21 February 2014

31 DECEMBER 2013 HALF-YEAR FINANCIAL REPORT & OPERATIONAL PERFORMANCE

No. of Pages: 29

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 2013. The previous corresponding periods are the financial year ended 30 June 2013 and the half year ended 31 December 2012.

Circadian Technologies has conducted a Strategic Review of its programs and has identified that the clearest path to value creation is to focus the Company's capital and resources on the significant opportunity represented in the OPT-302 (formerly VGX-300) program for the treatment of eye disease. Details of this Strategic Review and Corporate Restructure are provided in the Review of Operations in the Director's Report.

Further information in relation to the operational performance, financial performance, cash flows and financial position is included in the attached Appendix 4D Half-Year Financial Report.

This Half Year Financial Report should be read in conjunction with the Company's Annual Report for the year ended 30 June 2013.

Mark Pryn
Company Secretary

APPENDIX 4D

Half-Year Financial Report

Name of entity: **CIRCADIAN TECHNOLOGIES LIMITED**

ABN: **32 006 340 567**

Reporting period: **HALF-YEAR ENDED 31 DECEMBER 2013**

Previous corresponding period: HALF-YEAR ENDED 31 DECEMBER 2012

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THIS HALF-YEAR REPORT IS TO BE READ IN CONJUNCTION WITH THE COMPANY'S 2013 ANNUAL REPORT

Note: The financial figures provided are in 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 2013 are as follows:

Revenues and Results from Ordinary Activities:		Change compared to 31/12/2012 %		31/12/2013 $
Revenues from ordinary activities	Down	33.9	to	396,901
Loss from ordinary activities before tax	Loss has decreased	5.9		(3,440,922)
Loss from ordinary activities after tax attributable to members	Loss has decreased	58.5		(1,577,531)

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

Shareholder Distributions

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

NTA backing	Consolidated 31/12/2013	30/06/2013
Net tangible asset backing per ordinary security	$0.26	$0.28

Status of review of accounts

The financial report for the half-year ended 31 December 2013 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 2013

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 2013 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.

Current directors

Dominique Fisher	Executive Chair
Tina McMeckan	Non-Executive Director
Russell Howard	Non-Executive Director *(appointed 3 December 2013)*

Former directors

Robert Klupacs	CEO and Managing Director *(resigned 3 December 2013)*
Don Clarke	Non-Executive Director *(resigned 29 November 2013)*

Board and Management Changes

On 3 December 2013, the Company announced the following:

- Mr Robert Klupacs had stepped down as CEO and resigned as Managing Director
- Dr Russell Howard was appointed as Non-Executive Director
- Ms Dominique Fisher previously Non-Executive Chair assumed the role of Interim Executive Chair.

On 29 November 2013, the Company announced that Mr Don Clarke had resigned as Non-Executive Director and Chair of the Remuneration Committee.

Financial performance analysis

For the half year ended 31 December 2013, the Company's net loss attributable to members is $1,577,531 representing a $2,226,261 (58.5%) reduction from the $3,803,792 loss recorded for the previous corresponding period. The reduced loss is largely attributable the recognition of research and development (R&D) related income tax benefits, but it is also pleasing to note lower levels of administration and occupancy spending.

The income tax benefit for the half year is $1,853,114 and includes a $507,923 favourable adjustment to the 2013 R&D claim following AusIndustry's positive findings in relation to the eligibility of Circadian's overseas R&D spend on certain projects. This provides greater certainty for future R&D claims and accordingly a further income tax benefit of $1,160,088 was recognised based on the R&D spend for this half year. In the previous corresponding period the R&D income tax benefit recognised in relation to 2013 financial year was nil.

Set out below are a number of other largely offsetting factors affecting financial performance.

- Revenue was $396,901 (2012 half year $600,233). The lower revenue is largely attributable reduced cash balances and lower prevailing interest rates impacting interest income.
- Other income includes profits on the sale of equity investments $77,144 (2012 half-year: $109,442)
- The total investment in R&D was $2,577,973 (2012 half-year: $2,641,328). Direct R&D spending (excluding personnel and R&D support costs) was $1,725,111 (2012 half-year: $1,903,719). Further R&D project commentary is included under the Review of Operations heading.
- Patent costs of $172,317 (2012 half-year: $167,134).
- Intellectual property costs of $168,395 (2012 half-year: $99,589)
- Basic earnings per share show a loss 3.24 cents (2012 half-year: loss of 7.84 cents).

Financial position analysis

The cash position as at 31 December 2013 was $7,921,621 (30 June 2013: 11,003,941). The receivables balance includes $2,243,048 relating to the 2013 R&D claim which was received from the Australian Tax Office during January 2014.

The value of the investment portfolio (Available for sale financial assets) increased by a net $561,821 to $2,842,338 during the half year. This included fair value increments (net of disposals) of $667,683 largely relating to the value of Antisense Therapeutics Limited *(ASX:ANP)* in which the Group has a 10.22% holding, partly offset by net trading disposals.

As at 31 December 2013, the estimated tax losses available to the Group are $12,169,271. As the ability to realise this benefit and other timing differences is not beyond reasonable doubt, a deferred tax asset has been recognised to match deferred tax liabilities.

As at 31 December 2013, the Net Tangible Asset backing per share was 26 cents down 7 % from 28 cents as at 30 June 2013. The Company's share price commenced the half year at $0.23 and ended the half year at $0.20 on the back of relatively low trading volumes with $0.29 being the highest share price recorded during the half year. As at 31 December 2013, the company had 2,436 shareholders with the top 20 accounting for 63% of issued shares.

Review of Operations

Corporate Restructure

The Board and Management of Circadian have recently completed its annual Strategic Review.

Over the last 5 years, Circadian Technologies has refined its portfolio in order to focus increasingly on those projects with the clearest path to value creation.

The primary objective of this year's Strategic Review was to continue this process of refinement through a rigorous review of each of our development programs, taking into consideration advances in our programs and significant developments in relevant target markets.

The Board of Directors and the Management team have unanimously determined that the clearest path to value creation is to focus the Company's capital and resources on the significant opportunity represented in the OPT-302 (formerly VGX-300) program for the treatment of eye diseases, including wet age-related macular degeneration (wet AMD). This program has been developed to date by Circadian's subsidiary Opthea Pty Ltd.

Circadian is undertaking the necessary actions to realise the value of its assets as soon as possible. With the recent completion of milestones in its non-core programs, including completion of enrolment in its Phase 1a/1b clinical study of VGX-100 in advanced cancer patients, the Strategic Review's recommendations to focus on Opthea are being implemented and we expect completion of non-core asset commitments by June 2014.

Reflecting the strategic focus on OPT-302, Dr Megan Baldwin has been appointed CEO and Managing Director of Circadian Technologies Ltd, effective February 24 2014. Dr Baldwin has led the capital management, investor engagement and advancement of Opthea's program since the creation of the subsidiary in September 2012 as CEO of Opthea Pty Ltd. Prior to that she was Head of Preclinical R&D and Ophthalmology Team Leader for Circadian.

Dr Baldwin brings over 18 years of experience focussing on angiogenesis and therapeutic strategies for cancer and ophthalmic indications. Having completed her PhD at the Ludwig Institute for Cancer Research, she has also held research and commercial roles at Roche (formerly Genentech) in San Francisco, the worldwide leader in anti-angiogenesis based therapies.

The key drivers that have underpinned the Board's decision to focus on ophthalmology include:

- significant unmet medical need representing a multi-billion dollar market opportunity – wet AMD is the leading cause of blindness in the Western world in people over the age of 55 years
- strong scientific rationale for targeting VEGF-C for wet AMD (Circadian holds patents covering inhibitors of VEGF-C with long patent life)
- significant activity of OPT-302 demonstrated in preclinical mouse models of wet AMD indicating that the molecule has the potential to become an effective treatment for the disease
- our data that indicates there is a particular opportunity for OPT-302 in those patients who do not exhibit vision gain with existing treatments that target VEGF-A such as Lucentis®, EYLEA® or Avastin®
- the recent successful Ophthotech IPO which values that company in excess of US $800M following their positive Phase II data with Fovista® as a combination therapy with existing anti-VEGF-A agents
- the level of interest in Opthea's OPT-302 program from the clinical research and investor community with an appetite for novel therapies in the treatment of eye disease
- potential for short to mid-term strategic and/or licensing transactions
- potential to reach a value inflection point through the generation of Phase 1/2 clinical data in a disease indication with a clear regulatory and relatively short clinical development path

Opthea's program is currently on-track to initiate a Phase 1/2 clinical trial in wet AMD patients early in 2015. Dr. Baldwin will lead the commercialisation of Opthea supported by a Board of Directors and team of professionals experienced in biopharmaceutical development and global commercial transactions, including the recent appointment of Dr Russell Howard as a Non-Executive Director; and the establishment of an Ophthalmology Advisory Board.

Circadian Technologies Ltd has positioned itself as a company focused on ophthalmology with a clear path to value creation. Further funding opportunities from various sources are being actively explored which include strategic and licensing transactions and a potential capital raising. The realisation of the value contained within Ceres Oncology, Precision Diagnostics and other non-core assets, will provide an opportunity for the Board to consider other capital management initiatives.

These are very exciting developments for Circadian shareholders. They are the result of exhaustive examination and deliberation by the Board, Management and advisers. We believe that they will maximise shareholder value in the medium to long term. In addition, the Board continues to look for opportunities for shareholder benefit in the short term.

An update of major activities in the half-year to 31 December 2013 is provided below.

Opthea Pty Ltd

OPT-302: A potent inhibitor of VEGF-C and VEGF-D for the treatment of wet AMD

We have continued to evaluate OPT-302 in industry-accepted animal models of wet AMD with collaborators worldwide. In collaboration with Schepens Eye Research Institute at Harvard University we presented data at the Association for Research in Vision and Ophthalmology (ARVO) conference demonstrating that circulating blood plasma levels of VEGF-C are markedly increased in AMD patients and that OPT-302 works comparably to the marketed agent EYLEA® in reducing lesion size and vessel leakage in the laser-induced mouse model of wet AMD. This data has been further substantiated by confirmation of these results by three other research groups.

In parallel, we are progressing preclinical studies and manufacturing activities of OPT-302 to support an IND filing with the US FDA to undertake clinical trials in wet AMD patients. Opthea aims to file this IND and initiate a Phase 1/2 clinical study early in 2015.

At present, AMD is estimated to affect 1.75 million people in the United States, with approximately 200,000 new cases diagnosed each year. The wet form of AMD (also known as neovascular or exudative AMD) causes vision loss due to abnormal blood vessel growth (choroidal neovascularisation) in the back of the eye, ultimately leading to blood and protein leakage below the macula. Bleeding, leaking and scarring from these blood vessels and sequelae eventually cause irreversible damage to the photoreceptors and rapid vision loss if left untreated.

VEGF-A has been shown to have a role in the proliferation of abnormal blood vessels in the retina of wet AMD patients. In a proportion of patients, anti-angiogenic agents that target VEGF-A can cause regression of the abnormal blood vessels and improve vision when injected directly into the vitreous humour of the eye. Lucentis® and EYLEA® are agents that target VEGF-A and have been approved for treatment of wet AMD by the FDA and regulatory agencies in other countries. The injections must be repeated monthly or bi-monthly.

Despite the availability of Lucentis® and recently EYLEA® as anti-VEGF-A agents, there remains an unmet need for wet AMD treatments that can effectively improve vision in the 50-70% of patients that exhibit a sub-response following therapy with these agents.

Opthea's program has a similar development strategy to that of Ophthotech, but with a clearly differentiated mechanism of action. Fovista® is a PDGF inhibitor being developed by Ophthotech as a combination therapy with existing anti-VEGF-A agents for the treatment of wet AMD. Fovista® targets supporting cells that surround vessels whereas OPT-302 acts directly on the vasculature. Unlike Ophthotech's Fovista®, OPT-302 has comparable activity to the approved anti-VEGF-A agent EYLEA® when administered as a single agent in the mouse model of wet AMD. We intend to release additional preclinical data at the upcoming ARVO meeting in May 2014.

Opthea's clinical strategy is to develop OPT-302 as a combination therapy with existing VEGF-A therapies to achieve a more complete blockade of the VEGF family, a validated pathway involved in wet AMD disease progression, to improve vision in patients.

Ceres Oncology Pty Ltd

During the half-year Ceres Oncology Pty Ltd successfully reached the milestone of completing all patient enrolment in its ongoing first-in-human Phase 1a/1b oncology dose escalation clinical study of VGX-100 administered alone or in combination with Avastin® (bevacizumab).

The Phase 1 oncology clinical trial, run under an Investigational New Drug (IND) program with the Food and Drug Administration (FDA), is being conducted at two leading cancer research centres in the USA: University of California, Los Angeles and MD Anderson in Houston Texas. A total of 43 patients with advanced or metastatic solid tumours were enrolled and treated; 19 subjects with single agent VGX-100 and a further 24 subjects with combination VGX-100 and Avastin®.

VGX-100 was shown to be safe and well tolerated by all patients. The results of the clinical trial will be presented at a major medical oncology conference later in the year.

The completion of patient enrolment and subsequent planned primary analysis of all patient data represents significant value-adding milestones for the VGX-100 clinical development program. The asset is now well-positioned for alternative commercialisation opportunities including partnering, out-licensing, acquisition and/or non-dilutive grants.

Precision Diagnostics Pty Ltd

<u>VEGF-D based LAM diagnostic</u>

Lymphangioleiomyomatosis (LAM) is a serious lung disease that causes shortness of breath and lung collapse in young women. Elevated levels of VEGF-D in the blood are a biomarker of the disease.

A VEGF-D blood-based diagnostic for LAM has been available through Circadian's partnership with the Cincinnati Children's Hospital Medical Centre (CCHMC), where it has been offered as a laboratory test compliant with CAP (College of American Pathologists)/CLIA regulations. Test sales through CCHMC have been steadily increasing through which Circadian derives a royalty stream.

In order to make the test more widely available, Circadian identified low cost regulatory pathways to gain US FDA approval of the VEGF-D diagnostic. To that end, we were successful in June 2013 in achieving humanitarian use device (HUD) designation for the test, which allows us to pursue approval through a Humanitarian Device Exemption (HDE) process. The HDE process greatly accelerates and simplifies marketing approval in the United States compared to conventional routes (PMA and 510(k)) as formal clinical studies to show effectiveness in the approved indication are not required. We have since completed the development of kits to be manufactured under current Good Manufacturing

Practice (cGMP), including analytical studies which demonstrate the reproducibility and consistency of the test that are required for the HDE application.

In order to focus financial resources on priority projects, Circadian is currently seeking commercial partnerships to take the VEGF-D diagnostic through the regulatory approval process in the US as well as CE marking required for European marketing.

Cancer of Unknown Primary (CUP) origin diagnostic

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 CUPGUIDE™ test at its cost in collaboration with Circadian, The Peter MacCallum Cancer Institute and NICTA. Healthscope is responsible for clinical validation and for marketing CUPGUIDE™ throughout Australia. Precision retains all rights to the test throughout the remainder of the world and is seeking marketing partnerships for territories outside Australia.

Research Reagents

We have existing non-exclusive licences in place with a number of research reagent suppliers to provide VEGF-C/-D/-R3 related reagents. These include licences with R&D Systems Inc, Millipore-Merck, Perkin Elmer, Reliatech, BioLegend Inc, Santa Cruz Biotechnologies and Bio-Rad Laboratories.

In addition to the upfront payments, we continue to receive royalties on sale of reagents under all of these licences. We continue to sell VEGF-C and VEGF-D Vegenics branded products as research reagents directly to the life science research community through our website (www.vegenics.com).

PARTNERSHIP DEVELOPMENTS

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

In April 2011, Circadian announced that our licensee, ImClone Systems/Eli Lilly, had commenced a Phase 1 clinical trial 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 2 studies. Eli Lilly currently estimate the trial to be completed by July 2015.

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.

CHANGES OF PERSONNEL

The Board wishes to take this opportunity to acknowledge the retirement from the Board of Mr Don Clarke. Mr Clarke had been a member of the Board for 8 years and had made an invaluable contribution, bringing business acumen and an understanding of biotechnology to the Board table. The Board thanks Mr Clarke for his 8 years of service and wishes him well in his future endeavours.

Mr Robert Klupacs served Circadian as CEO and Managing Director for 6 years. The Board thanks Mr Klupacs for his service and contribution to the Company.

OUTLOOK

Over the next 6-12 months, Circadian will focus its existing cash and resources to progress the development of OPT-302 for the treatment of wet AMD. Our key objective will be to advance OPT-302 through requisite IND enabling studies to allow the initiation of a Phase I/II clinical trial in wet AMD patients early in 2015. We also expect to publish preclinical and clinical data from our Opthea and Ceres' assets respectively, at international conferences and in peer reviewed journals within the next 6 months.

Circadian will also take action to optimise the value of its non-core assets and actively pursue opportunities for partnering, licensing or sale of these non-core assets. These activities will be undertaken in ways which do not divert resources away from our central focus on Opthea.

New Appointments

Dr Megan Baldwin has been appointed CEO and Managing Director effective February 24 2014. Dr Baldwin has led the capital management, investor engagement and advancement of Opthea's program since the creation of the subsidiary in September 2012. Prior to that she was Head of Preclinical R&D and Ophthalmology Team Leader at Circadian. Dr Baldwin brings over 18 years of experience focussing on angiogenesis and therapeutic strategies for cancer and ophthalmic indications. Having completed her PhD at the Ludwig Institute for Cancer Research, she has held research and commercial roles at Roche (formerly Genentech) in San Francisco, the worldwide leader in anti-angiogenesis based therapies.

Dr Russell Howard joined the Circadian Board as a Non-Executive Director in December 2013. Dr Howard has acted as a special advisor to the Board of Directors since 2012 and prior to that served on Circadian's Product Development Review Committee as an advisor. Dr Howard is Executive Chairman at Neuclone, a Sydney company developing bio-similar monoclonal antibody drugs. He is also the Founder and CEO of Oakbio, a biotechnology company based in California. Previously, Dr Howard was Founder and CEO of Maxygen (NASDAQ:MAXY), President & Scientific Director at Affymax (NASDAQ:AFFY) and he also previously served on advisory panels for WHO and USAID.

Executive Management

Dr Mike Gerometta has been Head of Chemistry, Manufacturing & Controls (CMC) Development since 2008 with responsibilities encompassing the outsourcing of Circadian's research and cGMP manufacturing activities for its therapeutic and diagnostic portfolio, as well as oversight of internal laboratory activities. Dr Gerometta has over 25 years experience in the Australian biotechnology industry, most recently as Chief Operating Officer of Q-Gen, the manufacturing facility of the Queensland Institute of Medical Research. He has extensive experience working with numerous Contract Manufacturing Organisations overseas and locally in all facets of translational CMC from concept through to Phase 2 studies, in the process successfully guiding the manufacture of four biologics through to Phase 1/2 clinical trials, including oversight of two non-clinical programs, as well as associated regulatory interactions in North America and Australia. He has also directed the development of numerous in vitro diagnostic products through to the market over 19 years at Agen Biomedical, ultimately as Research and Product Development Director. Mike was awarded his PhD in biotechnology from the Queensland University of Technology and has a degree in chemistry from the University of Technology in Sydney.

Dr. Ian Leitch has been Senior Director of Clinical Research of Circadian Technologies Ltd since September 2011. He has over 15 years of research and management experience from drug discovery through clinical development in early stage and large biotechnology/pharmaceutical companies including global regulatory interactions spanning IND to NDA submissions. Prior to joining Circadian, Dr Leitch held senior clinical development roles at Amgen Inc and at Miravant Medical Technologies in California where he worked on their cardiovascular programs and was Clinical Study Director for Ophthalmology, managing an international Phase 3 trial in age-related macular degeneration. He previously held the position of NHMRC Senior Research Officer at the University of Newcastle and received his PhD from the Department of Pharmacology, Faculty of Medicine, at Monash University.

Dr Richard Chadwick, who joined Circadian in 2008, is qualified as both a European and Australian patent attorney. Richard joined Circadian from FB Rice & Co, where he had been working for five years in the Biotechnology Group. Prior to that, Richard had 10 years experience in intellectual property in the UK. This included working as an in-house attorney at Dow Corning Limited and five years working as an in-house attorney at Unilever.

Circadian's Chief Financial Officer and Company Secretary position is currently filled by a contractor. Circadian is actively recruiting for a permanent Chief Financial Officer and Company Secretary at this time.

Events Subsequent to Reporting Date

As noted above, in January 2014, $2,243,048 was received from the Australian Tax Office in relation to the 2013 R&D claim. This amount was included in receivables as 31 December 2013.

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

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:

Dominique Fisher
Chairman of the Board

Melbourne
20 February 2014

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20 February 2014

The Board of Directors
Circadian Technologies Limited
Suite 0403, Level 4,
650 Chapel Street
South Yarra, VIC 3141

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 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountants

Condensed consolidated statement of financial position as at 31 December 2013

	Note	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
Current Assets			
Cash and cash equivalents	10	7,921,691	11,003,941
Receivables		3,832,545	2,324,016
Prepayments		79,390	143,554
Total Current Assets		**11,833,626**	**13,471,511**
Non-current Assets			
Available for sale financial assets	8	2,842,338	2,280,517
Deferred tax assets		62,611	77,385
Plant and equipment		160,633	82,546
Intangible assets		500,000	500,000
Total Non-current Assets		**3,565,582**	**2,940,448**
Total Assets		**15,399,208**	**16,411,959**
Current Liabilities			
Payables		1,643,686	1,598,782
Provisions		287,669	311,585
Total Current Liabilities		**1,931,355**	**1,910,367**
Non-current Liabilities			
Payables		79,479	-
Deferred tax liability		62,611	77,385
Provisions		62,713	65,261
Total Non-current Liabilities		**204,803**	**142,646**
Total Liabilities		**2,136,158**	**2,053,013**
Net Assets		**13,263,050**	**14,358,946**
Equity			
Contributed equity		39,453,733	39,453,733
Accumulated losses		(20,821,110)	(19,243,579)
Reserves	11	(6,348,053)	(6,758,541)
Equity attributable to owners of the Company		**12,284,570**	**13,451,613**
Non-controlling interests	9	**978,480**	**907,333**
Total Equity		**13,263,050**	**14,358,946**

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2013

	Note	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Revenue			
Finance revenue		149,625	316,795
Other revenue		247,276	283,438
Total Revenue	4	**396,901**	**600,233**
Other income	5	82,144	113,742
Research and development expenses		(1,725,111)	(1,903,719)
Patent expenses		(172,317)	(167,134)
Intellectual property costs		(168,395)	(99,589)
Administrative expenses		(1,793,255)	(2,045,034)
Occupancy expenses		(64,088)	(82,496)
Impairment of available for sale investments	6	(7,172)	(26,218)
Loss on disposal of plant and equipment		(12,564)	-
Net foreign exchange gains/(losses)		22,935	(47,089)
Loss before income tax		**(3,440,922)**	**(3,657,304)**
Income tax benefit/(expense)	7	1,853,114	(300,621)
Loss for period		**(1,587,808)**	**(3,957,925)**
Other comprehensive income			
Items that maybe subsequently reclassified to profit or loss:			
Net unrealised gains/(losses) on non-current listed investments for the period		586,259	(933,150)
NCI share of movement in investments revaluation reserve		81,424	(103,910)
Income tax on items of other comprehensive income		(185,103)	311,118
Other comprehensive income for the period, net of tax		482,580	(725,942)
Total comprehensive loss for the period		**(1,105,228)**	**(4,683,867)**
Profit/(loss) for the period is attributable to			
Non-controlling interest		(10,277)	(154,133)
Owners of the parent		(1,577,531)	(3,803,792)
		(1,587,808)	**(3,957,925)**
Total comprehensive income/(loss) for the period is attributable to			
Non-controlling interest		71,147	(258,043)
Owners of the parent		(1,176,375)	(4,425,824)
		(1,105,228)	**(4,683,867)**
Earnings per share for loss attributable for the ordinary equity holders of the parent			
Basic and diluted loss per share (cents)		(3.24)	(7.84)

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2013

Consolidated	Contributed equity $	Employee equity benefits reserve $	Equity reserve parent $	Net unrealised gains reserve $	Accumulated losses $	Total $	Non-controlling interests $	Total equity $
As at 1 July 2013	**39,453,733**	**187,497**	**(7,172,143)**	**226,105**	**(19,243,579)**	**13,451,613**	**907,333**	**14,358,946**
Other comprehensive income*	-	-	-	401,156	-	401,156	81,424	482,580
Loss for the period*	-	-	-	-	(1,577,531)	(1,577,531)	(10,277)	(1,587,808)
Total comprehensive income and expense for the period	-	-	-	401,156	(1,577,531)	(1,176,375)	71,147	(1,105,228)
Cost of share based payment	-	9,332	-	-	-	9,332	-	9,332
Issue of ordinary shares	-	-	-	-	-	-	-	-
Balance as at 31 December 2013	**39,453,733**	**196,829**	**(7,172,143)**	**627,261**	**(20,821,110)**	**12,284,570**	**978,480**	**13,263,050**
As at 1 July 2012	**39,395,603**	**121,090**	**(7,172,143)**	**1,055,629**	**(14,488,786)**	**18,911,393**	**1,285,462**	**20,196,855**
Other comprehensive income*	-	-	-	(622,032)	-	(622,032)	(103,910)	(725,942)
Loss for the period*	-	-	-	-	(3,803,792)	(3,803,792)	(154,133)	(3,957,925)
Total comprehensive income and expense for the period	-	-	-	(622,032)	(3,803,792)	(4,425,824)	(258,043)	(4,683,867)
Cost of share based payment	-	47,429	-	-	-	47,429	-	47,429
Issue of ordinary shares	58,130	-	-	-	-	58,130	-	58,130
Balance as at 31 December 2012	**39,453,733**	**168,519**	**(7,172,143)**	**433,597**	**(18,292,578)**	**14,591,128**	**1,027,419**	**15,618,547**

*Amounts are after tax

Condensed consolidated statement of cash flows for the half-year ended 31 December 2013

	Note	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Cash flows from operating activities			
Interest received		174,964	364,592
Royalty and licence income received		214,961	61,874
Grant income		5,000	2,750
Income tax refunded		-	49,938
Payments to suppliers, employees and for research and development and intellectual property costs (inc GST)		(3,518,604)	(4,796,220)
Net cash flows used in operating activities		**(3,123,679)**	**(4,317,066)**
Cash flows from investing activities			
Proceeds from sale of investments		184,156	367,793
Acquisition of financial investments		(40,504)	(324,914)
Other dividends received		-	1,800
Purchase of plant and equipment		(109,489)	(2,990)
Net cash flows provided by / (used in) investing activities		**34,163**	**41,689**
Net cash flows used in financing activities		**-**	**-**
Net decrease in cash and cash equivalents		(3,089,516)	(4,275,377)
Net foreign exchange differences		7,266	(46,009)
Cash and cash equivalents at beginning of the period		11,003,941	16,439,225
Cash and cash equivalents at end of the period	10	**7,921,691**	**12,117,839**

Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2013

1. Corporate information

The consolidated financial report of Circadian Technologies Limited for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 20 February 2014.

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

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

2. Basis of preparation and accounting policies

(a) Basis of preparation

This condensed consolidated financial report 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 2013 and considered together with any public announcements made by Circadian Technologies Limited and its controlled entities during the half-year ended 31 December 2013 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, except for the impact of the New Standards and Interpretations as set out in note 2(c) below. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

There were no unusual items impacting the business during the half-year ended 31 December 2013.

(c) New accounting standards and interpretations

The following table shows the new and revised Standards and Interpretations adopted in the current reporting period together with the nature of the change and the impact on the amounts reported and disclosures in these financial statements.

Standard/Interpretation	**Nature of change**	**Circadian Group Impact**
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 10 changes the definition of control in relation to significant investments held by an entity.	Nil.
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for.	Nil.
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.	Nil.
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7	Further amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards.	Nil.
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7	Further amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards.	Nil.
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements.	Nil. The Available for Sale Investment Portfolio comprises ASX listed entities valued at market price.

(c) New accounting standards and interpretations (continued)

Standard/Interpretation	Nature of change	Circadian Group Impact
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits.	Nil.
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits.	Nil.
Impact of the application of AASB 2012-2 'Amendments to Australian Accounting Standards - Disclosures – Offsetting Financial Assets and Financial Liabilities'	The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.	Nil. The Group does not have any material offsetting arrangements in place.

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 eye diseases.

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

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

	Consolidated	
	31 December 2013 $	**31 December 2012 $**
4. Revenue		
(a) Finance revenue		
Interest from		
- Bank	149,625	316,795
(b) Other revenue		
Royalty and licence fees	247,276	283,438
Total Revenue	**396,901**	**600,233**
5. Other income		
Dividends from equity investments	-	1,800
Grant income	5,000	2,500
Net gain on sale of equity investments	77,144	109,442
	82,144	**113,742**
6. Expenses		
Impairment losses		
Listed financial investments	7,172	26,218
	7,172	**26,218**

	Consolidated	
	31 December 2013 $	**31 December 2012 $**

7. Income Tax

(a) Income tax expense

The major components of income tax expense are

Statement of profit or loss and other comprehensive income

Current income tax		
Adjustment to prior year – research & development claim	(507,923)	10,493
Research & development claim – current period	(1,160,088)	-
Deferred income tax		
Relating to recognition and reversal of temporary differences	(185,103)	(311,114)
Income tax (benefit)/expense reported in the statement of profit or loss and other comprehensive income	(1,853,114)	(300,621)

There are two tax entities within the Group: Circadian Technologies Limited and Syngene Limited which is a controlled entity. Following lodgement of the income tax returns for 30 June 2013, the Group recognised an income tax benefit of $507,923 which is an adjustment to the research and development (R&D) tax incentive claimable following AusIndustry's positive findings in relation to the eligibility of Circadian's overseas R&D spend on certain projects. This provides greater certainty in relation to future claims and accordingly a benefit of $1,160,088 has been recognised in relation to the R&D spend in the current reporting period. The deferred income tax benefit relates to the recognition of further temporary differences during the period.

During the previous half-year ended 31 December 2012, the Group group generated net realised income tax losses and unrealised capital gains on the listed investments owned by the Group. A deferred tax benefit was recognised for the previous period relating to the reversal of temporary differences. Following lodgement of the income tax return for 30 June 2012, the Group recognised a further income tax benefit of $10,493 relating to the R&D tax incentive claim.

(b) Amounts charged or credited directly to equity

A deferred tax expense for the half year of $185,103 was charged directly to equity as a result of the net unrealised gains on the Group's listed investments. Refer to note 11.

In the prior period, a deferred tax benefit of $311,118 was credited directly to equity as a result of the unrealised gain on the Group's listed investments.

(c) Carry forward unrecognised tax losses

The Group had estimated income tax losses available of $12,169,271 and realised capital losses of $877,704 available at the end of the half year; tax effected at 30% (2012 half-year: income tax losses of $11,771,224 and realised capital losses of $877,704). No deferred tax asset is recognised in relation to tax losses within the Circadian Consolidated Tax Group as they are not currently considered probable of realisation. Syngene has recognised tax losses to the extent that there can be matched against deferred tax liabilities. The Group tax losses are available indefinitely for offset against future assessable income subject to the Group continuing to meet relevant statutory tests.

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

	Ownership interest		Fair value [(i)]		Cost of investment	
Listed investments	**31 Dec 2013 %**	**30 June 2013 %**	**31 Dec 2013 $**	**30 June 2013 $**	**31 Dec 2013 $**	**30 June 2013 $**
Non-current investments						
Antisense Therapeutics Ltd	10.22	10.33	2,209,737	1,488,158	1,773,947	1,784,497
Optiscan Imaging Ltd	5.05	5.16	447,398	585,601	348,541	354,584
Other listed investments less than 1% interest			185,203	206,758	161,103	199,696
			2,842,338	2,280,517	2,283,591	2,338,777

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

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

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

	Consolidated	
	31 December 2013 $	**30 June 2013 $**
9. Non-controlling interest		
Opening balance	(907,333)	(1,285,462)
Additional non-controlling interests arising due to share issue	-	(5,010)
Share of loss for the period	10,277	249,713
Share of other comprehensive (income)/loss for the period	(81,424)	133,426
Closing balance	**(978,480)**	**(907,333)**

	Consolidated	
	31 December 2013 $	**30 June 2013 $**
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	2,421,691	2,503,941
Short term deposits	5,500,000	8,500,000
	7,921,691	**11,003,941**

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 3.61% (2012 half-year: 4.34%)

	Consolidated	
	31 December 2013 $	**30 June 2013 $**
11. Reserves		
Net unrealised gains reserve [(i)]	627,261	226,105
Employee equity benefits reserve	196,829	187,497
Equity reserve attributable to parent	(7,172,143)	(7,172,143)
Total reserves	**(6,348,053)**	**(6,758,541)**
[(i)] Movements in net unrealised gains reserve		
Opening balance	226,105	1,055,629
- Net gains/(losses) on listed investments for the period	667,683	(1,375,640)
- Tax effect on above net gains/losses	(185,103)	412,690
- NCI share of revaluation of listed investments net of tax	(81,424)	133,426
Net gains/(losses) on non-current listed investments for the period after tax	401,156	**(829,524)**
Closing balance	**627,621**	**226,105**

12. Commitments and contingencies

(a) Commitments

(i) Operating lease commitments - Group as lessee

The Group has a commercial lease for the office premises expiring in July 2019.

	Consolidated	
	31 December 2013 $	**30 June 2013 $**
Within one year	87,569	85,998
After one year but not more than five years	382,878	375,942
After more than 5 years	54,794	102,564
	525,241	564,504

(ii) Research projects and license commitments

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

	Consolidated	
	31 December 2013 $	**30 June 2013 $**
Within one year	2,390,593	1,793,006
After one year but not more than five years	555,372	703,065
After more than five years	364,818	373,344
	3,310,783	2,869,415

(b) Contingencies

Vegenics Pty Ltd, a wholly owned subsidiary of Circadian, is a party to various research agreements with respect to which a commitment to pay is contingent on the achievement of research milestones. Assuming all milestones are achieved within the timeframes stipulated in the contracts, those which could become payable in less than one year total $nil (30 June 2013: $20,000) and those which could become payable in more than one year total $14,767,755 (30 June 2013: $12,751,034).

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

In January 2014, $2,243,048 was received from the Australian Tax Office in relation to the 2013 R&D claim. This amount was included in receivables as 31 December 2013.

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

Directors' declaration

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

1) In the opinion of the directors:

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

      (i) Giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

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

   b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2013.

On behalf of the Board:

Dominique Fisher
Chairman of the Board

Melbourne
20 February 2014

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Independent Auditor's Review Report 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 consolidated statement of financial position as at 31 December 2013, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated 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 on pages 11 to 23.

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 gives a true and fair view and 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 2013 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 2013 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, 20 February 2014