



Living Cell Technologies Ltd

Suite 2.11 / 737 Burwood Rd

Hawthorn VIC 3122

ABN: 14 104 028 042

COMPANY ANNOUNCEMENT

LCT Half Yearly Report Period Ended 31 December 2006

28 February 2007, Melbourne, Australia:

Attached is the Appendix 4D – Half Yearly Report – for Living Cell Technologies (ASX:LCT) for the six month period ended 31 December 2006, as well as an overview of the significant improvement in cash position since year end.

Living Cell Technologies (ASX:LCT) report that the consolidated operating loss after income tax for the period July 1 to December 31 2006 was \$3.1 million (2005: \$3.2 m). This result, being a decrease of 3%, is in line with management expectations.

During the period completed capital raising activities added \$711,000 to contributed equity, with shares issued at 15 cents per share, as part of a \$2.8 million financing, including a \$2.1 million convertible note. A further \$5.1 million in share capital was received after balance date from the proceeds of the recently completed Share Purchase Plan and private placements, all completed at 17.5 cents per share.

Grant funding received totaling \$523,780 (2005: \$37,094) assisted in enabling the company to increase the level of research and development expenditure. This increased in the six month period to \$616,743 (2005: \$422,936), an increase of \$193,807, or 46% up on the comparable period last year.

Employee costs totaling \$1,824,881 remained at a comparable level to the previous year (\$1,809,240).

Other expenses were closely monitored and managed, enabling the total loss for the six month period to 31 December 2006 to be less than the loss for the six months to December 2005.

As at 31 December 2006, net assets were (\$626,459) compared to \$1,796,058 as at 30 June 2006. Cash in the bank as at 31 December 2006 was \$896,333 (2005: \$2,956,379).

A significant improvement in the cash position of the company has been recorded since the half-year end. In the past two months LCT has received the private placement funds of \$800,000 announced just prior to period end and since then also completed a Share Purchase Plan (SPP), raising AUD\$1.982 million in capital from existing Australian and New Zealand shareholders, with a further \$1.018 million being taken up by clients of stock broking firm Taylor Collison. An additional placement of \$1.3 million led by Taylor Collison was also completed. This additional share capital was all raised at \$0.175 per share and has boosted cash reserves by \$5.1 million since 31 December 2006.

With projected levels of operational expenditure, (which are anticipated to be at slightly lower levels than the historical spend, subsequent to recent restructuring as the company focuses on DiabeCell), this level of cash represents close to a further 12 months of capital requirements for the company, as it moves into clinical trials.

“The success of the SPP and recent placements supports a very much improved financial position than showing as at December 31st and enables LCT to move swiftly into its Phase I/IIa clinical trial,” said LCT Chief Financial Officer Richard Justice.

The realignment of LCT’s product and clinical strategy has shifted focus towards DiabeCell, which has the potential to provide shareholder returns within a shorter timeframe.

"The recent changes support a conservative projected burn rate, with considerable expenditure savings through payment of the clinical trial by LCT's Russian partner, as well as bringing all product development within the New Zealand facility," Mr Justice said.

In January, LCT announced it had received approval to start a phase I/IIa diabetes clinical trial, with the first transplants expected in Q2 this calendar year.

Further information: www.lctglobal.com	
Richard Justice, CFO Mob: +64 272 223 806	Paris Brooke, GM Mob: 0407 715 574