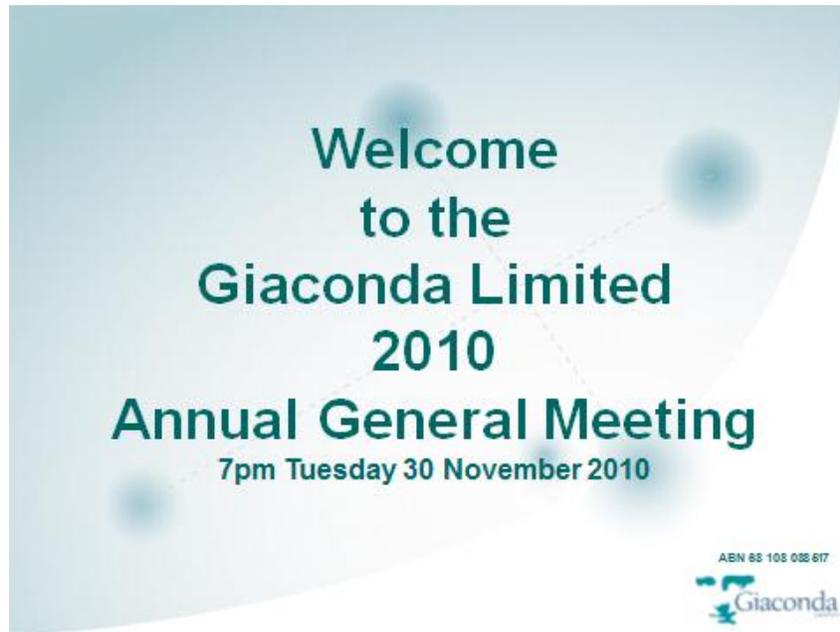


## Presentation Text for Giaconda's FY10 AGM Side 1



## Meeting Chairman's Speech Slide 2



My Fellow Shareholders,

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

FY2010 Annual General Meeting and, for those of you who have not been to The Centre for Digestive Diseases 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 our “Center of Excellence.” It’s a pleasure to see some familiar faces here this evening.

### Slide 3

**Introductions**

- Board
  - Trevor Moore
  - Chris Bilkey
  - Prof. Tom Borody
- Company Secretary
  - Margaux Alvaran
- Auditors
  - Walker Wayland NSW; Stephen Rogers & Grant Allsopp
- Registry
  - Registries Ltd; Jeff Dodd
- Legal Counsel
  - Marcus Conner
- CDD Staff
  - ... and thank you for your help this evening

Giaconda

For those of you who have not yet met me, my name is Prof. Tom Borody and I have the pleasure of serving as the Chairman of this meeting in place of Patrick McLean who is still working from Canada. 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 Trevor Moore, one of our Independent Directors. Chris Bilkey, the other Independent Non-Executive Director couldn't be here this evening but does send his regards.

Our new Company Secretary, Mrs. Margaux Alvaran is sitting right there – on behalf of the Board an official welcome to you Margaux and thank you for all of the effort you've put into helping keep Giaconda going over the past years.

I would also like to welcome Giaconda's Auditors from Walker Wayland Mr. Stephen Rogers and, Mr. Grant Allsopp and, Mr. Jeff Dodds from Registries Limited who keep track of all of your shares and proxy votes. And joining us this evening is our legal counsel, Marcus Conner.

Sitting right over there is Mary Psilos who works here at CDD and is my daily brain. Mary has been a valuable contributor to Giaconda as well and our thanks to you for your extensive efforts on our behalf. And finally, my sincere thanks to the many members of CDD's staff who are responsible for

putting this evening together again this year. Our heartfelt thanks to all of you.

## **Slide 4**



The slide features a light blue background with a white curved shape on the right side. The word "Agenda" is written in a bold, dark teal font at the top center of the white shape. Below it, a list of eight items is presented in a smaller, dark teal font, each preceded by a teal bullet point. The items are: Welcome, Introductions, Participation, Management Review of FY 09-10, Member Q&A, Resolutions / Vote, Adjournment, and Wine & Cheese. In the bottom right corner of the slide, there is a small logo for "Giaconda" which includes a stylized blue and green graphic.

### **Agenda**

- Welcome
- Introductions
- Participation
- Management Review of FY 09-10
- 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 as well as the auditors.

After the formal AGM there will be an opportunity to meet the Trevor and me 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



## **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.

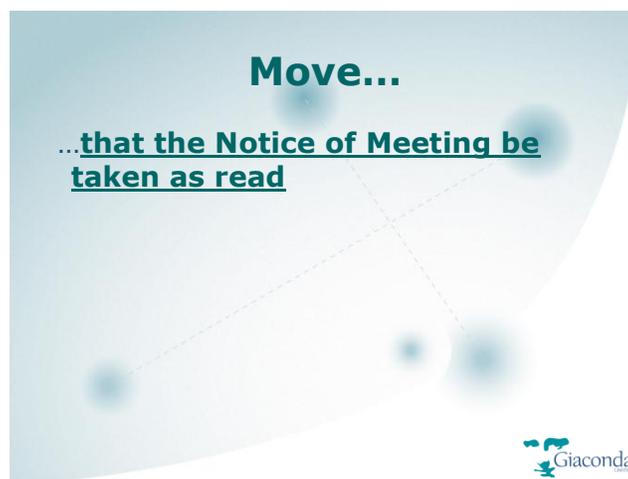
If you are a visitor then you are not entitled to be heard, or vote at this meeting, and should be holding a YELLOW attendance card.

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



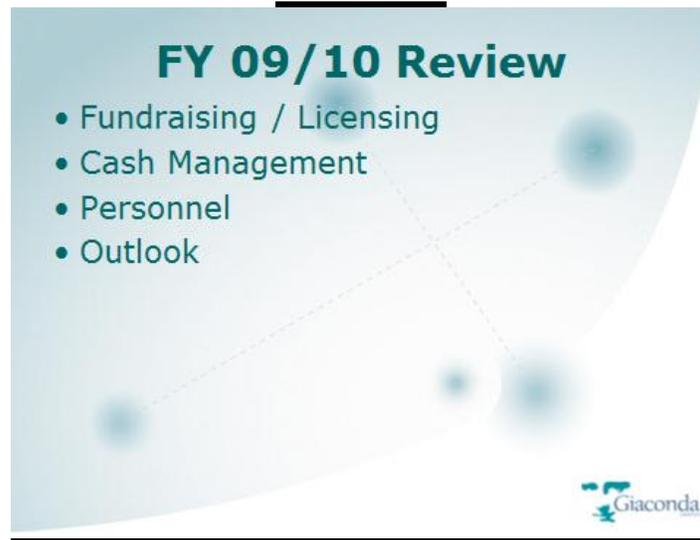
The notice of Meeting has been sent to all shareholders and, unless there are any views to the contrary, I move **that the Notice of Meeting be taken as read.**

Do I have a seconder for the motion? ... Thank you.  
All in favour of the motion – please raise your **BLUE** voting card.

All against.

I appoint Margaux Alvaran 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 2009 – 2010.

For personal use only

I will talk a bit about our fund raising and licensing activities that have been the focus of our efforts during the fiscal year and our cash management which has been critical to keeping the company alive during these difficult times for the biotech industry.

We have had a few 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

**Fundraising / Licensing**

- Funding
  - Directors loans to the Company of \$280,000
  - Repaid the loan from Sydney Capital
- Licensing
  - Collaborative Research agreement for Ibaconda with CDD
  - Licensed Heliconda to Sydney Compounding Chemists
    - Filling an unmet medical need
  - Sold 3 therapies to RedHill Biopharma
    - Myoconda, Heliconda & Picoconda
    - \$US500,000 + 7% royalty on net sales +20% of sublicensing revenues
    - RedHill to pay for all development and registration in all territories
    - Completed on 31 August 2010



I think that the amount of personal funds that the Directors have lent to the company says something about our commitment to and belief in what we are doing. I see and treat patients every day with some of the therapies that have

been put under the wing of Giaconda and know firsthand what they can do. The original goal of setting up the Company was to get these therapies to patients around the world and we have made great progress.

But, it has taken more money than we originally planned and that money had to come from somewhere. So the Directors, Trevor, Chris, Patrick and I dug deep into our own pockets to help keep the progress going. Together we put in \$280,000 dollars.

Some of this went to repay the loan we took from Sydney Capital Partners last year and the majority of the rest of it kept our patents in place and kept our ASX listing alive.

On the licensing side we had three successes; CDD signed an agreement to continue research and development of Ibaconda for the treatment of Constipation Predominate Irritable Bowel Syndrome including paying for the patent fees. While the work we are now doing is in early

days, I think it will provide some significant benefit for the therapy.

Last April we entered into an agreement with Sydney Compounding Chemists to allow them to offer Heliconda to physicians here in Australia to provide an answer to a significantly unmet need in the treatment of *Helicobacter pylori* where patients have failed conventional therapies. I say significant because up to 40% of treatments for this infection that causes ulcers and, in some cases, cancer, fail. There is no rescue therapy for those patients and the pharmacists at Sydney Compounding now provide an answer to this unmet medical need. This license also generated some important cash flow for the Company.

But the real accomplishment came after the end of the fiscal year when we sold three of our therapies to RedHill Biopharma for \$US500,000 plus a commitment to develop them and a 7% royalty once they are on the market. As well, Giaconda will receive 20% of any sub-licensing fees that RedHill gets. This was a great relief

because, after over two years of waiting for AMTI to complete their fundraising we were close to the end of the line and RedHill came to our rescue with a much better package.

Although the upfront payment for the therapies was less than that offered by AMTI, RedHill had the money and provided a much greater long term return to the company and each of you as shareholders because of the increased royalty payments. They also have sufficient money to complete the development giving us more assurance of returns. We have always said that the returns to shareholders would come from the longer term royalties so our promise to you is being fulfilled.

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## Slide 9

**CASH MANAGEMENT**

- Shares in lieu of cash
  - Sydney Capital
    - Company Secretary & Consulting Fees
  - TM Ventures
    - Consulting Fees (\$50,000)
- Directors & Management
  - All salaries & fees put into contingent liabilities (\$476,000)

Giaconda

Of course, we had to survive during the time it took to complete the RedHill deal and cash management has been a very important factor leading to our success.

One of the strategies we employed was to pay for support services with shares rather than cash. Thus we issued shares to Sydney Capital Partners for their Company Secretary and management consulting fees and to TM Ventures for their consulting fees.

To further help make it work, neither myself, nor Patrick McLean or the other Directors have taken a salary and have paid most of our 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. As you can see on this slide, we have been able to avoid \$476,000 in cash outlay by doing this.

## Slide 10

### Personnel

- Vincent Sweeney resigned as Company Secretary
- Margaux Alvaran appointed Company Secretary
- Patrick McLean continued to function as the CEO and Acting Chairman from Canada



Personnel changes through the last year are also reflective of our cash preservation strategy. After paying off Vincent Sweeney in shares rather than cash, he resigned and was replaced by Margaux who is employed by CDD. Patrick continues to function as CEO and Acting Chairman from Canada. This has worked well except for his chattering from the cold during our Board meetings. Patrick has continued to put his salary into contingent liabilities and this helps preserve cash.

## Slide 11

### Outlook

- A new phase in the Company's life
- Over 60% of our IP is now in development
- Cash in the bank to support ongoing operations – minimal costs
- Looking for opportunities to develop
  - Ibaconda – under the hand of CDD
  - Hepaconda – difficulty with IP approvals



So how does the future look for Giaconda?

As Patrick said in his Report and Review of Operations in the annual report, Giaconda has turned the corner. The Company has entered a new phase and is poised to complete development of 60% of its therapies and get them on the market. After over six years of effort, this is a welcomed relief and has elevated the feeling of everyone involved with the Company.

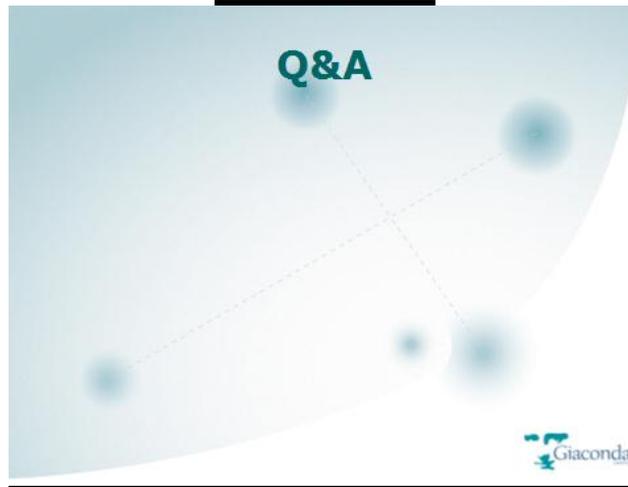
We have money in the bank from the RedHill deal and have scaled back expenses even further because the costs of maintaining the patents have

been transferred to RedHill and CDD with the sale and license of the four therapies. As our work on Ibaconda at CDD progresses, we will be close to 80% exploited. Thus, we are well positioned to hold our ground until the royalty stream begins to flow.

But finally on a less positive note, we have run into some rather onerous problems with our Hepaconda patent filings. For reasons that are too complicated to explain fully here, I can only say that the barriers are high. The unfortunate thing here is that we were so successful with the patients who initiated our Phase II study that it is unfortunate we cannot move ahead faster. We were able to normalize two out of three liver function tests in the first month and hold them there and that is relatively amazing for patients who are in advanced stage liver decline in Hepatitis C.

I hope this has been a helpful review of what we have achieved during the past fiscal year.

## **Slide 12**



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

## **Slide 13**



So now let's turn to the first item of business, our 2009-10 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 2010 disclosing a consolidated loss of \$1,236,113 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 2010.

I now move **that the Annual Financial Report, including Directors' Report and Auditor's Report for the year ended 30 June 2010, 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. Allsopp as the Company's Auditor on the Financial Report or the Auditors' Report or the conduct of the audit? (250T (1) & (3))?

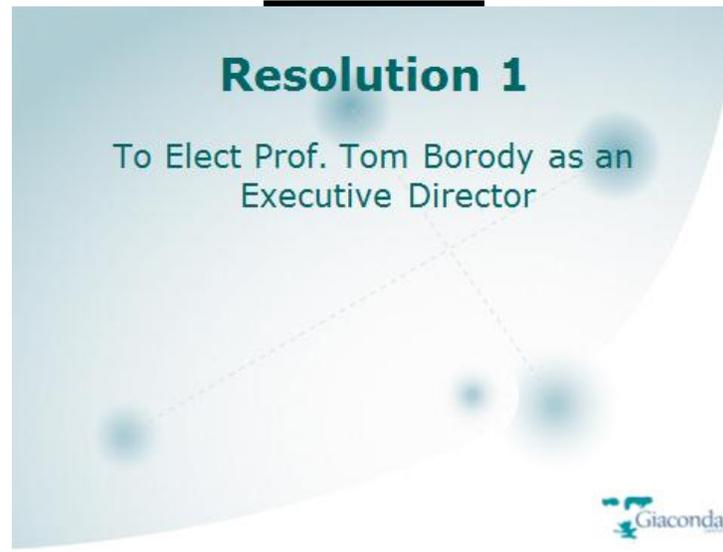
There being no questions/There being no further questions, I now put the motion.

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

All Against

I declare the resolution.....

## **Slide 14**



The next item of business is my election as an Executive Director. To avoid any conflicts, I would ask Trevor Moore to take the podium and direct the voting on this resolution. Trev...

(Trevor Moore take the podium)

Thank you, Tom. It's again a pleasure to be attending another Giaconda AGM. It's hard to believe that this is our fifth get together. The Company has been through a lot and we've made a lot of progress. I appreciate the opportunity to have been able to be a part of it despite the long road we've taken. And, as Tom said, we are now entering a new phase in the history of the Company and I am excited by what has been accomplished.

Now, for the election; The Giaconda constitution calls for retirement and replacement elections of one third of the Board every year. Because the CEO is exempted from this mix, this leaves us with three Directors and the need to retire one and elect one. Prof.

Borody's turn to retire is this year and he has agreed to stand for re-election.

Tom has been a Director since the founding of the Company and is the Company's Chief Medical Officer. His CV is quite extensive and a summary can be found in the annual report so I won't repeat it to save embarrassing him because he is a relatively humble person. What I would like to point out is that he has been one of the major reasons the Company is still alive. Tom has contributed significantly both in money and effort. He has lent the Company money, paid numerous expenses, put his salary into contingent liabilities and provided extensive amounts of person hours of his staff. The Giaconda office is located downstairs from this room. Without Tom's ongoing support we wouldn't be here today.

So, that being said, I am pleased to present Tom's candidature for the position of Executive Director of Giaconda.

Does anyone have any questions of Professor Borody?

I move **that Professor Tom Borody be elected as a Executive 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 **53,299,686** with **1,304,260** FOR, **1,500** AGAINST, **none** ABSTAINED and **51,993,926** OPEN, I now put the motion.

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

All Against

I declare the resolution .....

Now I will turn the podium back to our newly elected Executive Director and we can continue on with the meeting. Tom....

## **Slide 15**



Thank you Trevor and it's good to be back.

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 2010 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 53,295,686 with 1,240,260 FOR, 61,500 AGAINST, 4,000 ABSTAINED and 51,993,926 OPEN,

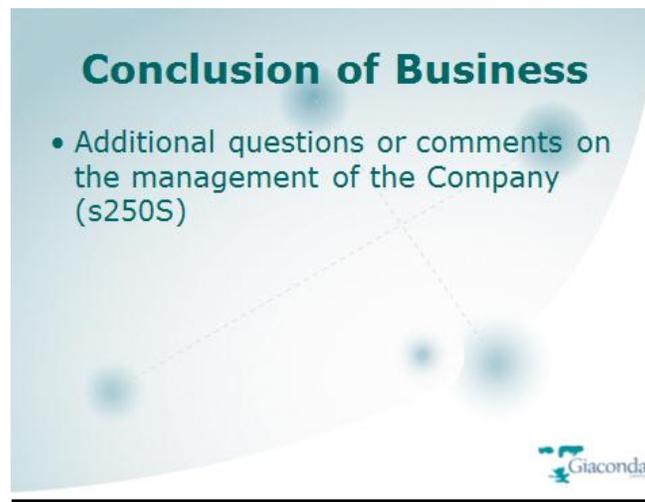
Are there any speakers against the motion? I declare the resolution carried.

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

All Against

I declare the resolution ....

## **Slide 16**



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).

## **Slide 17**



There being no further questions or speakers I declare the Giaconda 2010 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.

## **Slide 18**



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.

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