



PEER REVIEWED JOURNAL PAPER SUPPORTS USE OF GIACONDA'S LEAD PRODUCT MYOCONDA® FOR CROHN'S DISEASE

Sydney, Australia 22 March 2007. Giaconda Ltd (ASX: GIA) announced that a research paper on the role of Anti-mycobacterial ("Anti-MAP") therapy, in profound healing of ulcerating Crohn's Disease was published in the peer reviewed *Digestive and Liver Disease* journal. Myoconda®, the company's lead product, is the patented commercial version of the Anti-MAP therapy discussed in the research paper.

The paper entitled "Anti-mycobacterial therapy in Crohn's Disease heals mucosa with longitudinal scars" reports on 39 patients who have received Anti-MAP treatment (for 6 months to 9 years). Scarring is an essential part of the healing process in ulcerating Crohn's Disease. Scarring is part of the natural healing process to close a wound.

Twenty-two out of thirty nine patients (56.4%) healed with unusual scarring and fifteen patients demonstrated a marked reduction in inflammation (38.5%). Of these fifteen patients twelve demonstrated longitudinal scarring (80%) and six (40%) displayed restoration of normal mucosa. Of the six patients who displayed restoration of normal mucosa, two, who had received more than 3 years of treatment, displayed receding scars that became imperceptible as complete healing was achieved.

The presence of scarring fading to normal mucosa on Anti-MAP therapy implies a more profound healing than that reported with standard anti-inflammatory and immunosuppressant drugs. This implies that these therapies may not be capable of achieving such complete healing. While treatment can reduce symptoms and inflammation, complete healing is rare. The Journal supports the conclusion that "longitudinal scarring and consequent healing with normal histology should become a standard treatment goal for Crohn's Disease."

"We are absolutely delighted that our findings and conclusions have been validated by peer review," said Professor Tom Borody, Chief Medical Officer of Giaconda.

"Myoconda® is likely to set a new standard for achieving complete healing in the treatment of Crohn's Disease and we continue our efforts to make this therapy available to patients in the shortest possible time."

A copy of the abstract is available online at www.sciencedirect.com

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.

For more information please visit www.giacondalimited.com

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About Myoconda® – A Combination Antibiotic Therapy for the Treatment of Crohn’s Disease

Myoconda®, the Company’s Anti-MAP therapy for the treatment of Crohn’s Disease is a combination of three registered anti-mycobacterial drugs - rifabutin, clarithromycin and clofazimine. These three drugs are widely marketed world-wide for the treatment of mycobacterial and other infections. Myoconda® presents these three compounds in a specific patented combination.

Myoconda® is based on the proposition that Crohn’s Disease is caused by infection. Prof. Borody has long been at the forefront of this approach, which is gaining increasing acceptance among gastrointestinal specialists worldwide. Prof. Borody has published significant data demonstrating that patients treated with anti-MAP combination therapy such as that found in Myoconda® experience long-term remission of clinical symptoms and inflammation, some for up to nine years.

About Crohn’s Disease

Crohn’s Disease is a chronic inflammatory disease of the gastrointestinal tract. The disease most commonly affects the lower small intestine and the large intestine. Symptoms of Crohn’s Disease include abdominal pain, diarrhoea, fever and weight loss. In severe cases, the intestine can become blocked or obstructed, requiring surgery. Young patients with Crohn’s Disease may also suffer growth retardation. Patients suffering Crohn’s Disease are conventionally treated with drugs aimed at reducing inflammation and other associated symptoms. The cause of Crohn’s Disease is unknown, thus the standard treatments aim to treat symptoms rather than the cause of the disease. The bacterium *Mycobacterium avium* ss. *paratuberculosis* (MAP) is the lead candidate as an infectious cause of Crohn’s Disease. By targeting the MAP infection, Myoconda® is designed to address the possible source of the disease, rather than attempting to merely alleviate its symptoms.

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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