

26 October 2006

The Companies Section
The Australian Stock Exchange Limited
530 Collins Street
MELBOURNE VIC 3000

No of Pages: 17

Dear Sir/Madam

**Managing Director's address and presentations on research projects
Annual General Meeting – 26 October 2006**

Please find enclosed the following presentations to be made at tomorrow morning's annual general meeting of Circadian Technologies Limited:

- Managing Director's address by Leon Serry;
- Graeme Kaufman's presentation on the company's research projects; and
- Robert Klupacs' presentation on Vegenics Limited and its cancer therapeutics technology.

Yours faithfully

Natalie Korchev
Company Secretary

CIRCADIAN TECHNOLOGIES LIMITED
ANNUAL GENERAL MEETING
FRIDAY, 27 OCTOBER 2006 AT 9.00 AM

MANAGING DIRECTOR'S ADDRESS TO SHAREHOLDERS

I would also like to welcome you to the 22nd Annual General Meeting of Circadian Technologies Limited and I am pleased to provide you with a summary of some of the highlights in our listed holdings during the year.

As you are aware, the biotechnology sector has been in the doldrums in the market place over the past three years, mainly due to the interest of the investing public being focussed on resource companies where they are experiencing one of the most significant boom periods in the past 100 years. In spite of this, it is great to be able to speak to you today at a time when Circadian's share price has recently hit a 52 week high of \$1.59. It is also nice that the share price of Metabolic Pharmaceuticals Limited and Optiscan Imaging Limited are virtually at their 52 week highs. These two companies were listed by Circadian after we provided management, funding and other assistance for the years prior to their listings.

Also as you are aware, on Monday Zenyth shareholders approved the acquisition of the Zenyth shares by CSL, and this will result in Circadian, Zenyth's largest shareholder, receiving \$23.2 million and a distribution of 4.7 million Avexa Limited shares (subject to court approval) with a market value of approx. \$1.1 million. The disposal of Circadian's shareholding in Zenyth will provide a return before tax of \$4.4 million on the original investment. Circadian's cash at bank after the receipt of the Zenyth funds will be approximately \$30.6 million. Your company does not have any debt.

Graeme Kaufman, Executive Director of Circadian, will provide you with a summary of two of Circadian's main R&D projects which are in the area of peptide therapeutics, namely the Dicarba Analogues Project and the Cancer Vaccine Project, both with Monash University. Circadian also has six other research projects.

As you are aware, in May 2006 Circadian announced a major cancer development collaboration with the New York based Ludwig Institute for Cancer Research and Licentia Limited which is the commercial arm of the University of Helsinki, with the formation of a new company, Vegenics Limited, to develop and commercialise the intellectual property and technology of Ludwig and Licentia in respect of molecules known as vascular endothelial growth factors (VEGF).

In July 2006, Circadian made an initial equity injection of \$4 million into Vegenics for a 50% interest, with the other 50% interest being owned by Ludwig and Licentia. Vegenics will initially focus on developing peptide and antibody antagonists to two forms of VEGF (VEGF-C and VEGF-D) as anti-tumour agents. It is currently the intention of Vegenics to raise a minimum of \$16 million additional new equity within about 12 months, by way of an ASX listing or private equity raising at a market capitalisation in excess of \$50 million post-money.

Ludwig and Licentia have developed an extensive VEGF patent portfolio, comprising more than 50 granted patents in the USA, Europe, Japan and Australia and over 400 pending patent applications worldwide. Ludwig and Licentia have agreed to share with Vegenics any licensing or royalty income they receive from existing third party licences under the IP estate.

This project is the largest project undertaken by Circadian in its 22 year history with a commitment to date of \$5.5 million. We are all very excited about our involvement in this project and Robert Klupacs, Circadian's Manager of Strategic Development and Vegenics' Managing Director, will provide further information on this collaboration.

A detailed review of the Company's listed technology holdings is provided in the Annual Report, however I would like to briefly summarise the status of these holdings as well as provide a brief overview of the operating results.

Brief Overview of Operating Results

The consolidated loss after tax of the Company for the year was \$6.5 million compared with a profit after tax in the previous year of \$21.7 million.

[The current year's results reflect an equity accounted loss in Antisense Therapeutics of \$1.5 million, an increase in research and development and patent costs of approximately \$638,000, an impairment loss on a loan to associate Syngene Limited of \$545,000 (reflecting research and development expenses) and costs of approximately \$538,000 (including due diligence costs) relating to forming a research collaboration with the Ludwig and Licentia.]

The net tangible asset backing per share as at 30 June 2006 was \$1.41. The value of Circadian's listed holdings has increased significantly since 30 June 2006 with the appreciation in the share price of Metabolic Pharmaceuticals and the consideration to be received on the disposal of the company's holding in Zenyth to CSL. The combined market value (before tax) of Circadian's shareholdings in listed investments as at Wednesday's close (25 October 2006) was \$47.3 million excluding the Zenyth holding, for which cash of \$23.2m is to be received shortly, but including the Avexa in-specie distribution receivable from CSL.

As in previous years, all research and development costs incurred during the year have been expensed.

Holdings in listed companies

As you are aware, Metabolic Pharmaceuticals, Optiscan Imaging and Antisense Therapeutics are companies in which Circadian has listed to the ASX after providing management, funding and other assistance prior to their listings. The investment in these three shareholdings is currently \$4.4 million whereas the total market value of these holdings as at Wednesday 25 October 2006 was \$41 million, reflecting an unrealised pre-tax gain of \$36.6 million.

Metabolic Pharmaceuticals Limited

Circadian worked for many years on the obesity project with Monash University and in November 1998 listed Metabolic Pharmaceuticals Limited on the Australian Stock Exchange. Metabolic advised its shareholders on 17 October 2006 in regard to its obesity compound, AOD9604, that "The first 150 subjects have now completed the Phase 2B *OPTIONS Study* for obesity drug AOD9604. These subjects received 24 weeks of randomised double-blind drug or placebo treatment as part of the full 32-week clinical trial protocol."

As advised by Metabolic "The *OPTIONS STUDY* is designed to assess weight loss at lower doses of AOD9604 than previously tested....A total of 536 subjects were enrolled in the *OPTIONS Study*, ahead of schedule in late April 2006 and, as a result, the study will also finish ahead of schedule, in December 2006."

Metabolic “commenced the Phase 2A programme for [its] neuropathic pain drug, ACV1, a study that will give [it] an indication of the effects of this drug in patients suffering from neuropathic pain.”

Circadian is the largest shareholder of Metabolic with a 16.87% shareholding which had a market value at the close of trade on 25 October 2006 of \$34.3 million compared with a cost of \$10,000. Since Metabolic’s listing, Circadian has also sold 6 million shares in Metabolic for a profit of \$6.2 million.

Antisense Therapeutics Limited

Circadian listed Antisense Therapeutics Limited on the Australian Stock Exchange in December 2001 with a mission to create, develop and commercialise novel antisense pharmaceuticals for large unmet markets. Circadian has direct and indirect shareholdings totalling 27% of that company.

Antisense Therapeutics’ lead project is a compound for multiple sclerosis, namely ATL1102. On 21 June 2006, Antisense Therapeutics reported that “dosing has commenced in the Phase IIa clinical trial of ATL1102 in patients with relapsing remitting multiple sclerosis (MS). The study, a multi-centre, randomized, double-blinded, placebo-controlled clinical trial in approximately 80 patients with relapsing-remitting MS, is being conducted at 9 clinical trial sites across Germany. The trial will assess the activity and safety of the drug in MS patients.”

On 10 October 2006, Antisense Therapeutics advised that “The return of Tysabri® to the market in Europe has impacted the pace of patient recruitment, particularly in Germany, however the management team has acted quickly to establish additional trial sites to improve the intake of patients.” Antisense Therapeutics’ further advised that “assuming all requisite regulatory approvals are received for these new sites, [Antisense Therapeutics] expects to complete the trial mid-year and be in a position to report results in the third quarter of 2007.”

Antisense Therapeutics’ other major shareholders include Isis Pharmaceuticals Inc and the Murdoch Childrens Research Institute.

Optiscan Imaging Limited

Optiscan Imaging Limited was Circadian’s first project to be listed on the Australian Stock Exchange in 1997, with a mission to further develop a miniature microscope to be built into an endoscope, enabling immediate cellular level examination without the need for a biopsy for early cancer detection. Circadian’s shareholding has been diluted over the years due to capital raisings by Optiscan and Circadian presently holds 6% of that company’s issued capital.

Optiscan has advised that it had strong product sales revenue for the year of \$3.23 million which is an increase of 304% on the previous year, and that there was a full product release of the Pentax ISC 1000 flexible endo-microscope. The company also advised that it completed further outstanding clinical trials for its flexible endo-microscope.

Optiscan is also developing a second business stream with the Optiscan FIVE 1 endo-microscope for pre-clinical research markets.

Detailed information on the activities of Metabolic Pharmaceuticals Limited, Antisense Therapeutics Limited and Optiscan Imaging Limited may be obtained from their respective websites. The website details are shown in the Circadian annual report.

Avexa Limited

Circadian is the major shareholder in Avexa with a 12% interest in that company. This will increase to 14.5% once Zenyth distributes its shareholding in Avexa to Zenyth shareholders as part of CSL's acquisition of Zenyth.

Avexa was demerged and listed by Zenyth in September 2004 and has several research and development projects.

Avexa is conducting a clinical trial of its novel anti-HIV drug and it has advised that "recruitment of drug-resistant HIV-infected patients into its Phase IIb trial is progressing. In response to the initially disappointing recruitment rate Avexa has opened a further three clinical trial sites in Argentina and will continue to open further sites in Argentina. In addition a number of sites in Chile and the USA are being pursued to ensure recruitment numbers for the trial are met, and also to start preparation for the Phase III campaign."

Summary and Closure

It has been a very exciting year for Circadian with the formation of the Vegenics collaboration with the Ludwig and Licentia, and the signing of agreements with regard to the Dicarba Analogues Project and the Cancer Vaccines Project, both with Monash University. In the last six months, both the Dicarba Analogues and Cancer Vaccine projects have been awarded Linkage Grants of \$280,000 and \$671,000 respectively from the Australian Research Council. The three projects cover achievements by leading scientists in Australia and it is not difficult to imagine how many hours of research have gone into these three projects to date. It is now up to Circadian to turn these discoveries into commercial developments with the active involvement of the scientists.

As you can see from our annual report, Circadian is concentrating its efforts in the areas of cancer, Alzheimer's and other brain related diseases.

The companies that we have listed are involved in the areas of medical instrumentation, obesity, pain and multiple sclerosis.

I will now hand over to Graeme Kaufman who will now provide an overview of Circadian's two peptide research projects which will be followed by an overview of the Vegenics collaboration by Robert Klupacs.

On behalf of the Board and Circadian's management, I would like to thank you our shareholders. Many of you have been with us for 22 years and we look forward to sharing the future successes of the company as we approach this very exciting time, with human clinical trial results due next year by two of our listed holdings and the further development of Circadian's eight R&D projects and its most recent Vegenics collaboration.

Your company is in a strong financial position: we should have \$30.6 million in cash within the next six weeks on receipt of the CSL consideration for our Zenyth shares (subject to court approval), we have a share portfolio worth approximately \$47.3 million (before tax) excluding the Zenyth holding but including the Avexa in specie distribution from CSL, and we have a focussed portfolio of R&D projects. Importantly we have a management team and board who are passionate and motivated to progress our research projects to accomplish Circadian's mission which is to contribute to breathtaking advances in health care and medicine for the benefit of the company's shareholders and society.

About Circadian Technologies Limited

Circadian Technologies Limited (ASX: CIR) was listed on the Australian Stock Exchange in 1985 and provides management and funding for the development and commercialisation of Australian biomedical research.

It aims to identify high potential scientific research projects from within Australian universities and research institutes, focussing on opportunities that have the potential to address large markets or significant unmet medical needs. Circadian is able to provide funds for further project development, in addition to providing the management expertise that is essential if the project is to meet its goal of commercialisation.

Circadian has shareholdings in Optiscan Imaging Limited, Metabolic Pharmaceuticals Limited and Antisense Therapeutics Limited, companies in which Circadian has been involved in providing management, funding and assistance in their listing. Circadian is also the largest shareholder in Zenyth Therapeutics Limited, an Australian pharmaceutical research company, and the largest shareholder in Avexa Limited.

In addition to retaining shareholdings in these companies, Circadian maintains an active research and development program. Its core neurosciences research projects aim to develop a new treatment specifically for Alzheimer's disease, to develop novel compounds based on Paracetamol, to develop a family of new analgesics and to develop compounds with potential for enhancing memory. In respect of its core cancer projects it recently announced the formation of Vegenics Limited a collaboration with Ludwig Institute for Cancer Research and Licentia Ltd to develop antagonists of VEGF-C and/or VEGF-D as therapeutic agents, initially as anti-tumour agents. Other cancer related projects include a genomics based technology for identification of the primary source of cancers, a novel technology for identification of cancer markers, and an ongoing project with Monash and Melbourne Universities developing peptide based cancer vaccines. In addition, Circadian has an extensive patent portfolio in an emerging technology in gene testing (known as in situ hybridisation) and recently announced a collaboration with Monash University in respect of the development of a method for making improved peptide therapeutics.

INHERENT RISKS OF INVESTMENT IN BIOTECHNOLOGY COMPANIES

Shareholders should be aware of the risks involved in drug discovery and development. 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 announcement 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 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 research and development programs referred to in this announcement.

Circadian Technologies Limited

2006
Annual General Meeting

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Corporate overview

Presentation to Annual General Meeting
October 2006

Presenter: Leon Serry, Managing Director

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DISCLAIMER

Investment in Circadian Technologies Limited ('Circadian') is subject to investment risk, including possible loss of income and capital invested. Neither Circadian nor any other member company of the Circadian Group guarantees any particular rate of return or performance, nor do they guarantee the repayment of capital.

This presentation is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making any investment in Circadian, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment advisor if necessary.

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Key Financials

30 June 2006

Loss after tax*	\$6.5m
Market value of listed holdings before tax (incl. ZTL)	\$43.3m
Cost of listed holdings (incl. ZTL)	\$29.6m
Net tangible asset backing	\$1.41 per share

* Unrealised gains on listed investments are included in equity

25 October 2006

Market value of listed holdings before tax (excl. ZTL)	\$47.3m
Cost of listed holdings (excl. ZTL)	\$13.8m
Increase in market value of listed holdings since 30.6.06 before tax (excl. ZTL)	\$17.2m
Cash receivable on CSL acquisition of Zenyth	\$23.2m
Return on original investment in Zenyth	\$4.4m
Est. cash balance after disposal of Zenyth	\$30.6m

Note: Listed holdings values include indirect interest in Antisense Therapeutics

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Research portfolio

Presentation to Annual General Meeting
October 2006

Presenter: Graeme Kaufman, Executive Director

Research projects

	Ownership
Cancer Research Portfolio	
Cancer vaccine	50.0%
Cancers of unknown primary	50.0%
Cancer markers	60.0%
Neuroscience Research Portfolio	
Alzheimer's disease	100.0%
Analgesics	85.7%
Memory enhancement	60.0%
Paracetamol	50.0%
Platform Technologies	
Dicarba analogues	50.0%

Antibodies as drug candidates

- ❑ **Small molecules**
 - majority of current drugs
 - identify compounds through mass screening (some rational design)
 - low cost of goods, ease of administration (often oral)
 - issues with specificity (side effects)

- ❑ **Antibodies**
 - targeted, high specificity
 - easy to design – speed to market
 - regulatory pathway now well established
 - high manufacturing costs, difficult and costly to administer (infusion)
 - significant royalty stacking issues
 - examples - Avastin[®], Enbrel[®], Herceptin[®], Remicade[®]

Peptides – an emerging therapeutic class

- ❑ **Peptides are small “bits” of proteins, made up of chains of amino acids**
 - insulin and growth hormone are naturally occurring peptides
 - approx 40 peptide drugs currently approved, approx 650 in various stages of development

- ❑ **Targeted, high specificity**
- ❑ **Easy to design – rational drug design**
- ❑ **Low cost of goods**
- ❑ **Easy to administer – injection, potential for oral**
- ❑ **Royalty stacking is not a major problem**
- ❑ **Issues:**
 - short half life – excreted via kidneys
 - delivery to cells
 - stability

Dicarba analogues

- Method for replacing unstable links in peptide molecules with strong carbon bonds
- Potential to produce more stable peptide drugs – resistant to breakdown in the body
- Broad applicability to peptide therapeutics
- Has application to existing Circadian and Vegenics projects, plus potential for out-licensing on a compound by compound basis
- Partner Monash University
- Recently awarded \$280,000 ARC Linkage grant

Cancer vaccine

- Increasing global interest in development of vaccines to treat cancer
- Circadian research project to improve stability and efficacy of peptide-based cancer vaccines
 - makes peptides more resistant to breakdown in the body – more stable
 - potential to also improve recognition by the body's immune system – better efficacy
 - partners Monash and Melbourne universities
- Early promising results in models of anti-tumour immunity
- Recently awarded \$671,000 ARC Linkage grant

Vegenics

a global cancer initiative

Presentation to Annual General Meeting
October 2006

Presenter: Robert Klupacs, Managing Director Vegenics

Overview

- ❑ Ludwig Institute for Cancer Research and Licentia Limited are world leading cancer research institutes
- ❑ Ludwig and Licentia own significant intellectual property in the field of vascular endothelial growth factors
 - discoveries in Australia and Finland by world-renowned scientists
- ❑ vascular endothelial growth factors (VEGF) play an important role in several diseases, particularly cancer
 - VEGF-A (Avastin®) is currently marketed by Genentech for colorectal cancer, with an annual market of \$1.1b (2005)
- ❑ Circadian, Ludwig and Licentia have formed a new company, Vegenics Limited, to commercialise the Ludwig and Licentia VEGF intellectual property
- ❑ Vegenics has also partnered with Cogenesys Inc, previously a competitor, to exclusively acquire their VEGF-C rights, plus product candidates
- ❑ planned capital raising by way of ASX listing or private equity within 12 months

Ludwig Institute/Licentia

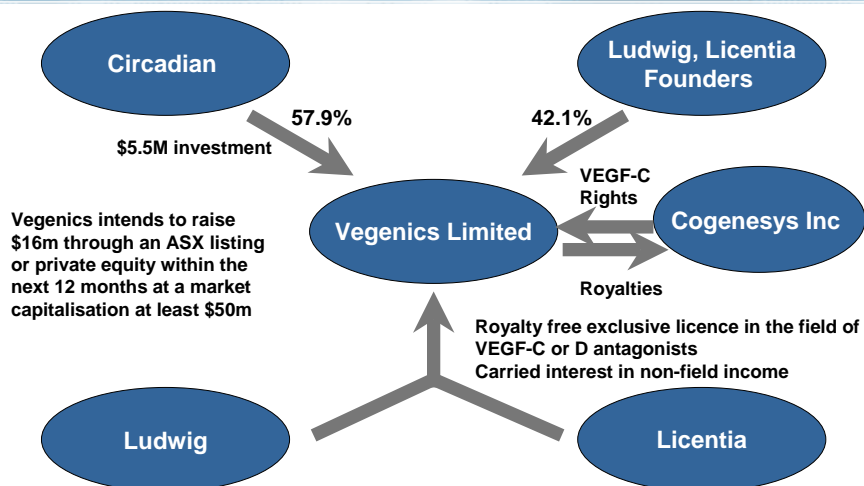
- ❑ leading global cancer research institute headquartered in New York
- ❑ employs over 800 scientists in Branches throughout North and South America, Europe and Australia
- ❑ Prof Steven Stacker and Prof Marc Achen at the Melbourne branch have made major discoveries in the field of VEGF
- ❑ Licentia based in Finland

- ❑ Prof Kari Alitalo at the University of Helsinki has made major discoveries in the field of VEGF

Extensive Ludwig/Licentia VEGF patent estate comprises over 50 granted patents worldwide, and over 400 pending applications

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Deal structure



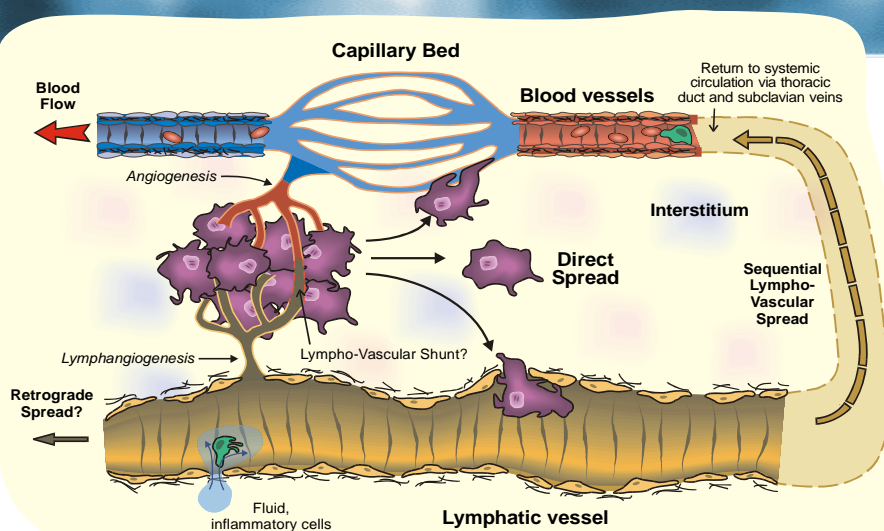
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VEGF

- ❑ **Vascular Endothelial Growth Factors play important role**
 - promote growth of new blood vessels
 - maintain existing blood vessels
- ❑ **cancers depend on growth of new blood vessels for their nutrient supply**
- ❑ **inhibiting VEGF restricts blood and nutrient supply to tumours**
 - potential in the treatment of cancer
- ❑ **Avastin®, a monoclonal antibody targeting VEGF-A developed by Genentech, has been approved by the FDA for treating colorectal cancer and is generating revenues in excess of \$1b (2005)**
- ❑ **VEGF-C and D are involved in both angiogenesis and lymphangiogenesis**

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Metastatic Spread of Cancer



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Vegenics VEGF inhibitor programs

- ❑ Soluble VEGFR3 “Trap”
- ❑ Human or Humanised Antibodies
 - VEGF-D (Humanised VD1)
 - VEGF-C (Alitalo/Cogenesys)
- ❑ Peptide Therapeutics

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Vegenics Board

- ❑ Leon Serry, Executive Chairman (Circadian)
- ❑ Robert Klupacs, Managing Director (Circadian)
- ❑ Graeme Kaufman, Executive Director (Circadian)
- ❑ Dr Jonathan Skipper, NED (Ludwig Director for IP & Licensing)
- ❑ Dr Andrew Simpson, NED (Ludwig Director for Programs & Operations)
- ❑ Dr Timo Tormala, NED (Licentia President and CEO)

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Recap key points

- **Circadian has formed a new company, Vegenics**
 - plan to raise \$16M through an ASX listing or private equity raising at a market capitalisation in excess of \$50m
 - a collaboration between the world renowned Ludwig Institute for Cancer Research and the commercial arm of the University of Helsinki, Licentia Ltd. ("Licentia"), both renowned leaders in cancer research as well as exclusive licensee of Cogenesys Inc for product candidates
 - Circadian has made an initial equity injection of \$5.5 million into Vegenics

- **LICR and Licentia have exclusively licensed to Vegenics all of their jointly owned technology covering VEGF-C and VEGF-D antagonists as therapeutic and diagnostic agents.**

- **Targeting VEGF may provide better treatments in cancer therapy.**
 - Avastin® (a therapeutic antibody designed by Genentech Inc to inhibit VEGF-A) received FDA approval in February 2004 as a first-line combination therapy for patients with metastatic cancer of the colon or rectum.
 - 2005 US sales of Avastin were US\$1.1b, up from US\$0.5b in 2004.