Giaconda Suspends Hepaconda® Phase II Trial to Carry Out Dose Ranging

Sydney, NSW, 8 July, 2008 – Giaconda Limited (ASX: GIA), today announced that it has suspended its Phase IIa trial of Hepaconda® for the treatment of Hepatitis C in people with "genotype 1" infection that does not respond to current therapy. While significant improvement was demonstrated in liver function among participants in the study, total normalisation was not achieved and further formulation is warranted before continuing the study.

The effectiveness of Hepaconda® in this trial was measured using the following parameters: viral load, (the amount of Hepatitis C Virus (HCV) in the patient's bloodstream) and three markers of liver damage, called alanine aminotransferase (ALT), aspartate transaminase (AST), gamma-glutamyl transpeptidase (GGT). All were expected to be reduced if Hepaconda® was effective.

While GGT showed an immediate and lasting return to the normal range, and AST came back close to normal, there was minimal effect on viral load and ALT. Importantly for the planned dose ranging study, no adverse effects were reported at the dose used in this study.

The next step in Hepaconda®'s development will be to carry out a dose ranging trial to ascertain an optimum dose. This study will be carried out once Giaconda has secured further funding.

Patrick McLean, CEO of Giaconda, commented, "We are very encouraged by the observed improvement in liver function that Hepaconda® has produced and intend to take advantage of this data to improve our formulation. The results, especially among this group of patients who have exhausted all of their options, give us confidence in the future of Hepaconda®, and may open the door to an even better understanding of the application of the therapy."

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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.

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About Hepatitis C Virus

Hepatitis C Virus affects 3.1% of the world's population and is currently the number one cause for liver transplantation in the United States. In Australia, current numbers of individuals diagnosed with newly acquired HCV infections have been estimated to be in excess of 242,000 with over 50% of cases located in NSW alone. There are six primary genotypes of HCV and studies show that 70-75% of all infections are of the genotype one variety. Currently the most effective treatment for chronic HCV includes a combination of the drugs interferon alpha and ribavirin. This treatment is associated with a number of side effects and is only effective for 42 – 46% of patients, leaving a large portion with no effective therapy.

About Hepaconda® – A combination therapy for the treatment of Hepatitis C Virus

Hepaconda® is a combination of bezafibrate and chenodeoxycholic acid. It has been demonstrated in clinical trials that chenodeoxycholic acid, when used as a single compound, reduced Hepatitis C infection (HCV) and improved liver function in patients who have failed existing therapy. The combination of bezafibrate, which has been shown to eliminate HCV, with chenodeoxycholic acid, therefore appears to offer an advantage over current treatment.

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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