Dec-08	30-Jun-08
	\$	\$
Within one year	139,168	128,400
After one year but no more than five years	188,034	209,969
More than five years	-	-
	<u>327,202</u>	<u>338,369</u>

9. CONTRIBUTED EQUITY

	Consolidated			
	31-Dec-08		30-Jun-08	
	Number	\$	Number	\$
<i>Movement in ordinary shares</i>				
At 1 July	51,891,764	12,853,184	44,484,362	11,903,184
Private placement - July 2008	7,783,765	799,393	-	-
Rights issue – September 2008	5,967,557	612,868	-	-
Share purchase plan – Sept-Oct 2007	-	-	7,407,402	1,000,000
Transaction costs for above items	-	(68,435)	-	(50,000)
Issued and fully paid at period end	65,643,086	14,197,010	51,891,764	12,853,184

Fully paid ordinary shares carry one vote per share and carry the right to dividends

10. RELATED PARTY DISCLOSURES**Director-related entity transactions**

Directors of the Group and their director-related entities, conduct transactions with the Group within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Group would have adopted if dealing with a director or director-related entity at arms length in similar circumstances.

There have been no related party transactions during the half year ended 31 December 2008.

Dr G Brooke, who was a director of the Group during the half-year ended 31 December 2007, was, during that period, the Managing Director of GBS Venture Partners Limited (GBS). GBS is the manager of the Australian Bioscience Trust, which received emoluments, in the form of a base fee for Dr Brooke's activities as a non-executive director for the sum of \$11,147, during the period 1 July 2007 until 25 October 2007. Dr G Brooke resigned from his position as Director on the 25 October 2007.

11. EVENTS AFTER THE BALANCE SHEET DATE

On 18 February 2009, CogState and United Biosource Corporation (UBC) agreed that the two companies would not renew the strategic agreement that they entered into on 28 July 2008. CogState and UBC will continue to work together on a number of contracts that were entered into jointly during the period of the agreement until those studies have been completed. Following the termination of the agreement, CogState will support the use of its technology and services with an increased internal operations team that will operate in the United States of America as well as the United Kingdom.

This event is not expected to materially affect the financial results of the Group in the year ending 30 June 2009 or future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of CogState Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) give a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board

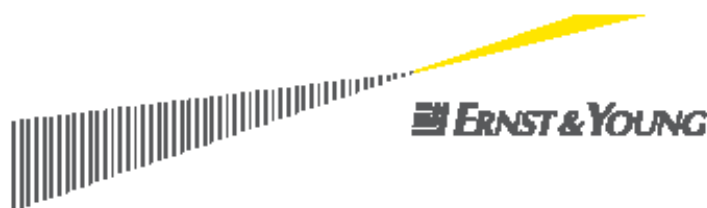


Martyn Myer AO
Chairman



Bradley O'Connor
Chief Executive Officer

Melbourne, 25 February 2009

INDEPENDENT REVIEW REPORT TO MEMBERS

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To the members of CogState Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CogState Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entity it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Act 2001 and the ASX Listing Rules as they relate to Appendix 4D. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of CogState Limited and the entity it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

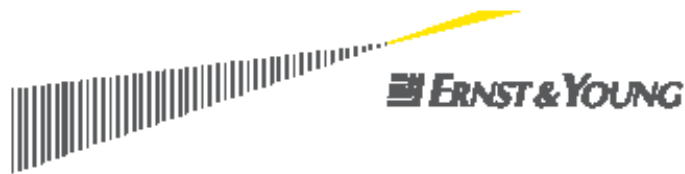
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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under Professional Standards Legislation

INDEPENDENT REVIEW REPORT TO MEMBERS (CONT'D)



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of CogState Limited is not in accordance with:

- a. the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
 - ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. the ASX Listing Rules as they relate to Appendix 4D.

Ernst + Young

Ernst & Young

Joanne Lonergan
Partner

Melbourne
25 February 2009