**Giaconda Limited**
**2006 Annual General Meeting**
**CEO's Speech**

Thank you Richard.

As Richard, just said, it has been a very busy year for Giaconda. Our key focus has been on our lead product for Crohn's disease, Myoconda®. We said in the prospectus that we plan to license our products in the three key territories of Europe, the USA and Australia. In our first year as a publicly listed company we have secured three non-binding letters of intent for the commercialisation of Myoconda® in Europe and Australia. So we are well on our way.

In April we received a letter of intent from Forest Laboratories of the UK for the territories of the UK and Ireland. This was followed by a letter of intent from Orphan Australia for the territories of Australia, South Africa, Namibia and Asia in August. And, since then we have signed another letter of intent with Tramedico International BV for The Netherlands, Belgium and Luxembourg. Right now we are in advanced discussions with a group in the US and anticipate signing another letter of intent in the very near future for the commercialisation of Myoconda® in the USA.

On that note I would like to extend a personal welcome to Dr. Peter DeGraff and Mr. Rens Reinhoudt of Tramedico in Amsterdam who are attending this meeting today. They have come a very long way for this meeting and we really appreciate their expression of confidence. It is a great pleasure to have you here and we hope you enjoy your stay in Australia and that the weather will be hospitable.

While these letters of intent do not constitute binding commercial agreements, it is anticipated that such agreements will follow subject to due diligence. We are very encouraged by our progress to date. The companies with which we have signed letters of intent will notify Giaconda of their final decision once they have completed their due diligence and before we begin the next clinical trial for Myoconda® which we anticipate commencing in the first quarter of 2007. The signing of final agreements will also represent the first revenue streams to the Company and will include contributions to the cost of the next stage of clinical development.

During the year we have continued the research and development program for Myoconda® in preparation for the next clinical trial. Prof. Borody conducted a retrospective analysis of 52 patients treated with Myoconda® for a minimum of six months which demonstrated some of the highest efficacy levels ever shown in the treatment of Crohn's Disease. 65% of the patients showed complete remission and over 95% showed marked improvement. Several patients have been in continuous remission for over three years with one patient remaining in remission for over nine years while on the treatment. These results have been presented at two major scientific conferences.

We have also conducted a review of the previous Phase III data provided by Pharmacia. Pharmacia had taken an option for the license to Myoconda® in 2000 and committed to running a full Phase III clinical study. While the original study design was such that Myoconda® did not demonstrate better relapse control than placebo once remission was achieved, what was clear was that Myoconda® provided significantly better remission rates than any other Crohn's therapy during active therapy.

Pharmacia did not proceed with is its option to licence Myoconda® after the merger between it and Pfizer. The Phase IIIa trial provided interesting and positive data that we are now using in the development program to guide future clinical trials. Our goal is to achieve the same levels of remission and response in the next clinical trial that came out of these two studies.

Our vision for Myoconda® and the future treatment of Crohn's disease are unique to the art of treating Crohn's Disease and will be explained further by Professor Tom Borody, our Chief Medical Officer, in his presentation in a few minutes.

But clinical development is only one of the several essential elements of our development program for Myoconda® that we have addressed in this last year. Another involves working with the regulatory authorities in various parts of the world who control the final registration of pharmaceutical drugs for the market. We are working closely with these authorities in order to obtain registration for our products. In terms of regulatory advice we employ Canreg Inc. who are extremely experienced in this area. During the course of the year we had a pre-investigative drug, or pre IND meeting, with the US Food and Drug Administration and a Scientific Advice meeting with the UK Medicines and Healthcare products and Regulatory Agency to assist us in preparing for the regulatory applications for Myoconda® in the USA and the EU. On the basis of these meetings we are confident in our route forward. Here again, Prof. Borody will be making some interesting observations relative to our scientific platform and the way we deal with the regulatory agencies.

We have also addressed the sourcing of the active pharmaceutical ingredients, known as APIs, and further development of the manufacturing program. Over the course of the year we evaluated a number of sources and this month we announced non-binding letters of intent with two API suppliers - Lupin Ltd for Rifabutin and Ind-Swift Laboratories Inc. for Clarithromycin. Both of these APIs are vital for the production of Myoconda® and Rifabutin will be important for Heliconda® as well. We also reviewed four manufacturing companies for their capacity, the suitability of their facilities for regulatory approvals in the key markets and their cost efficiencies. Manufacturing timelines are in the process of finalization for Australia, the US and the EU and the manufacturing program will be another core focus in the coming year.

As I mentioned earlier, our efforts this year have been concentrated on our lead product, Myoconda®. This focussed strategy has been maintained since we listed and we believe that it will generate the earliest possible revenues that will allow us to dedicate more resources to the commercialisation programs for the other products in our pipeline. However, while our key focus in the coming year will be to build on this year's achievements on Myoconda® we also plan to continue development of Hepaconda®, Heliconda®, Picoconda®, and Ibaconda®. Some of the Phase II work on Heliconda®, and Picoconda® has started and we will be preparing Hepaconda® and Ibaconda® for initial Phase II clinical trials.

In February this year the results of the Phase II clinical study of Heliconda® in resistant *Helicobacter pylori* eradication therapy was published in the peer reviewed journal Alimentary Pharmacology and Therapeutics. In this study Heliconda® achieved eradication in 90.8% of 130 patients who had failed one or more eradication attempts using standard therapies. These results are very encouraging and reinforce our confidence in the product. In addition, the study demonstrated mild side effects and the presence of clarithromycin or metronidazole resistant strains had no significant impact on the eradication rates. These will be significant advantages in terms of the final product as antibiotic resistance is increasingly presenting challenges to treatment.

This month we announced the presentation of the first Phase II study on Picoconda® at the Australian Gastroenterology Week conference in Adelaide and the results were very good. So, while our focus has been on Myoconda®, our other children have not been orphaned in the process.

After our successful IPO last year our share price performed well compared to the industry average. However, recent months have seen a drop in this performance. This is as disappointing to the management and board of Giaconda as it is to you, our investors. Earlier this month several industry analysts commented that the market has "bottomed out" now and we at Giaconda hope they are correct. One thing I think you should know is that I personally look at the share price at least twice a day because I know how important it is to each of you – and because I own quite a few shares myself.

We have worked hard to present Giaconda to the investment community with over 70 presentations to investment brokers, analysts and financial managers across the key markets of Sydney, Melbourne, Perth and Brisbane. We plan continue to continue this effort to get the story out and generate interest in our shares. The Company has made significant progress since listing and is delivering on its stated milestones. We are confident that as we continue to achieve our milestones and make meaningful progress towards our goal of bringing our products to market this will ignite interest in Giaconda from the investment community as they come to better understand the potential of our products which we believe are truly hidden jewels in Australia's contribution to the world pharmaceutical market.

Finally I'd like to direct a few comment to the most important people in the Giaconda family – the patients. I want to promise you that I – we – are working as hard as we can to bring you help. You are why we exist and why we do what we do. We think of you every day.

Thank you. I will pass over to the Chair for questions.

Patrick McLean
CEO and Director
30 October 2006

**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

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**CONTACTS:**

| **Giaconda** | **Media & Investor Relations** |
|---|---|
| Patrick McLean – Chief Executive Officer | Fay Weston – Talk Biotech |
| T: +61 416 949 822 | T: +61 422 206 036 |
| E: pmclean@giacondalimited.com | E: fayweston@talkbiotech.com.au |