



GIACONDA'S FINANCIAL YEAR ENDS WITH A POSITIVE OUTLOOK FOR 2007

Key Points:

Significant progress in commercial development
Cash and cash equivalents at year-end \$4.29 million

Sydney, Australia. 12 September 2006. Giaconda Limited (ASX: GIA), the gastroenterology drug development company, today announced the release of its final results for the year ending 30 June 2006.

Results for Announcement to the Market

	2006	2005	Change \$	Change %
Revenue from ordinary activities	268,191	65,336	202,855	310.48%
Operating loss from ordinary activities after income tax	942,768	695,694	247,074	35.51%
Operating loss attributable to members	942,768	695,694	247,074	35.51%
Net tangible assets per security	0.06	0.01	0.05	500%

No dividends have been declared or are expected to be declared.

During the course of its first year as a publicly listed company, Giaconda has made significant progress in the areas of commercial development of its lead product, Myoconda[®] for Crohn's disease.

The Company has signed two non-binding Letters of Intent for the commercialization of Myoconda[®]. The first was with Forest Laboratories UK for the territories of the UK and Ireland in April 2006 and one with Orphan Australia for the territories of Australia, South Africa, Namibia and Asia in August 2006. Discussions with other potential partners are continuing in a timely manner.

Giaconda also met with the key regulatory authorities in the USA and Europe (Food and Drug Administration & Medicines and Healthcare Products and Regulatory Agency respectively) during the year to discuss the regulatory path forward for the lead product Myoconda[®]. The Company was well received at these meetings and is now in the process of preparing the IND¹ application for Myoconda[®].

¹ An IND is an application for approval for the use of an investigative new drug in a clinical study and is an important step in the regulatory approval process in the US. The Scientific Advice discussion with the MHRA forms the basis of the clinical development plan for Myoconda[®] in Europe.



Preparation for the next clinical trial of Myoconda is underway. A Letter of Intent is in place with ICON Clinical Research (Canada) Inc. (ICON) (NASDAQ: ICLR) to initiate development of the planned Phase III clinical study on Myoconda[®] in North America. Three manufacturing companies were reviewed for their manufacturing capacity, the suitability of their facilities for regulatory approvals in the key markets and their cost efficiencies. Manufacturing and approval timelines are in the process of finalisation for Australia, the US and the EU.

“We are delighted with the progress the Company is making and look forward to an exciting year ahead,” said Richard Woods, Chairman of Giaconda. “The development of the products is moving ahead. I would like to thank the executive team at Giaconda for their dedication and the results this dedication is bringing,” he continued.

“The last fiscal year has been a very busy one with a lot to look back on. The Giaconda office has been a veritable beehive of activity starting with the IPO and continuing with our development and licensing activities. Giaconda is making significant progress toward getting our products to market quickly after going public,” said Patrick McLean, CEO of Giaconda.

Key financial points

- The cash position is \$4.29M after allowing for equity raising costs of \$0.47M and \$0.497M for capitalised costs.
- The trading results of a loss from operations before tax for the year of \$1.44M for the 12-months ending 30 June 2006 compares to \$1.04M for the year ended 30 June 2005.
- The financial statements reflect the impact of the first-time adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS). As a result of the adoption of these standards a deferred tax asset of \$0.96M as been brought to account as an asset of the company, and the adoption of the new standard in relation to research and development expenditure has resulted in \$0.40M of product development expenditure being capitalised as an intangible asset.
- The financial results for the period are as a result of the main operating activities that have occurred during the period being the completion of an Initial Public Offer (IPO) resulting in the company listing on the Australian Stock Exchange (ASX) on 28 September 2005, the marketing of Giaconda’s products to the global market and the development of Giaconda’s product portfolio.

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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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