



## **Living Cell Technologies Limited Company Announcement**

### **Otsuka commits \$A25 million to JV with LCT**

**19 October 2011: *Sydney, Australia & Auckland, New Zealand.***

Living Cell Technologies Limited (ASX: LCT; OTCQX: LVCLY) has agreed to establish a 50/50 joint venture company DIATRANZ OTSUKA LIMITED with Otsuka Pharmaceutical Factory, Inc. ("Otsuka") to accelerate the commercialisation of LCT's DIABECCELL<sup>®</sup>, a ground breaking new cell implant therapy to treat diabetes.

The joint venture will contract with LCT to further refine the product, complete the clinical trials in New Zealand, Russia and Argentina, obtain product registration and bring DIABECCELL to market. It will also build further pig and manufacturing facilities to ensure supply.

LCT founder and Medical Director, Professor Bob Elliott, said, "DIABECCELL is a ground breaking treatment for Type 1 diabetes that we hope will change the paradigm of how we treat this terrible disease. DIABECCELL offers the prospect of helping restore insulin regulation to near-normal levels, reducing the need for frequent injections and constant monitoring of blood glucose levels. With Otsuka's investment and support together we will be able to refine the product and accelerate its registration. Otsuka will also bring invaluable experience and innovative ideas to market DIABECCELL worldwide to bring relief to the millions of sufferers."

Hiromi Yoshikawa, Executive Senior Managing Director - Otsuka Pharmaceutical Factory, said, "We have been following the development of DIABECCELL closely. LCT is a pioneer in xenotransplantation. We are excited at the prospect of improving the treatment options for diabetes sufferers all over the world and we are delighted to be joining with LCT to bring this product to market."

LCT Chairman Mr Roy Austin added, "It is most gratifying to see all the work which LCT has done over many years culminating in this breakthrough agreement. It provides us with a solid funding base to further develop DIABECCELL towards commercialisation, while enabling LCT to continue developing its pipeline of products and technology platforms."

On 12 April 2011 Otsuka invested A\$3m in LCT subscribing for 25m shares at A\$0.12 per share. Today Otsuka has agreed to invest A\$25m cash into the joint venture company subject to completion of conditions precedent, providing a secure funding base to bring DIABECCELL to market over the next three years. In return LCT will transfer DIABECCELL-related assets valued at the equivalent amount. These include clinical trial contracts, knowhow, patents and trademarks, manufacturing and R&D facilities plus its special herd of biocertified designated pathogen-free pigs.

LCT will own a 50 per cent shareholding in the Joint Venture Company. LCT will supply testing, R&D, management and administrative services to the joint venture at market rates. The joint venture will grant LCT an exclusive royalty free licence to relevant patents and knowhow and supply pig cells to progress its other products.

Diabetes is the world's fastest growing chronic disease affecting 220 million people worldwide. The World Health Organisation predicts diabetes deaths will likely increase by more than 50 per cent in the next 10 years. In Australia, diabetes is the sixth leading cause of death with the total number of sufferers (diagnosed and undiagnosed) estimated to be 1.7 million people. The cost of treating Type 1 diabetes, which affects an estimated 10 per cent of all sufferers, is estimated at approximately A\$1 million per person over a lifetime.

DIABECCELL involves implanting pancreatic islet cells through a simple keyhole procedure to produce a self-regulating source of insulin in the patient's body. This is done without the use of immuno-suppressive drugs - a world first – which is a significant benefit as these drugs are usually required long-term and often have undesirable toxic side effects. The indications from clinical trials are that DIABECCELL can make a significant difference particularly for the 20 per cent of Type 1 sufferers who have no awareness of when their blood glucose drops dangerously low. Unaware hypoglycemia is responsible for up to 8 per cent of deaths and many disease related complications.

Professor Elliott concluded, "The commitment from Otsuka demonstrates their confidence in DIABECCELL and its prospects for commercial success on a global scale. While the joint venture will focus exclusively on DIABECCELL, LCT will continue to advance our other initiatives which include our encapsulation technology IMMUPEL™, which eliminates the requirement for immuno-suppressive drugs, and NTCELL, the cell therapy for Parkinson's and Huntington's disease, stroke and hearing loss."

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**For further information:** [www.lctglobal.com](http://www.lctglobal.com)

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**About Living Cell Technologies** - [www.lctglobal.com](http://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 the treatment of Parkinson's disease and other neurological disorders, the company transplants 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.

**About Otsuka Pharmaceutical Factory** - [www.otsukakj.jp/en/](http://www.otsukakj.jp/en/)

OtsukaPharmaceutical Factory, Inc., the first company in the Otsuka Group (TYO: 4768), was established by Busaburo Otsuka in 1921. Originally, the company manufactured and distributed industrial and pharmaceutical chemicals. It began manufacturing intravenous solutions such as large volume parenterals

in 1946. Since that time, Otsuka Pharmaceutical Factory has extended its operations into a wide variety of areas such as the development of new drugs, innovative packaging, and intravenous delivery systems. It has over 2000 employees and is headquartered in Naruto City, Tokushima, Japan.

#### ***LCT Disclaimer***

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