

## Chairman's address

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### Living Cell Technologies AGM 19 November 2013

And now for the chairman's address in which I'll highlight the achievements of the 2012/2013 financial year, update you on progress since the annual report, and talk a little about the strategic evolution the company has undergone over the past 12 months.

This year was a significant one for Living Cell Technologies as we began a clinical development programme for our second therapeutic candidate. In October 2012 the New Zealand Minister of Health authorised us to proceed with clinical trials of NTCELL<sup>®</sup> for the treatment of Parkinson's disease. The first patient was successfully implanted with NTCELL in the Phase I clinical trial in September 2013 and is currently being monitored by the team.

I place great significance on having a second product in clinical trials. It allows us to target a new market, gives us an asset that has attracted additional funding, adds to the value of our intellectual property portfolio and reduces our dependency on the fortunes of a single product.

Shortly after receiving authorisation for the NTCELL clinical trial we signed a second strategic partnership with Otsuka Pharmaceutical Factory to co-develop NTCELL for Parkinson's disease. This agreement sees OPF fund the research and development costs of the Phase I trial of NTCELL as a potential treatment for Parkinson's disease. In exchange for a fee of up-to \$5M, OPF has an option to invest an additional A\$20m into the DOL Joint venture while LCT will transfer the NTCELL intellectual property in neurological disease and hearing loss into Diatranz Otsuka Limited.

The structure of this partnership is a positive step for Living Cell Technologies, building on the joint venture formed in 2011. We retain 50 percent of future profits from NTCELL as well as from DIABECELL<sup>®</sup>. We also retain a perpetual exclusive licence to continue to develop products using this IP in fields outside the joint venture. It gives us the freedom to innovate and secure additional downstream value from any other future products we derive from our core technologies.

The Diatranz Otsuka Limited partnership is driving the regulatory and commercial strategy of our other therapeutic candidate, DIABECELL. We have achieved the product milestones we set at the beginning of the year – announcing the results of the New Zealand-based DIA-06 Phase I/IIa trial and completing and announcing the DIA-09 Phase I/IIa trial as planned.

Ongoing R&D work performed by Diatranz Otsuka Limited has recently identified an opportunity to develop an improved formulation of DIABECELL, with even greater potential as a treatment for people with type 1 diabetes. We are working to revise the regulatory development pathway for DIABECELL in light of this and Andrea will speak to this in more detail in her presentation.

The 2012/13 year was a significant one for the people at Living Cell Technologies too. In November 2012 we appointed CEO Dr Andrea Grant to the board as managing director. She is leading a board initiated strategic review of the company with the aim of lifting our performance and implementing our vision for the global market for our products.

The company was also recognised on the national stage by our peers in both biotechnology and business. In March 2013 Living Cell Technologies received the 2013 Janssen Industry Excellence Award for Company of the Year at the NZBIO Annual Conference. And in the same month we were a finalist for Emerging Company of the Year at the New Zealand Hi-Tech Awards. These awards recognise the quality of our science and of our business. And our people are critical to both. This was exemplified in October this year when Living Cell Technologies was awarded Kenexa Best Workplaces 'Most Improved Award' 2013 in the small-medium business category. We would like to thank all of our employees for their contributions during the past year. Their talent and dedication drives the success of the company and they have all worked extremely hard to attain the substantial milestones we have achieved this year.

We will enter 2014 with a better defined product pipeline, a strategy that takes best advantage of the opportunities we have, and a company in very good heart. Our preclinical data shows possible future applications for our IMMUPEL technology and NTCELL in Huntington's disease and hearing loss as well as non-neurological conditions such as wound healing.

Finally, I would like to thank you, our shareholders for your ongoing support, our partners for their continued commitment and our staff for their diligent endeavours. Also, my sincere thanks to my fellow Directors for their work and support during the 2013 financial year.

Now, let's proceed with today's business.