17 February 2010

31 DECEMBER 2009 HALF-YEAR FINANCIAL REPORT & OPERATIONAL ACHIEVEMENTS

No. of Pages: 31

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 2009.

Key Financials

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.

At 31 December 2009 Circadian had total cash reserves plus listed investments (direct and indirect at market value) amounting to $42.5 million.

A summary of the results for the Group for the reporting period/at balance date are as follows:

- The consolidated net loss of the Group for the half-year was $4,355,255 after an income tax expense of $nil (2008 half-year: loss of $5,278,671 after an income tax expense of $45,868).
- Consolidated cash reserves as at 31 December 2009 amounted to $34,827,423 (30/6/2009: $38,836,560).
- 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 2009 was $6,575,810 (30/6/2009: $4,289,081). Including indirect interests, the market value of the listed holdings was $7,760,009 (30/6/2009: $5,142,317).
- The net tangible asset backing per share as at 31 December 2009 was $0.78 (30/6/2009: $0.86). The net tangible asset backing using the market value of the investment in Antisense Therapeutics as opposed to its equity accounted value was $0.90 at balance date (30/6/2009: $0.93). Circadian's share price, however, was $0.67 (30/6/2009: $0.73).
- Basic earnings per share: loss of 9.63 cents (2008 half-year: loss of 11.99 cents per share).
- Direct R&D costs (excluding personnel costs) amounted to $1,984,354 (2008 half-year: $2,116,334). Including personnel costs and other R&D support costs which are recognised through the administrative cost centre, total investment in R&D amounted to $2,796,720 (2008 half-year: $2,682,397).
- Patent costs of $676,883 (2008 half year: $909,744).

- No impairment losses were recognised during the current half-year period whereas during the 2008 half-year $837,146 impairment losses were recognised relating to investments in Avexa Limited and Optiscan. Optiscan's share price in fact rose from 5.7 cents at 31 December 2008 to 8.4 cents at 31 December 2009 (a 47% increase). The Group disposed of its remaining holding in Avexa in April 2009.

The results also reflect the Group's share (under the equity accounting standards) of the losses recognised by Antisense Therapeutics Limited (ANP) of $433,335 (2008 half-year: $342,160). Including indirect interests, the Group had a 21.8% interest in ANP at period end.

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

Key Operational Highlights/Events

Circadian - Developing Biological Therapeutics for Cancer

The Circadian Group's 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.

Advancing our product pipeline

All in-house cancer product development programs, VGX-100, VGX-200 and VGX-300 are being evaluated in on-going studies in a range of rodent cancer models. The most advanced of these programs is VGX-100 and a key manufacturing milestone was achieved during the period for VGX-300. ImClone continues its pre-clinical activities on anti-cancer antibody IMC-3C5 and Healthscope is progressing the development of the Cancers of Unknown Primaries diagnostic which Circadian licensed to it last year.

- **Advancement of VGX-100 program** – The Group has made good progress in its VGX-100 antibody program targeting the VEGF-C protein. Extensive on-going studies evaluating VGX-100 have continued in a range of rodent cancer models which will be used to guide human clinical trials.

  The company commenced the manufacture of the GLP (Good Laboratory Practice) pilot batch of drug compound which is to be used in the animal toxicology studies. Toxicology and regulatory plans are in place and key contracts have been executed relating to the toxicology studies to be undertaken before the end of the financial year. All of these activities are continuing to track to timelines that have been previously communicated publicly.

- **Achievement of key manufacturing milestone for VGX-300 cancer drug candidate** – Circadian advised in its 2009 annual report that it expected to demonstrate manufacturability of VGX-300 in commercial quantities. In October 2009 Circadian announced the achievement of this milestone. Circadian has achieved the production of the VGX-300 protein in cell culture to enable production at gram quantities, which are sufficient to advance the anti-cancer product in pre-clinical studies.

Adding to our list of respected partners

- **Licence to Perkin Elmer with worldwide rights to market research products** – in September 2009 the Group entered into an agreement with US company PerkinElmer Inc (NYSE:PKI) providing it with a worldwide licence to market research products to life science researchers, incorporating the Group's VEGF technology. Although the financial benefit of this agreement to Circadian may not be significant, it is expected

that it could lead to greater benefits for Circadian's current or future product development from further research findings implicating the important role of VEGF-C and VEGF-D in cancer and other diseases.

Extending and strengthening our intellectual property position

- **Successful prosecution of a key strategic patent -** In August 2009 Vegenics was granted a patent in Japan claiming the VEGF-C protein, VEGF-C gene and antibodies to VEGF-C as well as the use of these molecules in a broad spectrum of therapeutic indications, including the treatment of cancer.

  This Japanese patent together with the large number of VEGF-C patents granted in the United States and Europe provides the Group with a major commercial advantage and access to the world's major pharmaceutical markets. Japan is the world's second largest market for pharmaceuticals after the USA comprising around 11%.

Continuing to build on the outstanding management team and board

- **New addition to the Board of Directors** – on 20 August 2009, Dr Errol Malta, joined the board of Circadian as a non-executive director. Dr Malta has been the Chairman of the company's Product Development Review Committee since its inception in 2008 and continues in this role. Dr Malta has more than 20 years experience in drug development within the pharmaceutical/ biotechnology industry, including at US company Amgen Inc. He has been responsible for five successful new-molecule IND submissions to FDA and other regulatory agencies, subsequent phase I/II programs, and a number of phase III and IV trials.

- **New addition to the Executive Management Team –** Circadian has successfully recruited another key staff member during the half-year period. Mr Mark Sullivan, who joined the company in August 2009, has been engaged as Circadian's Head of Development. Mr Sullivan, BSc, has 18 years experience in the development of therapeutics, vaccines and microbicides and was formerly with Glaxo/GlaxoWellcome (now GSK) in London for 10 years and Gilead Sciences in San Francisco for 2 years. He has an extensive clinical research background through all phases of clinical drug development.

Other

- **Termination of licence to Ark Therapeutics & Arbitration Proceedings** – On 29 October 2009 Circadian's wholly owned subsidiary Vegenics Limited terminated the licence previously granted to Ark Therapeutics Limited, under its VEGF-D gene therapy intellectual property (IP) to exploit Ark's product Trinam™. The licence was terminated for non-payment of fees.

  Trinam™, which is currently undergoing Phase 3 clinical trials, is a treatment being developed by Ark to extend the functioning of intravenous access grafts used by kidney dialysis patients.

  Circadian, through Vegenics, is also commencing arbitration proceedings against Ark's Finnish subsidiary, Lymphatix Oy, to rule out Ark's claim that it retains a license covering the use of Vegenics' IP in Trinam™ through Lymphatix (Lymphatix has a license from Vegenics for certain VEGF-C and VEGF-D gene therapy rights). Circadian is strongly of the view that Lymphatix, and therefore its parent Ark, have no rights to use Vegenics' IP to sell Trinam™ under the Lymphatix license.

  Circadian initiated these actions to ensure that these matters can be resolved and clarified before Trinam™ comes to the market in the next 2 to 3 years, assuming ongoing Phase 3 trials are successful.

It is expected that arbitration may take around 12 months and the associated time and costs are not expected to have a significant effect on management resources or on the overall operating expenditures of the company, respectively. The Finnish Arbitration Tribunal has advised that it will issue the protocol for the arbitration procedure and associated timetable before the end of February 2010.

For further 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 2009.

Yours faithfully

Natalie Korchev
Company Secretary & CFO

APPENDIX 4D

Half-Year Report

Name of entity: **CIRCADIAN TECHNOLOGIES LIMITED**

ABN: **32 006 340 567**

Reporting period: **HALF-YEAR ENDED 31 DECEMBER 2009**

Previous corresponding period: HALF-YEAR ENDED 31 DECEMBER 2008

INDEX

THIS HALF-YEAR REPORT IS TO BE READ IN CONJUNCTION WITH THE COMPANY'S 2009 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 2009 are as follow:

Revenues and Results from Ordinary Activities:		**Change compared to 31/12/2008 %**		**31/12/2009 $**
Revenues from ordinary activities	Down	35	to	1,182,650
Loss from ordinary activities after tax attributable to members	Loss has decreased	17		(4,355,511)
Loss for the period attributable to members	Loss has decreased	17		(4,355,511)

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**	
	31/12/2009	**30/06/2009**
Net tangible asset backing per ordinary security	$0.78	$0.86

Status of review of accounts

The financial report for the half-year ended 31 December 2009 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 2009

CIRCADIAN TECHNOLOGIES LIMITED (ACN 006 340 567) AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The board of directors of Circadian Technologies Limited (Circadian or Company) submits their report for the half-year ended 31 December 2009 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 (appointed 20 August 2009)
Carlo Montagner	Non-Executive Director
Jonathan Skipper	Non-Executive Director

Results

Results for the period predominantly reflect the Group's investment in advancing its cancer treatment programs VGX-100, VGX-200 and VGX-300. The development, including associated costs, of the VEGFR3 antibody as a cancer treatment, licensed to ImClone Inc (owned by Eli Lilly, NYSE: LLY) and the Cancers of Unknown Primaries (CUP) diagnostic, licensed to Healthscope Limited (ASX: HSP), are being undertaken by those respective licensees.

A summary of the results is as follows.

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- An expense amount of $433,335 being Circadian's share of the losses of Antisense Therapeutics Limited for the half-year ended 31 December 2009 as required under equity accounting (2008 half-year: $342,160).

Analysis of results:

R&D costs (including personnel and indirect R&D costs) relating to the cancer therapeutics development programs in fact increased since the previous corresponding period reflecting the further advancements made in the respective programs (31 December 2009 half year: $2.8M; 31 December 2008 half year: $1.9M). These programs are discussed further under "Review of Operations". The remaining R&D costs in the previous corresponding period mostly relate to early stage programs under the Group's previous business strategy which have since been concluded. Current period R&D costs have also been impacted by favourable exchange rates due to the stronger Australian dollar.

The decrease in patent costs is in part due to actual cost savings and in part due to favourable foreign exchange rates.

Interest income earned has reduced to $789,948 during the current half year period from $1,510,251 due in part by the decrease in cash balances however, also due to the decrease in the weighted average interest rate earned on term deposits in the previous corresponding period of 6.62% compared to the current period of 4.34%.

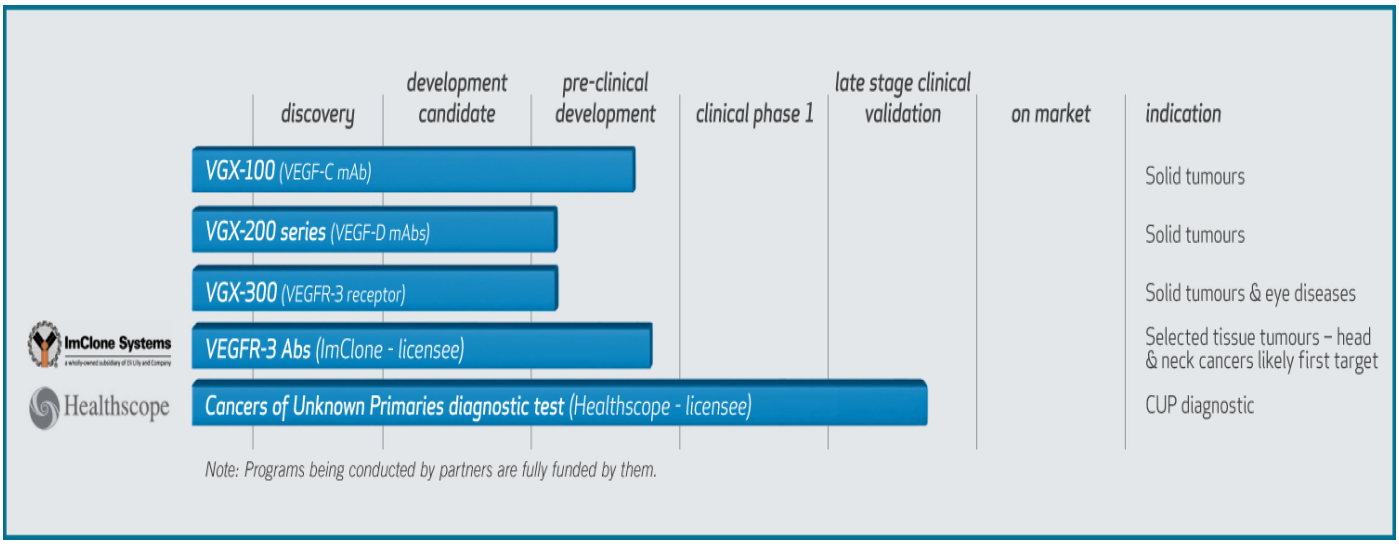
During the 31 December 2009 half year period the economy in general, including various listed biotechnology companies have seen significant improvements in their respective share prices, unlike during the previous corresponding period when they saw significant declines in their values. The Group has two remaining investments in listed companies: Antisense Therapeutics, ASX: ANP, (18.1% direct interest) and Optiscan Imaging, ASX: OIL, (6.4% interest). These companies experienced significant declines in their respective share prices in the previous corresponding period (ANP: 48.5% and OIL: 74%), whereby an impairment loss was recognised for the investment in OIL as its market value fell below its acquisition cost. During the current half-year period these companies share prices have increased by 48.6% and 105% respectively. Note that the investment in ANP is recognised as an equity accounted investment – the balance of this investment in the balance sheet is significantly lower than its market value (at all relevant balance dates included in the 31 December 2009 financial report).

Review of Operations

Circadian - Developing Biological Therapeutics for Cancer

The Circadian Group's 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 Genentech Inc's multi-billion dollar anti-cancer drug Avastin® which is an antibody therapy against the closely related protein VEGF-A. In addition to its cancer treatments program, the Group is also developing a diagnostic for Cancers of Unknown Primaries with its licensee Healthscope Limited.

The Group's product pipeline includes programs partnered with leading biotechnology companies in their fields and programs currently being developed in-house.



- In-house earlier stage products which are potential treatments for solid tumours:
  - VGX-100 – a human VEGF-C antibody
  - VGX-200 series – humanised VEGF-D antibodies
  - VGX-300 – a VEGFR-3 protein which may not only have applications in cancer but also has potential as a treatment for eye disease.
- IMC-3C5, an antibody which neutralises VEGFR-3, has been designated by licensee ImClone Systems Incorporated (recently acquired by Eli Lilly & Company) as a formal pre-clinical candidate for oncology indications.
- Cancers of Unknown Primaries diagnostic is being developed by licensee Healthscope Limited.

An update is provided below on the Group's key operational/business activities and achievements since 30 June 2009. The 30 June 2009 annual report contains detailed background information relating to the Group's projects and investments and should be read in conjunction with this report.

Key operational highlights/events include:

Advancing our product pipeline

All in-house cancer product development programs, VGX-100, VGX-200 and VGX-300 are being evaluated in on going studies in a range of rodent cancer models. The most advanced of these programs is VGX-100 and a key manufacturing milestone was achieved during the period for VGX-300. ImClone continues its pre-clinical activities on IMC-3C5 and Healthscope is progressing the development of the Cancers of Unknown Primaries diagnostic which Circadian licensed to it last year.

- **Advancement of VGX-100 program** - We made good progress in our VGX-100 antibody program targeting the VEGF-C protein. We have continued our extensive on-going studies evaluating VGX-100 in a range of rodent cancer models which will be used to guide human clinical trials.

  The company commenced the manufacture of the GLP (Good Laboratory Practice) pilot batch of drug compound which is to be used in the animal toxicology studies and executed an agreement in August 2009 for the production later this year of cGMP (current Good Manufacturing Practice) bulk quantity drug compound for clinical use.

Toxicology and regulatory plans are in place and key contracts have been executed relating to the toxicology studies to be undertaken before the end of the financial year. All of these activities are continuing to track to timelines that we have communicated publicly.

- **Achievement of key manufacturing milestone for VGX-300 cancer drug candidate** – Circadian advised in its 2009 annual report that it expected to demonstrate manufacturability of VGX-300 in commercial quantities. In October 2009 Circadian announced the achievement of this milestone which allows the company to progress pre-clinical development.

  Circadian has achieved the production of the VGX-300 protein in cell culture to enable production at gram quantities, which are sufficient to advance the anti-cancer product in pre-clinical studies.

  Chairman of Circadian's Scientific Advisory Board, Professor Kari Alitalo, reported this important manufacturing program data in a plenary presentation at the 7th Annual Angiogenesis Foundation International Conference in Boston in October.

  VGX-300 belongs to a relatively new category of biological drugs, and producing the protein at a sufficient yield was not a certainty at the inception of the program. Being able to produce VGX-300 in gram quantities is therefore a significant milestone in the program. With the substantial supply of this protein, critical efficacy studies have been initiated in a range of animal models which will build on the previously published anti-cancer effects.

Adding to our list of respected partners

- **Licence to Perkin Elmer with worldwide rights to market research products** – in September 2009 the Group entered into an agreement with US company PerkinElmer Inc (NYSE:PKI) providing it with a worldwide licence to market research products to life science researchers, incorporating the Group's VEGF technology.

  Circadian is committed to maximising the potential of its intellectual property through collaborative relationships with leaders in their field. Although the financial benefit of this agreement to Circadian may not be significant, it is expected that it could lead to greater benefits for Circadian's current or future product development from further research findings implicating the important role of VEGF-C and VEGF-D in cancer and other diseases.

Extending and strengthening our intellectual property position

- **Successful prosecution of a key strategic patent** - In August 2009 Vegenics was granted a patent in Japan claiming the VEGF-C protein, VEGF-C gene and antibodies to VEGF-C as well as the use of these molecules in a broad spectrum of therapeutic indications, including the treatment of cancer.

  This Japanese patent together with the large number of VEGF-C patents granted in the United States and Europe provides the Group with a major commercial advantage and access to the world's major pharmaceutical markets. Japan is the world's second largest market for pharmaceuticals after the USA comprising around 11%.

Continuing to build on the outstanding management team and board

- **New addition to the Board of Directors** – on 20 August 2009, Dr Errol Malta, joined the board of Circadian as a non-executive director. Dr Malta has been the Chairman of the company's Product Development Review Committee since its inception in 2008 and continues in this role. The role of this committee of the board is to provide advice and scrutinise Circadian's drug development and commercialisation strategies.

  Dr Malta has more than 20 years experience in drug development within the pharmaceutical/ biotechnology industry. He has worked with Amgen Inc at its head office in California as its Product Development Team Leader where he was responsible for global drug development and the commercialisation of a number of different protein molecules in the US, Europe and Japan. He was responsible for five successful new-molecule IND submissions to FDA and other regulatory agencies, subsequent phase I/II programs, and a number of phase III and IV trials.

  New addition to the Executive Management Team – Circadian has successfully recruited another key staff member during the half-year period. Mr Mark Sullivan, who joined the company in August 2009, has been engaged as Circadian's Head of Development. Mr Sullivan, BSc, has 18 years experience in the development of therapeutics, vaccines and microbicides and was formerly with Glaxo/GlaxoWellcome (now GSK) in London for 10 years, Gilead Sciences in San Francisco for 2 years, and University of New South Wales for 3 years. He has a clinical research background which encompasses first-in-man, proof-of-concept, pivotal phase II and III studies, regulatory submission (two New Drug Applications with the FDA/Marketing Authorisation Applications through the EMEA), phase IIIb and phase IV. Mark has worked on three development programs that have progressed through successful registration.

Other

- **Termination of licence to Ark Therapeutics & Arbitration Proceedings** – On 29 October 2009 Circadian's wholly owned subsidiary Vegenics Limited terminated the licence previously granted to Ark Therapeutics Limited, under its VEGF-D gene therapy intellectual property (IP) to exploit Ark's product Trinam™. The licence was terminated for non-payment of fees.

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  Circadian initiated these actions to ensure that these matters can be resolved and clarified before Trinam™ comes to the market in the next 2 to 3 years, assuming ongoing Phase 3 trials are successful.

  It is expected that arbitration may take around 12 months and the associated time and costs are not expected to have a significant effect on management resources or on the overall operating expenditures of the company, respectively. The Finnish Arbitration

Tribunal has advised that it will issue the protocol for the arbitration procedure and associated timetable before the end of February 2010.

Upcoming milestones and events

We look forward to the following milestones/key events:

Milestone/Event	**Projected Timing** *(Calendar Year)*
• VGX-100 cancer development program ➢ Animal tumour model evaluation ➢ Toxicology completion ➢ FDA pre-IND review ➢ Commencement of bulk cGMP manufacture of clinical grade compound ➢ IND filing	 H1 2010 H2 2010 H2 2010 H1 2010 H1 2011
• IMC-3C5 for cancer ➢ IND filing (by licensee ImClone/Eli Lilly)	H2 2010
• Cancers of Unknown Primaries molecular diagnostic ➢ Market launch of product (by licensee Healthscope Limited)	H2 2010
• Antisense Therapeutics Limited, ASX: ANP (listed investment) milestone ➢ ANP partner Teva Pharmaceutical Industries to advise of its decision to progress multiple sclerosis treatment ATL/TV 1102 into late stage clinical trials	H1 2010
• Resolution of matter relating to unlicensed gene therapy product being developed by Ark Therapeutics	H1 2011
• Continuing extension of IP portfolio covering VEGF-C, VEGF-D and/or VEGFR-3 through patent grants in Europe, Japan and USA	H1 & H2 2010

INHERENT RISKS OF INVESTMENT IN BIOTECHNOLOGY COMPANIES

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

This report may contain forward-looking statements regarding the potential of the company's projects and interests and the development and therapeutic potential of the company's research

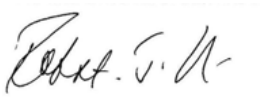
and development. Any statement describing a goal, expectation, intention or belief of the company is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those inherent in the process of discovering, developing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

Auditor's Independence Declaration

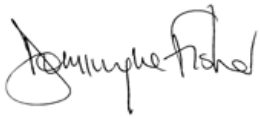
The Directors have obtained a declaration of independence from Ernst & Young, the Group's auditors, which is attached to this report.

For and on behalf of the Board:

Robert Klupacs
Director



Dominique Fisher
Director



Melbourne
17 February 2010

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

In relation to our review of the financial report of Circadian Technologies Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Joanne Lonergan
Partner
17 February 2010

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	Consolidated 31 December 2009 $	Consolidated 30 June 2009 $
ASSETS			
Current Assets			
Cash and cash equivalents		34,827,428	38,836,560
Receivables		432,356	474,387
Prepayments		49,819	113,016
Total Current Assets		35,309,603	39,423,963
Non-Current Assets			
Financial investments	7	695,953	333,541
Investments in associates	8	1,358,208	1,301,784
Deferred tax asset		307,473	153,281
Plant and equipment		61,564	66,592
Total Non-Current Assets		2,423,198	1,855,198
TOTAL ASSETS		37,732,801	41,279,161
LIABILITIES			
Current Liabilities			
Payables		1,956,426	2,144,039
Provisions		202,502	187,296
Total Current Liabilities		2,158,928	2,331,335
Non-Current Liabilities			
Deferred tax liability		307,571	153,379
Provisions		25,181	21,228
Total Non-Current Liabilities		332,752	174,607
TOTAL LIABILITIES		2,491,680	2,505,942
NET ASSETS		35,241,121	38,773,219
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity		38,374,094	38,374,094
Retained earnings		(388,287)	3,967,224
Reserves	10	(2,744,686)	(3,592,321)
Parent interests		35,241,121	38,748,997
Non-controlling interests		-	24,222
TOTAL EQUITY		35,241,121	38,773,219

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

	Note	Consolidated 31 December 2009 $	Consolidated 31 December 2008 $
Finance revenue		789,948	1,510,251
Investment income		13,899	5,313
Royalties and licence fees		378,803	292,778
Revenue	4	1,182,650	1,808,342
Research and development expenses		(1,984,354)	(2,116,334)
Intellectual property costs		(113,392)	(304,275)
Patent expenses		(676,882)	(909,744)
Administrative expenses		(2,419,787)	(2,023,886)
Occupancy expenses		(71,480)	(69,494)
Impairment losses	5	(25,000)	(867,146)
Share of net loss of associates	8(b)	(307,521)	(443,906)
Foreign exchange gains/(losses)		60,511	(306,360)
Loss before income tax		**(4,355,255)**	**(5,232,803)**
Income tax expense	6	-	(45,868)
Loss for the period		**(4,355,255)**	**(5,278,671)**
Other comprehensive income			
Net unrealised gains/(losses) on non-current listed investments for the period		583,604	(3,709,995)
Realised losses transferred to loss for the period		-	(5,375)
Unrealised impairment losses recognised in loss for the period	5	-	837,146
Share in associate's movement in equity reserve		12,778	18,383
Gain on new share issue by associate		114,975	-
Income tax on items of other comprehensive income		-	524,220
Other comprehensive income for the period, net of tax		711,357	(2,335,621)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(3,643,898)**	**(7,614,292)**
Loss for the period is attributable to:			
Non-controlling interest		256	(2,696)
Owners of the parent		(4,355,511)	(5,275,975)
Total comprehensive income/(loss) for the period is attributable to:			
Non-controlling interest		256	(2,696)
Owners of the parent		(3,644,154)	(7,611,596)
		Cents	**Cents**
Earnings per share for loss attributable to the ordinary equity holders of the parent:			
- basic loss per share		(9.63)	(11.99)
- diluted loss per share		(9.63)	(11.99)

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	CONSOLIDATED – Attributable to equity holders of the parent										
	Contributed equity $	*Asset revaluation reserve* $	*Option reserve* $	*Contributed capital of associate reserve* $	*Employee equity benefits reserve* $	*Equity reserve – parent* $	*Net unrealised gains reserve (note 10)* $	*Retained earnings* $	*Total* $	*Non-controlling interests* $	*Total equity* $
At 1 July 2009	**38,374,094**	**734,407**	**19**	**1,053,119**	**1,264,570**	**(7,172,143)**	**527,707**	**3,967,224**	**38,748,997**	**24,222**	**38,773,219**
Net unrealised gains on non-current listed investments for the period *	-	-	-	-	-	-	583,604	-	583,604	-	583,604
Share of associates' movement in equity reserve *	-	-	-	12,778	-	-	-	-	12,778	-	12,778
Gain on new share issue by associate	-	-	-	114,975	-	-	-	-	114,975		114,975
Total income and expense for the period recognised directly in equity *	-	-	-	127,753	-	-	583,604	-	711,357	-	711,357
Loss for the period *	-	-	-	-	-	-	-	(4,355,511)	(4,355,511)	256	(4,355,255)
Total comprehensive income and expense for the period *	-	-	-	-	-	-	583,604	(4,355,511)	(3,644,154)	256	(3,643,898)
Cost of share-based payment	-	-	-	-	136,278	-	-	-	136,278	-	136,278
Disposal of subsidiary (note 4(b))	-	-	-	-	-	-	-	-	-	(24,478)	(24,478)
Balance at 31 December 2009	**38,374,094**	**734,407**	**19**	**1,180,872**	**1,400,848**	**(7,172,143)**	**1,111,311**	**(388,287)**	**35,241,121**	**-**	**35,241,121**
At 1 July 2008	**33,167,977**	**734,407**	**19**	**1,007,683**	**1,020,539**	**(5,238,453)**	**2,849,426**	**13,883,872**	**47,425,470**	**3,981,943**	**51,407,413**
Net unrealised losses on non-current listed investments for the period *	-	-	-	-	-	-	(2,925,423)	-	(2,925,423)	-	(2,925,423)
Realised gain on non-current listed investment transferred to the statement of comprehensive income *	-	-	-	-	-	-	(4,925)	-	(4,925)	-	(4,925)
Unrealised impairment losses recognised in the statement of comprehensive income *	-	-	-	-	-	-	576,344	-	576,344	-	576,344
Share of associates' movement in equity reserve *	-	-	-	18,383	-	-	-	-	18,383	-	18,383
Total income and expense for the period recognised directly in equity	-	-	-	18,383	-	-	(2,354,004)	-	(2,335,621)	-	(2,335,621)
Loss for the period *	-	-	-	-	-	-	-	(5,275,975)	(5,275,975)	(2,696)	(5,278,671)
Total comprehensive income and expense for the period *	-	-	-	18,383	-	-	(2,354,004)	(5,275,975)	(7,611,596)	(2,696)	(7,614,292)
Cost of share-based payment	-	-	-	-	111,657	-	-	-	111,657	-	111,657
Acquisition of non-controlling interests	5,206,117	-	-	-	-	(1,933,690)	-	-	3,272,427	(3,952,699)	(680,272)
Balance at 31 December 2008	**38,374,094**	**734,407**	**19**	**1,026,066**	**1,132,196**	**(7,172,143)**	**495,422**	**8,607,897**	**43,197,958**	**26,548**	**43,224,506**

* Amounts are after tax

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

	Note	Consolidated 31 December 2009 $	Consolidated 31 December 2008 $
Cash flows from operating activities:			
Interest received		687,610	1,639,621
Proceeds on disposal of subsidiary		50,615	-
Proceeds from sale of investments		-	8,937
Acquisition of financial investments		(15,000)	-
Royalty and licence income received		99,629	75,437
Payments to suppliers, employees and for research & development and intellectual property costs (inclusive of GST)		(4,700,533)	(5,077,975)
Net cash flows used in operating activities		(3,877,679)	(3,353,980)
Cash flows from investing activities:			
Acquisition of non-controlling interests in subsidiary		-	(680,272)
Purchase of plant and equipment		(17,727)	(10,659)
Loan to associate		(25,000)	(30,000)
Net cash flows used in investing activities		(42,727)	(720,931)
Net cash flows used in financing activities		-	-
Net decrease in cash and cash equivalents		(3,920,406)	(4,074,911)
Net foreign exchange differences		(27,658)	-
Cash and cash equivalents at beginning of period		38,836,560	46,216,626
Less cash held by subsidiary disposed of during the period		(61,068)	-
Cash and cash equivalents at end of period	9	34,827,428	42,141,715

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. CORPORATE INFORMATION

The financial report of Circadian Technologies Limited (the Company) for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 17 February 2010.

Circadian Technologies Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

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 2009 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 investments in associates which have 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 2009 and considered together with any public announcements made by Circadian Technologies Limited and its controlled entities during the half-year ended 31 December 2009 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 adopted are consistent with those of the previous financial year and corresponding interim reporting period, with the exception of the following:

AASB 101 (revised): *Presentation of Financial Statements*
With effect from 1 July 2009, the Group adopted the revised AASB 101: *Presentation of Financial Statements.* This standard requires the presentation of a new Statement of Comprehensive Income separate from changes in equity arising from transactions with shareholders.

The adoption of this new standard has no impact on the Group's net assets, net profit/loss or total recognised gains and losses, but changes the statement where certain gains and losses are presented. Unrealised gains/losses on the Group's listed investments and the associated deferred tax charge/credit, which are presented in the Statement of Changes in Equity, are also now presented as components of "Other Comprehensive Income" in the Statement of Comprehensive Income. The group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

3. SEGMENT INFORMATION

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

3. SEGMENT INFORMATION (continued)

The chief operating decision maker (CODM) 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 CODM 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 2009 $	31 December 2008 $
4. REVENUE		
(a) Finance revenue		
Interest from:		
- Bank	773,504	1,494,851
- Related party – associated company	16,444	15,400
	789,948	1,510,251
(b) Investment income		
Net gain on sale of investments (i)	-	5,313
Gain on disposal of subsidiary (ii)	13,899	-
	13,899	5,313
(c) Royalties and licence fees	378,803	292,778
Total revenue	1,182,650	1,808,342

(i) The net gain on sale of investments in the previous period is in respect to the sale of ordinary shares in Avexa Limited as follows:

Net proceeds from sale of shares	-	8,937
Original cost of shares sold	-	10,941
Loss on sale of shares	-	(2,004)
Recovery of impairment losses recognised prior to 1.7.05	-	7,317
Total	-	5,313

The sale related to 25,000 ordinary shares in Avexa Limited sold in July 2008. The Group retained 7,062,914 shares in Avexa after the sale of the shares which were subsequently sold in March and April 2009.

The shares sold during the prior period related to those shares which recognised an impairment loss in the 30 June 2005 year. As such, the recovery of losses on the parcel of shares sold during the prior period amounted to $7,317.

(ii) The gain on disposal of subsidiary relates to the disposal of the Group's 60% interest in CancerProbe Pty Ltd.

On 5 August 2009, Fibre Optics (Aust) Pty Ltd (a wholly owned subsidiary of Circadian) entered into a legally binding agreement with CancerProbe Pty Ltd to execute a selective share buy-back for all the shares held in it by Fibre Optics. The completion of this agreement was subject to approval of the change of control from the Department of Industry, Tourism and Resources (DITR) in accordance with a grant agreement between CancerProbe and the DITR. This approval was granted and the terms of the agreement were fully satisfied on 24 September 2009. The non-controlling interest share of CancerProbe of $24,478 was removed from the Group's accounts effective 24 September 2009. Fibre Optics received proceeds from the share buy-back of $50,615 and realised a gain on disposal of the entity of $13,899. Accordingly, CancerProbe is no longer a subsidiary of the Group and is no longer consolidated into the Group's results.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated	
	31 December 2009 $	31 December 2008 $
5. EXPENSES		
Impairment losses		
Loan to associate (note 8)	(25,000)	(30,000)
Listed financial investments (i)	-	(837,146)
	(25,000)	(867,146)

(i) During the prior period the market values of interests in Avexa and Optiscan had fallen below their acquisition costs. As such the board and management had deemed it appropriate to recognise the total unrealised losses on these investments of $837,146 in the income statement as impairment losses, as it was unknown at that time when a recovery in the share prices of these companies may occur. Impairment losses for each respective investment were as follows:

Avexa Limited
An impairment loss of $529,719 was recognised in profit or loss due to the decrease in Avexa's share price to 7 cents at 31 December 2008. An impairment was previously recognised at 30 June 2005 when Avexa's share price was 14.5 cents but its cost per share was 43.76 cents (also see note 4(b)(i)).

Optiscan Imaging Limited
An impairment loss of $307,427 was recognised in profit or loss due to Optiscan's share price decreasing to 5.7 cents at 31 December 2008, which was below the average cost price of 9.5 cents per share. The amount of $307,427 represents the market value of the shares at 31 December 2008 of $463,704 less the cost price of the investment of $771,131 (also see note 7).

The share price of Optiscan increased to 8.4 cents as at 31 December 2009 (an increase from 4.1 cents as at 30 June 2009) resulting in an unrealised gain of $347,412 during the current period which is recognised in the unrealised gains reserve account (also see note 10(i)).

	Consolidated	
	31 December 2009 $	31 December 2008 $
6. INCOME TAX		
(a) Income Tax Expense		
The major components of income tax expense for the half-year ended 31 December 2009 and 31 December 2008 are:		
Consolidated Statement of Comprehensive Income		
Current income tax		
Current income tax charge/(benefit)	-	405,045
Adjustments in respect of current income tax of previous years	-	(117,831)
Deferred income tax		
Relating to origination and reversal of temporary differences	-	(241,346)
Income tax expense reported in the statement of comprehensive income	-	45,868

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

6. INCOME TAX (continued)

(a) Income Tax Expense (continued)

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

	Consolidated	
	31 December 2009 $	31 December 2008 $
(b) Amounts charged or credited directly to equity		
Tax expense/(benefit) on net unrealised gains/losses on listed investments	-	(556,274)
Tax benefit on unrealised impairment losses transferred out of reserves	-	260,802
Tax expense on realised gains transferred out of reserves	-	(450)
Income tax expense/(benefit) reported in equity	-	(295,922)

The deferred tax expense on net unrealised gains in equity for the current period is nil. The deferred tax expense through equity relating to the fair value increase in listed investment Optiscan Imaging Limited has been offset by the tax benefit relating to the unrealised impairment loss on this investment.

There are no other “available-for-sale” listed investments whose fair value adjustments are recognised through equity. Also see note 7.

(c) Carry forward unrecognised tax losses

The Group had income tax losses of $4,253,979 and realised capital losses of $939,695 at period end (31/12/2008: income tax losses of $1,471,757 and $602 capital tax losses) (these amounts are tax effected at 30%) for which no deferred tax asset is recognised in the statement of financial position as they are currently 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.

Vegenics Limited had generated income tax losses of $2,489,772 (tax effected at 30%) prior to the company entering the tax consolidated group on 14 August 2008. These also have not been recognised in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

7. FINANCIAL INVESTMENTS

Details of listed shares

	Ownership Interest		Fair Value (i)		Cost of Investment	
Listed Investments	**Dec 2009 %**	**Jun 2009 %**	**Dec 2009 $**	**Jun 2009 $**	**Dec 2009 $**	**Jun 2009 $**
Non-current investment:						
Optiscan Imaging Ltd (ii)	6.4	6.9	695,953	333,541	786,131	771,131
Associate:						
Antisense Therapeutics Ltd (iii) (note 8)	18.1	18.7	5,879,857	3,955,540	3,114,766	3,114,766
Total listed investments			6,575,810	4,289,081	3,900,897	3,885,897

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 period 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) Due to the share price of Optiscan increasing from 4.1 cents at 30 June 2009 to 8.4 cents at 31 December 2009, an unrealised gain of $347,412 was recognised in the unrealised gains reserve account during the current period. Also see note 5 (i) regarding impairment losses recognised in profit or loss in the year ended 30 June 2009.

(iii) The group's total undiluted interest in Antisense Therapeutics, including its indirect interest in Antisense Therapeutics through its investment in Syngene Limited, amounted to 21.8% at period end (30/6/2009: 22.8%), representing a market value of $7,064,056 (cost: $3,207,681).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

8. INVESTMENTS IN ASSOCIATES

(a) Investment Details

Name and Principal Activities	Ownership Interest %		Carrying Amount $	
	Dec 2009	Jun 2009	Dec 2009	Jun 2009
Listed:				
Antisense Therapeutics Ltd – Gene directed therapeutics	18.1	18.7	430,041	735,623
Unlisted:				
Syngene Limited – Gene diagnostics (i)	42.4	42.4	928,167	566,161
			1,358,208	1,301,784

All associated entities were incorporated in Australia.

(i) The movement between periods in the carrying amount of the investment in Syngene Limited includes an amount of $236,192 representing the Group's share of the increase in the fair value of Syngene's 8.62% investment in Antisense Therapeutics Limited. Antisense Therapeutics' share price increased from 3.5 cents at 30 June 2009 to 5.5 cents at 31 December 2009. The movement in the fair value of this investment during the period is recognised in the net unrealised gains reserve account (see note 10).

(b) Movements in the carrying amounts of the Group's investments in associates

	2009 $
Antisense Therapeutics Limited:	
At 1 July	735,623
Gain on new share issue by associate	114,975
Share of movement in equity reserve	12,778
Share of loss after income tax	(433,335)
At 31 December	430,041
Syngene Limited:	
At 1 July	566,161
Share of (loss)/profit after income tax	125,814
Share of net unrealised gain after income tax on listed investment for the year (i)	236,192
At 31 December	928,167

(i) The Group's share of the net unrealised gain on listed investment represents Syngene's 8.62% 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.

(c) Fair value of investment in listed associate

The fair value of the Group's investment in Antisense Therapeutics Limited at period end was $5,879,857 (30 June 2009: $3,955,540). Also see note 7(iii).

(d) Impairment

There was an impairment loss of $25,000 in the current period relating to the write-down of the loan advanced to Syngene Limited. This amount is included in the line item 'Impairment losses' in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated	
	31 December 2009 $	31 December 2008 $
9. CASH & CASH EQUIVALENTS		
For the purposes of the half-year Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December:		
Cash at bank and in hand	1,677,428	1,581,715
Short-term deposits	33,150,000	40,560,000
	34,827,428	42,141,715

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 the respective short-term deposit rates. At period end the average rate was 4.61%.

	Consolidated	
	31 December 2009 $	30 June 2009 $
10. RESERVES		
Asset revaluation reserve	734,407	734,407
Option reserve	19	19
Contributed capital of associate reserve	1,180,872	1,053,119
Net unrealised gains reserve (i)	1,111,311	527,707
Employee equity benefits reserve	1,400,848	1,264,570
Equity reserve attributable to parent	(7,172,143)	(7,172,143)
Total reserves	(2,744,686)	(3,592,321)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

10. RESERVES (continued)

	Consolidated	
	31 December 2009 $	30 June 2009 $
(i) Movement in net unrealised gains reserve:		
Opening balance	527,707	2,849,426
- Net unrealised gains/(losses) on non-current listed investments for the period	347,412	(2,958,934)
Tax effect on above net gains/losses	-	559,254
Share of associate's net unrealised gain/loss (note 8(a))	236,192	(500,411)
Net unrealised gains/(losses) on non-current listed investments for the period after tax	583,604	(2,900,091)
- Realised losses on non-current listed investment transferred to profit or loss	-	404,114
Tax effect on above realised losses	-	(122,396)
Net realised losses transferred to profit or loss	-	281,718
- Unrealised impairment losses recognised in profit or loss	-	437,590
Tax effect on above unrealised impairment losses	-	(140,936)
Net unrealised impairment losses recognised in profit or loss	-	296,654
Closing balance	1,111,311	527,707

11. COMMITMENTS AND CONTINGENCIES

(a) Commitments

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 May 2008 providing for a further two years and allows for the tenancy to be terminated with six months notice. A further extension to the lease had not been signed at 31 December 2009.

Within one year	36,633	87,698
After one year but not more than five years	-	-
	36,633	87,698

Research projects and intellectual property cost commitments

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

Within one year	2,913,215	2,991,354
After one year but not more than five years	702,504	1,324,838
After more than five years	226,783	250,910
	3,842,502	4,567,102

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

11. COMMITMENTS AND CONTINGENCIES (continued)

(b) Contingencies

Vegenics Limited, a 100% 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 2009: Nil) and those which could become payable in more than one year total $100,000 (30 June 2009: $100,000).

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.

12. EVENTS SUBSEQUENT TO REPORTING DATE

No significant events have arisen subsequent to 31 December 2009 which require disclosure in the half-year report.

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 *Corporation Act 2001*, including:

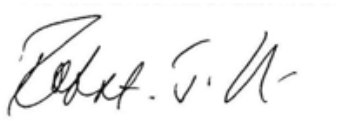
(i) Giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity.

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

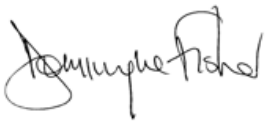
(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Robert Klupacs
Director



Dominique Fisher
Director



Melbourne
17 February 2010

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To the members of Circadian Technologies Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Circadian Technologies Limited, which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Circadian Technologies Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is attached to the directors' report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Circadian Technologies Limited is not in accordance with the *Corporations Act 2001*, including:

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

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

Ernst & Young

Joanne Lonergan
Partner
Melbourne
17 February 2010