



CogState Limited
ABN 80 090 975 723

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

For the half-year ended 31 December 2009

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

Ms Lauren Delaney

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

Stock Exchange Listing

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

Solicitors

Clayton Utz
333 Collins Street
Melbourne
Vic, 3000

Bankers

National Australia Bank
Level 3, 330 Collins Street
Melbourne
Vic 3000

Auditors

Ernst & Young
8 Exhibition Street
Melbourne
Vic 3000

Internet Address

www.cogstate.com

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Appendix 4D Information**Reporting period: 1 July 2009 to 31 December 2009****Reporting corresponding period: 1 July 2008 to 31 December 2008***(Appendix 4D item 1)*

	31 Dec 2009	31 Dec 2008	
Revenue from ordinary activities <i>(Appendix 4D item 2.1)</i>	\$5,136,711	\$3,922,694	30.9% improvement
Profit/(Loss) from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	\$526,623	\$1,291,216	59.2% decline
Net Profit/(Loss) for the period attributable to members <i>(Appendix 4D item 2.3)</i>	\$526,623	\$1,291,216	59.2% decline

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 2009.

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

	2009	2008
Sales to customers	5,103,567	3,867,143
Interest received	33,144	55,551
Revenue from ordinary activities <i>(Appendix 4D item 2.1)</i>	5,136,711	3,922,694
Operating Profit (Earnings, before interest expense, grant income, tax, foreign exchange gain/loss and termination fees)	930,513	730,065
Termination fees	(238,472)	-
Foreign exchange gain/(loss)	(143,027)	645,384
Interest expense, tax expense and profit on disposal of assets	(22,391)	(84,233)
Net Profit/(loss) for the period attributable to members <i>(Appendix 4D item 2.2 & 2.3)</i>	526,623	1,291,216

Explanation of Revenue and Profit (continued)

Revenue grew by 30.9%, compared to the previous corresponding half year, driven by a significant increase in contracts signed during the period.

Earnings before interest expense, grant income, tax, foreign exchange gain/loss and termination fees increased 27.5% from the previous corresponding period, despite significant increases in direct costs associated with delivery of products and services in the clinical trials segment and increases in indirect operating costs.

Direct costs of conducting trials increased 61.2% (2009: \$1,755,338, 2008: \$1,088,831). CogState has taken the opportunity during the period to invest in expansion of its product line in the Clinical Trials area. While this has impacted CogState's gross margin for this half year period, the broadening of the Company's offering is expected to allow CogState to continue to increase the average value of each sales contract over coming periods.

Indirect operating costs (excluding foreign exchange losses/gains, non-operating contract termination fees, profit on disposal of assets and interest expense) have increased \$347,062 or 16.5% compared to the previous corresponding period (2009: \$2,450,860, 2008: \$2,103,798).

Total employment costs of \$2,447,941 (2008: \$2,060,840) accounted for 58.2% of operating expenditure (total direct costs and indirect operating costs, 2008: 64.5%).

The Net Profit After Tax for the period was \$526,623, a decline of \$764,593 on the previous corresponding period (2008: \$1,291,216). The decline in NPAT can be attributed to non-operating contract termination fees paid during the period (\$238,472) and a decrease in foreign exchange gains compared to the prior period (\$788,411). These two factors combined to reduce profit by \$1,026,883 compared to the previous corresponding period.

Termination fees were incurred as a consequence of the termination of an outsourced project management contract and were payable by CogState to a supplier of contract management services. These fees were incurred outside of the normal operating activities of the Company.

Foreign exchange losses for the half year ended 31 December 2009 totalled \$143,027 (2008: gains of \$645,384).

Net Tangible Assets Per Security

(Appendix 4D item 3)

	31-Dec-09	31-Dec-08
	8.0 cents	6.5 cents

COGSTATE LIMITED

CONDENSED HALF-YEAR REPORT – 31 DECEMBER 2009

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DIRECTORS' REPORT

Your directors submit their report for the half year ended 31 December 2009.

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 primarily conducted by pharmaceutical and biotechnology 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 2009 (\$5,103,567) increased 32.0% compared to the half year ended 31 December 2008 (\$3,867,143).

The Net Profit After tax for the period was \$526,623, a decline of \$764,593 on the previous corresponding period (2008: \$1,291,216). The profit before income tax was \$551,536, a decline of \$821,122 on the previous corresponding period (2008: \$1,372,658).

The decline in performance resulted from a stronger Australian dollar relative to the US dollar, in addition to non-operating contract termination fees paid in the current period. Foreign exchange losses for the period were \$143,027 compared to gains of \$645,384 for the corresponding period last year; decreasing profit by \$788,411 compared to the previous corresponding period. These losses arose mainly on the Group's \$US-denominated trade debtors and \$US bank accounts and included both realised and unrealised losses.

Non-operating contract termination fees of \$238,472 were paid in respect of the termination of an outsourced project management contract in February 2009. The contract termination fees represent revenue sharing on a small number of sales contracts that would have been payable by CogState under the outsourced project management contract.

DIRECTORS' REPORT (continued)

Other operating costs (excluding non operating costs, termination costs, foreign exchange movements, interest expense and gain on sale of assets) have increased \$347,062 or 16.5% compared to the previous corresponding period (2009: \$2,450,860, 2008: \$2,103,798).

Total employment costs of \$2,447,941 (2008: \$2,060,840) accounted for 58.2% of total direct costs and indirect operating costs (2008: 64.5%).

Full time equivalent employees at 31 December 2009 totalled 30, compared to 27 full time equivalent employees at 31 December 2008.

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION

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

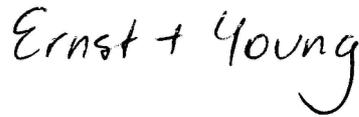
Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Martyn Myer', written in a cursive style.

Mr Martyn Myer AO
Chairman
Melbourne, 23rd February 2010

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 2009, 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.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Joanne Lonergan'.

Joanne Lonergan
Partner
Melbourne
23 February 2010

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER
2009**

		Consolidated	
	Note	31-Dec-09	30-Jun-09
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	4	2,398,260	2,871,095
Trade and other receivables	5	2,326,686	2,146,026
Other short term deposits	4	146,990	159,300
Prepayments		112,170	28,597
Income tax receivable		19,161	-
Other current assets		80,421	60,690
Total Current Assets		5,083,688	5,265,708
Non-current Assets			
Plant and equipment		1,057,289	698,061
Intangible assets		401,584	401,584
Deferred tax assets		108,251	107,758
Total Non-current Assets		1,567,124	1,207,403
TOTAL ASSETS		6,650,812	6,473,111
LIABILITIES			
Current Liabilities			
Trade and other payables		612,015	1,198,723
Interest-bearing loans & borrowings		50,456	-
Provisions		290,168	270,762
Income tax payable		-	35,959
Deferred tax liabilities		12,574	5,332
Total Current Liabilities		965,213	1,510,776
Non-current Liabilities			
Provisions		34,793	26,157
Total Non-current Liabilities		34,793	26,157
TOTAL LIABILITIES		1,000,006	1,536,933
NET ASSETS		5,650,806	4,936,178
EQUITY			
Contributed equity		14,211,705	14,197,010
Accumulated losses		(9,670,066)	(10,196,689)
Reserves		1,109,167	935,857
TOTAL EQUITY		5,650,806	4,936,178

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Note	Consolidated	
		2009 \$	2008 \$
Sale of services	3(a)	5,103,567	3,867,143
Finance revenue	3(a)	33,144	55,551
Revenue		5,136,711	3,922,694
Cost of sales	3(b)	(1,755,338)	(1,088,831)
Gross profit		3,381,373	2,833,863
Employee benefits expense	3(c)	(1,436,074)	(1,194,602)
Depreciation and amortisation expense	3(d)	(14,800)	(21,161)
Occupancy expenses		(82,219)	(85,458)
Marketing expenses		(48,707)	(28,183)
Accounting and auditing expenses		(86,181)	(88,645)
Administrative expenses	3(e)	(398,752)	(356,725)
Legal expenses		(28,811)	(18,155)
Travel expenses		(262,253)	(299,543)
Third party research and development expenses		(5,378)	-
Sales Commissions		(76,245)	(2,585)
Finance costs	3(f)	(15,613)	(11,532)
Foreign exchange gain/(loss) realised & unrealised		(143,027)	645,384
Profit/(loss) on disposal of assets		6,695	-
Non-operating contract termination fees	3(g)	(238,472)	-
Profit before income tax		551,536	1,372,658
Income tax expense		(24,913)	(81,442)
Profit after income tax		526,623	1,291,216
Net profit for the period		526,623	1,291,216
Other comprehensive income		-	-
Total comprehensive income for the period		526,623	1,291,216
Earnings per share (cents per share)			
- basic for profit attributable to ordinary equity holders		0.80	2.08
- diluted for profit attributable to ordinary equity holders		0.76	2.06

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Consolidated			
	Issued Capital	Retained earnings	Other Reserves	Total
		\$	\$	
As at 1 July 2008	12,853,184	(11,626,323)	698,468	1,925,329
Profit/(loss) for the period	-	1,291,216	-	1,291,216
Other comprehensive income	-	-	-	-
Total comprehensive income for the half year	12,853,184	(10,335,107)	698,468	3,216,545
Transactions with owners in their capacity as owners				
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
As at 1 July 2009	14,197,010	(10,196,689)	935,857	4,936,178
Profit / (loss) for the period	-	526,623	-	526,623
Other comprehensive income	-	-	-	-
Total comprehensive income for the half year	14,197,010	(9,670,066)	935,857	5,462,801
Transactions with owners in their capacity as owners				
Issue of Share Capital	-	-	-	-
Exercise of options	14,695	-	-	14,695
Cost of share-based payment	-	-	173,310	173,310
Equity dividends	-	-	-	-
As at 31 December 2009	14,211,705	(9,670,066)	1,109,167	5,650,806

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Note	Consolidated	
		2009	2008
		\$	\$
Cash flows from operating activities			
Receipts from customers		4,787,084	3,557,256
Payments to suppliers and employees		(4,721,958)	(3,074,594)
Net cash flows from/(used in) operating activities		<u>65,126</u>	<u>482,662</u>
Cash flows from investing activities			
Interest received		37,979	25,406
Purchase of property, plant & equipment		(520,418)	(287,112)
Proceeds from sale of property, plant & equipment		9,494	-
Net cash flows used in investing activities		<u>(472,945)</u>	<u>(261,706)</u>
Cash flows from financing activities			
Proceeds from issue of shares		14,695	1,412,261
Transaction costs of issue of shares		-	(68,435)
Repayment of borrowings		-	(71,295)
Interest payments		(4,173)	(2,791)
Net cash flows from financing activities		<u>10,522</u>	<u>1,269,740</u>
Net increase/(decrease) in cash and cash equivalents		(397,297)	1,490,696
Net foreign exchange differences		(87,848)	237,771
Cash and cash equivalents at beginning of period		3,030,395	1,048,207
Cash and cash equivalents at end of period	4	<u><u>2,545,250</u></u>	<u><u>2,776,674</u></u>

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of Preparation**

This general purpose condensed financial report for the half year ended 31 December 2009 has been prepared in accordance with AASB134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by CogState Limited and its controlled entity during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policies noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(b) Changes in accounting policy

From 1 July 2009, the Group has adopted AASB 101 (revised) Presentation of Financial Statements which is mandatory for annual reporting periods beginning on or after 1 January 2009. The adoption of this standard has impacted the presentation of the financial statements through the replacement of the income statement, balance sheet and cash flow statement with a statement of comprehensive income, a statement of financial position and a statement of cash flows respectively.

From 1 July 2009, the Group has adopted AASB 8 Operating Segments which is mandatory for annual reporting periods beginning on or after 1 January 2009. The adoption of this standard has impacted the presentation of the segment reporting note, as presented in Note 2 of this half-year financial report.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

2. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segment based on the internal reports that are reviewed and used by the executive management team (deemed the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segment is identified by management based on the nature of the services provided (i.e. cognitive testing). Discrete financial information is reported to the executive management team on at least a monthly basis.

The reportable segment is determined by the services provided (i.e. cognitive testing), as this is the source of the Group's major risks and have the most effect on the rates of return.

Types of services

Cognitive testing

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 primarily conducted by pharmaceutical, and biotechnology companies.

Other markets CogState is involved in include concussion management in sport, work safety and research projects, however, none of these markets are currently significant to CogState's results and are not reported as separate operating segments.

Although cognitive testing is conducted in different geographic regions, none have been determined as operating or reporting segments as often the geographic source of the revenue can differ to the geographic source of the costs for the same project. Therefore management currently review internal reports based on worldwide revenue and results.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior period.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest revenue.
- Interest expense

The following table presents revenue and profit information regarding the only business segment of cognitive testing for the half-years ended 31 December 2009 and 31 December 2008.

2. SEGMENT INFORMATION (continued)

	Continuing Operations	
	Cognitive Testing	
	2009	2008
	\$	\$
Half Year ended 31 December		
Revenue		
Sales to external customers	5,103,567	3,867,143
Total segment revenue	5,103,567	3,867,143
Interest revenue	33,144	55,551
Total revenue per statement of comprehensive income	<u>5,136,711</u>	<u>3,922,694</u>
Result		
Operating profit	930,513	730,065
Non operating termination fees	(238,472)	-
Foreign exchange gain/(loss) realised & unrealised	(143,027)	645,384
Profit on disposal of assets	6,695	-
Segment result	555,709	1,375,449
Interest expense	(4,173)	(2,791)
Profit before tax per the statement of comprehensive income	<u>551,536</u>	<u>1,372,658</u>

3. REVENUE, INCOME AND EXPENSES

	Consolidated	
	2009	2008
	\$	\$
(a) Revenue		
Sale of services	5,057,132	3,777,795
Sale of tests	46,435	89,348
Total sales	<u>5,103,567</u>	<u>3,867,143</u>
Finance revenue	33,144	55,551
	<u>5,136,711</u>	<u>3,922,694</u>
Finance Revenue		
Bank interest receivable	<u>33,144</u>	<u>55,551</u>
(b) Cost of sales		
Direct project costs	(392,526)	(78,266)
Direct employment expenses	(1,011,867)	(866,238)
Direct depreciation	(164,090)	(77,453)
Direct travel	(92,823)	(50,121)
Direct freight	(94,032)	(16,753)
	<u>(1,755,338)</u>	<u>(1,088,831)</u>
(c) Employee benefits expense		
Employment expenses included in Cost of Sales		
Direct employment expenses	(1,011,867)	(866,238)
Other indirect employment expenses		
Wages and salaries	(1,245,646)	(1,054,157)
Long service leave provision	(17,118)	(21,791)
Share based payment expense	(173,310)	(118,654)
	<u>(1,436,074)</u>	<u>(1,194,602)</u>
Total employment expenses	<u>(2,447,941)</u>	<u>(2,060,840)</u>
(d) Depreciation and amortisation expense		
Direct depreciation expense included in Cost of Sales		
Direct depreciation	(164,090)	(77,453)
Other indirect depreciation expenses		
Depreciation and amortisation expense	(14,800)	(21,161)
	<u>(178,890)</u>	<u>(98,614)</u>

3. REVENUE, INCOME AND EXPENSES (continued)

	Consolidated	
	2009	2008
	\$	\$
(e) Administrative expenses		
General administration expenses	(77,062)	(90,540)
Computer expenses	(7,836)	(7,633)
Communications expenses	(54,754)	(40,448)
Insurance expenses	(125,856)	(93,006)
Web hosting expenses	(16,073)	(18,417)
Parking expenses	(1,496)	(905)
Entertainment	(18,915)	(10,016)
ASX and share registry fees	(41,960)	(34,468)
Financial consultants	(54,800)	(61,292)
	<u>(398,752)</u>	<u>(356,725)</u>
(f) Finance costs		
Finance charges paid on banking facilities	(11,440)	(8,741)
Interest Expense	(4,173)	(2,791)
	<u>(15,613)</u>	<u>(11,532)</u>
(g) Non operating item – contract termination fees		
Contract termination fees	<u>(238,472)</u>	-

These fees were incurred as a consequence of the termination of an outsourced project management contract and were payable by CogState to a supplier of contract management services. These fees were incurred outside of the normal operating activities of the Company.

Further contract termination fees arising from this matter are expected to be payable from future contracted revenues. The presently-estimated additional amounts of the future payments are:

Year ending 30 June 2010:	\$ 86,000
Year ending 30 June 2011:	\$270,000

Refer note 6(b) for further details.

4. 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-09	31-Dec-08
	\$	\$
Cash at bank and in hand	805,221	796,804
Short-term deposits	1,593,039	1,800,000
Total cash and cash equivalents	2,398,260	2,596,804
Other short-term deposits	146,990	179,870
Total cash and short term deposits	2,545,250	2,776,674

5. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31-Dec-09	30-Jun-09
	\$	\$
Trade Receivables ¹	2,326,686	2,113,661
Other receivables	-	36,775
Allowance for Doubtful Debts	-	(4,410)
	2,326,686	2,146,026

¹Trade receivables are non-interest bearing and are generally on 30-60 day terms.

A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss has been recognised for the half year ended 31 December 2009 (30 June 2009: \$4,410) as no such evidence exists.

6. COMMITMENTS AND CONTINGENCIES

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below.

(a) 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 5 years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

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

	Consolidated	
	31-Dec-09	30-Jun-09
	\$	\$
Within one year	106,737	134,085
After one year but no more than five years	72,272	123,899
More than five years	-	-
	179,009	257,984

(b) Contingent liabilities – contract termination fees

The payments of estimated contract termination fees for years ending 30 June 2010 and 30 June 2011, as referred to in Note 3(g), are contingent upon services being invoiced by CogState Limited to other parties during those financial years under existing sales contracts, which CogState Limited currently expects will occur.

7. EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after balance date.

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) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the company 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, 23rd February 2010

To the members of CogState Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CogState Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes 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*. 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 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. 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.

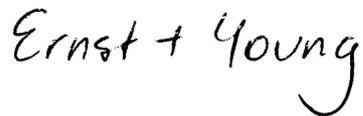
Independence

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.

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 the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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*.



Ernst & Young



Joanne Lonergan
Partner
Melbourne
23 February 2010