18 February 2013

31 DECEMBER 2012 HALF-YEAR FINANCIAL REPORT & OPERATIONAL ACHIEVEMENTS

No. of Pages: 26

In accordance with Listing Rule 4.2A, we enclose the Half-Year Financial Report (reviewed) on the consolidated results of Circadian Technologies Limited ('Circadian' or 'Group') for the half-year ended 31 December 2012. Previous corresponding period is the financial year ended 30 June 2012 and the half year ended 31 December 2011.

Results for the period predominantly reflect the Group's investment in advancing its cancer treatment programs with VGX-100 and its eye disease programs with VGX-300. The development, including associated costs, of the VEGFR3 antibody as a cancer treatment, licensed to ImClone Inc (owned by Eli Lilly, NYSE: LLY) and the Cancers of Unknown Primaries (CUP) diagnostic, licensed to Healthscope Limited (ASX: HSP), are being undertaken by those respective licensees.

An analysis of the financial results is provided in the attached Appendix 4D Half-Year Financial Report.

For details regarding Circadian's half-year results and operational highlights/events refer to the Half-Year Financial Report attached.

This letter and the attached Half-Year Financial Report form part of this announcement to the ASX Limited, and should be read in conjunction with the Company's Annual Report for the year ended 30 June 2012.

Yours faithfully

Susan Madden
Company Secretary

APPENDIX 4D

Half-Year Report

Name of entity: **CIRCADIAN TECHNOLOGIES LIMITED**

ABN: **32 006 340 567**

Reporting period: **HALF-YEAR ENDED 31 DECEMBER 2012**

Previous corresponding period: HALF-YEAR ENDED 31 DECEMBER 2011

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THIS HALF-YEAR REPORT IS TO BE READ IN CONJUNCTION WITH THE COMPANY'S 2012 ANNUAL REPORT

Note: The financial figures provided are in **actual** Australian dollars, unless specified otherwise.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The consolidated results of Circadian Technologies Limited for the six months ended 31 December 2012 are as follows:

Revenues and Results from Ordinary Activities:		Change compared to 31/12/2011 %		31/12/2012 $
Revenues from ordinary activities	Down	22	to	600,233
Loss from ordinary activities before tax	Loss has increased	28		(3,657,304)
Loss from ordinary activities after tax attributable to members	Loss has increased	125		(3,803,792)

An explanation of the figures reported above are contained in the Directors' Report under the heading 'Results'.

Shareholder Distributions

No dividends have been paid or declared by the entity since the beginning of the current reporting period.

NTA backing	Consolidated 31/12/2012	30/06/2012
Net tangible asset backing per ordinary security	$0.31	$0.41

Status of review of accounts

The financial report for the half-year ended 31 December 2012 has been reviewed. The review report is included with the financial report.

CIRCADIAN TECHNOLOGIES LIMITED AND CONTROLLED ENTITIES

ABN 32 006 340 567

Condensed Financial Report

for the half year ended 31 December 2012

Contents

Circadian Technologies Limited and Controlled Entities

Directors' report

The Board of Directors of Circadian Technologies Limited (Circadian or Company) submits their report for the half-year ended 31 December 2012 for Circadian and its subsidiaries (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.

Dominique Fisher	Non-Executive Chairman
Robert Klupacs	Managing Director & CEO
Don Clarke	Non-Executive Director
Tina McMeckan	Non-Executive Director
Errol Malta	Non-Executive Director (resigned 31 December 2012)

As a result of the resignation of Errol Malta, our Board now comprises 3 Non-Executive Directors as well as the Managing Director.

Results

Results for the period predominantly reflect the Group's investment in advancing its cancer treatment programs with VGX-100, and its eye disease programs with VGX-300. The development, including associated costs, of the VEGFR-3 antibody as a cancer treatment, licensed to ImClone Inc (owned by Eli Lilly, NYSE: LLY) and the Cancers of Unknown Primaries (CUP) diagnostic, licensed to Healthscope Limited (ASX: HSP), are being undertaken by those respective licensees.

A summary of the results is as follows;

- The consolidated net loss of the Group for the half-year was $3,803,792 after an income tax expense of $300,621 and Non-controlling interest (NCI) of $154,133 (2011 half-year: loss of $1,688,292 after an income tax benefit of $1,173,841 and NCI $nil).
- Consolidated cash reserves as at 31 December 2012 amounted to $12,117,839 (30 June 2012: $16,439,225).
- The combined market value of the Group's interests in its listed investments (primarily Antisense Therapeutics Limited and Optiscan Imaging Limited) as at 31 December 2012 was $2,696,965 (30 June 2012: $3,651,785).
- The net tangible asset backing per share as at 31 December 2012 was $0.31 (30 June 2012: $0.41). Circadian's share price was $0.35 (30 June 2012: $0.35).
- Basic earnings per share: loss of 7.84 cents per share (2011 half-year: loss of 3.64 cents per share).
- Direct R&D costs (excluding personnel costs) amounted to $1,903,719 (2011 half-year: $1,331,778). Including personnel costs and other R&D support costs which are recognised through the administrative cost centre, total investment in R&D amounted to $2,641,328 (2011 half-year: $2,217,630).
- Patent costs of $167,134 (2011 half-year: $303,955).

Analysis of results

R&D costs (including personnel and indirect R&D costs) relating to the cancer therapeutics and eye disease development programs have increased compared to the previous corresponding period due to the ongoing costs of our Phase 1 clinical trial for VGX-100. Expenditure in the previous corresponding period was lower as the expenditure on the trial had only just commenced (2012 half-year: $2,641,328; 2011 half-year: $2,158,541).

Interest income earned has reduced to $316,795 during the current half-year period, from $532,566, due to the decrease in cash balances held.

During the 31 December 2012 half-year period, the Company has seen little movement in its share price, a high of 44 cents on 13 September 2012 and a low of 33.5 cents on 5 December 2012. During the period there has been a very low volume of shares being traded. As of 31 December 2012 the Company had 2,565 shareholders, with the Top 20 shareholders accounting for 62%.

Review of Operations

As we described at our AGM we have been undertaking a detailed review of our activities, assets and strategies to release the value from what we continue to believe is valuable IP owned by Circadian.

We are aware that investors are primarily focused on returns and most importantly, on the ability for them to realise that return. Circadian aims to achieve the release of value for its shareholders in a number of ways but central to this aim is to position itself, over time, to maximise these opportunities.

In order to do so we strongly believe, and which is well recognised across the biotech and pharmaceutical industry, that demonstrating clinical proof of principal of our molecules in well designed Phase 2 studies is the key trigger for value inflexion.

As such we are, and will continually monitor our balance sheet to ensure that we have adequate resources to meet these value inflexion points. Balance sheet supporting activities will include partnership activities, obtaining non-dilutive grant funding where possible and capital raisings into Circadian or its subsidiaries.

On-going review of Circadian's programs throughout the first half of 2012, as well as discussions with prospective pharmaceutical partners and professional fund managers, highlighted that the value embedded in various parts of our business has not been fully identified.
During the half year we took steps to address some of the structural issues around the clarity of our business operations, which we believe provide us with significantly improved flexibility in terms of deal making and capital raising.

In particular we created 2 new 100% owned subsidiaries.

Ceres Oncology Pty Ltd, which is the vehicle which will now develop VGX-100 for oncology applications and Opthea Pty Ltd, which is the vehicle which will develop VGX-100 and VGX-300 for eye disease applications. We also increased our investment in our existing 100% owned subsidiary Precision Diagnostics Pty Ltd which is the vehicle developing our Cancers of Unknown Primary Origin (CUP) diagnostic aid as well as our VEGF-C and VEGF-D clinical diagnostics.

The creation of separate businesses, each focussed on different therapeutic and development areas, provides greater transparency to each development program. Additionally we believe it will also enable further investment from focused investors in therapeutic areas of choice and maximise our potential for significant deal flow with targeted investors. It also more closely aligns the positioning of Circadian as an incubator holding company for discrete therapeutic and diagnostic development opportunities.

Importantly, it also allows us to be much more flexible. For example:

- It allows us to deal with specific assets as required without potentially impacting value in others;
- It expands the manner by which existing and future shareholders can participate in different parts of our business. For example allowing them to invest in one of the new entities in private or listed form, or participate in royalty flows from a specific subsidiary; and/or
- It allows us to allocate resourcing into particular subsidiaries based on data, 3rd party interest, capital raising and/or the state of capital markets.

We will continue to pursue our opportunities to release the value inherent in our world class assets, continue to be diligent and proactive in controlling costs and to accelerate partnership, significant funding and/or other value accretion events.

An update of major activities in the half-year to 31 December 2012 is provided below.

The Board believes that its development projects have been significantly advanced in the period under review and that the Company has been successful in creating value in these projects.

Ceres Oncology Pty Ltd

During the half-year Ceres was granted an exclusive worldwide licence by Vegenics to develop VGX-100 for oncology therapeutic applications. As part of this licence Circadian has provided loan financing to Ceres for initial operating expenses.

Ceres has continued to undertake the Phase 1a and Phase 1b clinical trials with VGX-100 at two leading cancer research centres in the USA. University of California, Los Angeles and the MD Anderson Cancer Centre in Houston Texas. To date more than 30 patients have been treated in the study. Completion of the final dosage patient cohort is expected by early April with data analysis being undertaken over the following 2 months. We are expecting to publish results of our study at major international conferences in Q3 2013.

Ceres has also been actively evaluating and prioritising the first clinical indications that it will study in Phase 2. Based on published data from leading breast cancer trialists in the USA, which implicates VEGF-C as a major disease driver, an enormously exciting opportunity has been presented to assess VGX-100 as a single agent therapy in women suffering from lymphedema resulting from breast cancer therapy. This is a major unmet clinical need for which no drug therapy currently exists. Subject to Ceres having sourced appropriate finance, it aims to commence a Phase 2 trial with VGX-100 in this indication at leading US centres in Q3 2013. It is also continuing to develop clinical protocols to assess VGX-100 in combination with Avastin in patients with recurrent glioblastoma with the goal to commence Phase 2 studies in this setting in H1 2014.

Opthea Pty Ltd

During the half-year Opthea was granted an exclusive worldwide licence by Vegenics to develop VGX-100 and/or VGX-300 (soluble VEGFr-3) for eye disease applications. As part of this licence Circadian has provided loan financing to Opthea for initial operating expenses.

Opthea has identified a very significant opportunity for VGX-300 to be developed as a combination therapy with currently approved VEGF-A inhibitors – Lucentis or Eylea – to treat “sub-responding” wet Age related Macular Degeneration patients. While Lucentis and Eylea have revolutionised treatment for wet AMD over recent years, it has become apparent that a significant number of patients treated with these drugs, estimated to be greater than 50%, of patients, while maintaining vision do not obtain vision gains or continue to have fluid leakage in the back of the eye. Published data strongly implicates VEGF-C as a driver of the continuing angiogenesis process in the back of the eye in this disease setting, and as such a combination of existing VEGF-A inhibitors and VEGF-C inhibition with VGX-300 offers an exciting opportunity to improve patient response.

Opthea has commenced a series of pre-clinical studies with research groups worldwide to validate the approach with IND enabling studies expected to commence in H2 2013. It expects to publish these results at major ophthalmology research conferences once available. Subject to Opthea having sourced appropriate finance, it aims to commence a Phase 1/2 trials with VGX-300 in the wet AMD indication in H1 2014.

Precision Diagnostics Pty Ltd

During the half-year our 100% owned company Cancer Therapeutics Pty Ltd (the special purpose vehicle for development of our Cancers of Unknown Primary (CUP) test technology) was renamed Precision Diagnostics Pty Ltd and was granted rights by Vegenics to market VEGF-C, VEGF-D and VEGFR-3 research reagents as well as clinical diagnostics for the detection of VEGF-C and/or VEGF-D in biological samples. Precision now has three major parts to its business.

1. The development of the Cancers of Unknown Primary Diagnostic
2. The development of VEGF-C and VEGF-D clinical diagnostics; and
3. The development of research reagents from our VEGF IP platform either through licensing third party providers or through direct marketing.

Cancer of Unknown Primary (CUP) origin diagnostic – Healthscope Limited

This technology is being developed through a strategic partnership with Healthscope Limited, one of Australia's largest healthcare providers. Under the terms of the agreement, Healthscope is developing the test in collaboration with Circadian, The Peter MacCallum Cancer Institute and NICTA at its cost. It is responsible for clinical validation and for marketing the CUP test throughout Australia, New Zealand, Singapore and Malaysia. Precision retains all rights to the test throughout the remainder of the world.

Circadian and Healthscope announced in September 2012 that Healthscope had launched the test as CUPGUIDE™ in Australia, NZ, Singapore and Malaysia, with sales revenue expected to flow from H1 2013.

VEGF-D based LAM diagnostic - Partnership with Cincinnati Children's Hospital Medical Center

Our VEGF-D based LAM diagnostic is offered to patients in the USA as a laboratory test compliant with CAP (College of American Pathologists) / CLIA regulations through a partnership with Cincinnati Children's Hospital Medical Center.

This is the first blood-based diagnostic available to test for the disease Lymphangioleiomyomatosis (LAM). The blood sample based diagnostic was developed by Cincinnati Children's Hospital Medical Center, using Circadian's VEGF-D technology, following the discovery that high levels of VEGF-D holds the key to detecting the disease. LAM is a serious lung disease that causes shortness of breath and lung collapse. It affects mostly women, often striking in their 30's or child-bearing years. Following publication of results of testing of LAM patients by the Cincinnati group at the 2012 annual meeting of the American Thoracic Society and in peer reviewed scientific journals; Cincinnati Children's have reported an increase in the number of tests being ordered. We expect this growth in orders to continue throughout 2013 as key opinion leaders obtain more experience with the product.

We have also identified that the ability of clinicians to provide this test to a wider array of patients is markedly increased if the product has obtained formal approval from regulatory bodies such as the FDA. To that end we expect to lodge applications with the FDA for approval of a GMP quality VEGF-D diagnostic kit in Q1 2013 with approval expected by the end of 2013.

Research Reagents

During the half-year we announced additional research reagent licences with Bio-Rad Inc and another unnamed leading US research reagent provider. These are in addition to existing relationships with R&D Systems Inc, Merck-Millipore, Perkin-Elmer, and Reliatech Gmbh.

Negotiations are continuing with a number of other major research reagent providers for similar licences.

Precision is also evaluating the possibility of launching its own range of VEGF-C and VEGF-D reagents, having identified that reagents which have been internally developed may have significant advantages over those currently available.

PARTNERSHIP DEVELOPMENTS

VEGFR-3 therapeutic antibody (IMC-3C5) – ImClone, an Eli Lilly Company

In April 2011, Circadian announced that our licensee, ImClone Systems, had commenced Phase I clinical trials in cancer patients in the United States. IMC-3C5 is an antibody which neutralises VEGFR-3.

The Phase I trial is designed to identify an appropriate safe and tolerable dose level for future Phase II studies. The Phase I trial is expected to be completed in the first half of 2013.

ImClone has exclusive rights from Vegenics to develop the VEGFR-3 antibody in return for annual license fees and royalties on potential future product sales.

Partnership with Ark Therapeutics Group – VEGF-D gene therapy products

Ark is currently undertaking Phase I trials using VEGF-D gene therapy to improve heart muscle function post infarction. Ark announced that it had commenced Phase 2 studies in October 2012.

THE NEXT 12 MONTHS

Over the next 6-12 months we expect to achieve the following:

- Completion of Phase 1 clinical trials with VGX-100 in oncology;
- Commencement of Phase 2 clinical trials with VGX-100 in lymphedema patients
- Completion of Phase 1 clinical trials by ImClone with IMC-3C5;
- Partnering of CUP test in Northern Hemisphere markets;
- Balance sheet improvements through grants, partnership income and/or capital raisings
- FDA approval of VEGF-D clinical diagnostics; and
- Increase in sales based royalties and licence fees from licences granted to research reagent providers.

Inherent Risks of Investment in Biotechnology Companies

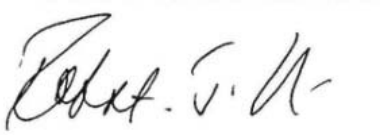
Some of the risks inherent in the development of a product to a marketable stage include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of the necessary drug regulatory authority approvals and difficulties caused by the rapid advancements in technology. Also a particular compound may fail the clinical development process through lack of efficacy or safety. Companies such as Circadian are dependent on the success of their research projects and technology investments. Investment in research projects and technology-related companies cannot be assessed on the same fundamentals as trading and manufacturing enterprises. Thus investment in these areas must be regarded as speculative taking into account these considerations.

This report may contain forward-looking statements regarding the potential of the company's projects and interests and the development and therapeutic potential of the company's research and development. Any statement describing a goal, expectation, intention or belief of the company is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those inherent in the process of discovering, developing and commercialising drugs that are safe and effective for use as human therapeutics and the financing of such activities. There is no guarantee that the company's research and development projects and interests (where applicable) will receive regulatory approvals or prove to be commercially successful in the future. Actual results of further research and development could differ from those projected or detailed in this report. As a result, you are cautioned not to rely on forward-looking statements. Consideration should be given to these and other risks concerning the company's research and development program referred to in this report.

Auditor's Independence Declaration

The Directors have obtained a declaration of independence from Deloitte Touche Tohmatsu, the Group's auditor, which is attached to this report.

For and on behalf of the Board:



Robert Klupacs
Director

Dominique Fisher
Director

Melbourne

15 February 2013

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15 February 2013

The Board of Directors
Circadian Technologies Limited
Level 1, 10 Wallace Street
TOORAK VIC 3142

Dear Board Members

Circadian Technologies Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Circadian Technologies Limited.

As lead audit partner for the review of the financial statements of Circadian Technologies Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountants

Condensed consolidated statement of financial position as at 31 December 2012

	Note	Consolidated 31 December 2012 $	Consolidated 30 June 2012 $
Current Assets			
Cash and cash equivalents		12,117,839	16,439,225
Receivables		1,627,384	1,656,352
Prepayments		59,431	74,155
Total Current Assets		**13,804,654**	**18,169,732**
Non-current Assets			
Available for sale financial assets	8	2,696,965	3,651,785
Deferred tax assets		69,783	176,581
Plant and equipment		95,936	106,896
Intangible assets		500,000	500,000
Total Non-current Assets		**3,362,684**	**4,435,262**
Total Assets		**17,167,338**	**22,604,994**
Current Liabilities			
Payables		1,139,503	1,937,364
Provisions		265,627	187,987
Total Current Liabilities		**1,405,130**	**2,125,351**
Non-current Liabilities			
Deferred tax liability		69,784	176,581
Provisions		73,877	106,207
Total Non-current Liabilities		**143,661**	**282,788**
Total Liabilities		**1,548,791**	**2,408,139**
Net Assets		**15,618,547**	**20,196,855**
Equity			
Contributed equity		39,453,733	39,395,603
Accumulated losses		(18,292,578)	(14,488,786)
Reserves	11	(6,570,027)	(5,995,424)
Equity attributable to owners of the Company		**14,591,128**	**18,911,393**
Non-controlling interests	9	**1,027,419**	**1,285,462**
Total Equity		**15,618,547**	**20,196,855**

Condensed consolidated statement of profit or loss and comprehensive income for the half-year ended 31 December 2012

	Note	Consolidated 31 December 2012 $	Consolidated 31 December 2011 $
Revenue			
Finance revenue		316,795	532,566
Other revenue		283,438	235,614
Total Revenue	4	**600,233**	**768,180**
Other income	5	113,742	96,655
Research and development expenses		(1,903,719)	(1,331,778)
Patent expenses		(167,134)	(303,955)
Intellectual property costs		(99,589)	(64,719)
Administrative expenses		(2,045,034)	(2,008,043)
Occupancy expenses		(82,496)	(80,091)
Impairment of available for sale investments	6	(26,218)	-
Share of net gain/(loss) of associates		-	6,007
Net foreign exchange gains/(losses)		(47,089)	55,611
Loss before income tax		**(3,657,304)**	**(2,862,133)**
Income tax (expense) / benefit	7	(300,621)	1,173,841
Loss for period		**(3,957,925)**	**(1,688,292)**
Other comprehensive income			
Net unrealised gains/(losses) on non-current listed investments for the period		(933,150)	2,050,563
NCI share of movement in investments revaluation reserve		(103,910)	-
Share of associate's net unrealised gain		-	135,038
Income tax on items of other comprehensive income		311,118	(615,168)
Other comprehensive income for the period, net of tax		(725,942)	1,570,433
Total comprehensive loss for the period		**(4,683,867)**	**(117,859)**
Profit/(loss) for the period is attributable to			
Non-controlling interest		(154,133)	-
Owners of the parent		(3,803,792)	(1,688,292)
		(3,957,925)	**(1,688,292)**
Total comprehensive income/(loss) for the period is attributable to			
Non-controlling interest		(258,043)	-
Owners of the parent		(4,425,824)	(117,859)
		(4,683,867)	**(117,859)**
Earnings per share for loss attributable for the ordinary equity holders of the parent			
Basic and diluted loss per share (cents)		(7.84)	(3.64)

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2012

Consolidated	Contributed equity $	Asset revaluation reserve $	Option reserve $	Contributed capital of associate reserve $	Employee equity benefits reserve $	Equity reserve parent $	Net unrealised gains reserve $	Accumulated losses $	Total $	Non-controlling interests $	Total equity $
As at 1 July 2012	**39,395,603**	**-**	**-**	**-**	**121,090**	**(7,172,143)**	**1,055,629**	**(14,488,786)**	**18,911,393**	**1,285,462**	**20,196,855**
Other comprehensive income*	-	-	-	-	-	-	(622,032)	-	(622,032)	(103,910)	(725,942)
Loss for the period*	-	-	-	-	-	-	-	(3,803,792)	(3,803,792)	(154,133)	(3,957,925)
Total comprehensive income and expense for the period	-	-	-	-	-	-	(622,032)	(3,803,792)	(4,425,824)	(258,043)	(4,683,867)
Cost of share based payment	-	-	-	-	47,429	-	-	-	47,429	-	47,429
Issue of ordinary shares	58,130	-	-	-	-	-	-	-	58,130	-	58,130
Balance as at 31 December 2012	**39,453,733**	**-**	**-**	**-**	**168,519**	**(7,172,143)**	**433,597**	**(18,292,578)**	**14,591,128**	**1,027,419**	**15,618,547**
As at 1 July 2011	**38,374,094**	**734,407**	**19**	**1,180,872**	**1,755,722**	**(7,172,143)**	**197,820**	**(13,246,618)**	**21,824,172**	**-**	**21,824,173**
Other comprehensive income*	-	-	-	-	-	-	1,570,433	-	1,570,433	-	1,570,433
Loss for the period*	-	-	-	-	-	-	-	(1,688,292)	(1,688,292)	-	(1,688,292)
Total comprehensive income and expense for the period	-	-	-	-	-	-	1,570,433	(1,688,292)	(117,859)	-	(117,859)
Cost of share based payment	-	-	-	-	59,452	-	-	-	59,452	-	59,452
Balance as at 31 December 2011	**38,374,094**	**734,407**	**19**	**1,180,872**	**1,815,174**	**(7,172,143)**	**1,768,253**	**(14,934,910)**	**21,765,766**	**-**	**21,765,766**

*Amounts are after tax

Condensed consolidated statement of cash flows for the half-year ended 31 December 2012

	Note	Consolidated 31 December 2012 $	Consolidated 31 December 2011 $
Cash flows from operating activities			
Interest received		364,592	469,201
Royalty and licence income received		61,874	141,443
Grant income		2,750	96,905
Income tax refunded		49,938	-
Payments to suppliers, employees and for research and development and intellectual property costs (inc GST)		(4,796,220)	(4,572,682)
Net cash flows used in operating activities		**(4,317,066)**	**(3,865,133)**
Cash flows from investing activities			
Proceeds from sale of investments		367,793	-
Acquisition of financial investments		(324,914)	-
Other dividends received		1,800	-
Purchase of plant and equipment		(2,990)	(25,457)
Net cash flows provided by / (used in) investing activities		**41,689**	**(25,457)**
Net cash flows used in financing activities		**-**	**-**
Net decrease in cash and cash equivalents		(4,275,377)	(3,890,590)
Net foreign exchange differences		(46,009)	58,800
Cash and cash equivalents at beginning of period		16,439,225	22,104,414
Cash and cash equivalents at end of period	10	**12,117,839**	**18,272,624**

Notes to the condensed consolidated Financial Statements
For the half-year ended 31 December 2012

1. Corporate information

The consolidated financial report of Circadian Technologies Limited for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 15 February 2013.

Circadian Technologies Limited (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). Circadian also operates an American Depositary Receipt (ADR) program where one ADR is the equivalent of 5 shares. ADRs are publicly traded on the OTCQX in the United States of America.

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

2. Basis of preparation and accounting policies

(a) Basis of preparation

This condensed consolidated financial report for the half-year ended 31 December 2012 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half-year financial report has been prepared on a historical cost basis, except for investments classified as available-for-sale, which are carried at fair value and investment in associate which has been equity accounted.

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 financial report for the year ended 30 June 2012 and considered together with any public announcements made by Circadian Technologies Limited and its controlled entities during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX listing rules.

The financial report is presented in Australian dollars.

(b) Changes in accounting policy

The accounting policies and methods of computation are consistent with those which have been adopted in the most recent annual financial report. There have been no new accounting standards or interpretations issued since the financial year ended 30 June 2012, that will affect the Group for the half-year ended 31 December 2012.

There were no unusual items impacting the business during the half-year ended 31 December 2012.

3. Segment information

The consolidated entity operates predominantly in one industry and one geographical segment, those being the medical technology and healthcare industry and Australia respectively.

There is no seasonality or cyclicality in the operations of the business.

The Group is a biologics drug developer building on its significant intellectual property portfolio around Vascular Endothelial Growth Factor (VEGF) C and D (angiogenic molecules). The Group is focused primarily on developing biological therapeutics for cancer and other serious diseases.

The objective is to generate value by undertaking pre-clinical and early human clinical development and partnering with pharmaceutical companies the further development of major therapeutic indications while retaining rights to selected indications.

The chief operating decision maker regularly reviews entity wide information that is compliant with Australian Accounting Standards. There is only one segment for segment reporting purposes and the information reviewed by the chief operating decision maker is the same as the information presented in the statement of financial position, statement of profit or loss and comprehensive income and statement of cash flows.

	Consolidated	
	31 December 2012 $	**31 December 2011 $**
4. Revenue		
(a) Finance revenue		
Interest from		
- Bank	316,795	532,566
- Related party – associated company	-	-
	316,795	**532,566**
(b) Other revenue		
Royalty and licence fees	283,438	235,614
Total Revenue	**600,233**	**768,180**
5. Other income		
Dividends from equity investments	1,800	-
Grant income [(i)]	2,500	96,655
Net gain on sale of equity investments [(ii)]	109,442	-
	113,742	**96,655**

(i) The grant income in the prior year relates to an application for an Export Market Development Grant which the Company was successful in receiving during the previous half-year period.

(ii) The gain on sale of equity investments relates to the sale of various listed biotechnology investments held by Syngene Limited during the current period.

6. Expenses		
Impairment losses		
Listed financial investments [(i)]	26,218	-
	26,218	**-**

(i) The impairment loss in the current period relates to a listed financial investment held by Syngene Limited. There were no impairment losses booked during the previous half-year period to 31 December 2011.

	Consolidated	
	31 December 2012 $	**31 December 2011 $**

7. Income Tax

(a) Income tax expense

The major components of income tax expense are

Statement of profit or loss and comprehensive income

Current income tax		
Adjustments in respect of previous years – research & development concession	10,493	622,799
Deferred income tax		
Relating to origination and reversal of temporary differences	(311,114)	551,042
Income tax (expense)/ benefit reported in the statement of profit or loss and comprehensive income	(300,621)	1,173,841

During the half-year ended 31 December 2012, the Circadian tax consolidated group generated net realised income tax losses and unrealised capital losses on the listed investments owned by the Group. A deferred tax expense has been recognised for the current period relating to the reversal of temporary differences. Following lodgement of the income tax return for 30 June 2012, the Group has recognised an income tax benefit of $10,493 which is an adjustment to the research and development tax incentive claimable on research and development expenditure undertaken within Australia.

During the previous half-year ended 31 December 2011, the Circadian tax consolidated group generated net realised income tax losses and unrealised capital gains on the listed investments owned by the Group. A deferred tax benefit was recognised for the previous period relating to the reversal of temporary differences. Following lodgement of the income tax return for 30 June 2011, the Group recognised an income tax benefit of $622,799 which related to the research and development tax offset allowable on research and development expenditure undertaken within Australia.

(b) Amounts charged or credited directly to equity

The deferred tax benefit in equity is a result of the unrealised loss on listed investments of the group was $311,118 for the six month period to 31 December 2012. Refer to note 11.

In the prior period, the deferred tax charged directly to equity as a result of the unrealised gain on listed investments of the group was $615,168 for the six months period to 31 December 2011.

(c) Carry forward unrecognised tax losses

The Group had income tax losses of $11,771,224 and realised capital losses of $877,704 at period end; tax effected at 30% (2011 half-year: income tax losses of $9,879,272 and $877,704 capital tax losses; tax effected at 30%) for which no deferred tax asset is recognised on the statement of financial position as they are not considered probable of realisation. These tax losses are available indefinitely for offset against future assessable income subject to continuing to meet relevant statutory tests.

8. Non-current assets – Available for sale financial assets

	Ownership interest		Fair value [(i)]		Cost of investment	
Listed investments	**31 Dec 2012 %**	**30 June 2012 %**	**31 Dec 2012 $**	**30 June 2012 $**	**31 Dec 2012 $**	**30 June 2012 $**
Non-current investments						
Antisense Therapeutics Ltd	10.14	11.4	1,603,974	2,596,485	3,541,704	3,512,998
Optiscan Imaging Ltd	5.89	5.99	831,096	776,624	873,916	818,202
Other listed investments less than 1% interest			261,895	278,675	380,403	356,369
			2,696,965	3,651,785	4,796,023	4,687,570

Non-current investments in listed shares (which are not associates) are designated and accounted for as "available-for-sale" financial assets pursuant to *AASB 139 Financial Instruments: Recognition and Measurement.*

These non-current investments in listed shares consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

[(i)] The fair value represents the share (bid) price at year end, and does not include any capital gains tax or selling costs that may be applicable on the disposal of these investments. The capital gains tax that may be applicable on the disposal of these investments is included in the deferred tax liability account.

	Consolidated	
	31 December 2012 $	**30 June 2012 $**
9. Non-controlling interest		
Opening balance	(1,285,462)	-
Non-controlling interests arising on the change in control of Syngene Limited on 8/2/2012	-	(862,932)
Additional non-controlling interests arising due to share issue	-	(498,316)
Share of (profit)/loss for the period	154,133	69,203
Share of other comprehensive income for the period	103,910	6,583
Closing balance	**(1,027,419)**	**(1,285,462)**

	Consolidated	
	31 December 2012 $	**31 December 2011 $**
10. Cash and cash equivalents		
For the purpose of the half-year statement of cash flows, cash and cash equivalents are comprised of the following		
Cash at bank and in hand	2,464,868	2,272,624
Short term deposits	9,652,971	16,000,000
	12,117,839	**18,272,624**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short term-deposits are with a major bank and are made for varying periods of between 30 days and 90 days, depending on the immediate cash requirements of the Group, and earn interest at a fixed rate for the respective short-term deposit periods. At period end, the average rate was 4.34% (2011 half-year: 5.77%).

	Consolidated	
	31 December 2012 $	**30 June 2012 $**
11. Reserves		
Net unrealised gains reserve [(i)]	433,597	1,055,629
Employee equity benefits reserve	168,519	121,090
Equity reserve attributable to parent	(7,172,143)	(7,172,143)
Total reserves	**(6,570,027)**	**(5,995,424)**

[(i)] Movements in net unrealised gains reserve

Opening balance	1,055,629	197,820
- Net gains/(losses) on non-current listed investments for the period	(1,037,060)	1,231,591
- Tax effect on above net gains/losses	311,118	(369,477)
- NCI share of revaluation of listed investments net of tax	103,910	6,583
- Share of associate's net unrealised loss	-	(10,888)
Net gains/(losses) on non-current listed investments for the period after tax	(622,032)	857,809
Closing balance	**433,597**	**1,055,629**

12. Commitments and contingencies

(a) Commitments

(i) Operating lease commitments - Group as lessee

The Group has entered into a commercial lease for the office premises. A Deed of Extension of Lease was signed in March 2012 and provided for an extension of four years commencing on 13 June 2012. The lease was extended to June 2016; however the tenancy may be terminated at any time by the lessee giving to the lessor not less than six months notice of that termination. The following commitment assumes that the tenancy will be occupied for the full four year extension. If notice was to have been given at 31 December 2012, the commitment for six months' rent would have amounted to $64,512 (30 June 2012: $64,512). Additionally, the Group entered into a rental agreement on office equipment for four years from 7 July 2011, the commitment within one year is $3,396 and after one year but not more than five years is $6,792 and is included in the schedule below.

	Consolidated	
	31 December 2012 $	**30 June 2012 $**
Within one year	132,419	132,419
After one year but not more than five years	311,002	376,044
	443,421	508,463

(ii) Research projects and license commitments

The Group has entered into research and development and intellectual property license agreements with various parties. Expenditure commitments relating to these are payable as follows:

	Consolidated	
	31 December 2012 $	**30 June 2012 $**
Within one year	1,973,227	2,367,143
After one year but not more than five years	975,706	958,405
After more than five years	395,807	400,960
	3,344,740	3,726,508

(b) Contingencies

Vegenics Pty Ltd, a wholly owned subsidiary of Circadian, is a party to various research agreements with respect to which a commitment to pay is contingent on the achievement of research milestones. Assuming all milestones are achieved within the timeframes stipulated in the contracts, those which could become payable in less than one year total $nil (30 June 2012: $130,000) and those which could become payable in more than one year total $11,320,927 (30 June 2012: $11,612,747).

Further, under license/collaboration agreements with three third parties, payments are to be made only if certain research and clinical development milestones are achieved and royalties may become payable on any eventual sales of products developed under these agreements.

13. Events subsequent to reporting date

No matters or circumstances have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' declaration

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

1) In the opinion of the directors:

   a) The financial report and the notes thereto are in accordance with the *Corporations Act 2001*, including:

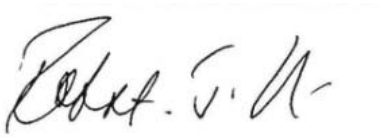
   (i) Giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

   (ii) Complying with Australian Accounting Standards and Corporations Regulations 2001 as disclosed in note 2(a) of the financial statements; 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.

2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2012.

On behalf of the Board:



Robert Klupacs
Director

Dominique Fisher
Director

Melbourne
15 February 2013

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Independent Auditor's Review Report to the members of Circadian Technologies Limited

We have reviewed the accompanying half-year financial report of Circadian Technologies Limited, which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of profit or loss and comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out in pages 10 to 20.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 half-year 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 2012 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 Circadian Technologies Limited, 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.

Deloitte

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Circadian Technologies Limited, would be in the same terms if given to the directors as at the time of this auditor's review 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 half-year financial report of Circadian Technologies Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountants
Melbourne, 15 February 2013