



GIACONDA LIMITED

A.B.N. 68 108 088 517

APPENDIX 4D AND
FINANCIAL REPORT
SIX MONTHS ENDED
31 DECEMBER 2005



Giaconda Limited Appendix 4D & Half-Year Financial Results

Sydney, Australia. 10 March 2006. Giaconda Limited (ASX: GIA), the gastroenterology drug development company, today announced the release of its interim results for the half year ending 31 December 2005.

Results for Announcement to the Market

	2005	2004	Change \$	Change %
Revenue from ordinary activities	98,245	45,038	53,207	118%
Operating loss from ordinary activities after income tax	(651,873)	(246,013)	(405,860)	165%
Operating loss attributable to members	(651,873)	(246,013)	(405,860)	165%
Net tangible assets per security	0.07	0.02	0.05	250%

No dividends have been declared or are expected to be declared.

Key financial points

- The cash position of \$5.15M which is in line with budget expectations. This cash position is after allowing for equity raising costs of \$0.47M and \$0.16M for capitalised costs.
- The trading results of a loss from operations before tax for the half-year of \$0.83M compares to \$0.36M for the 6-months ending 31 December 2004 and \$1.04M for the year ended 30 June 2005. The operating loss was less than budget and is reflective of the continued tight controls over expenditure being maintained by management and the board of directors.
- The financial statements reflect the impact of the first-time adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS). As a result of the adoption of these standards a deferred tax asset of \$0.56M has been brought to account as an asset of the company, and the adoption of the new standard in relation to research and development expenditure has resulted in \$0.12M of product development expenditure being capitalised as an intangible asset.
- The financial results for the period are as a result of the main operating activities that have occurred during the period being the completion of an Initial Public Offer (IPO) resulting in the company listing on the Australian Stock Exchange (ASX) on 28 September 2005, the marketing of Giaconda's products to the global market and the development of Giaconda's product portfolio.

GIACONDA LIMITED

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Half year priorities

Myoconda[®] Regulatory & Clinical program

- The advancement of Giaconda's Crohn's Disease drug, Myoconda[®] was a major focus for the company. Clinical development continued with the presentation at the Australian Gastroenterology Week (AGW) and International Inflammatory Bowel Disease (IBD) conferences of additional efficacy data on Myoconda[®] with a 53 patient retrospective study. 65% of the patients showed complete remission and over 95% showed marked improvement (defined as a reduction in Crohn's Disease Activity Index (CDAI) of 70 or more points and/or a significant reduction in inflammation in the mucosa of the colon). One patient has been in remission for nine and a half years.
- Regulatory file preparation has begun on Giaconda's first therapy – Myoconda[®] for the treatment of severe Crohn's Disease. In December 2005 Giaconda had a pre-investigative drug (pre-IND) meeting with the US Food and Drug Administration (FDA) and a Scientific Advice meeting with the UK Medicines and Healthcare products and Regulatory Agency (MHRA). The latter is a preliminary meeting to prepare for the regulatory application in the EU.
- Negotiations during 2005 led to the announcement 6 February 2006 of the signing of a Letter-of-Intent Agreement with ICON Clinical Research Inc. (NASDAQ: ICLR) to initiate development of the planned Phase IIIb clinical study of Myoconda in North America.

Heliconda[®] Clinical Program

Giaconda's second lead compound, Heliconda[®], received further peer review and industry recognition with the results of the Phase II Clinical study of *Helicobacter pylori* (*H. pylori*) eradication therapy being published in the February, 2006 issue of *Alimentary Pharmacology and Therapeutics*. In the study, Heliconda[®] achieved eradication in 90.8% of 130 patients who had failed one or more eradication attempts using standard triple therapy.

Manufacturing

The evaluation of four manufacturing companies continued with the review of manufacturing capacity, the suitability of facilities for regulatory approvals in the key markets and cost efficiencies. Manufacturing and approval timelines are in the process of finalisation for Australia, the US and the EU.

Partnering

Giaconda continues to pursue the goal of licensing one Giaconda therapy in a major market during 2006. During the reporting period, key potential licensing partners for Myoconda[®] were rationalised and negotiations continued with a total of 14 individual pharmaceutical companies covering a total of 12 countries in our key markets of the US, the EU and Australia. As development progresses, these companies will continue to be screened prior to selection to license Giaconda[®] products in each territory.

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About Giaconda Limited

Giaconda Limited is a biotechnology company involved in developing and licensing innovative and cost effective medical therapies in the field of gastroenterology. Giaconda's products are targeted towards the treatment of serious conditions that are not adequately addressed by any existing therapy. In this way, Giaconda's products are intended to satisfy these significant unmet medical needs of the gastrointestinal market. The Giaconda portfolio consists of five products, all of which are novel combinations of known compounds. Giaconda has two lead products, Myoconda® for the treatment of Crohn's Disease and Heliconda® for the treatment of resistant *Helicobacter pylori* infection. Both of these products are ready for Phase III clinical trials, with a Phase IIIa already complete for Myoconda.

For more information please visit www.giacondalimited.com

Except for historical information, this news release may contain forward-looking statements that reflect the Company's current expectation regarding future events. These forward looking statements involve risk and uncertainties, which may cause but are not limited to, changing market conditions, the successful and timely completion of clinical studies, the establishment of corporate alliances, the impact of competitive products and pricing, new product development, uncertainties related to the regulatory approval process, and other risks detailed from time to time in the Company's ongoing quarterly and annual reporting.

CONTACTS:

Company

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Giaconda Limited

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Directors' Report

Your directors present their report on Giaconda Limited (Giaconda) for the six months ended 31 December 2005.

Directors

The names of the directors of Giaconda in office at any time during the period and to the date of the report are:

Thomas Borody	Director
Christopher Bilkey	Chairman
Richard Woods	Director
Patrick McLean	Director and Chief Executive Officer
Trevor Moore	Director
Tony Moon	Director

Directors have been in office since the start of the financial year to the date of this report.

Principal Activities

Giaconda was established to commercialise a range of clinically proven, patented therapies which address significant unmet needs in the global digestive diseases market. These therapies have been developed and patented by Professor Thomas Borody at his Centre for Digestive Diseases in NSW and will be licensed to pharmaceutical companies in the key markets of the USA, EU and Australia.

Operating Results

The loss of the company for the six months after providing for income tax amounted to \$651,873 (December 2004 adjusted for AIFRS: loss \$246,013).

Dividends Paid

No dividends were paid during the six months. No recommendation for payment of dividends has been made.

Review of Operations during July to December 2005

During the six months, the principal activities of Giaconda involved completion of an initial public offering, marketing of Giaconda's products to global pharmaceutical companies and further development of Giaconda's products.

Initial Public Offering

Giaconda was listed on the Australian Stock Exchange on the 28 September 2005, raising \$6,000,000 from the issue of 12,000,000 fully paid ordinary shares at \$0.50 per share.

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Directors' Report

Product Development Clinical Studies

The six months have been focused on continuing to drive Giaconda's first product to market. The clinical development continued with the presentation of additional efficacy data on Myoconda[®] with a 53 patient retrospective study at the Australian Gastroenterology Week (AGW) and International Inflammatory Bowel Disease (IBD) conferences. The further clinical analysis conducted by Professor Tom Borody, the company's Chief Medical Officer showed results of the retrospective analysis of 53 patients treated with the Myoconda[®] combination for a minimum of six months. The data demonstrated some of the highest efficacy levels ever shown in the treatment of Crohn's Disease. 65% of the patients showed complete remission and over 95% showed marked improvement (defined as a reduction in Crohn's Disease Activity Index (CDAI) of 70 or more points and/or a significant reduction in inflammation in the mucosa of the colon). One patient has been in remission for nine and a half years.

With negotiations occurring during 2005 Giaconda announced on 6 February 2006 the signing of a Letter-of-Intent Agreement with ICON Clinical Research (Canada) Inc. (ICON) (NASDAQ: ICLR) to initiate development of the planned Phase IIIb clinical study of Myoconda in North America. Giaconda selected ICON to conduct the key Phase IIIb study of Myoconda due to their extensive experience in clinical trials on Inflammatory Bowel Disease.

Heliconda[®] the company's second lead compound received further peer review, credibility and industry recognition with the results of the Phase II Clinical study of *Helicobacter pylori* (*H. pylori*) eradication therapy being published in the February, 2006 issue of *Alimentary Pharmacology and Therapeutics*. In the study, Heliconda[®] achieved eradication in 90.8% of 130 patients who had failed one or more eradication attempts using standard triple therapy. Side effects were mild and the presence of clarithromycin or metronidazole resistant strains had no significant impact on the eradication rates.

Regulatory Approval

Regulatory file preparation has begun on Giaconda's first therapy – Myoconda[®] for the treatment of severe Crohn's Disease. On 6 December 2005 Giaconda had a pre-investigative drug meeting (pre-IND) with the US Food and Drug Administration (FDA) regarding its lead compound – Myoconda[®] and a request for IND status. Giaconda had the Scientific Advice meeting, with the UK Medicines and Healthcare products and Regulatory Agency (MHRA) on 7 December 2005, a preliminary meeting to prepare for the regulatory application in the EU. The pre-IND meeting and Scientific Advice discussions were supported by a matching fund grant through the BioBusiness Non-Research Establishment Costs Program from the NSW Department of State and Regional Development.

An IND is an application for approval for the use of an investigational new drug in a clinical study and is an important step in the regulatory approval process in the US. The Scientific Advice discussion with the MHRA forms the basis of the clinical development plan for Myoconda[®] in Europe.

Manufacturing

The evaluation of four manufacturing companies continued with the reviewing of their manufacturing capacity, the suitability of their facilities for regulatory approvals in the key markets and their cost efficiencies. Manufacturing and approval timelines are in the process of finalisation for Australia, the US and the EU.

Ingredient Sourcing

Active Pharmaceutical Ingredient (API) sourcing continued with evaluation of a number of sources and purity testing completed during the period.

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Directors' Report

Marketing of Products

Giaconda continues to pursue the goal of licensing one Giaconda therapy in a major market, most likely to be Myoconda[®]. During the reporting period, key potential licensing partners for Myoconda[®] were rationalised from the initial presentation list and negotiations continued with a total of 14 individual pharmaceutical companies covering a total of 12 countries in our key markets of the US, the EU and Australia. As development progresses, these companies will continue to be screened prior to selection to license Giaconda[®] products in each territory.

Maintenance of Intellectual Property

The following product pipeline of company owned intellectual property was maintained throughout the six month period:

- Myoconda, a triple antibiotic therapy patent to treat severe Crohn's Disease where standard therapy has not been effective.
- Hepaconda, a dual therapy patent to treat Hepatitis C virus, especially genotype one, where standard therapy has not been effective.
- Helicoconda, a triple therapy patent to treat *Helicobacter pylori* infection where standard therapy has failed.
- Ibaconda, a dual therapy patent to treat constipation predominant Irritable Bowel Syndrome where other therapies have failed.
- Picoconda, a bowel preparation designed to reduce the poor taste of present bowel preparation products and provide a clear view of the bowel mucosa during colonoscopy.

These are the basis of the initial development and licensing activities of Giaconda. Additional intellectual property will be available from Professor Borody when these products are commercialised.

Employment of Personnel

Giaconda employs four individuals; the Chief Executive Officer (Patrick McLean), the Chief Operating Officer (Rosa Surace), the Chief Medical Officer (Tom Borody) and the Corporate Administrative Officer & Assistant Company Secretary (Kirrilli Parker). Ms Parker was appointed to the organisation on 17 November 2005.

Other Corporate Changes

A new Company Secretary, Mr. Tal Dauth, was appointed during the six months.

Extensive effort was made to establish detailed and effective corporate governance policies and procedures. A number of these have been reviewed and agreed by the Board of Directors and are posted on the company website.

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Directors' Report

Information on Directors and Secretary

Background	
T. J. Borody Director and Chief Medical Officer	<p>Prof. Thomas Borody MBBS, MD, PhD, FRACP, FACG, FACP, holds a doctorate in medicine from the University of New South Wales and is the founder and current Medical Director of the Centre for Digestive Diseases.</p> <p>He has been a recipient of the Winthrop Travelling Fellowship, the Neil Hamilton Fairly Fellowship and the Marshall & Warren Prize, and was a Clinical Fellow in Gastroenterology at the Mayo Clinic in Rochester, Minnesota. He is a member of the Australian Medical Association, the Gastroenterological Society of Australia, the European Gastroenterology Society, the Functional Brain-Gut Research Group and Fellow of the American College of Gastroenterology and the American College of Physicians.</p> <p>Prof. Borody supervises a number of major research programs as well as being involved as a reviewer for the American Journal of Gastroenterology, Digestive Diseases and Sciences, Endoscopy, Journal of Gastroenterology and Hepatology, Medical Journal of Australia and Digestive and Liver Diseases. He has published in excess of 120 scientific papers. In 2004 he was appointed an Adjunct Professor of the Faculty of Science at the University of Technology, Sydney and in July 2005, Prof. Borody was awarded his PhD from the University of Newcastle.</p> <p>Tom is not presently a member of any Board committee.</p>
C.R. Bilkey Chairman	<p>Chris Bilkey, Dip. Biochem., holds a Diploma of Biochemistry from the Bendigo Institute of Technology and was until recently Vice President of Pharmacia for the Asia Pacific region and has been in the pharmaceutical industry for over 24 years with experience in a broad range of sales and marketing, operational, and corporate strategic roles. He was previously Sales and Marketing Director of Pharmacia, responsible for business development opportunities as well as sales and marketing planning and the operation's strategic plans. Chris led the merging of Pharmacia and Upjohn Companies in Australia after which he was then appointed the Australasian President of Pharmacia and Upjohn. Chris participated in the Executive Group for Pharmacia's Asia Pacific region. Chris is presently a Director of Bellwether Pharma.</p> <p>Chris is a member of the remuneration and nomination committee.</p>
R.A.W. Woods Director	<p>Richard Woods, BCom, LLB (UNSW), GMQ (AGSM) is the principal of Wade Investment group which manages a wide range of investments primarily related to human health care. After completing a Bachelor of Law and a Bachelor of Commerce at the University of New South Wales, Richard worked for 4 years as a solicitor at Allen Allen & Hemsley. He progressed to Associate Director at Bain & Company and then to Director at County Natwest. In 1992, Richard moved into the health care arena, becoming CFO for W.E. Woods Pharmaceuticals until 1997.</p> <p>Richard is a member of the audit, nomination and remuneration committee.</p>

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Directors' Report

Information on Directors and Secretary (continued)

Background	
P.L McLean Director and CEO	<p>Patrick McLean B.S. holds a Bachelor of Science degree in Chemistry from the University of Minnesota. After 4 years in protein nutrition research, he moved into sales and marketing and has spent the past 21 years in the pharmaceutical industry. In 1999 he joined Axcan Pharma, the largest dedicated gastrointestinal company in the world, as Vice President, Sales and Marketing for North America and ultimately became Senior Vice President for European Commercial Operations where he built Axcan's European business in France, Germany, the UK and Poland. In addition he established a licensing and distribution network with pharmaceutical companies across 18 countries including 3 in S.E. Asia. He is a past president and honorary lifetime member of the Pharmaceutical Marketing Club of Québec and is fluently bilingual in English and French.</p> <p>Patrick is not a member of any Board committees.</p> <p>In the past three years, Patrick has been a Director of Axcan Pharma S.A.</p>
A. R. Moon Director	<p>Tony Moon, PhD FAIP started his academic career at Melbourne University where he obtained his Bachelor of Science (Honours) and then his PhD. A widely respected and extensively published Physicist, Tony has had a prestigious history at the University of Technology, Sydney where he has been Dean of Science and University Graduate school, as well as acting Deputy Vice Chancellor and acting Pro Vice Chancellor. Internationally, Tony has been Visiting Research Fellow at the University of Stockholm, Sweden; Faculty Research Associate at Arizona State University, US and Research Scientist at the Fritz Haber Institute in Germany. Currently, Tony is Emeritus Professor at UTS.</p> <p>Tony is a member of the audit committee.</p>
T. Moore Director	<p>Trevor Moore, MPS. PHC. JP a registered pharmacist, graduated from the University of Sydney in 1961. Since that time, he has owned and operated various retail pharmacies around Sydney. Trevor moved into Sales and Marketing with Burroughs Wellcome in Sydney and then progressed on to become Founder and Managing Director of Stephen Hunter Pty Ltd (of Chemist Own brand fame). In recent years, Trevor has become a full-time fund-manager and investor.</p> <p>Trevor is a member of the remuneration, nomination and audit committees.</p>
Tal Dauth Company Secretary	<p>Tal was appointed Company Secretary of the Company on 23 September 2005. Tal is a solicitor and brings to the Company more than 20 years of commercial and corporate experience. Tal is the principal of his own legal practice, specialising in the mining and petroleum industries. He is also Special Counsel to Goldrick Farrell Mullan, solicitors, where he advises the Firms commercial clients.</p>

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Directors' Report

Corporate Governance

Each of the directors brings a skill set needed to support the management of the company in starting up and running an effective and efficient organisation. These include significant experience in managing larger pharmaceutical companies, in the raising and management of outside funds, in the domain of medical science, in licensing pharmaceutical therapies, in providing legal expertise relative to executing agreements with suppliers and public company governance and in establishing academic relationships that foster scientific development.

The Directors of Giaconda support and adhere to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*, recognising the need for the highest standard of corporate behaviour, accountability and transparency. A review of the company's corporate governance practice requirements was undertaken during the year particularly in preparation for the listing on the Australian Stock Exchange. As a result of this review, additional new practices were established and continue to be implemented and reviewed periodically.

None of the Directors, except Patrick McLean have held directorships in other listed entities in the last three years.

Meetings of Directors

The number of meetings of Giaconda's board of directors and board committees held during the period ended 31 December 2005, and the number attended by directors and the secretary were:

Name	Directors' Meetings		Committee Meetings	
	Number of meetings held during period of office	Number Attended	Number of meetings held during period of office	Number attended
Chris Bilkey	10	9	0	0
Prof. T. Borody	10	9	0	0
Richard Woods	10	10	1	1
Patrick McLean	10	9	0	0
Prof. T. Moon	10	10	1	1
Trevor Moore	10	10	1	1
David Fischl	7	7	1	1
Tal Dauth	3	3	0	0

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Directors' Report

Options

At the date of this report, options over unissued shares or interests of the company are as detailed in the table. The options carry no rights to vote or for dividends.

Grantee	Options Granted	Options Vested	Exercise Price	Expiry Date	Conditions on Vesting
Patrick McLean	1,200,000	500,000	\$0.50	3 May 2010	Yes
Rosa Surace	750,000	350,000	\$0.50	11 May 2010	Yes
James Hare	200,000	50,000	\$0.50	5 years after listing	Yes Remaining 150,000 options will not vest as conditions were not fulfilled
Mark Allen	200,000	0	\$0.50	5 years after listing	Yes 100,000 options will not vest as conditions were not fulfilled
Antony Wettstein	60,000	60,000	\$0.50	13 Jan 2011	No
Kirilli Parker	150,000	50,000	\$0.501	17 Nov 2010	Yes

Directors' Relevant Interests

The directors have no other relevant interests in the Company other than as previously disclosed to the ASX in Appendix 3X Director's Initial Interest Notices.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, state or Territory of Australia.

Indemnities

During the six months, Giaconda paid a premium in the sum of \$23,240 in respect of a contract insuring the directors of Giaconda, the secretary and all officers of Giaconda, against any liability incurred by such a director, secretary or officer to the extent permitted by the Corporations Act 2001.

Giaconda has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of Giaconda against any liability incurred by such an officer or auditor.

After Balance Date Events

Options were granted to a new staff member upon appointment on 17 November 2005, however these had not received Board approval until 23 January 2006. Had these options been approved prior to 31 December 2005, they would have carried a value of \$41,250.

Options granted to a clinician received Board approval on 19 December 2005, however the scheme was not entered into until 13 January 2006. Had the scheme been entered into prior to 31 December 2005, they would have carried a value of \$25,200.

With the exception of the above the directors are not aware of any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the company in subsequent periods.

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Directors' Report

Proceedings on Behalf of the Company

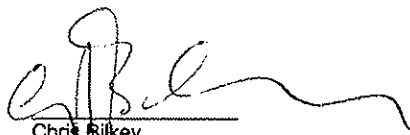
No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the six months.

This report is made in accordance with a resolution of the Board of Directors.



Patrick L. McLean
Chief Executive Officer


Chris Bilkey
Chair

Dated: 6 March 2006



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Chartered Accountants

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**AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GIACONDA LIMITED**

We declare that, to the best of our knowledge and belief, during the half-year ended 31 December 2005 there have been:

- (a) no contraventions of the auditors' independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

BKR Walker Wayland

BKR Walker Wayland
(NSW Partnership)
Chartered Accountants

T. F. Tyler

T. F. Tyler
Partner

Level 8, 55 Hunter Street
Sydney NSW 2000

Dated this *10th* day of *March* 2006

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INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Note	2005 \$	2004 \$
Revenue from ordinary activities		98,245	45,038
Administration		(42,809)	(258,846)
Borrowing costs		(37)	(2,193)
Depreciation and amortisation		(7,446)	-
Insurance		(46,193)	-
Investment		(103,614)	-
Legal		(107,383)	-
Operational		(484,260)	(139,039)
Rent		(14,005)	-
Travel		(69,349)	-
Other expenses		(48,846)	-
Loss from ordinary activities before income tax benefit (expense)	3	(825,697)	(355,040)
Income tax benefit relating to ordinary activities		173,824	109,027
Loss from ordinary activities after income tax expense benefit (expense) attributable to members of the Company		(651,873)	(246,013)
Total changes in equity other than those resulting from transactions with owners as owners		(651,873)	(246,013)
Overall Operations:			
Basic earnings per share (cents per share)		(0.90)	(0.41)
Diluted earnings per share (cents per share)		(0.87)	(0.41)

The accompanying notes form part of these financial statements.

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BALANCE SHEET AS AT 31 DECEMBER 2005

	2005	2004
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5,150,407	1,135,884
Trade and other receivables	97,200	51,654
Other current assets	-	136,456
TOTAL CURRENT ASSETS	5,247,607	1,323,994
NON-CURRENT ASSETS		
Property, plant and equipment	68,467	7,818
Intangible assets	548,592	409,019
Deferred tax assets	563,987	115,490
TOTAL NON-CURRENT ASSETS	1,181,046	532,327
TOTAL ASSETS	6,428,653	1,856,321
CURRENT LIABILITIES		
Trade and other payables	419,725	118,988
Interest bearing liabilities	3,332	40,000
Provisions	39,153	10,104
TOTAL CURRENT LIABILITIES	462,210	169,092
NON-CURRENT LIABILITIES		
Interest bearing liabilities	8,943	-
Deferred tax liabilities	43,337	6,463
TOTAL NON-CURRENT LIABILITIES	52,280	6,463
TOTAL LIABILITIES	514,490	175,555
NET ASSETS	5,914,163	1,680,766
EQUITY		
Contributed equity	7,112,012	1,933,901
Reserves	156,840	-
Accumulated losses	(1,354,689)	(253,135)
TOTAL EQUITY	5,914,163	1,680,766

The accompanying notes form part of these financial statements.

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CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	\$	\$	\$	\$
	Share Capital		Accumulated	Options
Note	Ordinary	Losses	Reserve	Total
Balance at 1.7.2004	1	(7,122)	-	(7,121)
Shares issued during the year (net of equity raising costs)	1,933,900	-	-	1,933,900
Losses attributable to members of parent entity	-	(246,013)	-	(246,013)
Sub-total	1,933,900	(246,013)	-	1,687,887
Balance at 31.12.2004	1,933,901	(253,135)	-	1,680,766
Balance at 1.7.2005	1,933,901	(702,816)	136,533	1,367,618
Shares issued during the year (net of equity raising costs)	5,178,111	-	-	5,178,111
Options reserve on recognition of options at granting date	-	-	20,307	20,307
Losses attributable to members of parent entity	-	(651,873)	-	(651,873)
Sub-total	5,178,111	(651,873)	20,307	4,546,545
Balance at 31.12.2005	7,112,012	(1,354,689)	156,840	5,914,163

The accompanying notes form part of these financial statements.

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CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	2005	2004
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	-	17,454
Payments to suppliers and employees	(644,203)	(402,756)
Interest received	86,293	27,584
Borrowing costs	(439)	(2,489)
Net cash used in operating activities	(558,349)	(360,207)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(37,846)	(7,818)
Payments for intellectual property	(125,498)	-
Net cash used in investing activities	(163,344)	(7,818)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares or shares to be issued	5,529,702	1,516,400
Proceeds from borrowings	-	40,000
Repayment of borrowings	(1,538)	(142,151)
Net cash used in financing activities	5,528,164	1,414,249
NET INCREASE IN CASH HELD		
Cash at 1 July 2005	4,806,471	1,046,224
CASH AT 31 DECEMBER 2005	343,936	89,660
	5,150,407	1,135,884

The accompanying notes form part of these financial statements.

Giaconda Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Giaconda Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 2.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

(a) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION (Continued)

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office furniture and equipment	20% to 25%
Computer equipment	25%
Apartment furniture	20% to 25%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION (Continued)

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION (Continued)

(d) Financial Instruments (Continued)

Impairment

At each reporting date, the Company assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(e) Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technically feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION (Continued)

(i) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous GAAP at 30.06.2004	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 30.06.2004
		\$	\$	\$
Reconciliation of Equity at 30 June 2004				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		89,660	-	89,660
Trade and other receivables		6,000	-	6,000
Other current assets		60,000	-	60,000
TOTAL CURRENT ASSETS		155,660	-	155,660
TOTAL ASSETS		155,660	-	155,660
CURRENT LIABILITIES				
Trade and other payables		3,130	-	3,130
Interest bearing liabilities		142,151	-	142,151
Provisions		-	-	-
Other		17,500	-	17,500
TOTAL CURRENT LIABILITIES		162,781	-	162,781
TOTAL LIABILITIES		162,781	-	162,781
NET ASSETS		(7,121)	-	(7,121)
EQUITY				
Contributed equity		1	-	1
Accumulated losses		(7,122)	-	(7,122)
TOTAL EQUITY		(7,121)	-	(7,121)

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous GAAP at 31.12.2004	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 31.12.2004
		\$	\$	\$
Reconciliation of Equity at 31 December 2004				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		1,135,884	-	1,135,884
Trade and other receivables		51,654	-	51,654
Other current assets		136,456	-	136,456
TOTAL CURRENT ASSETS		1,323,994	-	1,323,994
NON-CURRENT ASSETS				
Property, plant and equipment		7,818	-	7,818
Intangible assets		409,019	-	409,019
Deferred tax assets	2(a)	-	115,490	115,490
TOTAL NON-CURRENT ASSETS		416,837	115,490	532,327
TOTAL ASSETS		1,740,831	115,490	1,856,321
CURRENT LIABILITIES				
Trade and other payables		118,988	-	118,988
Interest bearing liabilities		40,000	-	40,000
Provisions		10,104	-	10,104
TOTAL CURRENT LIABILITIES		169,092	-	169,092
NON CURRENT LIABILITIES				
Deferred tax liabilities	2(b)	-	6,463	6,463
TOTAL NON CURRENT LIABILITIES		-	6,463	6,463
TOTAL LIABILITIES		169,092	6,463	175,555
NET ASSETS		1,571,739	109,027	1,680,766
EQUITY				
Contributed equity		1,933,901	-	1,933,901
Accumulated losses		(362,162)	109,027	(253,135)
TOTAL EQUITY		1,571,739	109,027	1,680,766

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous GAAP at 30.6.2005	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 30.6.2005
		\$	\$	\$
Reconciliation of Equity at 30 June 2005				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		343,936	-	343,936
Trade and other receivables		31,396	-	31,396
Other current assets		361,424	-	361,424
TOTAL CURRENT ASSETS		736,756	-	736,756
NON-CURRENT ASSETS				
Property, plant and equipment		38,066	-	38,066
Intangible assets		423,095	-	423,095
Deferred tax assets	2(a)	-	359,792	359,792
TOTAL NON-CURRENT ASSETS		461,161	359,792	820,953
TOTAL ASSETS		1,197,917	359,792	1,557,709
CURRENT LIABILITIES				
Trade and other payables		148,834	-	148,834
Interest bearing liabilities		3,160	-	3,160
Provisions		14,478	-	14,478
TOTAL CURRENT LIABILITIES		166,472	-	166,472
NON-CURRENT LIABILITIES				
Interest bearing liabilities		10,653	-	10,653
Deferred tax liabilities	2(b)	-	12,966	12,966
TOTAL NON-CURRENT LIABILITIES		10,653	12,966	23,619
TOTAL LIABILITIES		177,125	12,966	190,091
NET ASSETS		1,020,792	346,826	1,367,618
EQUITY				
Contributed equity		1,933,901	-	1,933,901
Reserves	2(c)	-	136,533	136,533
Accumulated losses	2(d)	(913,109)	210,293	(702,816)
TOTAL EQUITY		1,020,792	346,826	1,367,618

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous GAAP \$	Effect of transition to Australian equivalents to IFRS \$	Australian equivalents to IFRS \$
Reconciliation of Profit or Loss for the full-year to 30 June 2004				
Revenue		113	-	113
Administration		(5,971)	-	(5,971)
Borrowing costs		(1,264)	-	(1,264)
Loss from ordinary activities before income tax benefit (expense)		(7,122)	-	(7,122)
Income tax benefit	2(e)	-	-	-
Loss from ordinary activities after income tax benefit (expense)		(7,122)	-	(7,122)

Reconciliation of Profit or Loss for the half-year 31 December 2004

Revenue		45,038	-	45,038
Administration		(258,846)	-	(258,846)
Borrowing costs		(2,193)	-	(2,193)
Operational		(139,039)	-	(139,039)
Loss from ordinary activities before income tax benefit (expense)		(355,040)	-	(355,040)
Income tax benefit	2(e)	-	109,027	109,027
Loss from ordinary activities after income tax benefit (expense)		(355,040)	109,027	(246,013)

These notes form part of the financial statements

Giaconda Limited

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NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous GAAP	Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS
Reconciliation of Profit or Loss for the full year to 30 June 2005				
Revenue		65,401	-	65,401
Administration		(30,811)	-	(30,811)
Borrowing costs		(2,193)	-	(2,193)
Depreciation and amortisation		(4,710)	-	(4,710)
Insurance		(18,300)	-	(18,300)
Investment		(16,373)	-	(16,373)
Legal		(338,718)	-	(338,718)
Operational	2(c)	(346,866)	(136,533)	(483,399)
Rental		(30,624)	-	(30,624)
Travel		(93,841)	-	(93,841)
Other expenses		(88,952)	-	(88,952)
Loss from ordinary activities before income tax benefit (expense)		(905,987)	(136,533)	(1,042,520)
Income tax benefit	2(e)	-	346,826	346,826
Loss from ordinary activities after income tax benefit (expense)		(905,987)	210,293	(695,694)

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Notes to the Reconciliations of Equity and Profit and Loss at 1 July 2004, 31 December 2004 and 30 June 2005

	30.6.2005	31.12.2004	30.06.2004
	\$	\$	\$
(a) Deferred tax assets comprise:			
Deferred tax on recognition of deductible temporary differences brought to account in accordance with AASB 112.	119,894	45,402	-
Deferred tax on recognition of carried forward tax losses brought to account in accordance with AASB 112.	239,898	70,088	-
Total	359,792	115,490	-
(b) Deferred tax liabilities comprise:			
Deferred tax on recognition of assessable temporary differences brought to account in accordance with AASB 112.	12,966	6,463	-
Total	12,966	6,463	-
(c) Reserves comprise:			
Options issued in accordance with the Share Option Scheme brought to account in accordance with AASB 2.	136,533	-	-
Total	136,533	-	-
(d) Retained earnings comprise:			
Options issued in accordance with the Share Option Scheme brought to account in accordance with AASB 2 (refer 2(c)).	(136,533)	-	-
Net of deferred tax assets and deferred tax liabilities (refer 2(a) and (b)).	346,826	109,027	-
Total	210,293	109,027	-
(e) Income tax benefit comprises:			
Net of deferred tax assets and deferred tax liabilities (refer 2(a) and (b)).	346,826	109,027	-
Total	346,826	109,027	-

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

	2005	2004
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
- Interest received from third parties	98,245	45,038

NOTE 4: SEGMENT INFORMATION

Primary Reporting — Business Segments

	Research, Development & Licence	
	2005	2004
	\$	\$
Revenue	-	-
Total segment revenue	-	-
Unallocated revenue	98,245	45,038
Total revenue from ordinary activities	98,245	45,038
Segment result	(923,942)	(400,078)
Unallocated expenses net of unallocated revenue	98,245	45,038
Profit before income tax benefit (expense)	(825,697)	(355,040)
Income tax benefit	173,824	109,027
Profit after income tax benefit (expense)	(651,873)	(246,013)

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	2005	2004
NOTE 5: CONTINGENT LIABILITIES	\$	\$
Chief Medical Officer Fees		
The Company has engaged Dr Thomas Borody as Chief Medical Officer. The agreement provides for an annual salary to be paid for these services of \$230,000 commencing 01 January 2005. Dr Borody has agreed to defer payment of this salary until the Company enters into a licensing agreement and after development costs for the licensing agreement as determined by the Board have been paid out of proceeds. In the event that a licensing agreement is not accomplished, he will release the Company from these obligations	230,000	-
Chief Executive Officer Bonus		
The Chief Executive Officer of the Company, Mr Patrick McLean has been awarded a bonus of \$42,000 for his services prior to the successful listing on the Australian Stock Exchange of the Company. Mr McLean has agreed to defer payment of this bonus until the Company enters into a licensing agreement and after development costs for the licensing agreement as determined by the Board have been paid out of proceeds. In the event that a licensing agreement is not accomplished, he will release the Company from these obligations	42,000	-

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

Options were granted to a new staff member upon appointment on 17 November 2005, however these had not received Board approval until 23 January 2006.

Had these options been approved prior to 31 December 2005, they would have carried a value of \$41,250.

Options granted to a clinician received Board approval on 19 December 2005, however the scheme was not entered into until 13 January 2006.

Had the scheme been entered into prior to 31 December 2005, they would have carried a value of \$25,200.

These notes form part of the financial statements

Giaconda Limited

A.B.N. 68 108 088 517

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on 10 to 26.
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the Company's financial position as at 31 December 2005 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

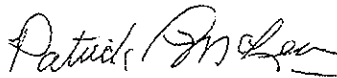
This declaration is made in accordance with a resolution of the Board of Directors.

Director



Christopher Bilkey

Director



Patrick McLean

Dated this 6th day of March 2006



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Chartered Accountants

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF GIACONDA LIMITED

Scope

We have reviewed the financial report of Giaconda Limited for the half-year ended 31 December 2005 as set out on pages 10 to 27. The Company's Directors are responsible for the financial report. We have performed an independent review of the 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 134 Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows, and in order to lodge the financial report with the Australian Securities and Investments Commission and the Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the 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.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.



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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF GIACONDA LIMITED

Statement

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 Giaconda Limited is not in accordance with:

- (a) the Corporation Act 2001 including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 Interim Financial Reporting and the Corporations Regulation 2001; and
- (b) other mandatory professional reporting requirements in Australia.

BKR Walker Wayland
(NSW Partnership)
Chartered Accountants

T F Tyler
Partner

Dated this the 10th day of March 2006