



GIACONDA SIGNS SERVICE AGREEMENT WITH THE CENTRE FOR DIGESTIVE DISEASES REGARDING THE SERVICES OF PROFESSOR THOMAS BORODY

Sydney, Australia. 18 May 2006. Giaconda Limited (ASX: GIA) today announced that it has altered the employment status of its Chief Medical Officer, Professor Tom Borody. Professor Borody has served as Giaconda's Chief Medical Officer since 2005. Under the new arrangement Professor Borody will continue to serve as Chief Medical Officer, but on a contractual rather than employment basis.

Professor Borody is the Founder and Director of the Centre for Digestive Diseases, a role he has combined with his duties as Chief Medical Officer at Giaconda. Under the new agreement Professor Borody will continue his duties at Giaconda as before under a Services Contract between the Centre for Digestive Diseases and Giaconda. Professor Borody will also continue to serve on Giaconda's Board of Directors.

"We are delighted to have come to this agreement with the Centre for Digestive Diseases and Tom Borody," commented Patrick McLean, CEO of Giaconda. "We believe that this arrangement will work out to the benefit of all parties" he continued.

The change in the nature of Professor Borody's employment status does not affect any rights Giaconda holds over intellectual property generated by Professor Borody. Giaconda will hold all rights to intellectual property generated under the Service Agreement.

About Giaconda Limited

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

For more information please visit www.giacondalimited.com

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

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