Living Cell Technologies Limited

COMPANY ANNOUNCEMENT

Living Cell Technologies Updates Progress with Diabetes Clinical Trial.

27 October 2009 – Sydney, Australia, Auckland, New Zealand– Living Cell Technologies Limited (ASX: LCT; OTCQX: LVCLY) today reported that the PhaseI/IIa clinical trial in Russia has continued to show positive results with low and medium doses of DIABECELL®, the company's encapsulated pig insulin producing cells for type 1 diabetes. The study has prompted improvements to the product and the implant procedure which are now incorporated into the Phase II trial recently started in New Zealand.

To date, eight patients with insulin dependent diabetes have received between one and three implants of DIABECELL® without remarkable adverse events.

LCT Medical Director, Professor Bob Elliott said, "The aim of DIABECELL® is to normalize blood glucose and we see this in the improved glycated haemoglobin (HbA1c%) levels. I am delighted that one patient remains off insulin injections following her last implant in February this year. Another patient, who was off insulin injections for over 4 weeks, has resumed injections, maintains improved control over blood glucose levels and has a more active lifestyle. A second implant would give him the optimum dose."

LCT CEO, Dr Paul Tan added, "The first trial in Russia has shown safety of repeated or top-up implants if required. The preliminary data also showed that we have not reached the optimum dose regimen. The New Zealand trial involves higher initial doses in patients with more brittle diabetes and frequent hypoglycaemic episodes. The combined data from Russia and New Zealand should define the right dose for the market."

Progress Report of DIABECELL® Phase I/IIa Clinical Trial

- The trial is an open labelled Phase I/IIa investigation to obtain data on the safety and preliminary efficacy of DIABECELL®, encapsulated neonatal porcine pancreatic islets, without the use of immunosuppressive drugs.
- The trial started in Moscow in 2007 and is intended to enrol a total of up to 10 patients with type 1 diabetes who have given informed consent for their participation. Geny Research Group Inc, a U.S.-based contract research organization monitored the trial.
- To date, eight insulin dependent diabetes patients have been implanted:
  - The trial was designed for Patients #1 - #5 to receive two implants of DIABECELL® at the dose of 5,000 Islet Equivalents per kg body weight (IEQ/kg) at least 6 months apart and for Patients #6 - #8 to receive one implant of 10,000 IEQ/kg.
  - Based on clinical assessment, amendments to the protocol were requested by the investigators to optimise the treatment in this dose-finding study. Patients #3, #4 and #5 received implants of 5,000 and 10,000 IEQ/kg. Patients #2 received a third implant of 10,000 IEQ/kg and patients #1, #3, and #4 received a third implant of 10,000 IEQ/kg 4-6 weeks and full benefit is not yet accessible at time of last visit.
- As summarised in the following Table, patients have been followed up from 12 weeks to 120 weeks since the first implant. Patient #6 declined to attend follow up after 20 weeks.
- There were no remarkable adverse events following implants of either dose. Repeat implants have been safe to date.

- Improved blood glucose control is reflected by a decrease in their glycated haemoglobin (%HbA1c) level after the implant.
- As previously reported, capsules containing viable cells have been retrieved from second implants and porcine insulin has been detected in blood of patients following glucose tolerance test
- The body weight of all patients during the study varied by less than 5% of their pre-implant weight except for a 10.2% increase in weight for patient #1.

Table: Preliminary Efficacy Response Data (October 09)

Patient No.	No. of Implants	Follow-up (Weeks)	Insulin Dose (Units/day)		% Dose Reduction	HbA1c (%)		Current Mean Glucose (mMol/L)
			Pre-Implant	Current		Pre-Implant	Current	
1	3	120	113	96	15	7.1	6.9	6.7
2	3	100	22	**0**	**100**	8.2	8.1	7.3
3	3	88	60	53	12	10.0	7.6	7.1
4	3	82	30	27	10	7.6	6.8	7.1
5	2	54	68	50	26	9.8	7.3	7.7
6*	1	20*	41	57*	-*	8.5	8.5*	9.4*
7	1	36	37	40	-8	8.3	5.4	6.1
8	1	12	83	83	0	11.3	8.2	9.2

* Patient declined follow-up (data* at 20 weeks follow-up)

Summary: The Phase I/II dose escalation trial to date has implanted eight insulin dependent diabetes patients with one to three implants of DIABECELL® without remarkable adverse events. Preliminary efficacy data show normalised blood glucose levels and improved HbA1c with reduction of daily insulin dose. Two recipients discontinued insulin injections and one is still off insulin. This study warrants the progression of DIABECELL® to Phase II in New Zealand.

Note: The Phase II New Zealand trial has commenced with the first of eight patients implanted with DIABECELL®. Patients have difficult to control or 'brittle" insulin dependent type 1 diabetes and are to be implanted with higher initial doses than was administered in the first trial in Russia. Details are available at the ClinicalTrials.gov website

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About Living Cell Technologies: www.lctglobal.com

Living Cell Technologies (LCT) is developing cell-based products to treat life threatening human diseases. The Company owns a biocertified pig herd that it uses as a source of cells for treating diabetes and neurological disorders. For patients with type 1 diabetes, the Company transplants microencapsulated islet cells so that near-normal blood glucose levels may be achieved without the need for administration of insulin or at significantly reduced levels. The company entered clinical trials for its diabetes product in 2007. For Parkinson's disease, Huntington's disease and other neurological disorders, the company is developing microencapsulated choroid plexus cells that deliver beneficial proteins and neurotrophic factors to the brain. LCT's technology enables healthy living cells to be injected into patients to replace or repair damaged tissue without requiring the use of immunosuppressive drugs to prevent rejection. LCT also offers medical-grade porcine-derived products for the repair and replacement of damaged tissues, as well as for research and other purposes.

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