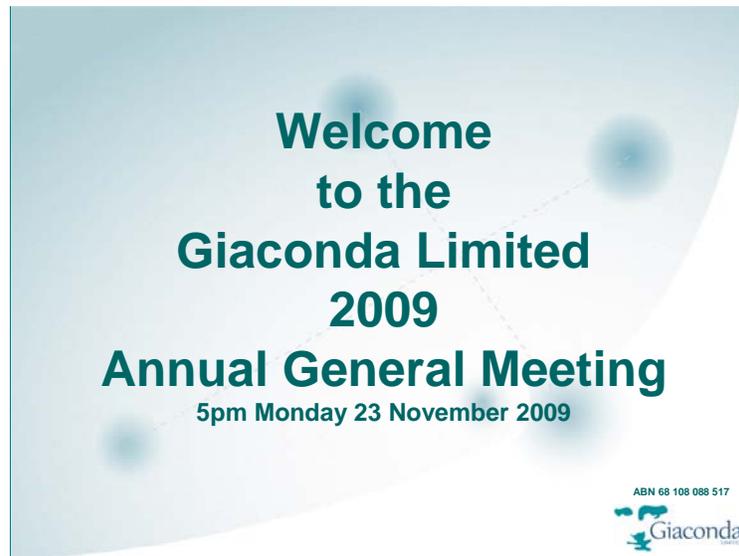


# Presentation Text for Giaconda's FY09 AGM Side 1



## Meeting Chairman's Speech Slide 2



My Fellow Shareholders,

Good afternoon and, on behalf of the Board of Directors of Giaconda, thank you for attending our

FY2009 Annual General Meeting and, for those of you who have not been to The Centre for Digestive Disease before, welcome to the engine of our company. CDD is where all of our therapies were invented and where more are in the stage of invention as we speak. After the meeting is over you are welcome to tour Prof. Borody's Center of Excellence. It's a pleasure to see some familiar faces here this afternoon.

### Slide 3

**Introductions**

- Board
  - Trevor Moore
  - Chris Bilkey
  - Prof. Tom Borody
- Auditors
  - Walker Wayland NSW; Tim Tyler & Grant Allsopp
- Registry
  - Registries Ltd; Jeff Dodd & Paul Timms
- CDD Staff
  - ... and thank you for your help this evening

 Giaconda

For those of you who have not yet met me, my name is Chris Bilkey and I have the pleasure of serving as the Chairman of this meeting in place of Patrick McLean who returned to Canada when his work visa expired. Thus, Patrick could not be here in person

but is on the line to answer any questions or clarify anything I cannot. Patrick, are you there?

Before I get started with the formal business of the meeting I would like to introduce the rest of the Board:

- Prof. Tom Borody, CMO and Director,
- Trevor Moore, Independent Director,
- I would also like to welcome Giaconda's Auditors from Walker Wayland Mr. Tim Tyler and, Mr. Grant Allsopp and,
- Mr. Jeff Dodds and Paul Timms from Registries Limited who keep track of all of your shares and proxy votes.

And last but not least, sitting right over there are Margaux Alvaran and Mary Psilos who work here at CDD and, along with many members of Prof. Borody's CDD staff are responsible for putting this evening together again this year. Our heartfelt thanks to all of you.

## Slide 4



**Agenda**

- Welcome
- Introductions
- Participation
- Management Review of FY 08-09
- Chief Medical Officer Update
- Member Q&A
- Resolutions / Vote
- Adjournment
- Wine & Cheese

 Giaconda

Moving on to the format of the meeting, I will make a presentation on the status of the company and then open the floor to any questions you might have of me or any of the Board members. Please direct your questions through me and, when you do, please identify yourself as a shareholder or a proxy holder.

We will then move on to the formal meeting and the resolutions at hand. Shareholders will again have the opportunity to ask questions in relation to those resolutions and on the management of the company.

After the formal AGM there will be an opportunity to meet the Directors in a more informal atmosphere and I encourage you to join us for a few snacks. Margaux, Mary and the staff at CDD, have put together some tasty items for your munching pleasure.

## Slide 5



### Participation

- Colour Coded Attendance Cards
  - Blue for Shareholders or Proxies
    - Can vote & ask questions
  - Orange for non-voting shareholders
    - Can ask questions but not vote
  - Yellow for visitors
    - Can watch only

Giaconda

### **Attendance Cards.**

Everyone present should have been issued with an attendance card. They are colour coded.

If you are a shareholder or proxy holder you should be holding a BLUE attendance card which entitles you to vote and ask questions during the meeting.

If you are a shareholder but non-voting at the meeting you should be holding an ORANGE attendance card and you are entitled to ask questions but not to vote.

If you are a visitor then you are not entitled to be heard, or vote at this meeting, and should be holding a YELLOW attendance card.

If you believe you have the wrong type of card could you please return to the registration desk to obtain the correct card?

The proxies have been received and are held by the Company Secretary and are available for inspection.

That being said, I now declare the AGM open and note that a quorum is present and call the meeting together.

### Slide 6



The notice of Meeting has been sent to all shareholders and, unless there are any views to the contrary, I move **that the Notice of Meeting be taken as read.**

Do I have a seconder for the motion? ... Thank you.

All in favour of the motion – please raise your voting card.  
All against.

I appoint Robert Lees to act as our Returning Officer and, if required to do so, the Auditors will act as Scrutinizers for all voting procedures at this meeting.

### **Slide 7**



So let me continue with a presentation to the members on Giaconda's progress during the fiscal year 2008 – 2009.

I will talk a bit about the biotech market and then move on to our continued fund raising and licensing activities. We have had a number of personnel changes during the year so I thought it best to go over how the team has evolved before I tell you how the Giaconda Board sees the future.

## **Slide 8**

### **Apologies**

- Used the term "PharmaGeddon" last year
- Didn't ascribe it
- Thanks and apologies to Nick Evans at Biotech Newsnet.
- Things are getting better...



The first thing that Patrick asked me to do was to offer his thanks and apologies for 'borrowing' a term from Nick Evans at Biotech Newsnet during last year's presentation. Nick, if you hear or read this presentation please feel a bit of pride for being quoted and please accept Patrick's contrition for not ascribing the term 'Pharmageddon' to you. Albeit less so this year, it was the most apt term one could imagine last year at this time.

This financial year has been a turbulent one in markets internationally. But things are getting better.

## Slide 9

### The Market is Improving

- It's maturing\*
  - At 30 June '09 had a combined market cap of \$22.5B for 69 listed companies
  - Compared to \$9.9B at the end of 2004
  - But non-CSL cap declined from \$4.1B at the end of '04 to \$3.1B at the end of '09.
- There is light
  - Caps increased in the first half of '09
  - In Q2 '09 65.6% of firms increased their caps
  - Secondary Raisings increased from \$8.7M in Q2 '08 to \$109.2M in Q2 '09

\*Dept. of Innovation, Industry, Science and Research; 26/10/09



The Australian biotech market is maturing. The federal government figures published in October showed that the combined market cap of the 69 listed companies on the ASX was \$22.5 Billion at 30 June 2009 compared to only \$9.9 Billion at the end of 2004. Unfortunately when you take CSL out of the mix, the value declined from \$4.1 Billion at the end of 2004 to \$3.1 Billion at the end of 2009. While the impact of the Global Financial Crisis is really evident here, the report did show some light at the end of the tunnel.

The market caps of these companies actually increased in the first half of this year and in Quarter 2 alone two thirds of the companies increased their

value. And the secondary raisings increased from \$8.7 million in the second quarter of last year to \$109.2 million in the same period this year.

## Slide 10

### Biotech at a Glance

|                   | Q4 '04   | Q4 '05  | Q4 '06 | Q4 '07  | Q4 '08  | Q2 '09 |
|-------------------|----------|---------|--------|---------|---------|--------|
| Listed Biotechs   | 65       | 74      | 72     | 75      | 75      | 69**   |
| Market Cap*       | \$4.1B   | \$4.2B  | \$4.8B | \$4.9B  | \$2.1B  | \$3.1B |
| IPOs in cal. year | 15       | 9       | 1      | 4       | 2       | 0      |
| Value of all IPOs | \$154.5M | \$65.0M | \$3M   | \$81.6M | \$35.3M | 0      |

\* Excluding CSL

\*\* 3 companies have moved to other industry sectors



And the number of listed biotechs has, at best, leveled off and even declined from 75 last year to 69 this year not including 3 that have moved to other industry sectors as seen in this slide. I think, more importantly, the trend in market cap – excluding CSL – has turned around. At the end of the first half of this year it had grown from \$2.1 Billion to \$3.1 Billion or a whopping 47%.

So it seems that biotech is getting its 'MOJO' back.

## Slide 11

### Fundraising / Licensing

- Fundraising
  - Raised access to \$700,000 over past 15 months
    - Director's loans
    - Secured loan from Sydney Capital
  - Continued discussions with investors
- Licensing
  - Continued discussion with potential partners in major markets



And within this, Giaconda is still alive and has raised access to \$700 thousand over the past 15 months. Your Directors continue to believe in the future of the company and have put in \$350 thousand and the company announced a secured loan for up to \$250 thousand from Sydney Capital in May of this year.

To help make it work, neither Prof. Borody nor Patrick McLean have taken a salary and paid most of their own expenses through the year. So virtually all of the money brought in has been used to protect the intellectual property and for numerous fund raising and licensing efforts.

On the licensing front, the activity has continued throughout the year and there are a number of possibilities in the works right now.

Once we can realize the fruits of these fundraising and licensing efforts we will be able to return to the highly productive development programs we have been able to move ahead in prior years.

## **Slide 12**

### **Personnel**

- Richard Woods resigned as Chairman on 20 Oct '08
  - Patrick McLean accepted Acting Chair position on 20 Oct '08
- Prof. Em. Tony Moon resigned as a Director on 19 Jan '09
- Chris Bilkey appointed Director on 19 Jan '09
- David Fischl resigned as Company Secretary 27 April '09
- Vincent Sweeney appointed Company Secretary 5 May '09
- Patrick McLean moved back to Canada in March '09 but still functions as the CEO and Acting Chairman



One of the factors affecting the company over the past year has been the change in the faces involved. On this slide you can see that we lost two important Directors, one of which was our Chairman and we changed our Company Secretary when we got the secured loan from Sydney Capital. In March, Patrick McLean's Australian work visa expired and he

moved back to Montreal. He has continued to manage the company using all of the electronic communications available. So far it has worked although Patrick's working hours in Canada are on the Sydney clock so he sometimes sleeps in. We're okay with that.

## **Slide 13**

**Outlook**

- Fundraising and Licensing are key
- Market is improving
  - Both general and biotech
- Opportunity is great.

Giaconda

So how does the future look for Giaconda? As I mentioned a few minutes ago, it's going to depend on our ability to raise funds and complete licensing deals. But based upon the earlier improvements I showed you, for both the general and the biotech markets, the environment is getting better. And, if we are successful in our efforts, the opportunity is still as good as it was four years ago when we asked you for your confidence in what we are trying to do.

## Slide 14



Now I'll turn the floor over to Prof. Tom Borody, our Chief Medical Officer, to give you an update on some of the advances we seen on the scientific side over the past year. Tom...

Thank you, Chris. It is a pleasure to be able to stand up here before you after the trying year we've been through. I think people who have not seen the results of our therapies in patients who have benefitted from them might have given up awhile ago. But we have made it through another year and I'd like to share with you some of the things we've seen. Specifically I'll talk about Myoconda, Picoconda, Ibaconda and our management of our Intellectual Property.

## Slide 15

### Myoconda

#### Global Research Continues - Examples

- CDD study on TNF rescue with Myoconda
- US MAP detection and treatment with anti-MAP
- Melbourne Paediatric MAP detection
- Israel Study proving MAP can infect human mucosa



Let me begin with Myoconda, our lead product and then progress through some of our other therapies.

While we haven't had resources to further development, the world around us has continued to build the case that supports our scientific platform. I've picked a few of them that I think you may find interesting as shown on this slide.

## **Slide 16**

### **Myoconda Rescues TNF Failures**

- Presented at DDW Chicago June 2009
  - Treatment of 4 patients failing TNF $\alpha$
  - All achieved clinical & endoscopic remission
  - All other therapies were discontinued
- Myoconda can rescue Crohn's patients who fail TNF therapy



The first advance I'll show you is a summary of a poster presentation that was accepted by and shown at the Digestive Disease Week conference in Chicago last June. Margaux and our CDD Research group went back to files on 4 patients we had treated with Myoconda after they had failed on the anti-TNF $\alpha$  therapies. These were all patients that were suffering badly and had no other course of therapy. They all achieved both clinical remission – that is to say their symptoms resolved – and endoscopic remission – their mucosa returned to normal. This demonstrates that Myoconda can rescue patients who have gotten to the end of the therapeutic chain and have nowhere else to go. I should note that some of these patients were from

overseas so our efficacy is not restricted to Australian efforts.

## **Slide 17**

### **US Detection & Treatment**

- 19 Crohn's Patients
  - 47% (9) MAP positive blood cultures
    - 6 months to culture
  - 7 / 9 received anti-MAP therapy for 1 year
    - All had positive clinical response
- 8 normal controls
  - 0% MAP positive blood cultures
- Demonstrates:
  - Infection occurs in a subset of Crohn's patients
  - These are more likely to respond to anti-MAP therapy
  - More evidence that MAP infection = CD

Chamberlin & Naser, Blood Cultures of 19 Crohn's Disease Patients, Am J Gastro. 2008 Mar; 103(3):803-3.



On this slide, we see the results of two professors working together in the US – Saleh Naser at the University of Central Florida who is probably the most expert person in the world in detecting MAP infection in Crohn's patients and Will Chamberlin at Texas Tech University in El Paso, Texas who has published a number of papers in peer reviewed journals on the use of Myoconda in Crohn's Disease.

These gentlemen did the hard study of trying to culture MAP from blood samples of 19 Crohn's patients. It took 6 months to do the culture work. The

results proved, once again, that a large subset of Crohn's patients, 47%, are infected with MAP versus none in the control group. In treating these infected patients with anti-MAP therapy, they saw clinical remission proving that treating MAP infection in Crohn's can resolve the symptoms.

## **Slide 18**

### **MAP Detection in Australian Children**

- Update to last year's study
- Royal Children's Hospital / Murdoch Children's Research Institute – Melbourne
- 142 naive paediatric patients tested for MAP infection
  - 62 Crohn's patients
  - 39% positive
  - 15% of controls positive



On this slide you can see that the group from The Murdoch Institute and the Royal Children's Hospital in Melbourne continued their investigation into MAP infection among young Crohn's patients. They are now up to 142 patients of which 62 are Crohn's patients. They found MAP infection in 39% of the Crohn's kids and in 15% of the controls. This was a highly significant result statistically.

## Slide 19

### The Israel Study

- Human gut mucosa transplanted to SCID mice & inoculated with
  - 43 MAP
  - 10 Non-pathogenic *M. Smegmatis*
  - 30 Saline
- Significantly higher levels of
  - IL1 / TNF $\alpha$  / IL6 in the MAP mucosa v the other two
- Proves that MAP bacteria can infect and trigger the innate immune system and elicit inflammation

Golan et al, JID 2009;199:350-4



One of the questions that often arise in the discussion is if infections like MAP could be transferred from cows or sheep to humans. This is called Zoonosis. An Israeli group published an interesting study where they took human mucosa and transplanted it into 83 immune compromised mice. They then broke the mice into three groups injecting one group with MAP, one group with second bacteria and a third group with salt water. Then they measured what happened in each of the groups and found that the key markers of infection demonstrated that MAP bacteria can infect human gut tissue and will trigger the immune system to react leading to the kind of inflammation we see in Crohn's Disease. This is the third study of this kind

that we've seen and the results have been consistent. In fact, MAP IS ZOONOTIC.

## **Slide 20**

### **Picoconda**

- Major US competitor recalls all products
  - The FDA finally issued an alert statement after arguing with Fleet for 12 years
    - "...regarding the occurrence of Acute Phosphate Nephropathy..."
  - Were causing kidney toxicity problems
  - Fleet was fighting close to 200 lawsuits
  - Recalled everything on 16 Dec 2008
- Higher priced PEG products are now the leaders
  - Picoconda performed significantly better than PEG in the Phase II study



Let's take a look at a very important event for Picoconda. The leading lavage in the US was finally recalled by the FDA and the company pulled the product off the market thus removing a large competitor and opening the door to faster growth for Picoconda once it is on the market. Fleet enema argued with the FDA for 12 years about the potential it had for liver toxicity and is facing 200 lawsuits. The company announced the recall on December 16, 2008 and left the market to the higher priced PEG products. You may remember that the Phase II study we published a few years ago compared

Picoconda capsules to a PEG product and we beat it hands down in both cleaning ability and patient compliance.

## Slide 21

### Ibaconda

- Retrospective Study Published
  - DDW poster in Chicago – June 2009
  - 12 patients on therapy for up to 22 months
  - 100% response
  - 81.8% resolved for up to 22 months
  - All recorded symptoms reduced during therapy



Finally, we published a poster that was accepted by the Digestive Disease Week annual convention in Chicago last June. This, of course, was peer reviewed and published in the abstracts of the meeting and it demonstrated very significant results for Ibaconda's combination of olsalazine and colchicine.

Margaux's group did a retrospective analysis of 12 patients who had been on the therapy for their constipation for up to 22 months and ALL OF THEM responded to it. For over 81% of

these patients, their problem was completely resolved. This is exciting news for the large number of people who have constipation predominate Irritable Bowel Syndrome. The global data shows that 9% of the population suffers from constipation problems in IBS and that is a very larger number for any therapy.

## Slide 22

### 40 Patent Portfolio

| Product                                               | Granted                                                            | Pending                                           |
|-------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------|
| <b>Myoconda®</b><br>Expires 2018 / 2028<br>16 patents | US, Australia, NZ,<br>Europe, South Africa,<br>Israel, Philippines | 2 territories –<br>New US patent filed<br>Feb. 08 |
| <b>Heliconda®</b><br>Expires 2019<br>4 patents        | US, Australia, Europe,<br>Canada                                   |                                                   |
| <b>Hepaconda®</b><br>Expires 2021<br>7 patents        | Australia, NZ                                                      | 3 territories, including<br>US                    |
| <b>Ibaconda®</b><br>Expires 2018<br>5 patents         | US, Australia,<br>South Africa, Europe,<br>Canada                  |                                                   |
| <b>Picoconda®</b><br>Expires 2016<br>8 patents        | Australia, New<br>Zealand, US                                      | 2 Territories                                     |



One of the things we have been very diligent about is protecting our Intellectual Property – both our patents and our trademarks. Giaconda has a total of 40 patents many of which have been granted in our major markets. You may know that maintaining patents of this magnitude

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is a very costly proposition and we always ensure that our cash is sufficient to pay these fees. I am happy to report that we have again kept all of our patents in force and have further advanced the new Myoconda patent in the US.

## **Slide 23**

**Giaconda Trademark Status**

- 8 Australian / 6 International Registrations
  - HELICONDA
  - HEPACONDA
  - MYOCONDA
  - GIACONDA
  - IBACONDA
  - FACE DEVICE
  - PICOCONDA
  - FLORACONDA



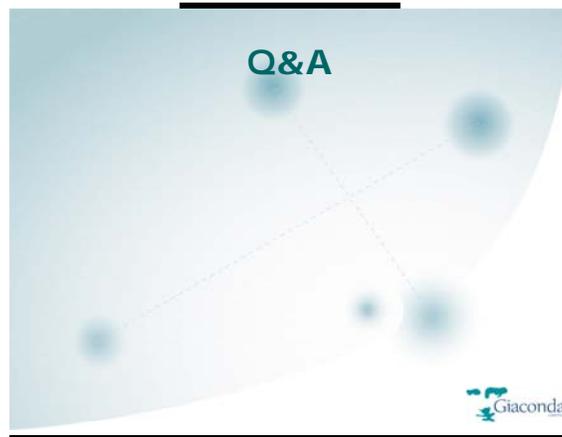
And, as I mentioned, we also protect our trademarks. This is a list of the marks that we own with eight registrations in Australia and 6 internationally. In case you didn't know the face device that we had designed five years ago and that represents a stylized face of La Giaconda is also protected. It's interesting also that many of these marks, especially Giaconda and

Myoconda are becoming well known throughout the scientific world as we talk more and more about them. This, of course, adds value to our brands and the company.

Thank you again for your support for another year and I hope we have demonstrated that, despite a lack of funds, our therapies have advanced on the worldwide scientific stage.

Now I will turn the floor back to Chris who will proceed with the rest of the meeting.

## **Slide 24**



Before we move into the business portion of the meeting, are there any questions or comments?

## **Slide 25**

### **Business Portion**

- Approval of the Annual Financial Report, including Directors' Report and Auditor's Report for the year ended 30 June 2009, as accompanying this Notice of Annual General Meeting be received.



So now let's turn to the first item of business, our 2009 Annual Report. Item 1 is the receipt and consideration of the Annual Report.

The Annual Report including the Financial Statements have been submitted to you and are in respect to the financial year ended 30 June 2009 disclosing a consolidated loss of \$1,092,712 after income tax benefit attributable to members. I table the Annual Financial Report including the Directors' Report, Auditors'

Report for the financial year ended 30 June 2009.

I now move **that the Annual Financial Report, including Directors' Report and Auditor's Report for the year ended 30 June 2009, as accompanying this Notice of Annual General Meeting be received.**

Do I have a seconder for the motion. ....

Thank you.

Are there any questions of the Board in respect of the Annual Financial Report or the Directors' Report?

Are there any questions of Mr. Tyler as the Company's Auditor on the Financial Report or the Auditors' Report or the conduct of the audit? (250T (1) & (3))?

There being no questions/There being no further questions, I now put the motion.

All in favour of the resolution –please raise your voting card

All Against

I declare the resolution.....

**Slide 26**



The next item of business is the election of Mr. Chris Bilkey as a Non-Executive, Independent Director. Because I cannot put this motion to the floor myself, I will ask Mr. Trevor Moore to take over the podium for this resolution. Trevor...

Thank you Chris it's a pleasure to continue on the Giaconda Board myself and I am very happy that Chris has agreed to return to it.

Does anyone have any questions of Mr. Bilkey?

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I move **that Mr. Chris Bilkey be elected as a Non-Executive, Independent Director of the Company.**

Do I have a seconder for the motion. ....

Thank you.

Are there any questions or discussion before I put the motion?

There being no questions/There being no further questions, I inform the meeting that the total proxy votes received are **2,177,855** with **1,501,395** FOR, **410,000** AGAINST, **4,000** ABSTAINED and **266,460** OPEN, I now put the motion.

All in favour of the resolution –please raise your voting card

All Against

I declare the resolution .....

## Slide 27



**Resolution 2**

- To Elect Colin Goldrick as a Non-Executive Director
- This nomination has been withdrawn.

Giaconda

And now I will turn the floor back over to Chris to continue the meeting. Back to you, Chris...

Thank you, Trevor. The next item of business is the election of Mr. Colin Goldrick as a Non-Executive Director. Unfortunately Colin has just advised that he is not able to take up the position at this time and asked us to withdraw his nomination. I think this is regretful because he would have brought some significant strength to the Board with his legal and commercial experience but we have to respect his position and I hereby advise you that we are withdrawing his nomination so no vote is necessary on this subject.

## **Slide 28**



The next item of business relates to the Remuneration Report which is contained in the annual report sent to each shareholder. The Corporations Act requires that shareholders vote on the adoption of the Report. The vote is advisory only and will not bind the Directors of the Company.

**I move that the Remuneration report for the year ended 30<sup>th</sup> June 2009 be adopted.**

Do I have a seconder for the motion? .....

Thank you.

Are there any questions or discussion. Before the motion is put I inform the meeting that the total proxy votes received are **1,998,855** with **1,348,395** FOR, **394,000** AGAINST, **183,000** ABSTAINED and **256,460** OPEN,

Are there any speakers against the motion? I declare the resolution carried.

All in favour of the resolution – please raise your voting card

All Against

I declare the resolution ....

## **Slide 29**

**Resolution 4**

- That twenty million (20,000,000) additional ordinary shares be issued

Giaconda

The next item of business relates to the issue of twenty million new ordinary shares.

**I move that the share holders approve the issue of twenty million new ordinary shares.**

Do I have a seconder for the motion? .....

Thank you.

Are there any questions or discussion. Before the motion is put I inform the meeting that the total proxy votes received are **2,138,735** with **1,431,275** FOR, **451,000** AGAINST, **43,120** ABSTAINED and **256,460** OPEN,

Are there any speakers against the motion? I declare the resolution carried.

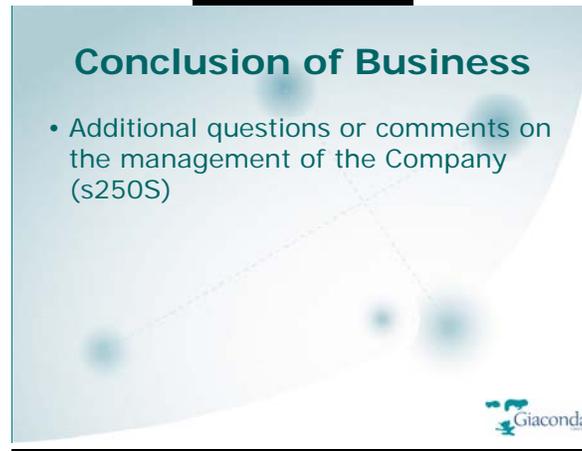
All in favour of the resolution – please raise your voting card

All Against

I declare the resolution ...

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## **Slide 30**



That concludes the items of business.

I now open the meeting to all members to ask questions or comment on the management of the Company. (s250S).

There being no further questions or speakers I declare the Giaconda 2009 Annual General meeting closed. I thank you all for your attendance and participation. I hope we have managed to convey to you all the passion and commitment that the Board and management have for the company and its products.

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## **Slide 31**



I would like to express my appreciation to my fellow Directors, the executive team, and you, the shareholders of Giaconda, for your continuing support. We are committed to developing novel therapies that will change lives, and I am confident that we will, thanks to a combination of good science and solid business strategy. Thank you for helping us to make this happen.

We would like to invite you to stay to meet your directors and management and enjoy some snacks and a drink.