



zelda
THERAPEUTICS

ZELDA THERAPEUTICS PTY LTD
ACN 607 538 876

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE PERIOD ENDED
30 JUNE 2016

ZELDA THERAPEUTICS PTY LTD
ACN 607 538 876

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ZELDA THERAPEUTICS PTY LTD
ACN 607 538 876

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2016

	August 2015 to 30 June 2016
	\$
Income	
Other income	250,000
Interest income	3,165
Expenditure	
Consultancy fees	(17,946)
Legal fees	(32,346)
Directors fees	(215,000)
Travel and accommodation expense	(125,133)
Interest expense	(11,774)
Other expenses	(75,394)
Loss before income tax	<u>(224,428)</u>
Income tax expense	
Loss for the period	<u>(224,428)</u>
Other comprehensive income	
Total comprehensive loss for the period	<u><u>(224,428)</u></u>

The accompanying notes form part of these financial statements.

ZELDA THERAPEUTICS PTY LTD
ACN 607 538 876

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	30 June 2016
		\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2	722,064
Trade and other receivables	3	98,267
TOTAL CURRENT ASSETS		820,331
TOTAL ASSETS		820,331
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4	44,758
Borrowings	5	1,000,000
TOTAL CURRENT LIABILITIES		1,044,758
TOTAL LIABILITIES		1,044,758
NET ASSETS		(224,427)
EQUITY		
Issued capital	6	1
Accumulated losses	7	(224,428)
TOTAL EQUITY		(224,427)

The accompanying notes form part of these financial statements.

ZELDA THERAPEUTICS PTY LTD
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STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016

	<i>Issued Capital</i>	<i>Accumulated Losses</i>	<i>Total</i>
	\$	\$	\$
Balance at incorporation	-	-	-
Loss for the period	-	(224,428)	(224,428)
Total comprehensive loss for the period	-	(224,428)	(224,428)
Shares issued during the period	1	-	1
Balance 30 June 2016	1	(224,428)	(224,427)

The accompanying notes form part of these financial statements.

**ZELDA THERAPEUTICS PTY LTD
ACN 607 538 876**

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2016**

**August 2015 to
30 June 2016
\$**

Cash flows from operating activities

Option fee income received	250,000
Payments to suppliers	(519,328)
Interest received	3,165
Interest paid	(11,774)
Net cash inflow from operating activities	8 <u>(277,937)</u>

Cash flows from financing activities

Proceeds received in relation to convertible note issue	1,050,000
Issue costs associated with convertible notes	(50,000)
Proceeds from issue of shares	1
Net cash inflow from financing activities	<u>1,000,001</u>
Net increase in cash and cash equivalents	722,064
Cash and cash equivalents at incorporation	-
Cash and cash equivalents at the end of the period	<u>722,064</u>

The accompanying notes form part of these financial statements.

ZELDA THERAPEUTICS PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

1 Statement of Significant Accounting Policies

Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements and have been prepared in order to assist with the transaction currently being contemplated with Zelda Therapeutics Limited (formerly Gleneagle Gold Limited).

The company was incorporated in August 2015. The financial statements are for the period from the date of incorporation to 30 June 2016.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless stated otherwise in the notes. The accounting policies that have been adopted in the preparation of these statements are as follows:

Income Tax

The tax expense recognised in the statement of comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the period).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the period and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax is not provided for the following:

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

1 Statement of Significant Accounting Policies (continued)

Income Tax (continued)

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

1 Statement of Significant Accounting Policies (continued)

Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Rendering of services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

ZELDA THERAPEUTICS PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

1 Statement of Significant Accounting Policies (continued)

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the company prior to the end of the financial period that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

Going Concern

The company received a \$250,000 option fee from Zelda Therapeutics Limited during the period in relation to the entry into the Heads of Agreement for the acquisition of all of the shares in the company by Zelda Therapeutics Limited. Zelda Therapeutics Limited was formerly known as Gleneagle Gold Limited. Apart from this receipt of funds and minor interest income, the company has had no sources of inflow of funds during the period. The ability of the company to continue as a going concern is dependent on it being able to access sufficient funding.

Zelda Therapeutics Limited is currently in the process of completing the acquisition of the company which, if successful, will see it being in a position to provide funds to the company from the proceeds of its recompliance capital raising which is seeking to raise a minimum of \$3m and a maximum of \$4m. If the transaction with Zelda Therapeutics Limited is not completed successfully and if the company is unable to obtain sufficient funds from other sources, there is a material uncertainty that may cast significant doubt as to whether the company will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

ZELDA THERAPEUTICS PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

		30 June 2016
		\$
2	Cash and Cash Equivalents	
	Cash at bank	722,063
	Cash on hand	1
		722,064
3	Trade and Other Receivables	
	Current	
	Trade and other receivables	59,307
	GST receivable	38,960
		98,267
4	Trade and Other Payables	
	Current	
	Trade creditors	32,758
	Accruals	12,000
		44,758
5	Borrowings	
	Current	
	Convertible notes (i)	1,050,000
	Less: costs of issue	(50,000)
	Unsecured loan – MJ Life Sciences Pty Ltd (ii)	-
		1,000,000

(i) This represents funds transferred into Zelda on the basis that Zelda will be issuing convertible notes. The material terms of the convertible notes issued under the binding terms sheet between the company and its subscribers are as follows:

- a) The convertible notes will be secured.
- b) The convertible notes will not be quoted on the ASX or any other financial market.
- c) The company reserves the right to accept subscriptions for convertible notes in addition to the amount of \$3,000,000 in its absolute discretion and to scale back any applications for convertible notes in its absolute discretion and will refund any application monies in respect of any convertible notes subscribed for but not allocated to the subscriber.
- d) The issuance of the convertible notes are subject to and conditional upon the Company obtaining firm commitments from parties on terms substantially and materially the same as those set out in the term sheet for a minimum \$1,000,000.
- e) No interest shall be payable on the Principal Amount.

1. During the period, the company received an amount of \$200,000 from MJ Life Sciences Pty Ltd as loan funds. Zelda has entered into a loan agreement during the year with MJ Life Sciences Pty Ltd whereby MJ Life Sciences would provide funding of up to \$300,000 to Zelda to provide working capital and pursue business objectives including certain pre-clinical research activities until additional equity funds are raised. The loan was repaid on 30 June 2016.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

30 June 2016
\$

6 Issued Capital

Ordinary shares (a)		1
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	Number	\$
(a) Ordinary shares		
Ordinary shares, fully paid	100,449,102	1
<i>Movements in Ordinary Shares:</i>		
Opening balance	-	-
Issue of shares to founding shareholders at an issue price of \$1.00 each	1	1
Issue of shares to MJ Life Science Pty Ltd shareholders and Founding Director	100,449,102	-
Closing balance	100,449,102	1

7 Accumulated Losses

Accumulated losses at the beginning of the financial period		-
Net loss attributable to members of the company		(224,428)
Accumulated losses at the end of the financial period		(224,428)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

30 June 2016
\$

8 Reconciliation of loss to statement of cash flows

Net loss for the period	(224,428)
Increase in trade and other receivables	(98,267)
Increase in trade and other payables	44,758
Net cash outflow from operating activities	<u>(277,937)</u>

9 Subsequent Events

On 12 July 2016, Zelda Therapeutics Limited (formerly Gleneagle Gold Limited) lodged a recompliance prospectus for an offer to up to 160,000,000 ordinary fully paid shares at \$0.025 (post-consolidated basis) to raise a minimum of \$3 million and a maximum of \$4 million. On 25 July 2016, shareholders of Zelda Therapeutics Limited approved the acquisition of the company in general meeting.

Zelda Therapeutics Limited lodged a supplementary prospectus which extended the offer period by a minimum of one month and is in the process of completing the ASX readmission requirements and formally completing the acquisition of the company.

Apart from the above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

10 Contingent Liabilities

There are no contingent liabilities at balance date.

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DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 12, present fairly the company's financial position as at 30 June 2016 and its performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
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: 

Harry Karelis

Dated this 31st October 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Zelda Therapeutics Pty Ltd

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Zelda Therapeutics Pty Ltd ("the Company"), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Zelda Therapeutics Pty Ltd.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion, the financial report of Zelda Therapeutics Pty Ltd:

- (a) presents fairly, in all material respects, the company's financial position as at 30 June 2016 and of its performance for the period ended on that date; and
- (b) complies with Australian Accounting Standards to the extent described in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the company to continue as a going concern is dependent on it being able to access sufficient funding. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt as to whether the company will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the company to meet its financial reporting requirements. As a result, the financial report may not be suitable for another purpose.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**



**M R W Ohm
Partner**

**Perth, Western Australia
31 October 2016**