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FACSIMILE HEADER

**CIRCADIAN
TECHNOLOGIES
LIMITED**

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DATE: 29 JANUARY 2003

FROM: CIRCADIAN TECHNOLOGIES LIMITED

TO: THE MANAGER, COMPANIES SECTION
AUSTRALIAN STOCK EXCHANGE LIMITED

FAX NO: 1300 300 021

NO. OF PAGES: 26 (including this sheet)

Dear Sir/Madam

**Re: HALF YEARLY REPORT (APPENDIX 4B) (REVIEWED)
AND REVIEW OF OPERATIONS REPORT
31 DECEMBER 2002**

In accordance with Listing Rule 4.1 we enclose the Half Yearly Report (Appendix 4B) (reviewed) on the consolidated results of Circadian Technologies Limited ('Circadian' or 'consolidated entity') for the half-year ended 31 December 2002. The Directors report a net consolidated loss after income tax for the period of \$8,191,224 (2001: loss of \$642,607), which includes an unrealised provision for diminution in the book value of Circadian's shareholding in Amrad Corporation Limited ('Amrad') (22% owned by Circadian) of \$7,165,076 to reflect its 31 December 2002 market value of \$11,729,802. The operating loss for the period under review excluding the unrealised provision for diminution in respect of the Amrad shareholding was \$1,026,148.

Subsequent to period end, the market value of Circadian's shareholding in Amrad increased by \$989,260 to \$12,719,062. The increase in market value of this investment since period end is not reflected in the 31 December 2002 financial report.

The loss is also after fully expensing all research and development and patenting costs.

Circadian's listed share portfolio had a market value of \$76.4 million at 28 January 2003 (being \$1.89 per Circadian share), significantly in excess of the book value of \$15.5 million. These shareholdings are in Metabolic Pharmaceuticals Limited (34%), Axon Instruments Inc (15%), Antisense Therapeutics Limited (direct and indirect interest: 32%), Optiscan Imaging Limited (8%) and Amrad (see above). Cash and bank deposits as at 28 January 2003 amounted to \$16.7 million (40 cents per Circadian share). Circadian does not have borrowings.

Key Highlights:

- Circadian concluded agreements to provide funding for a research project (100% owned by Circadian) to develop a potential new treatment for Alzheimer's disease based on original work carried out at the Walter & Eliza Hall Institute and exclusively licensed to Circadian. Circadian's inhibitor has the potential to be more effective than current approved drugs, which become less effective with age. Patents have been granted in Australia, the United States and Singapore and are pending in Europe, Canada and Japan.

- Metabolic Pharmaceuticals Limited (34% owned by Circadian) reported positive results from their obesity drug oral Phase 2A human clinical trial and the commencement of a Phase 2A dose escalation study to assess the safety of oral daily dosing of this drug in obese volunteers.
- Antisense Therapeutics Limited (ATL) (32% owned directly and indirectly by Circadian) reported the successful completion of a package of pre-clinical animal trials of its drug for the treatment of multiple sclerosis, ATL1102. ATL has advised that the Phase I human trial is expected to commence on schedule in March 2003, once approval to conduct the trial has been granted by the Institutional Review Board in the UK.

For further details regarding Circadian's projects and technology holdings refer to the attached Review of Operations report.

This facsimile, the attached Appendix 4B Half Yearly Report and Review of Operations Report form part of this announcement to the Australian Stock Exchange Limited.

Yours faithfully

CIRCADIAN TECHNOLOGIES LIMITED



NATALIE KORCHEV
COMPANY SECRETARY

REVIEW OF OPERATIONS REPORT

Results

The consolidated loss of the consolidated entity for the half-year was \$8,191,224 (2001: \$642,607) after income tax of nil (2001: nil), which includes an unrealised provision for diminution in the book value of Circadian's shareholding in Amrad Corporation Limited ("Amrad") of \$7,165,076 to reflect its market value of \$11,729,802 as at 31 December 2002. The operating loss for the period under review excluding the write-down of the Amrad shareholding was \$1,026,148 (2001: \$642,607).

Subsequent to period end, the market value of Circadian's shareholding in Amrad increased by \$989,260 to \$12,719,062. The increase in market value of this investment since period end is not reflected in the 31 December 2002 financial results.

The loss is also after fully expensing all research and development and patenting costs. Circadian does not have borrowings. Cash and bank deposits as at 31 December 2002 amounted to \$16.9 million.

Excluding the Amrad holding Circadian's listed share portfolio had a market value of \$55 million at 31 December 2002, significantly in excess of the book value of \$3.7 million.

Review of Operations

Other factors which have contributed to the current period's results include a decrease in interest income; a decrease in equity accounted losses predominantly due to Antisense Therapeutics Limited ("ATL") ceasing to be an associated company in December 2001; and a provision for diminution in other holdings. The 31 December 2001 comparative half-year period included a gain on deconsolidation of ATL and a gain on the sale of an investment.

Detailed below is an update on the consolidated entity's interests in research and development projects and listed technology holdings for the half-year ended 31 December 2002. The 30 June 2002 annual report contains detailed background information relating to these holdings and projects and should be read in conjunction with this report.

PROJECTS AND TECHNOLOGY HOLDINGS

Alzheimer's Research Project

Project Owner: Circadian: 100%

During the period Circadian concluded agreements to provide funding for a research project to develop a potential new treatment for Alzheimer's disease.

The project, to develop an inhibitor to the p75 nerve growth factor receptor, is based on original work carried out at the Walter & Eliza Hall Institute (WEHI). The technology is licensed exclusively to Circadian's wholly owned subsidiary Polychip Pharmaceuticals Pty Ltd in consideration for future royalty and milestone income, with patents having been granted in Australia, the US and Singapore and pending in Europe, Canada and Japan.

A characteristic feature of Alzheimer's disease is the decline and death of particular nerve cells called cholinergic neurons, leading to lowered levels of the vital chemical they produce, called acetylcholine. The currently approved drugs for treating Alzheimer's attempt to boost the level of acetylcholine to compensate for this loss.

Research at WEHI has shown that in animal models, inhibition of the p75 receptor decreases the age-related death of these nerve cells, and also increases their size and output of acetylcholine. It has also been shown to improve memory in these models. The role of the p75 receptor in the death of these nerve cells has been confirmed by other international researchers in animal models.

Circadian's inhibitor has the potential to be more effective than current approved drugs, which become less effective with age as the nerve cells die.

Circadian has committed \$440,000 funding over three years. The University of Melbourne has been contracted to conduct this work on the development of this inhibitor and its delivery to the central nervous system. Circadian will manage the project.

Syngene Limited - Gene Diagnostics

Shareholders: Circadian: 42.4%; Castthree Pty Ltd: 20%; Howard Florey Institute: 19.5%; Howard Florey Institute staff and others: 18.1%

- In August 2002, Syngene was provided with a Biotechnology Innovation Fund Grant ("BIF Grant") of \$250,000 (the maximum allowable) for the project with the Howard Florey Institute relating to novel approaches to improve the uptake of antisense therapeutic compounds into the central nervous system. The BIF Grant has enabled the project scope to be expanded.
- Syngene has a 19.8% holding in Antisense Therapeutics Limited which had a market value of \$3.9 million compared with a book value of \$229,473 at 31 December 2002.

CancerProbe Pty Ltd - Cancer Diagnostic/Therapeutics

Shareholders: Circadian: 30%; Inventors and Others: 70%

- The research team has continued work on improving detection methods for cancer markers.
- Samples of breast cancer tumours are being collected from hospitals for analysis.

Analgesic Project - Non-Sedating Analgesics

Project Owners: Circadian: 85.7%; Monash University: 14.3%

- Research continued during the period with further compounds being developed and tested providing encouraging results. Further testing by an independent laboratory will commence this quarter.
- The experimental project work has been completed and the company is seeking commercialisation partners.

Yeast Mediated Reactions Project (Ephedrine)

Project Owners: Circadian: 60%; Victoria University of Technology: 40%

- The company is actively seeking commercialisation partners.

Memory Enhancement Project

Project Owners: Circadian: 60%; University of Sydney: 40%

- A PCT (full international patent) application was filed in November 2002 covering the new compounds produced in accordance with the collaboration agreement.
- Testing of a compound with an independent research laboratory is expected to be conducted in the first quarter of 2003.

Other Patented Technology

Circadian retains patent positions in other research areas including memory enhancement and cancer research.

Metabolic Pharmaceuticals Limited - Advanced Obesity Drug; Other New Drug Development Projects for: Type II Diabetes, Osteoporosis and Iron Chelator Disorders

Circadian Holding 31 December 2002 - Market Value: \$36.2 million; Book Value: \$Nil

Shareholders: Circadian: 33.7%; Monash University: 22.5%; Others: 43.8%

For information regarding the progress of Metabolic's operations see their public announcements which can be found on www.asx.com.au and www.metabolic.com.au.

Axon Instruments Inc (USA) - Developer and Manufacturer of High Throughput Screening Systems for Drug Discovery and Instrumentation for Genomics and Cellular Neurosciences

Circadian Holding 31 December 2002 - Market Value: \$11.4 million; Book Value: \$1.9 million

Shareholders: Circadian: 15.3%; Others: 84.7%

For information regarding the progress of Axon's operations see their public announcements which can be found on www.asx.com.au and www.axon.com.

Optiscan Imaging Limited - Early Cancer Detection

Circadian Holding 31 December 2002 - Market Value: \$2.2 million; Book Value: \$361,132

Shareholders: Circadian: 8%; Axon: 12.1%; Others: 79.9%

For information regarding the progress of Optiscan's operations see their public announcements which can be found on www.asx.com.au and www.optiscan.com.au.

Antisense Therapeutics Limited - Gene Directed Therapeutics

Circadian Holding 31 December 2002 - Market Value: \$5.2 million; Book Value: \$1.4 million

Shareholders: Circadian: 23.5%; Syngene: 19.8%; Others: 56.7%

Antisense Therapeutics Limited ("ATL") raised over \$4.5 million in a share placement to investors in December 2002. Circadian's wholly owned subsidiary Polychip Pharmaceuticals Pty Ltd acquired 10,333,333 ordinary fully paid shares in this placement for \$775,000 as did another founding shareholder of ATL, Isis Pharmaceuticals, Inc. (market cap of US\$380 million) which is a world leader in the field of antisense drug technology.

For information regarding the progress of Antisense Therapeutics' operations see their public announcements which can be found on www.asx.com.au and www.antisense.com.au.

AMRAD Corporation Limited

Circadian Holding 31 December 2002 - Market Value: \$11.7 million; Book value: \$11.7 million

Shareholders: Circadian: 21.6%; Others: 78.4%

Circadian's wholly owned controlled entity Fibre Optics (Aust) Pty Ltd increased its holding in AMRAD Corporation Limited ('AMRAD') from 19.3% to 21.6% during the period under review.

For information regarding the progress of AMRAD's operations see their public announcements which can be found on www.asx.com.au and www.amrad.com.au.

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 commercializing 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 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.

Appendix 4B

Half yearly report

Introduced 30/6/2002

Name of entity

CIRCADIAN TECHNOLOGIES LIMITED

ABN or equivalent company
reference

32 006 340 567

Half yearly
(tick)

X

Preliminary
final (tick)

☐

Financial year ended ('current period')

31 DECEMBER 2002

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Extracts from this report for announcement to the market (see Note 1).

\$A 000

Revenues from ordinary activities (item 1.1)	Down	67%	to	459
Profit (loss) from ordinary activities after tax attributable to members (item 1.22)	Loss has increased	1,174%	to	(8,191)
Profit (loss) from extraordinary items after tax attributable to members (item 2.5(d))	gain (loss) of	-		-
Net profit (loss) for the period attributable to members (item 1.11)	Loss has increased	1,174%	to	(8,191)
(Includes unrealised provision for diminution in the book value of Circadian's shareholding in Amrad Corporation Ltd of \$7,165,076 to reflect its market value @ 31/12/02)				

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend (Preliminary final report only - item 15.4)	- ¢	- ¢
Interim dividend (Half yearly report only - item 15.6)	- ¢	- ¢
Previous corresponding period (Preliminary final report - item 15.5; half yearly report - item 15.7)	- ¢	- ¢

†Record date for determining entitlements to the dividend,
(in the case of a trust, distribution) (see item 15.2)

N/A

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities (<i>see items 1.23 - 1.25</i>)	459	1,398
1.2 Expenses from ordinary activities (<i>see items 1.26 & 1.27</i>) (Includes unrealised provision for diminution in the book value of Circadian's shareholding in Amrad Corporation Ltd of \$7,165,076 to reflect its year end market value).	(8,623)	(1,683)
1.3 Borrowing costs	(1)	(2)
1.4 Share of net profits (losses) of associates and joint venture entities (<i>see item 16.7</i>)	(26)	(356)
1.5 Profit (loss) from ordinary activities before tax	(8,191)	(643)
1.6 Income tax on ordinary activities (<i>see note 4</i>)	-	-
1.7 Profit (loss) from ordinary activities after tax	(8,191)	(643)
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9 Net profit (loss)	(8,191)	(643)
1.10 Net profit (loss) attributable to outside ⁺ equity interests	-	-
1.11 Net profit (loss) for the period attributable to members	(8,191)	(643)
Non-owner transaction changes in equity		
1.12 Increase (decrease) in revaluation reserves	-	-
1.13 Net exchange differences recognised in equity	-	-
1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
1.15 Initial adjustments from UIG transitional provisions	-	-
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	-	-
1.17 Total changes in equity not resulting from transactions with owners as owners	-	-

Earnings per security (EPS)	Current period	Previous corresponding period
1.18 Basic EPS	(19.81) cents	(1.56) cents
1.19 Diluted EPS	(19.81) cents	(1.56) cents

+ See chapter 19 for defined terms.

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period - \$A'000	Previous corresponding period - \$A'000
1.20 Profit (loss) from ordinary activities after tax (item 1.7)	(8,191)	(643)
1.21 Less (plus) outside ⁺ equity interests	-	-
1.22 Profit (loss) from ordinary activities after tax, attributable to members	(8,191)	(643)

Revenue and expenses from ordinary activities

(see note 15)

	Current period - \$A'000	Previous corresponding period - \$A'000
1.23 Revenue from sales or services	-	-
1.24 Interest revenue	450	564
1.25 Other relevant revenue:		
- Proceeds on sale of investment	-	681
- Net gain on loss of subsidiary	-	144
- Other revenue	9	9
	<u>9</u>	<u>834</u>
Total revenue from ordinary activities (see item 1.1)	459	1,398
1.26 Details of relevant expenses:		
- Office and salary expenses	(900)	(974)
- Rent and occupancy expenses	(49)	(43)
- Patent expenses	(111)	(51)
- Research & development expenses	(114)	(101)
- Other expenses:		
- Cost of sale of investment	-	(468)
- Write-down of other investments	(269)	(31)
- Provision for diminution of investment in Amrad Corporation Ltd to reflect market value @ 31/12/02	<u>(7,165)</u>	<u>-</u>
Total expenses excluding borrowing costs	(8,608)	(1,668)
1.27 Depreciation and amortisation excluding amortisation of intangibles (see item 2.3)	<u>(15)</u>	<u>(15)</u>
Total expenses from ordinary activities (see item 1.2)	(8,623)	(1,683)
Capitalised outlays		
1.28 Interest costs capitalised in asset values	-	-
1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business)	-	-

Consolidated retained profits

⁺ See chapter 19 for defined terms.

Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	(10,388)	(4,644)
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	(8,191)	(643)
1.32 Net transfers from (to) reserves (<i>details if material</i>)	-	-
1.33 Net effect of changes in accounting policies	-	-
1.34 Dividends and other equity distributions paid or payable	-	-
1.35 Retained profits (accumulated losses) at end of financial period	(18,579)	(5,287)

Intangible and extraordinary items

<i>Consolidated - current period</i>				
	Before tax \$A'000 (a)	Related tax \$A'000 (b)	Related outside + equity interests \$A'000 (c)	Amount (after tax) attributable to members \$A'000 (d)
2.1 Amortisation of goodwill	-	-	-	-
2.2 Amortisation of other intangibles	-	-	-	-
2.3 Total amortisation of intangibles	-	-	-	-
2.4 Extraordinary items (details)	-	-	-	-
2.5 Total extraordinary items	-	-	-	-

Comparison of half year profits

(Preliminary final report only)

	Current year - \$A'000	Previous year - \$A'000
3.1 Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year (item 1.22 in the half yearly report)	N/A	N/A
3.2 Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	N/A	N/A

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash	16,872	20,005	21,974
4.2	Receivables	62	57	134
4.3	Investments	87	128	170
4.4	Inventories	-	-	-
4.5	Tax assets	-	-	-
4.6	Other - Prepayments	35	32	18
4.7	Total current assets	17,056	20,222	22,296
Non-current assets				
4.8	Receivables	545	545	545
4.9	Investments (equity accounted)	520	546	615
4.10	Other investments	15,471	20,328	23,246
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised (<i>see para .71 of AASB 1022</i>)	-	-	-
4.13	Development properties (*mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	71	78	86
4.15	Intangibles (net)	-	-	-
4.16	Tax assets	-	-	-
4.17	Other (provide details if material)	-	-	-
4.18	Total non-current assets	16,607	21,497	24,492
4.19	Total assets	33,663	41,719	46,788
Current liabilities				
4.20	Payables	53	83	64
4.21	Interest bearing liabilities	-	-	-
4.22	Tax liabilities	50	-	47
4.23	Provisions excluding tax liabilities	98	106	84
4.24	Other (provide details if material)	-	-	-
4.25	Total current liabilities	201	189	195
Non-current liabilities				
4.26	Payables	-	-	-
4.27	Interest bearing liabilities	-	-	-
4.28	Tax liabilities	-	-	-
4.29	Provisions excluding tax liabilities	206	182	170
4.30	Other (provide details if material)	-	-	-
4.31	Total non-current liabilities	206	182	170
4.32	Total liabilities	407	371	365
4.33	Net assets	33,256	41,348	46,423

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position continued

	Equity			
4.34	Capital/contributed equity	50,444	50,345	50,319
4.35	Reserves	1,391	1,391	1,391
4.36	Retained profits (accumulated losses)	(18,579)	(10,388)	(5,287)
4.37	Equity attributable to members of the parent entity	33,256	41,348	46,423
4.38	Outside + equity interests in controlled entities	-	-	-
4.39	Total equity	33,256	41,348	46,423
4.40	Preference capital included as part of 4.37	-	-	-

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period \$A'000	Previous corresponding period - \$A'000
5.1 Opening balance	-	-
5.2 Expenditure incurred during current period	-	-
5.3 Expenditure written off during current period	-	-
5.4 Acquisitions, disposals, revaluation increments, etc.	-	-
5.5 Expenditure transferred to Development Properties	-	-
5.6 Closing balance as shown in the consolidated balance sheet (item 4.12)	-	-

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period - \$A'000
6.1 Opening balance	-	-
6.2 Expenditure incurred during current period	-	-
6.3 Expenditure transferred from exploration and evaluation	-	-
6.4 Expenditure written off during current period	-	-
6.5 Acquisitions, disposals, revaluation increments, etc.	-	-
6.6 Expenditure transferred to mine properties	-	-
6.7 Closing balance as shown in the consolidated balance sheet (item 4.13)	-	-

+ See chapter 19 for defined terms.

Condensed consolidated statement of cash flows

	Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
7.1 Receipts from customers	-	-
7.2 Payments to suppliers and employees	(1,174)	(1,111)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	-	-
7.5 Interest and other items of similar nature received	455	671
7.6 Interest and other costs of finance paid	(1)	(2)
7.7 Income taxes paid	-	-
7.8 Other (Previous period includes GST received from Taxation Office of \$43K. Current period includes GST received from Taxation Office of \$23K)	33	52
7.9 Net operating cash flows	(687)	(390)
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(8)	(12)
7.11 Proceeds from sale of property, plant and equipment	-	-
7.12 Payment for purchases of equity investments	(2,537)	(3,171)
7.13 Proceeds from sale of equity investments	-	681
7.14 Loans from/(to) other entities	-	(100)
7.15 Loans repaid by other entities	-	100
7.16 Other (provide details if material)	-	-
7.17 Net investing cash flows	(2,545)	(2,502)
Cash flows related to financing activities		
7.18 Proceeds from issues of ⁺ securities (shares, options, etc.)	100	90
7.19 Proceeds from borrowings	-	-
7.20 Repayment of borrowings	-	-
7.21 Dividends paid	-	-
7.22 Other (costs of issuing securities)	(1)	(1)
7.23 Net financing cash flows	99	89
7.24 Net increase (decrease) in cash held	(3,133)	(2,803)
7.25 Cash at beginning of period (see Reconciliation of cash)	20,005	25,412
Less reversal of cash held by subsidiary in prior period due to loss of control of subsidiary	-	(635)
7.26 Exchange rate adjustments to item 7.25.	-	-
7.27 Cash at end of period (see Reconciliation of cash)	16,872	21,974

⁺ See chapter 19 for defined terms.

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. *(If an amount is quantified, show comparative amount.)*

NIL

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
8.1 Cash on hand and at bank	272	474
8.2 Deposits at call	16,600	21,500
8.3 Bank overdraft	-	-
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.27)	16,872	21,974

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding period
Profit before tax / revenue		
9.1 Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	N/A	N/A
Profit after tax / + equity interests		
9.2 Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	(24.6%)	(1.38%)

+ See chapter 19 for defined terms.

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

BASIC EPS

NUMERATOR: NET LOSS \$(8,191,224)

DEMONINATOR: WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ON ISSUE: 41,358,640

DILUTED EPS

AS ABOVE - OUTSTANDING OPTIONS ARE NOT CONSIDERED DILUTIVE.

NTA backing (see note 7)

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ⁺ ordinary security	\$0.81	\$1.125

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

NIL

Control gained over entities having material effect

- 13.1 Name of entity (or group of entities)

-

- 13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺acquired

\$ -

- 13.3 Date from which such profit has been calculated

-

- 13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

\$ -

+ See chapter 19 for defined terms.

Loss of control of entities having material effect

14.1	Name of entity (or group of entities)	-
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$ -
14.3	Date to which the profit (loss) in item 14.2 has been calculated	-
14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$ -
14.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	-

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	-
15.2	⁺ Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺ securities are not ⁺ CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺ securities are ⁺ CHESS approved)	-
15.3	If it is a final dividend, has it been declared? (Preliminary final report only)	-

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
15.4	(Preliminary final report only) Final dividend: Current year	- ¢	- ¢	- ¢
15.5	Previous year	- ¢	- ¢	- ¢
15.6	(Half yearly and preliminary final reports) Interim dividend: Current year	- ¢	- ¢	- ¢
15.7	Previous year	- ¢	- ¢	- ¢

⁺ See chapter 19 for defined terms.

Total dividend (distribution) per security (interim *plus* final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	- ¢	- ¢
15.9 Preference +securities	- ¢	- ¢

Half yearly report - interim dividend (distribution) on all securities *or*

Preliminary final report - final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities (<i>each class separately</i>)	-	-
15.11 Preference +securities (<i>each class separately</i>)	-	-
15.12 Other equity instruments (<i>each class separately</i>)	-	-
15.13 Total	-	-

The +dividend or distribution plans shown below are in operation.

-

The last date(s) for receipt of election notices for the
+dividend or distribution plans

-

Any other disclosures in relation to dividends (distributions). (*For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting*)

-

+ See chapter 19 for defined terms.

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':		Current period \$A'000	Previous corresponding period - \$A'000
16.1	Profit (loss) from ordinary activities before tax	(26)	(356)
16.2	Income tax on ordinary activities	-	-
16.3	Profit (loss) from ordinary activities after tax	(26)	(356)
16.4	Extraordinary items net of tax	-	-
16.5	Net profit (loss)	(26)	(356)
16.6	Adjustments	-	-
16.7	Share of net profit (loss) of associates and joint venture entities	(26)	(356)

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
17.1 Equity accounted associates and joint venture entities				
SYNGENE LIMITED	42.38%	42.38%	(6)	(124)
CANCERPROBE PTY LTD	30%	30%	(20)	(14)
ANTISENSE THERAPEUTICS LTD ('ATL') (previous period from 1/7/01 to 19/12/01 – ATL listed on ASX 20/12/01) (see 17.2 below)	-	50%	-	(218)
17.2 Total			(26)	(356)
17.3 Other material interests				
AXON INSTRUMENTS, INC	15.33%	15.39%	-	-
OPTISCAN IMAGING LIMITED	7.98%	9.86%	-	-
METABOLIC PHARMACEUTICALS LTD	33.69%	37.05%	-	-
AMRAD CORPORATION LIMITED	21.64%	21.53%	(7,165)	-
ANTISENSE THERAPEUTICS LTD	23.51%	25.29%	-	-
	(plus indirect interest of 8.37% through investment in an associate)			
17.4 Total			(7,165)	-

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of ⁺ securities	Total number	Number quoted	Issue price per security (see note 14) \$	Amount paid up per security (see note 14) \$
18.1 Preference ⁺securities (description)	-	-	-	-
18.2 Changes during current period	-	-	-	-
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
18.3 ⁺Ordinary securities	41,389,618	41,389,618	N/A	N/A
18.4 Changes during current period	100,000	100,000	\$1.00	\$1.00
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buybacks	-	-	-	-
18.5 ⁺Convertible debt securities (description and conversion factor)	-	-	-	-
18.6 Changes during current period	-	-	-	-
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
18.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date (if any)</i>
	10,000	-	2.00	16/9/04
	20,000	-	2.50	16/9/04
	20,000	-	2.80	16/9/04
	775,000	-	6.00	21/9/04
	245,000	-	4.75	30/7/05
	245,000	-	5.00	30/7/05
	245,000	-	5.50	30/7/05
	33,000	-	4.75	14/8/05
	32,000	-	5.00	14/8/05
	30,000	-	5.50	14/8/05
	14,000	-	4.75	19/9/05
	13,000	-	5.00	19/9/05
	13,000	-	5.50	19/9/05
18.8 Issued during current period	-	-	-	-
18.9 Exercised during current period	100,000	-	1.00	27/8/02
18.10 Expired during current period	150,000	-	1.50	27/8/02
18.11 Debentures (description)	-	-		
18.12 Changes during current period	-	-		
18.13 Unsecured notes (description)	-	-		
18.14 Changes during current period	-	-		

+ See chapter 19 for defined terms.

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's ⁺accounts should be reported separately and attached to this report.)

Circadian Technologies Limited operates in one industry and one geographical segment, those being the medical, technology and healthcare industry and Australia respectively.

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

- 19.1 Material factors affecting the revenues and expenses of the economic entity for the current period.

The Company's result for the current period includes a provision for diminution of its investment in Amrad Corporation Limited of \$7,165,076 to reflect this investment's market value @ 31/12/02.

- 19.2 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Subsequent to 31/12/02, the share price of a material investment in Amrad Corporation Limited increased to 45 cents. The market value at 31/12/02 was \$11,729,802 and the market value at the date of this report is \$12,719,062 (an increase of \$989,260). The increase in market value of the Company's investment in Amrad Corporation Limited since 31/12/02 is not reflected in the financial report.

- 19.3 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

NIL

⁺ See chapter 19 for defined terms.

- 19.4 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

NIL

- 19.5 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

NIL

- 19.6 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

Additional disclosure for trusts

- 20.1 Number of units held by the management company or responsible entity or their related parties.

N/A

- 20.2 A statement of the fees and commissions payable to the management company or responsible entity.

N/A

Identify:

- initial service charges
- management fees
- other fees

+ See chapter 19 for defined terms.

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	N/A
Date	N/A
Time	N/A
Approximate date the ⁺ annual report will be available	N/A

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

-

- 2 This report, and the ⁺accounts upon which the report is based (if separate), use the same accounting policies.

- 3 This report does give a true and fair view of the matters disclosed (see note 2).

- 4 This report is based on ⁺accounts to which one of the following applies.

(Tick one)

☐

The ⁺accounts have been audited.

X

The ⁺accounts have been subject to review.

☐

The ⁺accounts are in the process of being audited or subject to review.

☐

The ⁺accounts have *not* yet been audited or reviewed.

- 5 If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available. *(Half yearly report only – the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.)*

- 6 The entity has a formally constituted audit committee.

Sign here: N. Korchhev Date: 29.1.2003
Company Secretary

Print name: NATALIE KORCHEV

⁺ See chapter 19 for defined terms.

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. Entities are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Condensed consolidated statement of financial performance**
 - Item 1.1 The definition of "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of Financial Performance*.
 - Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franked amount per security at % tax" for items 15.4 to 15.7.
5. **Condensed consolidated statement of financial position**

Format The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Interim Financial Reporting*, and *AASB 1040: Statement of Financial Position*. Also, banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last ⁺annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.
6. **Condensed consolidated statement of cash flows** For definitions of "cash" and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the

⁺ See chapter 19 for defined terms.

- management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. ⁺Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ⁺ordinary securities (ie, all liabilities, preference shares, outside ⁺equity interests etc). ⁺Mining entities are *not* required to state a net tangible asset backing per ⁺ordinary security.
 8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the ⁺accounts. Details must include the contribution for each gain or loss that increased or decreased the entity's consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
 9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. If an entity reports exact figures, the \$A'000 headings must be amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, and the \$A'000 headings must be amended.
 10. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 1018* or *AASB 1029 Interim Financial Reporting* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate. However, if an adjustment has been made in accordance with an accounting standard or other reason or if there is a lack of comparability, a note explaining the position should be attached. For the statement of financial performance, *AASB 1029 Interim Financial Reporting* requires information on a year to date basis in addition to the current interim period. Normally an Appendix 4B to which *AASB 1029 Interim Financial Reporting* applies would be for the half year and consequently the information in the current period is also the year to date. If an Appendix 4B Half yearly version is produced for an additional interim period (eg because of a change of reporting period), the entity must provide the year to date information and comparatives required by *AASB 1029 Interim Financial Reporting*. This should be in the form of a multi-column version of the consolidated statement of financial performance as an attachment to the additional Appendix 4B.
 11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the ⁺ASIC under the Corporations Act must also be given to ASX. For example, a director's report and declaration, if lodged with the ⁺ASIC, must be given to ASX.
 12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.
 13. **Corporations Act financial statements** This report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
 14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.

⁺ See chapter 19 for defined terms.

- 15 Details of expenses** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by ASX. *AASB ED 105* clarifies that the disclosures required by *AASB 1018* must be either *all* according to nature or *all* according to function. Entities must disclose details of expenses using the layout (by nature or function) employed in their ⁺accounts.

The information in lines 1.23 to 1.27 may be provided in an attachment to Appendix 4B.

Relevant Items *AASB 1018* requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. The term “relevance” is defined in *AASB 1018*. There is an equivalent requirement in *AASB 1029: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by ASX.

- 16 Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to “000” must be changed to the reporting value.

- 17. Discontinuing operations**

Half yearly report

All entities must provide the information required in paragraph 12 for half years beginning on or after 1 July 2001.

Preliminary final report

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their ⁺accounts in accordance with *AASB 1042 Discontinuing Operations*.

In any case the information may be provided as an attachment to this Appendix 4B.

- 18. Format**

This form is a Word document but an entity can re-format the document into Excel or similar applications for submission to the Companies Announcements Office in ASX.

⁺ See chapter 19 for defined terms.

INDEPENDENT REVIEW REPORT

To the members of Circadian Technologies Limited

Scope

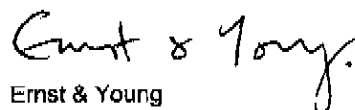
We have reviewed the financial report of Circadian Technologies Limited for the half-year ended 31 December 2002, which includes the Condensed Statement of Financial Position, Condensed Statement of Financial Performance, Condensed Statement of Cash Flows, Notes to the Half-Year Financial Statements and Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising Circadian Technologies Limited and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have conducted an independent review of this financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with the Australian Auditing Standards applicable to review engagements. Our review was limited primarily to inquiries of the disclosing entity's personnel and analytical review procedures applied to financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review Statement

As a result of our review, 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:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting", and the Corporations Regulations 2001;
- (b) other mandatory professional reporting requirements in Australia.



Ernst & Young



Denis Thom
Partner
Melbourne

Date: 29 January 2003