

Giaconda Limited

Appendix 4D & Half Year Financial Results

Sydney, Australia. 25 February 2011. Giaconda Limited (ASX: GIA), the gastroenterology drug development company, today announced the release of its interim results for the half-year ended 31 December 2010.

Results for Announcement to the Market

| | 2010 | 2009 | Change \$ | Change % |
|--|-----------|-----------|-----------|----------|
| Revenue from ordinary activities | 3,683 | 12 | 3,671 | 30,591% |
| Operating loss from ordinary activities after income tax | (406,117) | (300,616) | (105,501) | (35.1)% |
| Operating loss attributable to members | (406,117) | (300,616) | (105,501) | (35.1)% |
| Net tangible assets per security | 0.0009 | 0.0104 | (0.0095) | (91.3)% |

No dividends have been declared or are expected to be declared

During the six months, Giaconda's principal activities involved completion of the sale of three therapies to RedHill Biopharma for an upfront payment of US\$500,000 plus 7% of the net sales earned by RedHill from a commercialised treatment and 20% of sublicensing receipts after certain development costs have been deducted. The completion of this sale was announced on 31 August 2010.

The Company has continued to conserve cash and tried to raise additional funds to support its ongoing operations until the RedHill royalties begin to flow. It also sought funds to develop the two remaining patents in its portfolio to the point where those patents could be licensed or sold. Unfortunately the difficult markets have precluded the Company's efforts and, on 24 February 2011 the Company requested a share trading halt on the ASX because the Directors determined that the Company would no longer be able to pay its debts as and when they fall due.

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GIACONDA LIMITED

A.B.N. 68 108 088 517

FINANCIAL REPORT

SIX MONTHS ENDED

31 DECEMBER 2010

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Directors' Report

Your directors present their report on Giaconda Limited (Giaconda) for the six months ended 31 December 2010.

Directors

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

| | |
|---------------------|---|
| Prof. Thomas Borody | Director and Chief Medical Officer |
| Patrick McLean | Acting Chairman and Chief Executive Officer |
| Trevor Moore | Director |
| Chris Bilkey | Director |

All Directors have been in office from the 1 July 2010 to the date of this report.

Operating Results

The operating loss of the company for the six months after providing for income tax amounted to \$406,117 (December 2009: loss \$300,616).

Review of Operations during July to December 2010

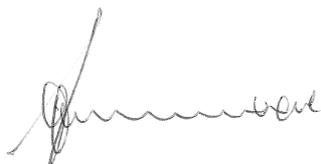
During the six months, Giaconda's principal activities involved completion of the sale of three therapies to RedHill Biopharma for an upfront payment of US\$500,000 plus 7% of the net sales earned by RedHill from a commercialised treatment and 20% of sublicensing receipts after certain development costs have been deducted. The completion of this sale was announced on 31 August 2010.

The Company has continued to conserve cash and tried to raise additional funds to support its ongoing operations until the RedHill royalties begin to flow. It also sought funds to develop the two remaining patents in its portfolio to the point where those patents could be licensed or sold. Unfortunately the difficult markets have precluded the Company's efforts and, on 24 February 2011 the Company requested a share trading halt on the ASX because the Directors determined that the Company would no longer be able to pay its debts as and when they fall due.

Auditor's Declaration

The auditor's declaration under section 307C of the Corporations Act 2007 is set out on page 3 for the half-year ended 31 December 2010.

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



Trevor Moore

Director



Patrick L. McLean

Acting Chairman & Chief Executive Officer

Dated: 25th day of February 2011

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2010 there have been:

- a. no contraventions of the auditor 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.

Walker Wayland n s w

Walker Wayland NSW
Chartered Accountants

A Roger

A Stephen Roger
Partner

Dated at Sydney on this 25th day of February 2011

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STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

| | 31.12.2010 | 31.12.2009 |
|---|------------------|------------------|
| | \$ | \$ |
| Income | 3,683 | 12 |
| Personnel | (16,010) | (25,005) |
| Finance and legal | (176,417) | (21,315) |
| Administration | (63,566) | (53,034) |
| Research and development | (74,364) | (27,088) |
| Impairment of Intangible Assets | (187,414) | - |
| Licensing | (120,565) | (111,298) |
| Loss before income tax | (635,239) | (237,728) |
| Income tax benefit (expense) | 229,122 | (52,106) |
| Loss from continuing operations | (406,117) | (289,834) |
| Loss from discontinued operations | - | (10,782) |
| Loss for the period attributable to members of the company | (406,117) | (300,616) |
| Other comprehensive income | | |
| Other comprehensive income net of tax | - | - |
| Total comprehensive income for the period | (406,117) | (300,616) |
| Earnings per share | | |
| From continuing and discontinued operations: | | |
| Basic earnings per share (cents) | (0.005) | (0.001) |
| Diluted earnings per share (cents) | (0.005) | (0.001) |
| From continuing operations: | | |
| Basic earnings per share (cents) | (0.005) | (0.003) |
| Diluted earnings per share (cents) | (0.005) | (0.003) |

The accompanying notes form part of these financial statements.

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Giaconda Limited

A.B.N. 68 108 088 517

Interim Financial Report

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

| | 31.12.2010 | 30.06.2010 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 51,568 | 18,256 |
| Trade and other receivables | 22,315 | 480 |
| Assets held for sale | - | 554,015 |
| TOTAL CURRENT ASSETS | 73,883 | 572,751 |
| NON-CURRENT ASSETS | | |
| Intangible assets | - | 199,725 |
| TOTAL NON-CURRENT ASSETS | - | 199,725 |
| TOTAL ASSETS | 73,883 | 772,476 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 20,935 | 15,727 |
| Financial liabilities | 2 697,437 | 789,437 |
| Short-term provisions | 34,272 | 34,272 |
| TOTAL CURRENT LIABILITIES | 752,644 | 839,436 |
| NON-CURRENT LIABILITIES | | |
| Deferred tax liabilities | 119,685 | 348,807 |
| TOTAL NON-CURRENT LIABILITIES | 119,685 | 348,807 |
| TOTAL LIABILITIES | 872,329 | 1,188,243 |
| NET LIABILITIES | (798,446) | (415,767) |
| EQUITY | | |
| Issued capital | 7,486,270 | 7,462,832 |
| Accumulated losses | (8,284,716) | (7,878,599) |
| TOTAL EQUITY (DEFICIENCY) | (798,446) | (415,767) |

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

| | Issued Capital Ordinary | Retained Earnings | Total |
|------------------------------------|--|------------------------------|------------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2009 | 7,352,395 | (6,570,966) | 781,429 |
| Loss attributable to members | - | (300,616) | (300,616) |
| Balance at 31 December 2009 | <u>7,352,395</u> | <u>(6,871,582)</u> | <u>480,813</u> |
| Balance at 1 July 2010 | 7,462,832 | (7,878,599) | (415,767) |
| Shares Issued during the period | 23,438 | - | 23,438 |
| Loss attributable to members | - | (406,117) | (406,117) |
| Balance at 31 December 2010 | <u>7,486,270</u> | <u>(8,284,716)</u> | <u>(798,446)</u> |

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

| | 31.12.2010 | 31.12.2009 |
|---|-------------------|-------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from operations | 3,680 | - |
| Payments to suppliers and employees | (455,824) | (120,040) |
| Interest received | 3 | 12 |
| Finance costs | - | (5,124) |
| Net cash used in operating activities | <u>(452,141)</u> | <u>(125,152)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Receipts from sale of intellectual property | 554,015 | - |
| Payments for and investments in intellectual property | - | (114,580) |
| Net cash provided by (used in) investing activities | <u>554,015</u> | <u>(114,580)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from share issues | 23,438 | - |
| Proceeds from borrowings | 50,000 | 335,000 |
| Repayment of borrowings | (142,000) | (110,000) |
| Net cash provided by (used in) financing activities | <u>(68,562)</u> | <u>225,000</u> |
| Net increase (decrease) in cash held | 33,312 | (14,732) |
| Cash and cash equivalents at beginning of period | 18,256 | 33,965 |
| Cash and cash equivalents at end of period | <u>51,568</u> | <u>19,233</u> |

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. On 24 February 2011 the company announced it had concerns regarding its financial position and capital requirements. This has led the directors to determine that the entity is not a going concern.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Giaconda Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim half-year financial report as were applied in the most recent annual financial statements except that the interim financial statements have not been prepared on a going concern basis. The effect of this change is disclosed at Note 1(a).

(a) Going Concern

The financial statements have been prepared on a non going concern basis. This is due to the directors having concerns regarding the ability to obtain sufficient capital to fund the ongoing operations of the Company. These concerns were announced on the ASX on 24 February 2011.

As a result all items disclosed in the balance sheet are valued at realisable value. An impairment expense of \$187,414 has been recorded in the comprehensive statement of income as a result of this change in accounting policy.

NOTE 2: FINANCIAL LIABILITIES

| | Note | 31.12.2010 | 30.06.2010 |
|---|------|------------|------------|
| | | \$ | \$ |
| Current | | | |
| Borrowing from related parties - non-interest bearing | 2a | 697,437 | 789,437 |

- a. The loans from related parties are only repayable should one of the following events occur:
- (i) The Company enters into a licensing agreement for one of its products and the Board of Directors reasonably determines that the repayment of this amount will not impact on the operational viability of the Company.
 - (ii) The Company raises funds whether through debt or equity equal to or exceeding the cumulative amount of \$5,000,000 in any financial year.
 - (iii) There is a change in the ownership of more than 50% of the issued shares of the Company.
 - (iv) The Company becomes insolvent or subject to any form of external administration other than for the purpose of corporate restructuring.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 3: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The company is managed primarily on the basis of product category and service offerings since the diversifications of the company's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

Types of products and services by segment

(i) *Research, development and licensing*

The company is in the process of research, development and licensing of its products.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the company.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense; and
- deferred tax assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 3: OPERATING SEGMENTS (CONT.)

(i) Segment performance

| | Research, Development and Licensing | |
|--|--|-------------------|
| | 31.12.2010 | 31.12.2009 |
| | \$ | \$ |
| Revenue | | |
| Segment revenue | 3,683 | 12 |
| Total segment revenue | 3,683 | 12 |
| Segment expenditure | (638,922) | (237,740) |
| Segment net loss before tax | (635,239) | (237,728) |
| <i>Reconciliation of segment result to company net loss before tax</i> | | |
| Net loss before tax from continuing operations | (635,239) | (237,728) |

(ii) Segment assets

| | 31.12.2010 | 30.06.2010 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Segment assets | 73,883 | 772,446 |
| <i>Reconciliation of segment assets to group assets</i> | | |

(iii) Segment liabilities

| | | |
|---|-----------|-----------|
| Segment liabilities | 752,644 | 839,436 |
| <i>Reconciliation of segment liabilities to group liabilities</i> | | |
| Unallocated liabilities: | | |
| • Deferred tax liabilities | 348,807 | 348,807 |
| Total liabilities from continuing operations | 1,101,451 | 1,188,243 |

(iv) Revenue by geographical region

No external sales have been generated by the company.

(v) Assets by geographical region

The location of segment assets is disclosed below by geographical location of the assets:

| | 31.12.2010 | 30.6.2010 |
|---------------------|-------------------|------------------|
| | \$ | \$ |
| Australia | 73,883 | 772,446 |
| Total assets | 73,883 | 772,446 |

These notes form part of the financial statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 4: CONTINGENT LIABILITIES

| | 31.12.2010 | 30.06.2010 |
|---|------------|------------|
| Chief Medical Officer Fees | \$ | \$ |
| <p>The Company has engaged Professor Thomas Borody as Chief Medical Officer. The agreement provided for an annual salary to be paid for these services of \$230,000. The agreement operated from 1 January 2005 to 31 December 2005. Professor Borody has agreed to defer payment of this amount until the first to occur of;</p> <p>The Company enters into a licensing agreement or assignment agreement for one of its products; and the Board reasonably determines that the payment of these amounts will not impact on the operational viability of the Company; or</p> <p>There is change in ownership of more than 50% of the issued shares of the Company.</p> <p>In the event that the above is not accomplished, he will release the Company from these obligations.</p> | | |
| | 230,000 | 230,000 |
| Non-Executive Director Fees | | |
| <p>Professor Thomas Borody, as a non-executive director of the Company for the period 15 June 2004 to 31 December 2004 is entitled to a fee for his service. Professor Borody has agreed to defer payment of this amount until the first to occur of;</p> <p>The Company enters into a licensing agreement or assignment agreement for one of its products; and the Board reasonably determines that the payment of these amounts will not impact on the operational viability of the Company; or</p> <p>There is change in ownership of more than 50% of the issued shares of the Company.</p> <p>In the event that the above is not accomplished, he will release the Company from these obligations.</p> | | |
| | 16,438 | 16,438 |
| Executive Director Fees | | |
| <p>Professor Thomas Borody, as an executive director of the Company for the period 1 January 2006 is entitled to a fee for his service. Professor Borody has agreed to defer payment of this amount until the first to occur of;</p> <p>The Company enters into a licensing agreement or assignment agreement for one of its products; and the Board reasonably determines that the payment of these amounts will not impact on the operational viability of the Company; or</p> <p>There is change in ownership of more than 50% of the issued shares of the Company.</p> <p>In the event that the above is not accomplished, he will release the Company from these obligations.</p> | | |
| | 300,000 | 270,000 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 4: CONTINGENT LIABILITIES (CONT.)

| | 31.12.2010 | 30.06.2010 |
|---|-------------------|-------------------|
| Chief Executive Officer Incentive Payment | \$ | \$ |
| <p>The Chief Executive Officer has been paid an incentive under his incentive program. The Chief Executive Officer has agreed to defer payment of this amount until the first to occur of;</p> <p>The Company enters into a licensing agreement or assignment agreement for one of its products; and the Board reasonably determines that the payment of these amounts will not impact on the operational viability of the Company; or</p> <p>There is change in ownership of more than 50% of the issued shares of the Company.</p> <p>In the event that the above is not accomplished, he will release the Company from these obligations. It is noted that \$42,000 is in respect of services for the 2005 financial year and was payable in 2006. \$93,600 is in respect of services for the 2006 financial year and was payable in 2008. \$52,800 is in respect of services for the 2007 financial year and was payable in 2008.</p> | | |
| | 188,400 | 188,400 |
| Chief Executive Officer Living-Away-From-Home-Allowance Payment | | |
| <p>The Chief Executive Officer is paid a living-away-from-home-allowance under his employment contract. The Chief Executive Officer has agreed to defer payment of this amount until the first to occur of;</p> <p>The Company enters into a licensing agreement or assignment agreement for one of its products; and the Board reasonably determines that the payment of these amounts will not impact on the operational viability of the Company; or</p> <p>There is change in ownership of more than 50% of the issued shares of the Company.</p> <p>The Company cumulatively raises \$5,000,000 in a year.</p> <p>In the event that the above is not accomplished, he will release the Company from these obligations.</p> | | |
| | 222,354 | 222,354 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 4: CONTINGENT LIABILITIES (CONT.)

| | 31.12.2010 | 30.06.2010 |
|--|------------|------------|
| Centre of Digestive Diseases | \$ | \$ |
| <p>The Company has engaged the Centre for Digestive Diseases, a related party of Professor Thomas Borody, to provide the service of Chief Medical Officer. The agreement provides for an annual fee to be paid for these services of \$170,000 commencing 1 July 2006. The Centre for Digestive Diseases has agreed to defer payment of this amount until the first to occur of;</p> <p>The Company enters into a licensing agreement or assignment agreement for one of its products; and the Board reasonably determines that the payment of these amounts will not impact on the operational viability of the Company; or</p> <p>There is change in ownership of more than 50% of the issued shares of the Company.</p> <p>In the event that the above is not accomplished, he will release the Company from these obligations.</p> | | |
| | 765,000 | 680,000 |
| Chief Executive Officer Salary Payment | | |
| <p>The Chief Executive Officer is paid a salary under his employment contract. The Chief Executive Officer has agreed to defer payment of this amount until the first to occur of;</p> <p>The Company enters into a licensing agreement or assignment agreement for one of its products; and the Board reasonably determines that the payment of these amounts will not impact on the operational viability of the Company; or</p> <p>There is change in ownership of more than 50% of the issued shares of the Company.</p> <p>The Company cumulatively raises \$5,000,000 in a year.</p> <p>In the event that the above is not accomplished, he will release the Company from these obligations.</p> | | |
| | 395,380 | 335,380 |
| Chief Executive Officer Travel Expense Reimbursement | | |
| <p>The Chief Executive Officer is required to travel overseas as part of his duties. During the year The Chief Executive Officer incurred costs in relation to overseas travel which he has not been reimbursed. The Chief Executive Officer has agreed to defer payment of this amount until the first to occur of;</p> <p>The Company enters into a licensing agreement or assignment agreement for one of its products; and the Board reasonably determines that the payment of these amounts will not impact on the operational viability of the Company; or</p> <p>There is change in ownership of more than 50% of the issued shares of the Company.</p> <p>The Company cumulatively raises \$1,000,000 in a year.</p> <p>In the event that the above is not accomplished, he will release the Company from these obligations.</p> | | |
| | 22,380 | 22,380 |

These notes form part of the financial statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 4: CONTINGENT LIABILITIES (CONT.)

| | 31.12.2010 | 30.06.2010 |
|--|-------------------|-------------------|
| Non-Executive Director Fees | \$ | \$ |
| <p>Messrs Woods, Moore and Bilkey, as non-executive directors of the Company and Mr Moon as a previous non-executive director of the Company are entitled to a fee for their services. Messrs Woods, Moon, Moore and Bilkey have agreed to defer payment of this amount until the first to occur of;</p> <p>The Company enters into a licensing agreement or assignment agreement for one of its products; and the Board reasonably determines that the payment of these amounts will not impact on the operational viability of the Company; or</p> <p>There is change in ownership of more than 50% of the issued shares of the Company.</p> <p>In the event that the above is not accomplished, they will release the Company from these obligations.</p> | | |
| | 264,129 | 216,129 |

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

On 12 January 2011 60,000 options exercisable at \$0.50 per share expired.

On 24 February 2011 the directors submitted an Application for Trading Halt with the ASX as they had concerns regarding the financial position and capital requirements of the company. As a result of these concerns these interim financial statements have been prepared on a non going concern basis.

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 have significantly affected, or may affect, the operations, results of operations or state of affairs of the company in the subsequent period.

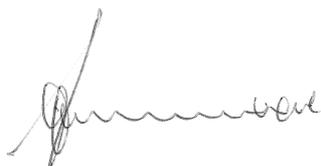
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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 13 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the entity's financial position as at 31 December 2010 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 not 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.



Trevor Moore

Director



Patrick McLean

Acting Chairman & Chief Executive Officer

Dated this 25th day of February 2011

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INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF GIACONDA LIMITED Website www.wwnsw.com.au

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Giaconda Limited which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Giaconda Limited are responsible for the preparation and fair presentation of the half-year financial report that give a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Giaconda Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of Giaconda Limited for the half-year ended 31 December 2010 included on the website of Giaconda Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

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INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF GIACONDA LIMITED

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Giaconda Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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

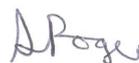
- giving a true and fair view of the entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

Without qualifying our conclusion, we draw attention to Note 1(a) in the half-year financial report which indicates that the directors of the Company have determined that preparation of the half-year financial report on the going concern basis is inappropriate and as such have prepared the half-year financial report on a non going concern basis.



Walker Wayland NSW
Chartered Accountants



A Stephen Roger
Partner

Dated at Sydney on this 25th day of February 2011

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