



**ANNUAL GENERAL MEETING  
27 November 2008  
CEO & Acting Chairman's Speech**

My Fellow Shareholders,

Good afternoon and, on behalf of the Board of Directors of Giaconda, thank you for attending our FY2008 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.

So let me continue with a presentation to the members on Giaconda's progress during the fiscal year 2007 – 2008. As slide 1 demonstrates, this financial year has been a turbulent one in markets internationally.

You are all well aware of the financial crises that have hit countries and companies around the world. This comes on the tail of a slowdown in Australian Biotechnology. In fact there has not been a Biotech company IPO in over 12 months and over half of the biotech companies listed on the ASX that report quarterly cash have less than a year of funding left. Some have already gone into administration or have stopped trading and there is probably more bad news to come.

But Giaconda is still alive and has continued to move its product portfolio steadily forward. Funding issues have caused some delays in the development of our lead product, Myoconda<sup>®</sup>, for the treatment of *Mycobacterium avium spp paratuberculosis* (MAP) infection in Crohn's Disease. The Company continues to seek funding avenues to support the development of its products.

Let's look at some of the highlights of Giaconda last year as shown in slide 2. The pharmacokinetic study that we ran on the first GMP manufactured batch of Myoconda showed some very interesting results that I'll talk about in a few moments. We received notice that the European patent for Myoconda was granted and we entered into a cooperative agreement with Prague Clinical Services of the Czech Republic to run our clinical studies in Europe.

We initiated our first Phase II study on Hepaconda and received notice from the Canadian patent office that the Heliconda patent has been granted there.

As shown in slide 3, we have continued to focus on our lead candidate, Myoconda<sup>®</sup>, which is the first single-capsule antibiotic therapy designed specifically to combat *Mycobacterium avium paratuberculosis* (MAP) infection in people with Crohn's Disease. More data implicating MAP infection as a cause of Crohn's Disease continues to be released. In the July 2007 issue of the specialist journal Gastroenterology, the 2004 Phase III clinical study, which was undertaken prior to Giaconda licensing Myoconda<sup>®</sup>, was published, demonstrating a clear improvement in remission rates at 16 weeks with anti-MAP therapy. In fact, the remission rates were the highest ever recorded for a large clinical study in Crohn's Disease.

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In fact, slide 4 shows the remission rates of Myoconda compared to the remission rates of one of the newest technology products on the market for Crohn's Disease. When you compare the results of the Australian study to the results of the study that was used for the Remicade approval by the FDA, you can see that there is a large advantage for Myoconda.

Slide 5 shows that MAP has been detected in Australian children with Crohn's Disease based upon work done by Prof. Anthony Catto-Smith at the Royal Children's Hospital in Melbourne. An interesting fact is that the rate of MAP infection mirrors what we have seen in most published MAP detection studies.

In the US, Prof. Will Chamberlain of Texas Tech University in El Paso, Texas treated one Crohn's patient with anti-MAP therapy and went the extra step to look for MAP infection before and after treatment. You can see on slide 6 both the dramatic healing and the eradication of the MAP infection.

As time passes and more research and treatments are done, Prof. Borody's original belief that MAP infection can be responsible for Crohn's Disease is being proven. But all of this doesn't reflect what happens to the patients. Some of you may remember the shareholder information nights we held back in 2005 when we did the initial public offering. Some of the patients volunteered to share their stories with us and that is exactly what everything we are doing at Giaconda boils down to. I've met many more patients who have had the same experience and it is what makes our efforts worth it.

I showed slide 7 last year as a proud Australian accomplishment when we manufactured our first batch of Myoconda under GMP conditions. We used that product to run our first pharmacokinetic study on healthy patients and the results of our formulation work really paid off. In a few words it appears that our single capsule formulation is going to be safer and more effective than would be expected of individual drugs. The trial was designed to test the safety and tolerability of the updated antibiotic combination, following its reformulation in the previous year. The blood concentrations of rifabutin and clarithromycin were of particular interest to the FDA, and these were found to be much better than expected based upon previously published data. This led to a new patent being filed, which further supports the existing intellectual property for Myoconda®.

As on slide 8, we also announced last year that the FDA had approved our application for an IND – investigative new drug application that allows us to run a large clinical trial on the product and gives us a clear path forward to registration in the US. The clinical trial will be performed on Crohn's patients who have tested positive for MAP infection and this is a first in the world.

We promised that we would perform a Phase II study last year on Hepaconda and we did just that. As per slide 9, Hepaconda® has shown promise in the early stages of that trial; a dose ranging study has been slated, subject to funding, for the coming year to improve its effectiveness against Hepatitis C in patients with no other recourse to treatment.

Hepaconda® is a combination therapy that has been formulated with the aim of simultaneously reducing Hepatitis C Virus (HCV) levels and improving liver function. The patient population being targeted by Giaconda's clinical trials are people whose Hepatitis C does not respond to any known treatment.

Initial data from Giaconda's Phase II clinical trial of Hepaconda® showed significantly improved liver function but not all target parameters responded to treatment. The trial was suspended and development begun to improve the formulation. The improvements in liver function are very encouraging, as these are patients who have exhausted all other treatment

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options. No adverse effects were reported, which also indicates that a higher dose may be more suitable.

As I mentioned earlier on, and detailed on slide 10, we have increased our patent protection over the last year. The Myoconda patent was granted in the EU countries and the Heliconda patent was granted in Canada.

And the Pharmacokinetic study on Myoconda gave us such impressive results that we were able to file another patent in the US last February.

So what might this all mean in terms of potential sales of Giaconda products. On slide 11, I have taken the potential markets for each of the therapies and calculated what the market potential could be. As you can see we have a few that could be blockbuster products with potential over \$2 billion. All we have to do to make Giaconda prosperous is get these products to market. To do that we need to raise funds to complete development and that is where our efforts are today.

I would like to express my appreciation for the Board of 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.

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