CogState

ASX Announcement

Melbourne, 27 January 2010

CogState reports strong half year results

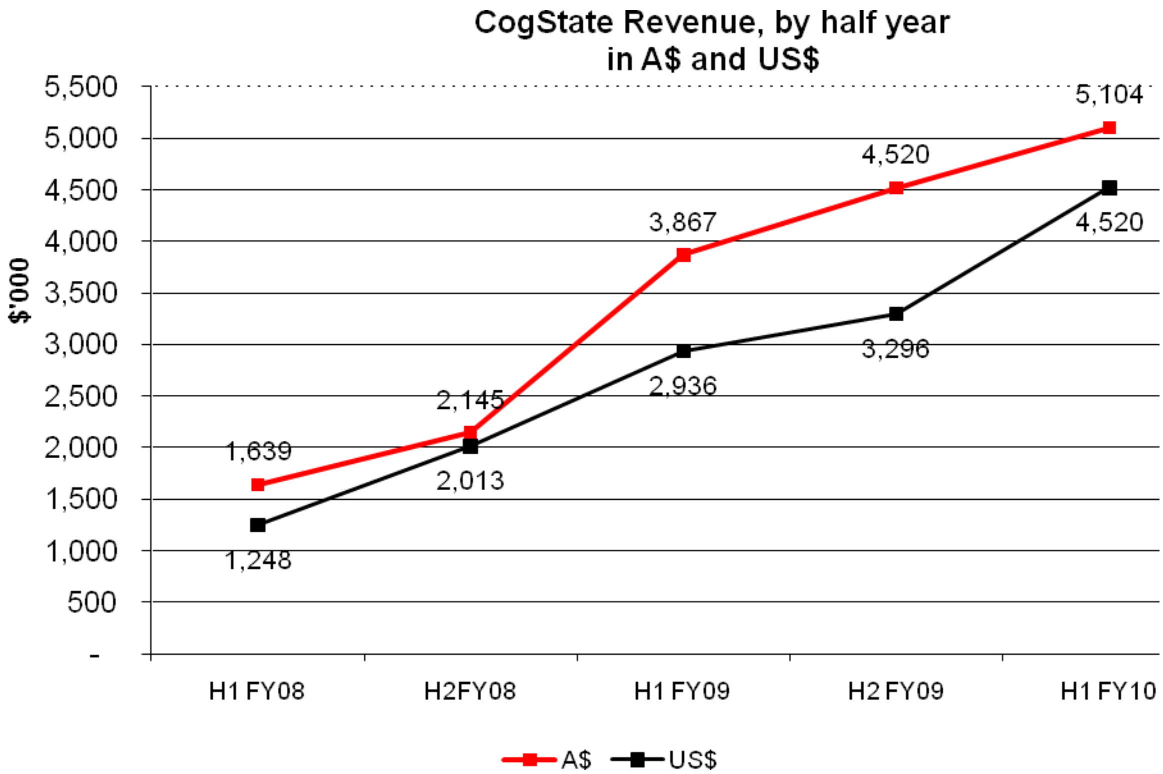
Highlights:

- **Operating profit and NPAT in line with guidance previously issued**
- **Revenue of A$5.1 million (US$4.5 million) exceeded guidance**
- **Expansion of CogState product line expected to help to continue revenue growth in coming periods**
- **25 sales contracts signed during the half year, with a combined value of A$6.35 million (US$5.55 million), an increase of almost 100% on the previous corresponding period**

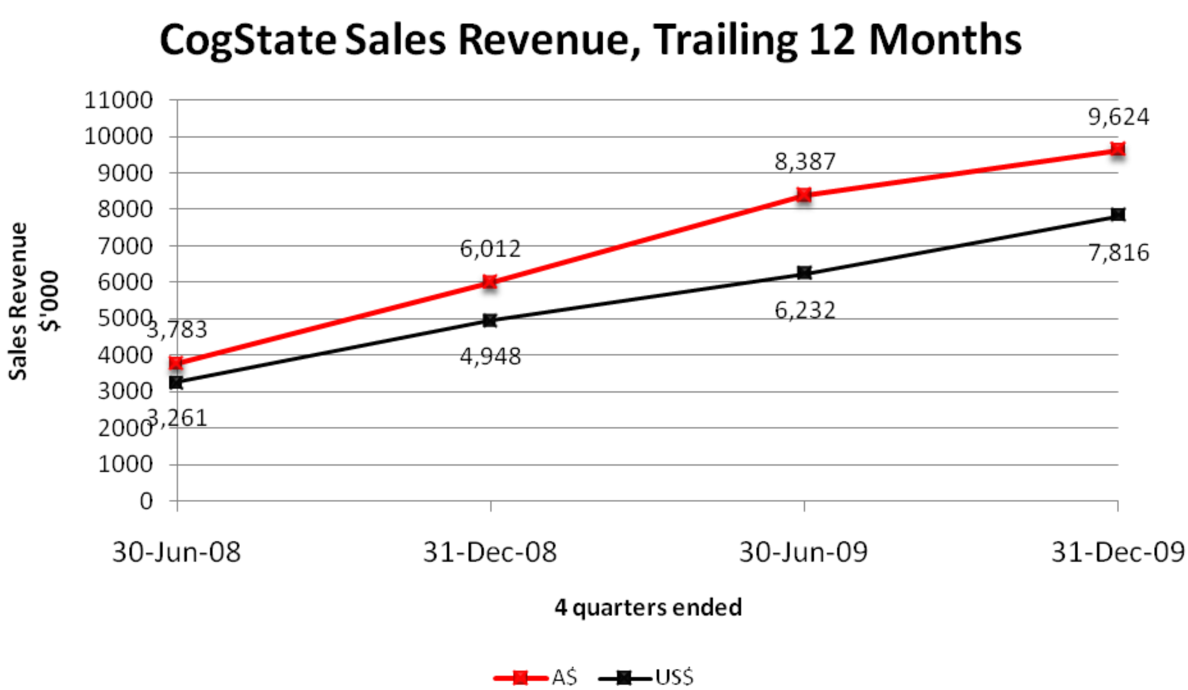
CogState Ltd (ASX:CGS) today announced that it will record its third consecutive profitable half year result for the six months ended 31 December 2009. The expected Net Profit After Tax (NPAT), whilst still subject to audit adjustments, is expected to be approximately A$0.5 million; in line with guidance issued at the Company Annual General Meeting in October 2009. Full details of the profit will be available upon release of the half year financial statements on 23 February 2010.

The profit was driven by sales revenue of A$5.1 million (US$4.5 million) for the half year, up from A$3.9 million for the previous corresponding period. The revenue result exceeded guidance, which estimated that revenue would be in the range of US$4.0 - $4.2 million for the half year.

The graph below shows CogState's revenue growth of the previous 5 half year periods, in both Australian dollars and US dollars. CogState sales contracts and invoices are predominantly denominated in US dollars. Despite the relative strength of the Australian dollar during the last 6 months, the strength of growth in CogState's US$ earnings has allowed the Company to record substantial growth in A$ revenue also.



The revenue result takes CogState's earnings for the 2009 calendar year to A$9.6 million (US$7.8 million).



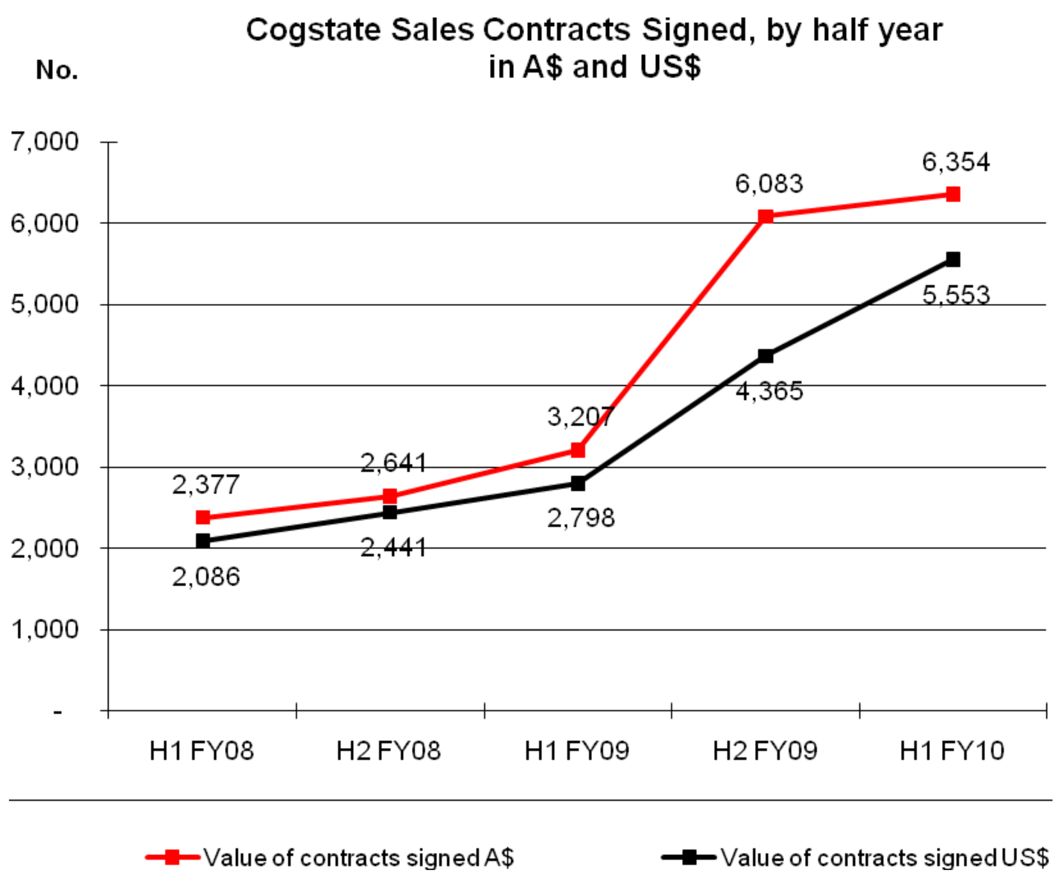
Investment in Expansion of CogState Product Line

Whilst conscious of maintaining cost control through this period of revenue growth, CogState has taken the opportunity of better than expected trading conditions to invest in expansion of its product line in the Clinical Trials area. CogState has incurred development costs of approximately A$0.25 million to expand our product offering in clinical trials. This expenditure is in addition to regular cost of sales expenditure and while this has impacted CogState's gross margin for this half year period, the broadening of the Company's offering in this key segment of the business is expected to allow CogState to continue to increase the average value of each sales contract over coming periods.

As a result of this investment, operating profit and NPAT will be in line with previous guidance, despite the fact that revenue has exceeded guidance.

Sales Contracts

During the half year ended 31 December 2009, CogState signed 25 sales contracts with a combined value of A$6.35 million (US$5.55 million). This result was an increase of almost 100% on the previous corresponding period.



As the graph above demonstrates, the increase in the value of sales contracts signed was more modest when compared to June 2009 half year, when measured in Australian dollars, but is still a 27% increase when measured in US dollars, in which most contracts are denominated.

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.

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