



Form 7051

(ASX Form 1001)

Corporations Act 2001

285(2), 286(1), 320

Corporations Regulations

1.0.09

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

An image of this form will be available as part of the public register.

Who should ASIC contact if there is a query about this form?

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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

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

Lodgement

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enabled accounting software. Refer to www.sbr.gov.au for more
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Telephone 1300 300 630



GIACONDA LIMITED

A.B.N. 68 108 088 517

FINANCIAL REPORT

SIX MONTHS ENDED

31 DECEMBER 2018

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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 2018.

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.

Professor Thomas Borody	(Chief Medical Officer and Executive Director)
Mr Chris Bilkey	(Non-Executive Director)
Mrs Margaux Alvaran	(Non-Executive Director) (appointed 4 December 2018)

RESULT

The operating loss of the Company for the six months after providing for income tax amounted to \$56,877 (December 2017: loss \$310).

REVIEW OF OPERATIONS

During the period, the Company continued its activities of holding its royalty rights to Myoconda®, Heliconda® and Picoconda®, as well as holding the intellectual property rights in its therapies Hepaconda® and Ibaconda®.

A more fulsome description of those royalty rights and intellectual property rights is set out in the 2018 Annual Report.

The Company also lodged during November 2018 all of its outstanding financial reports for the periods end 30 June 2012 to 30 June 2018, as well as for the half years ended 31 December 2011 to 31 December 2017 in order to achieve full compliance with the Corporations Act 2001 (Cth). As a result, the Australian Securities & Investment Commission discontinued the legal proceedings which it had commenced in the Local Court of New South Wales as a result of that compliance.

On 4 December 2018 Mrs Margaux Alvaran was appointed as a director of the Company.

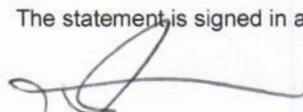
EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the Financial Statements that has significantly or may significant affect the state of affairs or operations of the Company in the future financial periods.

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 2018.

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


Professor Thomas Borody
Director

Sydney, New South Wales

Dated: 22nd day of March 2019



Mr Chris Bilkey
Director

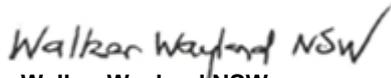


Mrs Margaux Alvaran
Director

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

We declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018 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 on this 25th day of March 2019, Sydney

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR
ENDED 31 DECEMBER 2018

	31.12.2018	31.12.2017
	\$	\$
Revenue from ordinary activities	9	-
Personnel	-	-
Finance and legal	(56,886)	(310)
Administration	-	-
Licensing	-	-
Loss before income tax	(56,877)	(310)
Income tax benefit (expense)	-	-
Loss for the period attributable to members of the Company	(56,877)	(310)
Other comprehensive income		
Other comprehensive income net of tax	-	-
Total comprehensive loss for the period	(56,877)	(310)
Basic and diluted EPS	(0.0007)	(0.000004)

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 2018

	31.12.2018	30.06.2018
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	7,794	-
Trade and other receivables	8,476	28,877
TOTAL CURRENT ASSETS	<u>16,270</u>	<u>28,877</u>
TOTAL ASSETS	<u>16,270</u>	<u>28,877</u>
CURRENT LIABILITIES		
Trade and other payables	23,257	52,532
Financial liabilities	2 808,436	734,891
Short-term provisions	34,272	34,272
TOTAL CURRENT LIABILITIES	<u>865,965</u>	<u>821,695</u>
TOTAL LIABILITIES	<u>865,965</u>	<u>821,695</u>
NET (LIABILITIES)	<u>(849,695)</u>	<u>(792,818)</u>
EQUITY		
Issued capital	7,486,270	7,486,270
Accumulated losses	<u>(8,335,965)</u>	<u>(8,279,088)</u>
TOTAL (DEFICIENCY)	<u>(849,695)</u>	<u>(792,818)</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
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>
Balance at 1 July 2018	7,486,270	(8,279,088)	(792,818)
Loss attributable to members	-	(56,877)	(56,877)
Balance at 31 December 2018	<u>7,486,270</u>	<u>(8,335,965)</u>	<u>(849,695)</u>

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	31.12.2018	31.12.2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(64,027)	(21,460)
Interest received	9	-
Net cash used in operating activities	<u>(64,018)</u>	<u>(21,460)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	73,545	21,129
Net cash provided by financing activities	<u>73,545</u>	<u>21,129</u>
Net increase/(decrease) in cash held	9,527	(331)
Cash and cash equivalents at beginning of period	(1,733)	(1,071)
Cash and cash equivalents at end of period	<u>7,794</u>	<u>(1,402)</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 2018.

(a) Going Concern

The Company incurred a net loss after tax of \$56,877 for the period ended 31 December 2018 and had net current asset deficiency and a net asset deficiency of \$849,695 as at that date.

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 cash flow projections. The key assumptions of these cash flows are 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 the relevant directors and/or shareholders not be forthcoming, then the ability of the Company to continue as a going concern is materially 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.

(b) New and amended standards adopted by the Company

The Company has applied *AASB 15 Revenue from Contracts with Customers* for the first time in this interim financial report for the period ended 31 December 2018. *AASB 15 Revenue from Contracts with Customers* addresses the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

These changes did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

AASB 9 Financial Instruments applies for reporting periods beginning on or after 1 January 2018. As the Company does not hold any financial instruments, the Directors do not believe it will have an impact on the financial statements in the current or future periods.

AASB 16 Leases applies for periods beginning on or after 1 January 2019. As the Company does not have any operating leases, the Directors do not believe it will have an impact on the financial statements in the current or future periods.

The rest of the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 2: FINANCIAL LIABILITIES	Note	31.12.2018	30.06.2018
		\$	\$

Current

Borrowings - non-interest bearing	2a, b	808,436	734,891
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- 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.
- b. The loan balance as at 31 Dec 2018 predominantly consists of \$807,391 owed to Professor Thomas J. Borody and his company Centre for Digestive Diseases (Related Party).

NOTE 3: CONTINGENT ASSETS & CONTINGENT LIABILITIES

	31.12.2018	30.06.2018
	\$	\$

(i) 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
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(ii) 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
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These notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 3: CONTINGENT LIABILITIES (CONT.)

	31.12.2018	30.06.2018
(iii) 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.

698,000	668,000
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(iv) Former Chief Executive Officer Incentive Payment

The former Chief Executive Officer, Mr Patrick McLean, is entitled to an incentive under his incentive program. Mr McLean 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
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(v) Former Chief Executive Officer Living-Away-From-Home-Allowance

The former Chief Executive Officer, Mr Patrick McLean, is paid a living-away-from-home-allowance under his employment contract. Mr McLean 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
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These notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 3: CONTINGENT LIABILITIES (CONT.) 31.12.2018 30.06.2018

(vi) 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.

2,125,000 2,040,000

(vii) Former Chief Executive Officer Salary Payment

The former Chief Executive Officer, Mr Patrick McLean, is paid a salary under his employment contract up to 30 June 2018 upon receipt of his resignation. Mr McLean 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.

2,432,554 2,432,554

(viii) Former Chief Executive Officer Travel Expense Reimbursement

The former Chief Executive Officer, Mr Patrick McLean, is required to travel overseas as part of his duties. Mr McLean has previously incurred costs in relation to overseas travel which he has not been reimbursed. Mr McLean 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

These notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 3: CONTINGENT LIABILITIES (CONT.) 31.12.2018 30.06.2018

(ix) Non-Executive Director Fees \$ \$

Messrs Woods and Moore previously served as non-executive directors of the Company and are entitled to certain fees for their services. Mr Bilkey has served and continues to serve as a non-executive director of the Company and is entitled to certain fees for his service.

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.

774,991 750,991

(x) 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

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

No events after balance date have occurred in relation to 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 2018 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.



Prof Thomas J. Borody
Director



Mr Chris Bilkey
Director



Mrs Margaux Alvaran
Director

Dated this 22nd day of March 2019

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 2018, 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 2018 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 2018 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 2018 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 modifying our opinion, we draw attention to the following matter. As a result of the matters disclosed in Note 1a) "Going Concern" of the financial report, there is a significant material uncertainty as to whether the Company can continue as a going concern and therefore will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The ability of the Company to continue as a going concern is dependent upon its ability to obtain receipt of US\$500,000 for the sale of Ibaconda patents, obtain receipt of royalties from patent sales by Salix and obtaining financial support from related party lenders.



Walker Wayland NSW
Chartered Accountants



Wali Aziz
Partner

Dated on this 25th day of March 2019, Sydney