



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

### **LCT and Otsuka of Japan Share Common DIABECCELL<sup>®</sup> Vision**

- Otsuka Pharmaceutical Factory, Inc invests AUD \$3 million for 8.2% interest in LCT
- Collaboration negotiations underway for joint development and commercialisation of DIABECCELL in Japan and other Asian jurisdictions

**Tuesday 12<sup>th</sup> April 2011: Sydney, Australia & Auckland, New Zealand. Living Cell Technologies Limited (ASX: LCT; OTCQX: LVCLY)**, a global company pioneering the development of a cell implant therapy to treat diabetes, today announced that it has entered into an agreement to raise A\$3 million through a placement of shares to Otsuka Pharmaceutical Factory, Inc. ("Otsuka"), the research and manufacturing arm of the Otsuka group of companies. For the placement, Otsuka will be issued 25 million shares in two tranches at A\$0.12 per share, for a total investment of AUD \$3 million.

LCT will use the proceeds from the investment to fund its ongoing development and clinical trials of its breakthrough lead product DIABECCELL, for the treatment of diabetes.

In addition to the share investment, the parties have commenced negotiations for a Collaborative Research and License agreement for the research, development and commercialisation of DIABECCELL in Japan and certain other Asian countries, excluding China where LCT has an existing relationship with Jiangsu Aosaikang Pharmaceutical Co. Under the terms of the pending agreement with Otsuka, LCT and Otsuka agree to collaborate on the research, development and commercialisation for DIABECCELL for the treatment of diabetes and its related complications in Japan and other Asian countries. The agreement is also proposed to include a provision for LCT to grant Otsuka the exclusive license to become the sole agency for DIABECCELL Designated Centres of Excellence (DDCE) to treat patients with DIABECCELL once the product is registered in Japan and other Asian countries covered by the agreement. The parties expect to conclude negotiations in respect of the agreement within the next six months.

LCT Chairman and Medical Director Professor Robert Elliott said: "We are very pleased to welcome Otsuka as a significant shareholder of the Company and as our partner to expand our presence in Asia. We are very excited about the opportunities to work together with Otsuka to develop our product for the treatment of diabetes in Japan and Asia, potentially one of the most significant markets for us globally. Such an arrangement augments the ongoing development progress of LCT's activities around the world.

"This is consistent with our global development and commercialisation strategy for DIABECCELL. We will begin planning for a clinical trial in Japan, which will be a natural and exciting extension to our Phase II trial in New Zealand, which is coming to conclusion. To add this new jurisdiction to our clinical trial program will add important new data and significantly enhance our ability to advance DIABECCELL to market."

LCT Managing Director and CEO Dr Ross Macdonald added: "The Otsuka name is widely recognised and respected in Japan and around the world for the quality healthcare products it develops and we are very pleased to be partnering with such a strong healthcare group."

Otsuka Managing Director Hiromi Yoshikawa said: "The work that LCT has been conducting into new treatments for diabetes is very significant and we are excited by the opportunities DIABECCELL offers for the Asian market. We share a common vision for the treatment of diabetes and related complications. We see DIABECCELL as a very significant opportunity to improve treatment options available in Japan and elsewhere in the world."

The Investment will be structured in two placement tranches as follows:

Tranche 1: \$2,280,000 payable for 19,000,000 Shares to be issued as soon as practicable after receipt of the funds, which funds must be received by LCT not later than 22 April 2011; and

Tranche 2: \$720,000, which funds must be also be received by LCT not later than 22 April 2011, for an unsecured Mandatorily Converting Note, the conversion of which is conditional upon shareholder approval to be obtained at an LCT General Meeting to be called as soon as practicable and no later than 30 June 2011. Assuming shareholder approval of the conversion of the Note is obtained, the Note will automatically convert into 6,000,000 ordinary shares in LCT on the next business day after the date on which shareholder approval is obtained. If shareholder approval for the conversion of Note into Ordinary Shares is not obtained, the Note is repayable together with interest at the rate of 7.5% per annum on 31 December 2011.

– Ends –

**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/)**

Otsuka Pharmaceutical Factory, Inc., the first company in the Otsuka Group, 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.

### ***LCT Disclaimer***

*This document contains certain forward-looking statements, relating to LCT's business, which can be identified by the use of forward-looking terminology such as "promising," "plans," "anticipated," "will," "project," "believe," "forecast," "expected," "estimated," "targeting," "aiming," "set to," "potential," "seeking to," "goal," "could provide," "intends," "is being developed," "could be," "on track," or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other health authorities' requirements regarding any one or more product candidates nor can there be any assurance that such product candidates will be approved by any health authorities for sale in any market or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialization of the product candidates could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing pressures; and additional factors that involve significant risks and uncertainties about our products, product candidates, financial results and business prospects. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. LCT is providing this information and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.*