CogState

ASX Announcement

Melbourne, 27 July 2010

CogState Reports Unaudited Full Year Profit Results

	FYE 2010	FYE 2009	Change
Sales revenue	**$9.4m**	**$8.4m**	**12%**
Operating profit	**$0.5m**	**$1.2m**	**-58%**
Net profit after tax (NPAT)	**$1.6m**	**$1.4m**	**16%**
Net cash inflow from operations	**$1.5m**	**$1.1m**	**34%**

Based on unaudited financial statements, CogState (ASX:CGS) today announced its anticipated financial results for the year to 30 June 2010. Audited financial statements will be released on 24 August 2010. All figures are stated in Australian dollars.

Sales Revenue

In previous guidance provided by CogState in April 2010, it was indicated that June quarter sales revenue would be impacted by some delays in commencement of a small number of clinical trials by our customers. The guidance went on to note that actual results could be impacted by new sales contracts signed before 30 June 2010.

CogState signed $0.8 million of new sales contracts in the month of June, with a portion of those contracts impacting on 2010 results. It is noted that most revenue from contracts signed in the last few months of the 2010 financial year will be recognised during the 2011 financial year.

CogState was able to record June quarter revenue of $1.9 million (Sept $1.8m, Dec $3.3m, Mar $2.4m) exceeding the previous guidance that revenue would be between $1.4 and $1.6 million for the June quarter.

Despite the delays in commencement of that small number of contracts, CogState has continued to build momentum in clinical trial sales and the level of new business activity in June and July has provided a high degree of confidence in respect of the ability to continue to grow clinical trial revenue into the 2011 financial year and beyond.

Operating Profit

In order to aid the understanding of the financial results from the operating business, CogState has previously provided guidance in respect of Operating Profit.

In previous guidance provided by CogState, Operating Profit has been defined as net earnings before interest income, grant income, interest expense, foreign exchange gains/losses, termination fees and tax expense/benefit. Also excluded from operating profit are the results from CogState's recently announced North American joint venture in the sport market, Axon Sports LLC.

CogState expects to record an Operating Profit of approximately $0.5 million for the 2010 financial year, exceeding previously issued guidance that it would be in the range of $0.2 to $0.4 million.

Net Profit After Tax

CogState expects to record a Net Profit After Tax (NPAT) of approximately $1.6 million for the year to 30 June 2010, a 16% improvement on the NPAT of $1.4 million recorded for the 2009 financial year.

The NPAT result has been impacted by the decision to bring to account the future benefit of accrued tax losses at 30 June 2010. The future benefit of those tax losses has not previously been recognised. The tax asset that has been brought to account reflects $4.3 million of tax losses that CogState believes is more probable than not to be offset against taxable income in future years.

CogState applied $0.9 million of tax losses against its taxable income for the 2009 financial year and is expected to apply another $0.6 million of tax losses against taxable income for the 2010 financial year.

Operating Cash Flow

For the year to 30 June 2010 CogState recorded a net cash inflow from operations of $1.5 million, an increase of 34% from the previous year, which was driven by an increase in cash receipts from customers.

Cash receipts from customers were $10.1 million, an increase of 43% from the $7.1 million received from customers during the 2009 financial year.

Balance Sheet Summary

Based on unaudited financial statements, CogState provides the following summary of its Balance Sheet at 30 June 2010:

	30 June 2010 $'000,000	30 June 2009 $000,000
Cash Assets	3.1	3.0
Trade Receivables	1.6	2.2
Total Assets	8.6	6.5
Total Liabilities	1.6	1.5
Net Assets	7.0	4.9

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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