



Chairman's address

LCT AGM, 16 November 2012

Macpherson & Kelley Lawyers, Level 21, 20 Bond Street, Sydney

Now I'll turn to the Chairman's address.

This is the second time I've had the pleasure of reporting to you as chairman. Two simple words describe this year: consolidation and acceleration.

Both terms correctly describe what has occurred over the last year with DIABECCELL[®], our therapeutic candidate for Type 1 diabetes. We have consolidated our relationship with Otsuka Pharmaceutical Factory Inc, and the resulting joint venture company Diatranz Otsuka Limited (or DOL) is a true partnership. It is a partnership completely focused on driving DIABECCELL's commercialisation, and we've passed a number of milestones this year. We've completed Phase I/IIa New Zealand trials and announced positive results. We have completed all transplants for our Phase I/IIa trial in Argentina, and the pivotal study design is nearly complete. We are accelerating towards that pivotal study with a 20 patient Phase IIb study expected to commence in Argentina by early 2013. We're on track to complete all clinical trials by 2015, with a view to taking DIABECCELL to market in 2016. And we are working intently with our Otsuka partners on ensuring that when we do bring DIABECCELL to market in 2016, it will be a commercial success for shareholders, and most importantly, a clinical success for patients and their families.

We've also consolidated and accelerated our efforts with NTCELL[®]. We completed pre-clinical studies on NTCELL for Parkinson's disease and announced pleasing results. In particular, the results are distinctive because they show substantial regeneration of the nerves damaged in the disease process. Acceleration came in the form of Medsafe's authorisation to begin our clinical trials. We are on track to start our Phase I trials in early 2013. This marks NTCELL's transition from an early stage research prospect into a genuine therapeutic candidate. The burden of Parkinson's is heavy for sufferers and their families, and we are excited to have in our hands a potential therapy that could change lives.



The business itself has also witnessed significant consolidation and acceleration. With DOL fully funding DIABECELL's clinical development, LCT is relieved of any financial burden on this count. Our successful Share Purchase Plan raised A\$1m towards the funding of NTCELL's clinical development. We're aggressively planning for DIABECELL's commercialisation. As we complete this plan, investors will have better visibility into LCT's commercial value.

And of course, our most important asset is our people. LCT's staff have worked extremely hard for you over this last year. The results are significant and yet only the start of what I believe they will accomplish. Leading them has been chief executive Dr Andrea Grant. Since joining LCT in January of this year she has been instrumental in driving the company to achieve the major milestones I have outlined. But moreover, she has been relentless in refining LCT's strategy, lifting its performance across the board and pursuing our common vision for taking our products to the world.

To conclude, as chairman I have never felt so excited about the future of our company. We have taken many critical steps to transform LCT from a promising R&D operation to a unified commercial organisation ready and able to take its products to market.

I thank shareholders for their faith, our partners for their collaboration and our staff for their unstinting efforts.

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