



Notification of half yearly reports

If there is insufficient space in any section of the form, you may attach an annexure and submit as part of this lodgement

Lodgement details

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1 Disclosing entity

Entity type (select one)

 Company

Company name

ACN

 Body (other than a company)

Name

ARBN (if applicable)

 Registered scheme

Name

ARSN

2 Financial period

From

[D] [D] / [M] [M] / [Y] [Y]

to

[D] [D] / [M] [M] / [Y] [Y]

3 Certification

I certify that the attached documents comprise the half yearly reports together with every other document that is required to be lodged with the reports by a disclosing entity under the *Corporations Act 2001*.

Signature

This form is to be signed by:

if a company or a body: a director or secretary or the equivalent

if a registered scheme: a director or secretary of the responsible entity acting in that capacity.

Name of responsible entity

ACN

Name of person signing

Capacity

Signature



Date signed

2	6	/	1	1	/	1	8
[D	D]		[M	M]		[Y	Y]

Lodgement

Send completed and signed forms to:
Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841.

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GIACONDA LIMITED

A.B.N. 68 108 088 517

HALF YEARLY REPORT

FOR THE PERIOD

ENDED

31 DECEMBER 2017

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DIRECTORS' REPORT

Your directors of Giaconda Limited (**Giaconda** or the **Company**) present their financial report for half year ended 31 December 2017.

DIRECTORS

The names of the Company's directors in office during the half year and until the date of this statement are set out below. Directors were in office for this entire period unless otherwise stated.

Mr Patrick McLean	(Chairman and acting CEO) – Resigned on 7 June 2018.
Professor Thomas Borody	(Chief Medical Officer and Executive Director)
Mr Chris Bilkey	(Non-Executive Director)

RESULT

The operating loss of the Company for the six months after providing for income tax amounted to \$310 (December 2016: loss \$474).

REVIEW OF OPERATIONS

During the period, the Company continued its activities.

EVENTS SUBSEQUENT TO REPORTING DATE

The following event subsequent to the reporting date occurred in relation to the Company:

- on 7 June 2018 Mr Patrick McLean resigned as a director and as an employee of the Company.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of Giaconda Limited is set out on page 3 and forms part of the Directors' Report for the period ended 31 December 2017.

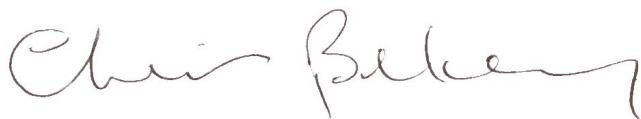
The statement is signed in accordance with a resolution of the Directors:



Professor Thomas Borody
Director

Sydney, New South Wales

Dated: 23rd day of November 2018



Mr Chris Bilkey
Director

**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 2017 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 NSW
Chartered Accountants

Wali Aziz
Partner

Dated this 23rd day of November 2018, Sydney

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR
ENDED 31 DECEMBER 2017

	31.12.2017	31.12.2016
	\$	\$
Income	-	-
Personnel	-	-
Finance and legal	(310)	(310)
Administration	-	(164)
Licensing	-	-
Loss before income tax	(310)	(474)
Income tax benefit (expense)	-	-
Loss for the period attributable to members of the Company	(310)	(474)
Other comprehensive income		
Other comprehensive income net of tax	-	-
Total comprehensive loss for the period	(310)	(474)
Basic and diluted EPS	(0.000004)	(0.00001)

The accompanying notes form part of these financial statements.

Giaconda Limited

A.B.N. 68 108 088 517

Interim Financial Report

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	31.12.2017	30.06.2017
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	-	-
Trade and other receivables	50,327	50,305
TOTAL CURRENT ASSETS	50,327	50,305
TOTAL ASSETS	50,327	50,305
CURRENT LIABILITIES		
Trade and other payables	1,402	22,199
Financial liabilities	2 690,962	669,833
Short-term provisions	34,272	34,272
TOTAL CURRENT LIABILITIES	726,636	726,304
TOTAL LIABILITIES	726,636	726,304
NET (LIABILITIES)	(676,309)	(675,999)
EQUITY		
Issued capital	7,486,270	7,486,270
Accumulated losses	(8,162,579)	(8,162,269)
TOTAL (DEFICIENCY)	(676,309)	(675,999)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued Capital Ordinary	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2016	7,486,270	(8,139,119)	(652,849)
Loss attributable to members	-	(474)	(474)
Balance at 31 December 2016	<u>7,486,270</u>	<u>(8,139,593)</u>	<u>(653,323)</u>
Balance at 1 July 2017	7,486,270	(8,162,269)	(675,999)
Loss attributable to members	-	(310)	(310)
Balance at 31 December 2017	<u>7,486,270</u>	<u>(8,162,579)</u>	<u>(676,309)</u>

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31.12.2017	31.12.2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	-	-
Payments to suppliers and employees	(21,460)	(26,079)
Interest received	-	-
Net cash used in operating activities	<u>(21,460)</u>	<u>(26,079)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	<u>21,129</u>	<u>25,748</u>
Net cash provided by financing activities	<u>21,129</u>	<u>25,748</u>
Net decrease in cash held	(331)	(331)
Cash and cash equivalents at beginning of period	<u>(1,071)</u>	<u>(409)</u>
Cash and cash equivalents at end of period	<u>(1,402)</u>	<u>(740)</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 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.

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 2017, 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.

(a) Going Concern

The Company incurred a net loss after tax of \$310 for the period ended 31 December 2017 and had net current asset deficiency and a net asset deficiency of \$676,309 as at that date. The Company was in administration from the period 25 February 2011 to 3 July 2013. These events give rise to a material uncertainty as to whether the Company can continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors have determined that the Company is a going concern and have prepared the financial statements on that basis. The Directors have made that determination based on the public announcements made by RedHill Biopharma Ltd (RedHill) to its investors about its progress in commercialising and developing Myoconda® (which therapy is now called "RHB-104" by RedHill), Heliconda® (which therapy is now called "RHB-105" or "Talicia®" by RedHill) and Picoconda® (which therapy is now called "RHB-106" by RedHill).

The Directors have also made that determination based on the key assumptions that the Company's operations will be kept on a care and maintenance basis, the Company will not maintain its Hepaconda and Ibaconda patents and no repayments of related party loans will be made. The Directors have obtained letters of support from the related parties confirming their willingness not to call for repayment of their loans for a period of at least 12 months from the date of signing of the financial report.

Should the Company not obtain royalties from RedHill or should the support of shareholders not be forthcoming, then the ability of the Company to continue as a going concern is uncertain.

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the Company not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 2: FINANCIAL LIABILITIES	Note	31.12.2017	30.06.2017
		\$	\$
Current			
Borrowings - non-interest bearing	2a	690,962	669,833

a. The loans 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.

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) *Holding patents to earn future royalties*

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: OPERATING SEGMENTS

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.

As at 31 December 2017, there was one identifiable reporting segment; patent holder. Therefore, all income, expenditure, assets and liabilities of the entity relate to this segment.

NOTE 4: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	31.12.2017	30.06.2017
Chief Medical Officer Fees	\$	\$
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;		
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		
There is change in ownership of more than 50% of the issued shares of the Company.		
In the event that the above is not accomplished, he will release the Company from these obligations.	230,000	230,000
Non-Executive Director Fees		
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;		
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		
There is change in ownership of more than 50% of the issued shares of the Company.		
In the event that the above is not accomplished, he will release the Company from these obligations.	16,438	16,438

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 4: CONTINGENT LIABILITIES (CONT.)

31.12.2017 30.06.2017

Executive Director Fees

\$ \$

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;

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

There is change in ownership of more than 50% of the issued shares of the Company.

In the event that the above is not accomplished, he will release the Company from these obligations.

638,000 608,000

Chief Executive Officer Incentive Payment

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;

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

There is change in ownership of more than 50% of the issued shares of the Company.

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.

188,400 188,400

Chief Executive Officer Living-Away-From-Home-Allowance Payment

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;

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

There is change in ownership of more than 50% of the issued shares of the Company.

The Company cumulatively raises \$5,000,000 in a year.

In the event that the above is not accomplished, he will release the Company from these obligations.

213,187 213,187

These notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 4: CONTINGENT LIABILITIES (CONT.)

	31.12.2017	30.06.2017
Centre of Digestive Diseases	\$	\$

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;

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

There is change in ownership of more than 50% of the issued shares of the Company.

In the event that the above is not accomplished, he will release the Company from these obligations.

	1,955,000	1,870,000
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Chief Executive Officer Salary Payment

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;

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

There is change in ownership of more than 50% of the issued shares of the Company.

The Company cumulatively raises \$5,000,000 in a year.

In the event that the above is not accomplished, he will release the Company from these obligations.

	2,302,554	2,172,554
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Chief Executive Officer Travel Expense Reimbursement

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;

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

There is change in ownership of more than 50% of the issued shares of the Company.

The Company cumulatively raises \$1,000,000 in a year.

In the event that the above is not accomplished, he will release the Company from these obligations.

	22,380	22,380
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These notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 4: CONTINGENT LIABILITIES (CONT.)

31.12.2017 30.06.2017

Non-Executive Director Fees

\$ \$

Messrs Woods, Moore and Bilkey, as non-executive directors of the Company are entitled to a fee for their services. Messrs Woods, Moore and Bilkey have agreed to defer payment of this amount until the first to occur of;

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

There is change in ownership of more than 50% of the issued shares of the Company.

In the event that the above is not accomplished, they will release the Company from these obligations.

726,991 702,991

Estimates of the potential financial effect of contingent assets that may be received:

The Company is in the process of selling its Ibaconda patents for a total consideration of US\$500,000, which will only be received if the patents are renewed, recovered and the shareholders approve the transaction.

530,000 530,000

The Company is behind in the lodgement of its income tax returns and the Corporations Act financial reporting requirements from 1 January 2011 to date, which can potentially result in fines and penalties which can not be quantified at the date of this financial report.

ASIC Court Case

The Company is defending litigation commenced against it by the Australian Securities & Investments Commission (ASIC) in the Local Court of New South Wales for non-lodgement of certain financial reports. The Company expects to resolve that litigation with the lodgement of all the relevant reports by November 2018.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

The following event after balance date have occurred in relation to the Company:

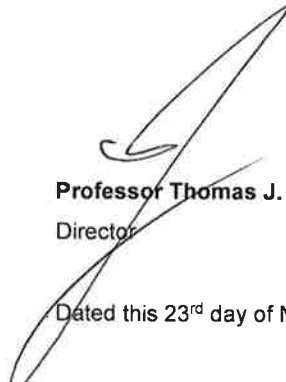
- on 7 June 2018 Mr Patrick McLean resigned as a director and as an employee of the Company.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 12 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 2017 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.



Professor Thomas J. Borody
Director



Mr Chris Bilkey
Director

Dated this 23rd day of November 2018

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF GIACONDA LIMITED

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 2017, 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 2017 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 2017 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.

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 2017 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

Wali Aziz
Partner

Dated at Sydney on this 23rd day of November 2018