

Living Cell Technologies Ltd

PO Box 3014

Auburn VIC 3123

ABN: 14 104 028 042



Quarterly Cash Flow Report Period Ended 30 June 2007

ASX Announcement – 31 July 2007

Attached is the Appendix 4C – Quarterly Cash Flow Report – for Living Cell Technologies (ASX:LCT, OTC:LVCLY) for the quarter ended 30 June 2007.

The cash balance at the end of the quarter was \$2,449,768 compared to \$3,602,961 at the end of the quarter to 31 March 2007.

The \$1,153,193 decrease in available cash resulted during the June quarter was predominantly due to the \$1,157,679 net operating cash outflow. This was a reduction of \$1,255,788 from the \$2,143,467 net operating cash outflow in the preceding quarter.

Research and development expenditure reduced by \$471,516 in the quarter from \$894,851 to \$423,335 and other working capital expenditure reduced by \$438,257, from \$1,232,500 to \$794,243. The reduction in these two categories, totalling \$909,773, is largely attributable to LCT's reduced level of overheads in the company's revised corporate structure.

This included the reduction in the number of personnel associated with the development of our NeurotrophinCell[®] product at our Rhode Island location, which was consequent to the company's focus on progressing the DiabeCell[®] product through clinical trials.

LCT has achieved a number of major milestones in the past quarter, the most notable being approval to proceed with its clinical trial program in New Zealand and the starting of the Phase I/IIa type I diabetes clinical trial in Moscow.

The regulatory approvals provide a considerable validation for the Company's capabilities. LCT is the only xeno cell transplant company to have met current regulatory guidelines of a high-health safe pig herd, GMP manufacturing and an accredited diagnostic laboratory for monitoring of transplant recipients.

LCT recently announced the establishment of a Level 1 American Depository Receipt program in the United States, with the ticker symbol 'LVCLY'. This will assist in diversifying LCT's shareholder base and make it easier for US LCT investors to purchase LCT stock.

The best interests of shareholders are being considered as Directors and Management assess future capital requirements for the clinical trial and commercialisation of DiabeCell[®].

Valuation Triggers for 2007/2008:

- Start phase I/IIa DiabeCell[®] clinical trial in New Zealand (Q4 2007 calendar year)
- Expand the disease-free (SPF) pig facilities to meet pivotal trial requirements (Q4 2007)
- Phase I/IIa DiabeCell[®] Moscow trial results (Q1 2008)

Further information:	
Richard Justice Chief Financial Officer Mobile: +64 21 223 4741	Dr Paul Tan Chief Executive Officer Mob: +61 402 716 984

About Living Cell Technologies: www.lctglobal.com

Living Cell is developing live cell therapy 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 Huntington's disease and other neurological disorders, the company transplants microencapsulated choroid plexus cells that deliver beneficial proteins and neurotrophic factors to the brain. Living Cell'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. Living Cell also offers medical-grade porcine-derived products for the repair and replacement of damaged tissues, as well as for research and other purposes.

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 as of 31 July 2007 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.

+ See chapter 19 for defined terms.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Living Cell Technologies Limited

ABN

14 104 028 042

Quarter ended ("current quarter")

30 June 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (..12..months) \$A
1.1 Receipts from customers	282	874
1.2 Payments for		
(a) staff costs	(140,796)	(554,854)
(b) advertising and marketing	(36,283)	(49,071)
(c) research and development	(423,335)	(3,111,477)
(d) leased assets	0	0
(e) other working capital	(794,243)	(3,190,368)
1.3 Dividends received	7	409
1.4 Interest and other items of a similar nature received	30,656	97,184
1.5 Interest and other costs of finance paid	(115)	(39)
1.6 Income taxes paid	0	0
1.7 Other (Government Grants)	241,918	853,430
Net operating cash flows	(1,157,679)	(5,953,912)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A	Year to date (..12..months) \$A
1.8 Net operating cash flows (carried forward)	(1,157,679)	(5,953,912)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(30,546)	(161,220)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
	(30,456)	(161,220)
Net investing cash flows		
1.14 Total operating and investing cash flows	(1,188,2258)	(6,115,132)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	0	5,936,712
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	0	0
1.18 Repayment of borrowings	77,387	77,384
1.19 Dividends paid		
1.20 Other (payment of share capital raising costs)	(42,355)	(405,575)
Net financing cash flows	4,899,349	5,608,521
Net increase (decrease) in cash held	(1,153,193)	(506,611)
1.21 Cash at beginning of quarter/year to date	3,602,961	2,956,379
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	2,449,768	2,449,768

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.24	Aggregate amount of payments to the parties included in item 1.2	\$139,428
1.25	Aggregate amount of loans to the parties included in item 1.11	\$0
1.26	Explanation necessary for an understanding of the transactions	
	New Zealand directors' salary & fees (2 directors)	\$49,509
	US non executive directors' fees (2 directors)	\$37,002
	Australian non executive directors' fees (2 directors)	\$52,917

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A	Amount used \$A
3.1	Loan facilities		
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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