

Chairman's Address to the 2018 Annual General Meeting

Science

We are encouraged by the latest data from our clinical studies of NTCELL in Parkinson's disease.

The 12- and 18-month data from the Phase IIb study show positive results, in particular for the patient group who received 80 capsules implanted into each side of the brain, when compared to the placebo group. The remaining patients in the Phase I/IIa trial continue to show a benefit three years after treatment.

The company is currently analysing the most recent trial data to determine the point at which we will approach the New Zealand regulators for their view on the likelihood of LCT being able to make NTCELL commercially available to people with Parkinson's disease.

NTCELL as a treatment candidate for Parkinson's disease is covered by 3 classes of LCT patents. We have coverage for both NTCELL and components for treatment of CNS diseases and ongoing patent coverage for encapsulation technology.

Initial study results in the Pericyte Protective Agent project with the University of Auckland and the Centre for Brain Research show choroid plexus capsules had a beneficial effect on the survival of human pericytes in vitro. In November 2017 LCT filed a provisional patent for pericyte protective agents to protect the intellectual property from this research collaboration.

LCT has a number of further non-cell projects in our development pipeline, through our partnership with the university. Dr Ken Taylor will discuss those in more depth in his presentation.

Restructure and relocation

The board has spent time this year addressing the company strategy, reviewing its structure and therapeutic targets. The company has restructured, reducing headcount, and remaining staff have relocated to smaller premises closer to the University of Auckland and Auckland City Hospital, which will facilitate closer collaboration with our partners, as well as reducing costs. We retain a herd of Auckland Island pigs in our facility north of Auckland.

This year, we farewelled John Cowan, who spent many years at LCT in a number of roles including Corporate Services Manager and Head of Finance and Administration. Mr Daya Uka is now Chief Financial Officer, managing the company's finances.

Finances

While the focus is very much on executing the company's science strategy, we are also mindful of the need to be prudent with our remaining finances. The board is heartened by the stabilisation and subsequent rise in the share price over recent months.

The sale of LCT's share in Diatranz Otsuka Limited has been completed, delivering \$3 million cash. We are continuing discussions with Otsuka Pharmaceutical Factory regarding an exclusive licence to use DIABECCELL in Australia, Argentina and New Zealand once it is approved by the US FDA.

Callaghan Innovation has also extended the company's R&D Growth Grant for a further two years. The grant reimburses 20 percent of actual eligible New Zealand research and development expenditure.

Board composition

During the year the board engaged external consultants to review the board composition to ensure the right mix of expertise and experience. The board is actively engaged in looking

to appoint at least one new member, with scientific and management skills, and a shortlist is being created for review in February.

On 31 August this year, long standing chairman, Roy Austin retired from the board. Mr Austin was made a Companion of the New Zealand Order of Merit for services to children's health and the community in 2017. Mr Austin spent 7 and a half years on the board of LCT, 7 of those as chairman. I'm sure you all join me in wishing him well in his retirement.

At the same time Dr Ken Taylor has been appointed to the board as an executive director ensuring board and management are tightly integrated to best execute the company's strategy.

Thanks

On behalf of the board, I would like to thank the small and dedicated team at LCT, led by CEO Dr Ken Taylor, for their continued hard work.

I would also like to thank you, our shareholders, for your perseverance on the long journey that is biotechnology research and development. Thanks also to our partners, advisers and supporters for their contributions over the past 12 months.

Finally, I would like to thank my colleagues on the board for their commitment and expertise in helping to direct LCT. The projects we are pursuing all have potential to deliver tremendous value to both shareholders and patients.