15 February 2011

31 DECEMBER 2010 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 2010. Previous corresponding period is the financial year ended 30 June 2010 and the half year ended 31 December 2009.

Results for the period predominantly reflect the Group's investment in advancing its cancer treatment programs VGX-100, VGX-200 and 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 Australian Stock Exchange Limited, and should be read in conjunction with the Company's Annual Report for the year ended 30 June 2010.

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 2010**

Previous corresponding period: HALF-YEAR ENDED 31 DECEMBER 2009

INDEX

THIS HALF-YEAR REPORT IS TO BE READ IN CONJUNCTION WITH THE COMPANY'S 2010 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 2010 are as follows:

Revenues and Results from Ordinary Activities:		**Change compared to 31/12/2009 %**		**31/12/2010 $**
Revenues from ordinary activities	Down	14	to	1,002,187
Loss from ordinary activities after tax attributable to members	Loss has increased	30		(5,683,492)
Loss for the period attributable to members	Loss has increased	30		(5,683,492)

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**	
	31/12/2010	**30/06/2010**
Net tangible asset backing per ordinary security	$0.57	$0.70

Status of review of accounts

The financial report for the half-year ended 31 December 2010 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 2010

CIRCADIAN TECHNOLOGIES LIMITED (ACN 006 340 567) 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 2010 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
Carlo Montagner	Non-Executive Director
Jonathan Skipper	Non-Executive Director

Results

Results for the period predominantly reflect the Group's investment in advancing its cancer treatment programs VGX-100, VGX-200 and 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.

A summary of the results is as follows;

- The consolidated net loss of the Group for the half-year was $5,683,492 after an income tax benefit of $697,822 (2009 half-year: loss of $4,355,255 after an income tax expense of $nil).
- Consolidated cash reserves as at 31 December 2010 amounted to $25,762,178 (30/6/2010: $31,855,169).
- The combined market value of the Group's interests in its two remaining listed investments (Antisense Therapeutics Limited and Optiscan Imaging Limited) as at 31 December 2010 was $1,326,447 (30/6/2010: $1,755,612). Including indirect interests, the market value of the listed holdings was $1,471,838 (30/6/2010: $1,922,324).
- The net tangible asset backing per share as at 31 December 2010 was $0.57 (30/6/2010: $0.70). Circadian's share price was $0.57 (30/6/2010: $0.52).
- Basic earnings per share: loss of 12.33 cents (2009 half-year: loss of 9.63 cents per share).
- Direct R&D costs (excluding personnel costs) amounted to $3,867,901 (2009 half-year: $1,984,354). Including personnel costs and other R&D support costs which are recognised through the administrative cost centre, total investment in R&D amounted to $4,593,535 (2009 half-year: $2,796,720).
- Patent costs of $254,454 (2009 half year: $676,882).
- An impairment loss of $611,439 was recognised during the current half-year period relating to the investment in Antisense Therapeutics Limited, whereas, during the 2009 half-year no impairment losses were recognised. Antisense's share price fell from 1.3 cents at 30 June 2010 to 0.7 cents at 31 December 2010 (a 46% decrease).

Analysis of results:

R&D costs (including personnel and indirect R&D costs) relating to the cancer therapeutics development programs increased since the previous corresponding period reflecting the progress made, primarily in the VGX-100 program (31 December 2010 half year: $4.6M; 31 December 2009 half year: $2.8M). The advancement of our product pipeline is discussed further under "Review of Operations". Current period R&D costs have also been impacted by favourable exchange rates due to the stronger Australian dollar.

The decrease in patent costs is due to the focused consolidation of our patent portfolio along with the favourable impact of foreign exchange rates.

Interest income earned has reduced to $745,597 during the current half year period, from $789,948, due in part by the decrease in cash balances however; this has been partially offset by the increase in the weighted average interest rate earned on term deposits from 4.61% in the previous period compared to 5.87% in the current period.

During the 31 December 2010 half year period, the Company has seen fluctuation in its share price from a low of $0.52 at 30 June 2010 to $0.57 at 31 December 2010. This has been fairly consistent with the movement in the ASX200 during the period. The Group has two investments in listed companies: Antisense Therapeutics, ASX: ANP, (11.5% direct interest) and Optiscan Imaging, ASX: OIL, (6.4% interest). Antisense continued to experience significant decline in its share price in the current half-year period, down by 46%, therefore an impairment loss of $611,439 was recognised for the investment in ANP as its market value fell below its acquisition cost. Whereas, during the current half-year period, the OIL share price increased by 42%. During the previous corresponding half-year period these companies share prices had increased by 48.6% and 105% respectively.

In November 2010, we completed the sale of unmarketable parcels of shares. A total of 212,463 shares were sold to one investor representing holdings from approximately 620 shareholders. Currently the Company has 2,948 shareholders.

Review of Operations

Circadian - Developing Biological Therapeutics for Cancer

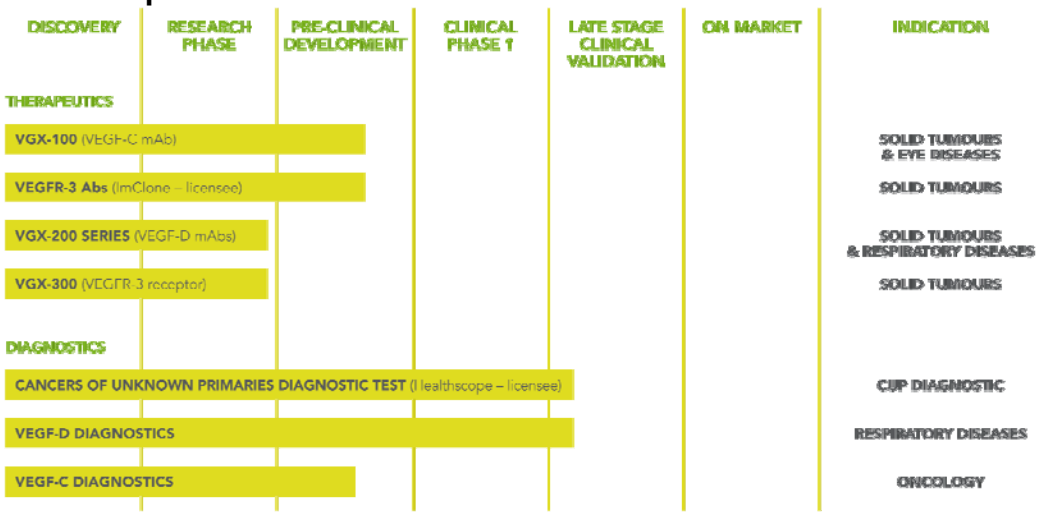
During the period, Circadian has made major advances in its progression from an early pre-clinical stage company to a company expecting to have two molecules (VGX-100 and our partner ImClone's IMC-3C5) in clinical development by the end of 2011.

Our business strategy is focused on the development of biological drugs (including antibodies) based on intellectual property rights to three exciting targets for the treatment of cancer, Vascular Endothelial Growth Factors (VEGF) C, D and the VEGFR-3 receptor. The value of these targets is highlighted by the success of Roche/Genentech Inc's multi-billion dollar anti-cancer drug Avastin® which is an antibody therapy against the closely related protein VEGF-A.

In addition to our cancer treatments program, we are also developing a diagnostic for Cancers of Unknown Primaries with our licensee Healthscope Limited and a diagnostic for the disease lymphangioleiomyomatosis (LAM) with our partner, the Cincinnati Children's Hospital Medical Center.

Our product pipeline includes programs partnered with leading biotechnology companies in their fields and programs currently being developed in-house.

Our Product Pipeline



Note: Programs being conducted by partners are fully funded by them. Status as at 31 December 2010.

- In-house earlier stage products which are potential treatments for solid tumours:
  - VGX-100 – a human VEGF-C antibody
  - VGX-200 series – humanised VEGF-D antibodies
  - VGX-300 – a recombinant form of VEGFR-3 protein
- IMC-3C5, an antibody which neutralises VEGFR-3, has been designated by licensee ImClone Systems Incorporated (recently acquired by Eli Lilly & Company) as a formal pre-clinical candidate for oncology indications.
- Cancers of Unknown Primaries diagnostic is being developed by licensee Healthscope Limited.
- VEGF-D diagnostic for LAM. LAM is a serious lung disease that causes shortness of breath and lung collapse. The diagnostic has been developed by Circadian's partner, the Cincinnati Children's Hospital Medical Center.

An update is provided below on the Group's key operational/business activities and achievements since 30 June 2010. The 30 June 2010 annual report contains detailed background information relating to the Group's projects and investments and should be read in conjunction with this report.

Key operational highlights/events include:

Product pipeline

The Board believes that its development projects have been significantly advanced in the period under review and that the Company has been successful in both increasing the value of these projects and, at the same time, reducing the development risk through the rigorous approach taken by our scientific staff in consultation with our Product Development Review Committee (PDRC).

All of our in-house cancer product development programs, VGX-100, VGX-200 and VGX-300 are being evaluated in ongoing studies in a range of rodent cancer models. The most advanced of these programs is VGX-100.

Additionally, VGX-100 and VGX-300 are being evaluated in corneal disease models through collaboration with the Schepens Eye Institute at Harvard University (Schepens). Treatment of corneal diseases remains a major unmet clinical need.

Eli Lilly, through its 100% owned subsidiary ImClone, continues to develop IMC-3C5 with Phase 1 clinical trials in cancer patients expected to commence in the first half of 2011.

In partnership with Healthscope and the Peter Macallum Cancer Institute and NICTA, we are progressing the development of the Cancers of Unknown Primaries diagnostic. We continue to target the first half of 2011 for launch of this test in the Australian market.

- **VGX-100 program** – As mentioned above, VGX-100 is our highest priority internal drug development candidate. We continued to make good progress in this program during this 6 month period. We remain on track to begin dosing of patients in Phase 1 studies in cancer patients sometime in late Q3/early Q4 2011.

  We completed GMP production of kilogram quantities of VGX-100 for use in IND enabling toxicology studies and Phase 1 clinical trials. This is a significant advance since maunfacture of biologicals to approparaite standard is a major risk for antibody therapies and the amount of material is sufficient to conduct GLP toxicology and complete at least phase I trials with VGX-100

  We completed initial toxicology evaluation in two animal species and longer term GLP toxicology studies have commenced. The initial studies did not raise any untoward safety issues with the drug.

  We undertook further assessment of VGX-100 alone and in combination with chemotherapy and/or other anti-angiogenic antibodies in a range of animal tumour models in addition to the prostate, glioma and pancreatic models we reported in April 2010. The data continued to show positive effects of VGX-100. We expect to disclose this data at scientific meetings over the next 6-12 months.

  To assist in the design and implementation of our clinical studies with VGX-100, we have formed an international clinical advisory group comprising expert oncologists from Australia, USA, Canada and Europe. The inaugural meeting of this group was held in San Francisco in July 2010 with ongoing regular consultation over the intervening period. This is in conjunction with the continued support and advice from our Product Development Review Committee.

  Scientists from Schepens have published extensively on the putative major role of the VEGFR-3 axis in mediating corneal inflammation. At present, treatment of corneal disease remains a largely unmet clinical need. We have been collaborating with Schepens to evaluate both VGX-100 and VGX-300 in their internal corneal disease animal models. Early promising results with VGX-100 were presented by the Schepens team at the annual American Vision Research Organisation meeting. Results of this collaboration are expected to be published in peer reviewed journals before the end of 2011. Based on these initial promising results, we are currently negotiating an extension of the Schepens collaboration as well as undertaking a detailed review of the development potential of VGX-100 and VGX 300 as treatments for corneal diseases.

- **VGX-200 and VGX-300 Programs** – Both molecules continued to be assessed in a range of animal tumour models during the period, but in line with our priority focus on VGX-100, in smaller numbers and at a slower pace.

  In respect of VGX-300, we recognised that this type of receptor drug molecule needs to have desirable physiochemical properties built into it to enable it to be developed as an injectable drug candidate. Under our strategic alliance with CSIRO, we have continued to make good progress on this front with a range of improved VGX-300 analogues being developed and tested.

Partnerships

- **First diagnostic for LAM lung disease in partnership with Cincinnati Children's Hospital Medical Center** – In September 2010, Circadian entered into an agreement with the Cincinnati Children's Hospital Medical Center (CCHMC) to develop a blood test to diagnose LAM, a serious lung disease that strikes women, usually in their child bearing years. The diagnostic was developed following the discovery that high levels of vascular endothelial growth factor-D, or VEGF-D – to which Circadian owns intellectual property rights – holds the key to detecting the disease.

In early February 2011, we announced that the test has been developed and CCHMC has begun offering its LAM diagnostic following approval from the College of American Pathologists. The availability of the test, and subsequent increasing knowledge of the disease amongst the general medical community, is predicted to increase screening for LAM in patients, with the annual number of tests estimated to exceed 25,000 within the next few years.

Extending and strengthening our intellectual property position

- **Key strategic VEGF-D patent granted in USA for diagnostic applications** - In September 2010, Vegenics was granted a US Patent claiming diagnostic kits for the detection of VEGF-D in human samples such as blood.

  This patent adds to Circadian's considerable estate of intellectual property covering VEGF family members, in particular building on the US patent granted last year covering VEGF-D antibodies. It is an important protection for Circadian's internal programs and represents a major asset for commercial partnerships with other companies seeking to pursue the use of VEGF-D as a biomarker.

- **Significant United States and European patents granted covering VEGF inhibitor technology for the treatment of cancer** – In November 2010, Vegenics was granted patents in the United States and Europe. The patents cover the use of inhibitors which block the binding of VEGF-C or VEGF-D to VEGFR-3 for the treatment of cancer. Inhibitors covered include any soluble forms of the VEGFR-3 receptor and any antibodies directed against VEGF-C, VEGF-D or VEGFR-3 which inhibit the binding of VEGF-C or VEGF-D to VEGFR-3.

  These newly issued patents extend the life of Circadian's considerable estate of intellectual property covering selected VEGF family members to September 2023 in the United States. They provide vital protection for the Company's development programs and represent a major asset which can form the basis of potential commercial and drug development partnerships moving forward.

Other Major Activity

- **Successful Settlement of Ark Trinam® Arbitration** – On 11 November 2010, Circadian announced that it amicably settled the previously announced arbitration proceedings instituted against Lymphatix Ltd, a 100% owned subsidiary of Ark Therapeutics Group Plc, relating to Ark's product Trinam®. Under the settlement, both parties agreed to terminate the arbitration process and to bear their own costs incurred.

  Under the settlement, Circadian, through its 100% owned subsidiary Vegenics Pty Ltd, will receive an increased annual licence payment and royalties on any commercialisation income generated from Trinam®. In return, Vegenics has granted Lymphatix an exclusive worldwide licence under its VEGF-D patent portfolio for VEGF-D gene therapy products including Trinam®.

  Trinam® is a potential agent for inhibiting stenosis of venous access grafts in renal dialysis patients. Ark has announced that as part of its ongoing strategy, it will be seeking partners to fund ongoing clinical development of this molecule.

The next 12-24 months

We are targeting the following key events for the next 12 - 24 months.

- Completion of the first phase of development of CUP diagnostic test by Healthscope;
- Phase 1 trial commencement by ImClone in respect of the VEGFR-3 antibody designated IMC-3C5;
- IND Filing in respect of VGX-100 and subsequent commencement of clinical trials;
- Generation of additional data in animal models on non-cancer related diseases, in particular eye disease, to support development in these non-cancer disease settings.

INHERENT RISKS OF INVESTMENT IN BIOTECHNOLOGY COMPANIES

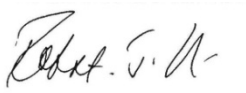
Some of the risks inherent in the development of a product to a marketable stage include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of the necessary drug regulatory 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 Ernst & Young, the Group's auditors, which is attached to this report.

For and on behalf of the Board:



Robert Klupacs
Director

Dominique Fisher
Director

Melbourne
15 February 2011

Contents

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Auditor's Independence Declaration to the Directors of Circadian Technologies Limited

In relation to our review of the financial report of Circadian Technologies Limited for the half-year ended 31 December 2010, 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

Joanne Lonergan
Partner
15 February 2011

CIRCADIAN TECHNOLOGIES LIMITED AND CONTROLLED ENTITIES - HALF-YEAR REPORT

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	Consolidated	
		31 December 2010 $	30 June 2010 $
ASSETS			
Current Assets			
Cash and cash equivalents		**25,762,178**	31,855,169
Receivables		**803,259**	357,907
Prepayments		**61,043**	71,615
Total Current Assets		**26,626,480**	32,284,691
Non-Current Assets			
Available-for-sale financial assets	8	**1,326,447**	1,755,612
Investment in associate	9	**449,617**	528,728
Deferred tax assets		**96,199**	45,536
Plant and equipment		**104,522**	53,851
Total Non-Current Assets		**1,976,785**	2,383,727
TOTAL ASSETS		**28,603,265**	34,668,418
LIABILITIES			
Current Liabilities			
Payables		**1,962,973**	2,485,616
Provisions		**170,796**	173,020
Total Current Liabilities		**2,133,769**	2,658,636
Non-Current Liabilities			
Deferred tax liability		**96,201**	155,136
Provisions		**43,234**	34,552
Total Non-Current Liabilities		**139,435**	189,688
TOTAL LIABILITIES		**2,273,204**	2,848,324
NET ASSETS		**26,330,061**	31,820,094
EQUITY			
Contributed equity		**38,374,094**	38,374,094
Retained earnings		**(8,664,764)**	(2,981,272)
Reserves	11	**(3,379,269)**	(3,572,728)
TOTAL EQUITY		**26,330,061**	31,820,094

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated	
		31 December 2010	31 December 2009
		$	$
Finance revenue		**745,597**	789,948
Other revenue		**256,590**	378,803
Revenue	4	**1,002,187**	1,168,751
Other income	5	**15,274**	13,899
Research and development expenses		**(3,867,901)**	(1,984,354)
Patent expenses		**(254,454)**	(676,882)
Intellectual property costs		**(80,065)**	(113,392)
Administrative expenses		**(2,174,516)**	(2,419,787)
Occupancy expenses		**(76,300)**	(71,480)
Impairment losses	6	**(611,439)**	(25,000)
Share of net loss of associates	9(b)	**(19,688)**	(307,521)
Net foreign exchange gains/(losses)		**(314,412)**	60,511
Loss before income tax		**(6,381,314)**	(4,355,255)
Income tax benefit	7	**697,822**	-
Loss for period		**(5,683,492)**	(4,355,255)
Other comprehensive income			
Net unrealised gains on non-current listed investments for the period		**122,850**	583,604
Share in associate's movement in equity reserve		**-**	12,778
Gain on new share issue by associate		**-**	114,975
Other comprehensive income for the period, net of tax		**122,850**	711,357
Total comprehensive loss for the period		**(5,560,642)**	(3,643,898)
Profit/(loss) for the period is attributable to:			
Non-controlling interest		**-**	256
Owners of the parent		**(5,683,492)**	(4,355,511)
		(5,683,492)	(4,355,255)
Total comprehensive income/(loss) for the period is attributable to:			
Non-controlling interest		**-**	256
Owners of the parent		**(5,560,642)**	(3,644,154)
		(5,560,642)	(3,643,898)
Earnings per share for loss attributable to the ordinary equity holders of the parent:			
- Basic and diluted loss per share (cents)		**(12.33)**	(9.63)

CIRCADIAN TECHNOLOGIES LIMITED AND CONTROLLED ENTITIES - HALF-YEAR REPORT

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

CONSOLIDATED	Contributed equity $	Asset revaluation reserve $	Option reserve $	Contributed capital of associate reserve $	Employee equity benefits reserve $	Equity reserve-parent $	Net unrealised gains reserve $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
As at 1 July 2010	**38,374,094**	**734,407**	**19**	**1,180,872**	**1,524,450**	**(7,172,143)**	**159,667**	**(2,981,272)**	**31,820,094**	**-**	**31,820,094**
Net unrealised gains on non-current listed investments for the period *	-	-	-	-	-	-	122,850	-	122,850	-	122,850
Loss for the period *	-	-	-	-	-	-	-	(5,683,492)	(5,683,492)	-	(5,683,492)
Total comprehensive income and expense for the period	-	-	-	-	-	-	122,850	(5,683,492)	(5,560,642)	-	(5,560,642)
Cost of share-based payment	-	-	-	-	70,609	-	-	-	70,609	-	70,609
Balance at 31 December 2010	**38,374,094**	**734,407**	**19**	**1,180,872**	**1,595,059**	**(7,172,143)**	**282,517**	**(8,664,764)**	**26,330,061**	**-**	**26,330,061**
As at 1 July 2009	**38,374,094**	**734,407**	**19**	**1,053,119**	**1,264,570**	**(7,172,143)**	**527,707**	**3,967,224**	**38,748,997**	**24,222**	**38,773,219**
Net unrealised gains on non-current listed investments for the period *	-	-	-	-	-	-	583,604	-	583,604	-	583,604
Share of associates' movement in equity reserve *	-	-	-	12,778	-	-	-	-	12,778	-	12,778
Gain on new share issue by associate	-	-	-	114,975	-	-	-	-	114,975	-	114,975
Loss for the period *	-	-	-	-	-	-	-	(4,355,511)	(4,355,511)	256	(4,355,255)
Total comprehensive income and expense for the period	-	-	-	127,753	-	-	583,604	(4,355,511)	(3,644,154)	256	(3,643,898)
Cost of share-based payment	-	-	-	-	136,278	-	-	-	136,278	-	136,278
Disposal of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(24,478)	(24,478)
Balance at 31 December 2009	**38,374,094**	**734,407**	**19**	**1,180,872**	**1,400,848**	**(7,172,143)**	**1,111,311**	**(388,287)**	**35,241,121**	**-**	**35,241,121**

* Amounts are after tax

CIRCADIAN TECHNOLOGIES LIMITED AND CONTROLLED ENTITIES - HALF-YEAR REPORT

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated	
		31 December 2010	31 December 2009
		$	$
Cash flows from operating activities:			
Interest received		**742,145**	687,610
Royalty and licence income received		**64,733**	99,629
Payments to suppliers, employees and for research & development and intellectual property costs (inclusive of GST)		**(6,475,407)**	(4,700,533)
Net cash flows used in operating activities		**(5,668,529)**	(3,913,294)
Cash flows from investing activities:			
Proceeds on disposal of subsidiary		**-**	50,615
Proceeds from sale of investments		**15,260**	-
Acquisition of financial investments		**-**	(15,000)
Purchase of plant and equipment		**(63,661)**	(17,727)
Loan to associate		**-**	(25,000)
Net cash flows used in investing activities		**(48,401)**	(7,112)
Net cash flows used in financing activities:		**-**	-
Net decrease in cash and cash equivalents		**(5,716,930)**	(3,920,406)
Net foreign exchange differences		**(376,061)**	(27,658)
Cash and cash equivalents at beginning of year		**31,855,169**	38,836,560
Less cash held by subsidiary disposed of during the period		**-**	(61,068)
Cash and cash equivalents at end of year	10	**25,762,178**	34,827,428

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. CORPORATE INFORMATION

The consolidated financial report of Circadian Technologies Limited for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 15 February 2011.

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).

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 general-purpose condensed financial report for the half-year ended 31 December 2010 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 2010 and considered together with any public announcements made by Circadian Technologies Limited and its controlled entities during the half-year ended 31 December 2010 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 has 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 2010, that will affect the Group for the half-year ended 31 December 2010.

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.

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 comprehensive income and statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated	
	31 December 2010	**31 December 2009**
	$	$
4. REVENUE		
(a) Finance revenue		
Interest from:		
- Bank	**745,597**	773,504
- Related party - associated company	**-**	16,444
	745,597	789,948
(b) Other revenue		
Royalty and licence fees	**256,590**	378,803
Total Revenue	**1,002,187**	1,168,751
5. OTHER INCOME		
Net gain on disposal of subsidiary (i)	**-**	13,899
Net gain on sale of equity investment (ii)	**15,274**	-
	15,274	**13,899**

(i) The gain on disposal of subsidiary relates to the disposal of the Group's 60% interest in Cancer Probe Pty Ltd in September 2009.

(ii) The gain on sale of equity investment relates to the sale of share rights in Antisense Therapeutics Limited in November 2010.

6. EXPENSES

Impairment losses		
Listed financial investments (i)	**611,439**	-
Loan to associate (ii)	**-**	25,000
	611,439	25,000

(i) The impairment loss on listed financial investments relates to Antisense Therapeutics Limited. The share price declined to 0.7 cents as at 31 December 2010, from 1.3 cents as at 30 June 2010 resulting in the reduction in the fair value of the investment from $1,324,784 to $713,345, which is below its cost value. As such, the board and management decided to recognise the unrealised loss as an impairment loss in the profit or loss.

Previously, the group used the equity accounting method to account for Antisense Therapeutics Limited. This ceased when significant influence was lost due to the disposal of 5,000,000 shares in the entity on 24 March 2010. Refer to note 8(ii).

(ii) The impairment loss on the loan to associate relates to the write-down of the loan advanced to Syngene Limited in the 6 months to 31 December 2009. The loan was fully repaid during the financial year ended 30 June 2010 and the impairment subsequently reversed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated	
	31 December 2010	31 December 2009
	$	$

7. INCOME TAX

(a) Income Tax Expense

The major components of income tax expense are:

Statement of Comprehensive Income

Current income tax		
Adjustments in respect of previous years - research & development concession	**(588,225)**	-
Deferred income tax		
Relating to origination and reversal of temporary differences	**(109,597)**	-
Income tax benefit reported in the statement of comprehensive income	**(697,822)**	-

During the half year ended 31 December 2010, the Circadian tax consolidated group generated net realised income tax losses and unrealised capital gains tax losses on the listed investments owned by the Group. In addition, realised capital gains generated were offset by realised carried forward capital tax losses, therefore no tax expense or benefit has been recognised for the current period. However, following lodgement of the income tax return for 30 June 2010, the Group has recognised an income tax benefit of $588,255 which relates to the research and development tax offset allowable on research and development expenditure undertaken within Australia.

During the previous half year ended 31 December 2009, the Group generated net realised income tax losses, realised capital gains tax losses and unrealised capital gains tax losses on the listed investments owned by the Group. Accordingly, no tax expense or benefit was recognised during that period. As realised and unrealised tax losses are not considered probable of realisation, no tax losses were recognised as tax credits during the previous half year period. Deferred tax expenses arising from movements in temporary differences have been offset by tax benefits from temporary differences.

(b) Amounts charged or credited directly to equity

There were no deferred tax charged or credited directly to equity for the six months period to 31 December 2010 and the same period last year.

(c) Carry forward unrecognised tax losses

The Group had income tax losses of $9,156,733 and realised capital losses of $877,704 at period end (31/12/2009: income tax losses of $4,253,979 and $939,695 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

Details of listed Australian shares held by the Group are as below:

	Ownership interest		Fair value (i)		Cost of investment	
	31 Dec 2010	30 June 2010	**31 Dec 2010**	30 June 2010	**31 Dec 2010**	30 June 2010
Listed investments	**%**	%	**$**	$	**$**	$
Non-current investments:						
Optiscan Imaging Ltd	**6.4**	6.4	**613,102**	430,828	**786,131**	786,131
Antisense Therapeutics Ltd (ii) (iii) & (iv)	**11.5**	17.3	**713,345**	1,324,784	**3,118,339**	3,118,339
Total listed investments			**1,326,447**	1,755,612	**3,904,470**	3,904,470

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.

(ii) The Group discontinued the application of equity accounting in recognising the investment in Antisense Therapeutics Limited on 24 March 2010. This has been due to the loss of significant influence in Antisense Therapeutics Limited resulting from the sale of shares through its subsidiary, Polychip Pharmaceuticals Pty Ltd. As a result, the investment in Antisense Therapeutics Limited has been accounted for as an "available for sale" financial asset instead of being recognised as an investment in associate as per AASB 128 *Investments in Associates* . The Group's investment in Antisense Therapeutics Limited was further reduced to 11.5% due to new issue of shares on 10 December 2010 by the entity.

(iii) The Group's total undiluted interest in Antisense Therapeutics Limited, including its indirect interest in Antisense through its investment in Syngene Limited, amounted to 13.8% at period end (30/6/2010: 19.4%), representing a market value of $858,737 (cost: $3,238,078).

(iv) An impairment loss of $611,439 was recognised in profit or loss relating to the investment in Antisense Therapeutics Ltd. (Refer to note 6(i)).

9. NON-CURRENT ASSETS - INVESTMENT IN ASSOCIATE

(a) Investment details

	Ownership interest		Carrying amount	
	31 December 2010	30 June 2010	**31 December 2010**	30 June 2010
Name and Principal Activities	**%**	%	**$**	$
Unlisted:				
Syngene Limited - Gene diagnostics	**42.4**	42.4	**449,617**	528,728
			449,617	528,728

The above associated entity is incorporated in Australia.

	Consolidated 2010
	$
(b) Movements in the carrying amounts of the Group's investment in associate	
Syngene Limited:	
At 1 July	**528,728**
Share of loss after income tax	**(19,688)**
Share of net unrealised loss on listed investment for the year (i)	**(59,423)**
At 31 December	**449,617**

(i) The Group's share of the net unrealised loss on listed investment represents Syngene's 5.5% investment in Antisense Therapeutics Limited The movement in the fair value of this investment during the year is recognised in the net unrealised gains reserve account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated	
	31 December 2010	31 December 2009
	$	$
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	**2,762,178**	1,677,428
Short-term deposits	**23,000,000**	33,150,000
	25,762,178	34,827,428

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 5.87% (31 December 2009: 4.61%).

	Consolidated	
	31 December 2010	30 June 2010
	$	$
11. RESERVES		
Asset revaluation reserve	**734,407**	734,407
Option reserve	**19**	19
Contributed capital of associate reserve	**1,180,872**	1,180,872
Net unrealised gains reserve (i)	**282,517**	159,667
Employee equity benefits reserve	**1,595,059**	1,524,450
Equity reserve attributable to parent	**(7,172,143)**	(7,172,143)
Total reserves	**(3,379,269)**	(3,572,728)
(i) Movement in net unrealised gains reserve:		
Opening balance	**159,667**	527,707
- Net gains on non-current listed investments for the period	**182,273**	82,287
Tax effect on above net losses	**-**	-
Share of associate's net unrealised loss	**(59,423)**	(450,327)
Net gains/(losses) on non-current listed investments for the period after tax	**122,850**	(368,040)
Closing balance	**282,517**	159,667

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated	
	31 December 2010	**30 June 2010**
	$	$

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. An extension to the lease was signed in June 2008. Subsequently the lease was extended to June 2012, 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. A further extension to the lease had not been signed at 31 December 2010.

Within one year	**111,680**	96,687
After one year but not more than five years	**50,179**	111,680
	161,859	208,367

(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:

Within one year	**838,430**	3,312,359
After one year but not more than five years	**696,714**	946,437
After more than five years	**98,396**	233,454
	1,633,540	4,492,250

(b) CONTINGENCIES

(i) 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 $100,000 (30/6/2010: $100,000) and those which could become payable in more than one year total nil (30/6/2010: Nil).

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.

* Vegenics Pty Ltd was formerly known as Vegenics Limited. The entity changed its status on 8 October 2010.

13. EVENTS SUBSEQUENT TO REPORTING DATE

No significant events have arisen subsequent to 31 December 2010 which require disclosure in the half-year report.

CIRCADIAN TECHNOLOGIES LIMITED AND CONTROLLED ENTITIES

Directors' declaration

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

In the opinion of the directors:

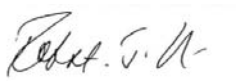
(a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* , including:

(i) Giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity.

(ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* .

(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:



Robert Klupacs
Director

Dominque Fisher
Director

Melbourne
15 February 2011

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To the members of Circadian Technologies Limited

Report on the Half-Year Financial Report

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 2010, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities 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) and 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 2010 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 and the entities 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 attached to 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 half-year financial report of Circadian Technologies 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 2010 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
15 February 2011