16 February 2011

31 DECEMBER 2011 HALF-YEAR FINANCIAL REPORT & OPERATIONAL ACHIEVEMENTS

No. of Pages: 28

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 2011. Previous corresponding period is the financial year ended 30 June 2011 and the half year ended 31 December 2010.

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 2011.

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 2011**

Previous corresponding period: HALF-YEAR ENDED 31 DECEMBER 2010

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THIS HALF-YEAR REPORT IS TO BE READ IN CONJUNCTION WITH THE COMPANY'S 2011 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 2011 are as follows:

Revenues and Results from Ordinary Activities:		**Change compared to 31/12/2010 %**		**31/12/2011 $**
Revenues from ordinary activities	Down	23	to	768,180
Loss from ordinary activities after tax attributable to members	Loss has decreased	70		(1,688,292)
Loss for the period attributable to members	Loss has decreased	70		(1,688,292)

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**	
	31/12/2011	**30/06/2011**
Net tangible asset backing per ordinary security	$0.47	$0.47

Status of review of accounts

The financial report for the half-year ended 31 December 2011 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 2011

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 2011 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 (resigned 14 October 2011)
Jonathan Skipper	Non-Executive Director (retired 24 November 2011)

As a result of the retirement of Dr Jonathan Skipper and resignation of Mr Carlo Montagner, our Board now comprises 4 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 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 $1,688,292 after an income tax benefit of $1,173,841 (2010 half-year: loss of $5,683,492 after an income tax benefit of $697,822).
- Consolidated cash reserves as at 31 December 2011 amounted to $18,272,624 (30/6/2011: $22,104,414).
- 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 2011 was $3,379,494 (30/6/2011: $1,328,931).
- The net tangible asset backing per share as at 31 December 2011 was $0.47 (30/6/2011: $0.47). Circadian's share price was $0.47 (30/6/2011: $0.58).
- Basic earnings per share: loss of 3.64 cents (2010 half-year: loss of 12.33 cents per share).
- Direct R&D costs (excluding personnel costs) amounted to $1,331,778 (2010 half-year: $3,867,901). Including personnel costs and other R&D support costs which are recognised through the administrative cost centre, total investment in R&D amounted to $2,217,630 (2010 half-year: $4,593,535).
- Patent costs of $303,955 (2010 half year: $254,454).
- During the current period, Circadian's investment in Antisense Therapeutics Limited appreciated significantly in value. Antisense's share price rose from 0.8 cents at 30 June 2011 to 2.3 cents at

31 December 2011 (a 188% increase), whereas during the 2010 half-year an impairment loss of $611,439 was recognised.

Analysis of results:

R&D costs (including personnel and indirect R&D costs) relating to the cancer therapeutics development programs have significantly reduced since the previous corresponding period due to reaching the milestone of lodgement of our Investigational New Drug application (IND), which was approved by the FDA in October 2011, for VGX-100. Expenditure in the previous corresponding period was on the pre-clinical activities required to reach this milestone (31 December 2011 half year: $2.2M; 31 December 2010 half year: $4.6M. 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.

In line with our focus on targeting resources on R&D activity, administrative costs were lower compared to the corresponding period (31 December 2011 half year $2.0M; 31 December 2010 half year $2.2M)

Interest income earned has reduced to $532,566 during the current half year period, from $745,597, due to the decrease in cash balances held.

During the 31 December 2011 half year period, the Company has seen little movement in its share price, a high of 64 cents on 25 July 2011 and a low of 43.5 cents on 7 December 2011. During the period there has been a very low volume of shares being traded. As of 31 December 2011 the Company had 2,713 shareholders, with the Top 20 shareholders accounting for 60%.

The Group has two investments in listed companies: Antisense Therapeutics, ASX: ANP, (10.4% direct interest) and Optiscan Imaging, ASX: OIL, (6.3% interest). As mentioned above, Antisense experienced a significant increase in its share price in the current half-year period, up by 188%. Optiscan continued to appreciate in value during the current half-year period as the share price increased by 102%. During the previous corresponding half-year period, the Antisense share price had declined by 46% whilst the Optiscan share price had increased by 42%.

Subsequent to 31 December 2011, Syngene Limited, in which Circadian holds a 42.66% interest through its 100% owned subsidiary Polychip Pharmaceuticals Pty Ltd, has undertaken a rights issue which closed on 8 February 2012. Polychip has taken up 100% of its rights in Syngene. This has resulted in Polychip's interest in Syngene to be greater than 50% of Syngene's issued capital. As a result, Syngene has become a subsidiary of Circadian from the 8th of February 2012.

Review of Operations

Circadian - Developing Biological Therapeutics for Cancer and Eye Disease

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).

In the half year to December 31, we achieved the following significant milestones:

- **the filing of an IND submission with the US FDA to enable clinical trials with VGX-100 in the oncology setting and subsequent clearance by the FDA to commence studies.** The first patient was dosed at a leading US cancer centre in early January 2012;

- **our first therapeutic product candidate** (IMC-3C5, a human antibody to VEGFR-3) being developed by our licensee ImClone Systems Inc **continued its Phase I clinical trials**;
- **our first clinical diagnostic product**, a VEGF-D diagnostic test to diagnose patients with the debilitating lung disease – lymphangioleiomyomatosis (LAM), launched in the USA through our partner Cincinnati Children's Hospital Medical Centre in February 2011 **continued to increase sales** and to become better understood by US pulmonary physicians; and
- **the commencement of beta testing** with Australian oncologists of our molecular based diagnostic for Cancers of Unknown Primary **("CUP")** by our partner Healthscope Limited. Launch is expected to occur around March/April 2012.

The key components of the Company's strategy are as follows:

- **advancing our drug development pipeline to show significant clinical efficacy in appropriately designed human clinical trials;**
- **building our revenue base from exploitation of our IP assets; and**
- **continuing to build partnerships for the commercialisation and ongoing development of our therapeutic and diagnostic products.**

We have had significant advancement in each of these areas.

We are pleased to summarise our activities here and to outline our future objectives.

During the period, Circadian has made major advances in its progression from an early pre-clinical stage company to a company which now has two molecules in clinical development for oncology applications: VGX-100 being developed internally and IMC-3C5 being developed by our licensee Imclone a subsidiary of Eli Lilly. Additionally our Cancers of Unknown Primaries (CUP) diagnostic test, being developed with our licensee Healthscope Limited, advanced to a major milestone of beta testing with launch now expected in the first half of 2012.

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.

ADVANCING OUR PRODUCT DEVELOPMENT

Advancement of the VGX-100 (VEGF-C antibody) program in oncology and front of the eye disease

<u>Oncology</u>

We achieved a number of significant milestones in this program.

Firstly, the filing of an IND with the FDA in September 2011.

Secondly, the granting of clearance by the FDA to conduct clinical trials based on our IND submission, in October 2011.

Thirdly, the achievement of Institutional Review Board approval from our selected sites in the USA to conduct our trials in their centres in November and December 2011 culminating in the commencement of clinical trials in early January 2012.

The Phase 1 study will examine the safety and tolerability of escalating doses of VGX-100 in patients with advanced solid tumours who have no other standard treatment options both as a monotherapy and also when used in combination with other anti-angiogenic agents. Results from the trial are expected to be available in the second half of 2012.

We are continuing to plan and design our Phase 2 trial program and had excellent interactions with key opinion leaders in the USA specialising in the treatment of glioblastoma.

We also are continuing to evaluate VGX-100 alone and in combination with a range of different chemotherapeutic regimes in a range of tumour types in animal models of cancer as a part of our strategy of expanding the potential therapeutic indications for our product.

Front of the Eye Disease

We have continued to build on the original findings of our collaborators at Schepens who have shown significant effects of VGX-100 in animal models of corneal graft rejection and in dry eye disease.

We initiated a series of further studies with Schepens, as well as other collaborators, to explore the effects of different doses and routes of administration of VGX-100 in similar models as well as in models of corneal neovascularisation, and are in the process of initiating studies in larger animal models.

Initial data from these experiments is expected in the first half of 2012.

Formal preclinical development activity of VGX-100 in the front of the eye setting is scheduled to commence in the second half of 2012.

Additional Research Stage Molecules

VGX-200 and VGX-300 Programs

Both programs continued to be assessed in a range of animal tumour models during the period, with most effort being expended in respect of VGX-300.

In respect of VGX-300, we had previously 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. We have continued to make good progress on this front with a range of improved VGX-300 analogues being developed. Results with VGX-300 over the past 6 months have been promising.

We are now undertaking a series of pivotal experiments, which, if successful, could result in VGX-300 being designated an internal drug development candidate for both oncology and eye disease applications.

BUILDING OUR LONG TERM REVENUE BASE

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 Macallum 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. Circadian received an upfront fee, and will earn development milestones and royalties on sales of the test. Circadian retains all rights to the test throughout the remainder of the world.

Cancer of Unknown Primary origin is generally less well known and publicised than other cancer types. However, it is actually more common than leukaemia and is the fourth most common cause of cancer deaths in Australia. CUP refers to a complex form of cancer in which the site of origin of a tumour cannot be identified using standard techniques. The inability to identify a primary site of cancer poses many challenges, given that the primary site of cancer usually dictates the treatment, expected outcome, and overall survival.

Circadian and Healthscope announced in October 2011 that Healthscope had completed development and validation of a commercial test candidate and had commenced "beta test" trial amongst Australian oncologists as the final development stage before making the test commercially available.

Launch of the commercial test is expected around March/April 2012.

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.

Although only a small number of patients have been diagnosed with LAM to date, the recent discovery of a link between LAM and genetic abnormality, Tuberous Sclerosis Complex (TSC), causing the disease, has led scientists to estimate that more than 250,000 women worldwide are unaware they have LAM. 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 number of tests estimated to exceed 25,000 per annum within the next few years.

Following publication of results of testing of LAM patients by the Cincinnati group at the annual meeting of the American Thoracic Society and in peer reviewed scientific journals; Cincinnati Children's have reported a significant increase in the number of tests being ordered. We expect this growth in orders to continue throughout 2012 as key opinion leaders obtain more experience with the product.

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 remains on track to be completed in the second half of 2012.

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 has indicated that Phase 1 studies should complete in second half of 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;**
- **completion of Phase 1 clinical trials by ImClone with IMC-3C5;**
- **completion of IND enabling studies with VGX-100 in "front of eye" disease models;**
- **launch of CUP test by Healthscope in its licensed territories;**
- **launch of VEGF-C clinical diagnostics; and**
- **receipt of sales based royalties from our VEGF-D diagnostics.**

INHERENT RISKS OF INVESTMENT IN BIOTECHNOLOGY COMPANIES

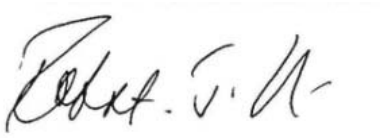
Some of the risks inherent in the development of a product to a marketable stage include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of the necessary drug regulatory 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

16 February 2012

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

16 February 2012

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 2011, 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 Accountant

CIRCADIAN TECHNOLOGIES LIMITED AND CONTROLLED ENTITIES - HALF-YEAR REPORT

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	Consolidated	
		31 December 2011 $	30 June 2011 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	**18,272,624**	22,104,414
Receivables		**243,895**	208,546
Prepayments		**74,547**	80,129
Current tax asset		**622,799**	-
Total Current Assets		**19,213,865**	22,393,089
Non-Current Assets			
Available-for-sale financial assets	8	**3,379,494**	1,328,931
Investment in associate	9	**634,476**	493,431
Deferred tax assets		**171,222**	189,441
Plant and equipment		**108,470**	97,505
Total Non-Current Assets		**4,293,662**	2,109,308
TOTAL ASSETS		**23,507,527**	24,502,397
LIABILITIES			
Current Liabilities			
Payables		**1,256,676**	2,239,182
Provisions		**185,811**	196,651
Total Current Liabilities		**1,442,487**	2,435,833
Non-Current Liabilities			
Deferred tax liability		**235,350**	189,441
Provisions		**63,924**	52,950
Total Non-Current Liabilities		**299,274**	242,391
TOTAL LIABILITIES		**1,741,761**	2,678,224
NET ASSETS		**21,765,766**	21,824,173
EQUITY			
Contributed equity		**38,374,094**	38,374,094
Accumulated losses		**(14,934,910)**	(13,246,618)
Reserves	11	**(1,673,418)**	(3,303,303)
TOTAL EQUITY		**21,765,766**	21,824,173

Notes to the condensed consolidated financial statements are included on pages 15 to 21

CIRCADIAN TECHNOLOGIES LIMITED AND CONTROLLED ENTITIES - HALF-YEAR REPORT

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated	
		31 December 2011	31 December 2010
		$	$
Finance revenue		**532,566**	745,597
Other revenue		**235,614**	256,590
Revenue	4	**768,180**	1,002,187
Other income	5	**96,655**	15,274
Research and development expenses		**(1,331,778)**	(3,867,901)
Patent expenses		**(303,955)**	(254,454)
Intellectual property costs		**(64,719)**	(80,065)
Administrative expenses		**(2,008,043)**	(2,174,516)
Occupancy expenses		**(80,091)**	(76,300)
Impairment of available for sale investments	6	**-**	(611,439)
Share of net gain/(loss) of associates	9(b)	**6,007**	(19,688)
Net foreign exchange gains/(losses)		**55,611**	(314,412)
Loss before income tax		**(2,862,133)**	(6,381,314)
Income tax benefit	7	**1,173,841**	697,822
Loss for period		**(1,688,292)**	(5,683,492)
Other comprehensive income			
Net unrealised gains on non-current listed investments for the period		**2,050,563**	122,850
Share of associate's net unrealised gain		**135,038**	-
Income tax on items of other comprehensive income		**(615,168)**	-
Other comprehensive income for the period, net of tax		**1,570,433**	122,850
Total comprehensive loss for the period		**(117,859)**	(5,560,642)
Profit/(loss) for the period is attributable to:			
Non-controlling interest		**-**	-
Owners of the parent		**(1,688,292)**	(5,683,492)
		(1,688,292)	(5,683,492)
Total comprehensive income/(loss) for the period is attributable to:			
Non-controlling interest		**-**	-
Owners of the parent		**(117,859)**	(5,560,642)
		(117,859)	(5,560,642)
Earnings per share for loss attributable to the ordinary equity holders of the parent:			
- Basic and diluted loss per share (cents)		**(3.64)**	(12.33)

Notes to the condensed consolidated financial statements are included on pages 15 to 21

CIRCADIAN TECHNOLOGIES LIMITED AND CONTROLLED ENTITIES - HALF-YEAR REPORT

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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 2011	**38,374,094**	**734,407**	**19**	**1,180,872**	**1,755,722**	**(7,172,143)**	**197,820**	**(13,246,618)**	**21,824,173**	**-**	**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 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**
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**
Other comprehensive income *	-	-	-	-	-	-	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**

* Amounts are after tax

Notes to the condensed consolidated financial statements are included on pages 15 to 21

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated	
		31 December 2011	31 December 2010
		$	$
Cash flows from operating activities			
Interest received		**469,201**	742,145
Royalty and licence income received		**141,443**	64,733
Grant income		**96,905**	-
Payments to suppliers, employees and for research & development and intellectual property costs (inclusive of GST)		**(4,572,682)**	(6,475,407)
Net cash flows used in operating activities		**(3,865,133)**	(5,668,529)
Cash flows from investing activities			
Proceeds from sale of investments		**-**	15,260
Purchase of plant and equipment		**(25,457)**	(63,661)
Net cash flows used in investing activities		**(25,457)**	(48,401)
Net cash flows used in financing activities		**-**	-
Net decrease in cash and cash equivalents		**(3,890,590)**	(5,716,930)
Net foreign exchange differences		**58,800**	(376,061)
Cash and cash equivalents at beginning of year		**22,104,414**	31,855,169
Cash and cash equivalents at end of year	10	**18,272,624**	25,762,178

Notes to the condensed consolidated financial statements are included on pages 15 to 21

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1. CORPORATE INFORMATION

The consolidated financial report of Circadian Technologies Limited for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 16 February 2012.

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 general-purpose condensed financial report for the half-year ended 31 December 2011 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 2011 and considered together with any public announcements made by Circadian Technologies Limited and its controlled entities during the half-year ended 31 December 2011 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 2011, that will affect the Group for the half-year ended 31 December 2011.

There were no unusual items impacting the business during the half-year ended 31 December 2011.

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

3. SEGMENT INFORMATION (CONTINUED)

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.

	Consolidated	
	31 December 2011	**31 December 2010**
	$	$
4. REVENUE		
(a) Finance revenue		
Interest from:		
- Bank	**532,566**	745,597
- Related party - associated company	**-**	-
	532,566	745,597
(b) Other revenue		
Royalty and licence fees	**235,614**	256,590
Total Revenue	**768,180**	1,002,187
5. OTHER INCOME		
Grant income (i)	**96,655**	-
Net gain on sale of equity investment (ii)	**-**	15,274
	96,655	15,274

(i) The grant income relates to an application for an Export Market Development Grant which the Company was successful in receiving during the current half-year period.
(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
	-	611,439

(i) There were no impairment losses booked during the current half-year period to 31 December 2011. The impairment loss on listed financial investments in the prior year 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 value of the investment from $1,324,784 to $713,345, which was below its cost value. As such, the board had decided to recognise the unrealised loss as an impairment loss in the profit or loss.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated	
	31 December 2011	31 December 2010
	$	$
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	**(622,799)**	(588,225)
Deferred income tax		
Relating to origination and reversal of temporary differences	**(551,042)**	(109,597)
Income tax benefit reported in the statement of comprehensive income	**(1,173,841)**	(697,822)

During the 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 has been recognised for the current period relating to the reversal of temporary differences. Following lodgement of the income tax return for 30 June 2011, the Group has recognised an income tax benefit of $622,799 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 2010, the 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; accordingly, no tax expense or benefit was recognised during that period. Also, following lodgement of the income tax return for 30 June 2010, the Group recognised an income tax benefit of $588,225 which related to the research and development tax offset and was subsequently paid to the Company by the Australian Tax Office.

(b) Amounts charged or credited directly to equity

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. Refer to note 11.

There was no deferred tax charged or credited directly to equity for the six months period to 31 December 2010.

(c) Carry forward unrecognised tax losses

The Group had income tax losses of $9,879,272 and realised capital losses of $877,704 at period end; tax effected at 30% (31/12/2010: income tax losses of $7,360,257 and $882,287 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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 2011	30 June 2011	**31 Dec 2011**	30 June 2011	**31 Dec 2011**	30 June 2011
Listed investments	**%**	%	**$**	$	**$**	$
Non-current investments:						
Optiscan Imaging Ltd	**6.3**	6.4	**1,035,644**	513,679	**786,131**	786,131
Antisense Therapeutics Ltd (ii), (iii) & (iv)	**10.4**	10.7	**2,343,849**	815,252	**3,118,339**	3,118,339
Total listed investments			**3,379,494**	1,328,931	**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's total undiluted interest in Antisense Therapeutics Limited, including its indirect interest in Antisense through its investment in associate, Syngene Limited, amounted to 11.7% at period end (30/6/2011: 12.1%), representing a market value of $2,640,749 (cost: $3,205,113).

(iii) An impairment loss of $611,439 was recognised in profit or loss relating to the investment in Antisense Therapeutics Limited in the full year to 30 June 2011. (Refer to note 6(i)).

(iv) An unrealised gain of $1,528,597 was recognised through the net unrealised gains reserve due to the appreciation of the share price of Antisense Therapeutics Limited from 0.8 cents at 30 June 2011 to 2.3 cents at 31 December 2011.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

9. NON-CURRENT ASSETS - INVESTMENT IN ASSOCIATE

(a) Investment details

	Ownership interest		Carrying amount	
	31 December 2011	30 June 2011	**31 December 2011**	30 June 2011
Name and Principal Activities	**%**	%	**$**	$
Unlisted:				
Syngene Limited - Gene diagnostics	**42.7**	42.4	**634,476**	493,431
			634,476	493,431

The above associated entity is incorporated in Australia.

	Consolidated 2011 $
(b) Movements in the carrying amounts of the Group's investment in associate	
Syngene Limited:	
At 1 July 2011	**493,431**
Share of profit after income tax	**6,007**
Share of net unrealised gain on listed investment for the year (i)	**135,038**
At 31 December 2011	**634,476**

(i) The Group's share of the net unrealised gain on listed investment represents Syngene's 3.1% 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.

10. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2011	31 December 2010
	$	$
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	**2,272,624**	2,762,178
Short-term deposits	**16,000,000**	23,000,000
	18,272,624	25,762,178

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 5.77% (31 December 2010: 5.87%).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated	
	31 December 2011	30 June 2011
	$	$
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)	**1,768,253**	197,820
Employee equity benefits reserve	**1,815,174**	1,755,722
Equity reserve attributable to parent	**(7,172,143)**	(7,172,143)
Total reserves	**(1,673,418)**	(3,303,303)
(i) Movement in net unrealised gains reserve:		
Opening balance	**197,820**	159,667
- Net gains on non-current listed investments for the period	**2,050,563**	184,759
Tax effect on above net gains	**(615,168)**	(80,114)
Share of associate's net unrealised gain/(loss)	**135,038**	(66,492)
Net gains/(losses) on non-current listed investments for the period after tax	**1,570,433**	38,153
Closing balance	**1,768,253**	197,820

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 2011 but is expected to be renewed for a further 2 years to June 2014.

	Consolidated	
	31 December 2011	**30 June 2011**
	$	$
Within one year	**53,575**	109,874
After one year but not more than five years	**8,490**	10,188
	62,065	120,062

(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:

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)	Consolidated	
(a) Commitments (Continued)	**31 December**	**30 June**
(ii) Research projects and license commitments (Continued)	**2011**	**2011**
	$	$
Within one year	**2,490,843**	960,820
After one year but not more than five years	**1,176,034**	749,895
After more than five years	**470,244**	398,169
	4,137,121	2,108,884

(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 $60,000 (30 June 2011: $732,581) and those which could become payable in more than one year total $11,541,564 (30 June 2011: 10,469,015).

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

Subsequent to 31 December 2011, Syngene Limited, in which Circadian holds a 42.66% interest through its 100% owned subsidiary Polychip Pharmaceuticals Pty Ltd, has undertaken a rights issue which closed on 8 February 2012. Polychip has taken up 100% of its rights in Syngene. This has resulted in Polychip's interest in Syngene to be greater than 50% of Syngene's issued capital. As a result, Syngene has become a subsidiary of Circadian from the 8th of February 2012.

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:

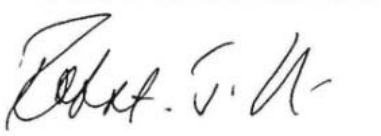
(a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the financial position as at 31 December 2011 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

Dominique Fisher
Director

Melbourne
16 February 2012

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

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 2011, the condensed statement of 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 11 to 22.

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 2011 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 2011 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, 16 February 2012