

Appendix 4D

Half yearly report

Name of Entity	Living Cell Technologies Limited
ACN	14 104 028 042
Financial Period Ended	31 DECEMBER 2008
Previous Corresponding Reporting Period	31 DECEMBER 2007

Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	723	60%
Profit / (loss) from ordinary activities after tax attributable to members	(2,890)	(4%)
Net profit / (loss) for the period attributable to members	(2,890)	(4%)
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividends (if any)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
Refer Attachment 1.		

The half-yearly report is to be read in conjunction with the most recent annual financial report.

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	3.6 cents per share	3.4 cents per share

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	n/a
Date control gained	
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	n/a
Date control lost	
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	

Details of Associates and Joint Venture Entities


Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
Aggregate Share of Net Profits	n/a			

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:			
Not Applicable			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:			
Not Applicable			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	ASX Announcement
2	Consolidated Financial Statements for the 6 months to 31 December 2008

Signed By (Director/Company Secretary)	
Print Name	Paul Tan
Date	26 February 2009



Living Cell Technologies Limited

COMPANY ANNOUNCEMENT

Living Cell Technologies half yearly report period ended 31 December 2008

26 February 2009 – Sydney, Australia, Auckland, New Zealand – Living Cell Technologies Limited (ASX: LCT; OTCQX: LVCLY) today announced the half yearly report for the six months ended 31 December 2008. The report is attached.

The consolidated operating loss after income tax for the period 1 July to 31 December 2008 was \$2.9m (2007 \$3.0m), a decrease of 4% in the loss for the same period in the previous year and is in line with management's expectations.

During the six months ended 31 December 2008 the clinical trials of DIABECCELL® in Russia continued apace with 3 patients receiving a second low dose and two with initial medium doses of 10,000 islet equivalents per kilogram (IEQ/kg). Results so far have been very promising with no remarkable adverse events. Also during the period building consent was obtained and construction of a new high health pig facility in Invercargill commenced.

For the period to 31 December 2008, grant funding received was \$0.4 million (2007: \$0.4 million). Employee costs totaling \$1.7 million were slightly above the previous year's spending (2007: \$1.6 million). Research and development costs were \$0.8 million in the period (2007: \$0.4 million), reflecting the clinical trial activity. A foreign exchange gain of \$1.02m was reported compared to a loss of \$0.02m last year reflecting the weakening Australian dollar.

As at 31 December 2008, net assets were \$8.7 million compared to \$6.5m at 31 December 2007 and \$11.5 million as at 30 June 2008. Cash in the bank at 31 December 2008 decreased to \$7.2 million (30 June 2008 \$10.8 million) as a result of investment in the pig facility and spending on the trials.

-Ends-

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About Living Cell Technologies: www.lctglobal.com

Living Cell Technologies (LCT) is developing cell-based products to treat life threatening human diseases. The Company owns a bio-certified pig herd that it uses as a source of cells for treating diabetes and neurological disorders. For patients having type 1 diabetes, the Company implants micro-encapsulated islet cells so that near-normal blood glucose levels may be achieved without the need for administration of insulin or at significantly reduced levels. LCT entered clinical trials for its diabetes product in 2007. The Company is developing treatments for Parkinson's disease and other neurological disorders that involve implantation of micro-encapsulated choroid plexus cells to deliver beneficial proteins and neurotrophic factors to the brain. LCT's technology has the potential for allowing 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 is developing 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 December 18 2008, 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.



Living Cell Technologies Limited

Condensed Consolidated Financial Statements

For the 6 months to 31 December 2008

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

For the 6 months to 31 December 2008

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any other public announcements made by Living Cell Technologies Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Directors' Report

For the 6 months to 31 December 2008

Your directors present their report on the company and its controlled entities for the financial half year ended 31 December 2008.

1. Directors

The names of the directors in office at any time during, or since the end of, the half year are:

Names

Simon O'Loughlin
Robert Elliott
David Collinson
Laurie Hunter
Paul Tan
David Brookes
Robert Caspari

2. Business review

a Operating Results

The loss for the half year of the consolidated group amounted to \$2,890,017. (2007: Loss of \$3,006,371).

b Review of operations

Living Cell Technologies Ltd ('LCT') develops live cell-based therapy products to treat life-threatening human diseases. LCT's encapsulation technology enables healthy living cells of animals to be implanted into humans who have deficient cells or organs. Due to the proprietary coating technology used with the cells, LCT's products do not require the use of immunosuppression to prevent rejection.

LCT's most advanced product is a treatment for Type 1 diabetes to regulate blood glucose levels and avoid long term complications created by the disease. In addition, the company owns specialised pig breeding facilities that enable the use of pig cells and tissues for human medicinal purposes. The Company is also developing a suite of products for neurological and liver disorders, which are at various stages of pre-clinical development and discovery.

The Company has developed a good-manufacturing-practice (GMP) manufacturing unit for the production of cell-based therapeutics, as well as an internationally accredited diagnostic laboratory for monitoring potential viruses. This integrated infrastructure enables the Company to manufacture and supply cell based products directly to the market upon commercialisation.

LCT's competitive advantages in the field of transplantation of living cells for the controlled, long-term delivery of therapeutic proteins include:

- a unique, fully-owned, specialised source of cells from a designated pathogen free pig herd, which have been internationally and independently reviewed;
- patented proprietary encapsulation technology to enable transplants without rejection;

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Directors' Report

For the 6 months to 31 December 2008

2. Business review continued

b Review of operations continued

- a GMP cell processing and manufacturing facility to enable the production of human medicines for clinical trials;
- international IANZ accredited diagnostic facilities for monitoring of implant recipients; and
- a strong international intellectual property position.

In addition, LCT is the only company world-wide to have met the necessary capabilities and current criteria for human clinical trials of a xenotransplant product.

Significant Events during the Period

29 July 2008 **Dr Robert Caspari appointed CEO**

Dr Caspari was appointed CEO to enhance the investor base and presence in U.S. and other major markets.

21 October 2008 **NZ Health Minister approved clinical trial of DIABECCELL® in NZ**

The New Zealand Health Minister approved the commencement of a type 1 diabetes phase I/IIa clinical trial which will be carried out at Middlemore Hospital.

23 October 2008 **Building consent obtained for new pig facility**

Building consent has been obtained for a new Designated Pathogen Free pig breeding facility which will allow the company to expand its pig herd under conditions that maintain their high health status, free of infectious organisms.

6 November 2008 **Report on 12 month clinical effects of DIABECCELL®**

Six patients have been implanted. Professor Elliott said that the results from this trial continue to be encouraging. The first patients treated with DIABECCELL® have now been followed for more than a year. In these patients, treatment with DIABECCELL® has resulted in a substantial decrease in daily insulin requirements, excellent diabetes control and improvement in quality of life. There have been no remarkable adverse events.

11 December 2008 **Preclinical studies suggest that NeurotrophinCell is effective in Parkinson's disease**

The pipeline product, NeurotrophinCell encapsulated brain choroid plexus cells, may be beneficial in Parkinson's disease. In preclinical studies, rats with induced Parkinson's disease showed improved limb function and significantly more surviving brain cells after they received implants of NeurotrophinCell.

18 December 2008 **Collaboration with Centocor Research & Development, Inc.**

A research agreement with Centocor have been commenced to research the use of the LCT's proprietary encapsulation technology. The arrangement has potential for ongoing collaboration and licensing opportunities.

23 December 2008 **Conservation of funds with leaner management**

To focus funds and activities on the clinical trials in Russia and New Zealand, Dr Robert Caspari stood down as Chief Executive but remains on the board of directors.

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Directors' Report

For the 6 months to 31 December 2008

2. Business review continued

b Review of operations continued

Subsequent Events

11 February 2009 Sustained benefits from DIABECCELL® implants

The long term follow up of insulin dependent diabetes patients in the patients in the Phase 1/11a clinical trials of the lead product DIABECCELL® show positive interim results.

3. Financial review

a Financial position

The net assets of the Group have decreased by \$2,860,540 from \$11,527,248 to \$8,666,708. The decrease was largely due to expenditure related to the clinical trials.

b Cash from operations

Net cash outflow from operating activities moved from \$2,553,585 in the previous period to \$3,139,052, an increase in line with the increased operational activities within the Group.

c Liquidity and funding

As at 31 December 2008 the Group had \$7,235,292 cash in the bank, as compared to \$10,767,335 at 30 June 2008 and \$7,643,561 at 31 December 2007, which based on current levels of operational cash flow requirements would allow the Group to fund current operations for approximately 6 months.

The directors have prepared the half year report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. This is notwithstanding that the consolidated entity incurred losses for the half year of \$2,890,017. The loss has negatively impacted the consolidated entity's cash balances. Unless new funds are raised or expenditure curtailed there is significant uncertainty regarding the ability of the consolidated entity to continue as a going concern and pay its debts as and when they fall due and to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the half year financial report. Whilst the directors acknowledge that there are credit and liquidity risks due to the current economic market, we still believe that additional cash will be sourced by the consolidated entity, refer to Note 2 of the financials.

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Directors' Report

For the 6 months to 31 December 2008

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 5.

Signed in accordance with a resolution of the Board of Directors:

Director:



Dated this 26th day of February 2009



Chartered Accountants
& Business Advisers

Auditor's Independence Declaration

As lead auditor for the review of Living Cell Technologies Limited for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Living Cell Technologies Limited and the entities it controlled during the half year.

PKF

Arthur Milner

Partner

Sydney, 26 February 2009

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Condensed Consolidated Income Statement

For the 6 months to 31 December 2008

		31 December 2008	31 December 2007
	Note	\$	\$
Revenue - trading	3	203	3,912
Other income	3	722,729	449,134
Employee benefits expense		(1,588,810)	(1,571,671)
Share based payment expense		(146,747)	-
Depreciation, amortisation and impairment expense		(134,057)	(85,884)
Finance costs		(3)	(159,298)
Freight and cartage		(29,807)	(10,730)
Advertising		(115,185)	(25,448)
Research and development costs		(757,507)	(367,186)
Lease expenses		(113,988)	(127,889)
Travel - overseas		(244,461)	(126,803)
Consulting and professional fees		(886,173)	(556,960)
Printing and stationery		(34,831)	(37,267)
Telephone and fax		(37,989)	(26,781)
Foreign exchange gains (losses)		1,019,102	(18,739)
Auditors remuneration		(36,657)	(23,772)
Other expenses		(505,836)	(320,989)
Loss before income tax		(2,890,017)	(3,006,371)
Income tax expense		-	-
Loss attributable to members of the parent entity		(2,890,017)	(3,006,371)

Earnings Per Share:

Continuing operations:

Basic & diluted earnings per share (cents per share)	(1.21)	(1.91)
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The above Income Statement should be read in conjunction with the accompanying notes and the 30 June 2008 Annual Report.

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Condensed Consolidated Balance Sheet

As at 31 December 2008

	Note	31 December 2008 \$	30 June 2008 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		7,235,292	10,767,335
Trade and other receivables		348,672	172,930
Inventories		63,310	38,969
Other current assets		45,476	5,005
TOTAL CURRENT ASSETS		7,692,750	10,984,239
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,641,533	916,603
Biological assets		340,600	340,600
TOTAL NON-CURRENT ASSETS		1,982,133	1,257,203
TOTAL ASSETS		9,674,883	12,241,442
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	756,106	489,464
Short-term financial liabilities		30,488	28,785
Provisions		198,716	159,964
TOTAL CURRENT LIABILITIES		985,310	678,213
NON-CURRENT LIABILITIES			
Long-term financial liabilities		22,865	35,981
TOTAL NON-CURRENT LIABILITIES		22,865	35,981
TOTAL LIABILITIES		1,008,175	714,194
NET ASSETS		8,666,708	11,527,248
EQUITY			
Issued capital	4	46,046,725	46,049,170
Reserves		1,302,911	1,345,271
Accumulated losses		(38,682,928)	(35,867,193)
TOTAL EQUITY		8,666,708	11,527,248

The above Balance Sheet should be read in conjunction with the accompanying notes and the 30 June 2008 Annual Report.

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Condensed Consolidated Statement of Changes in Equity

31 December 2008

	Ordinary Shares \$	Accumulated Losses \$	Option Reserve \$	Foreign Currency translation reserve \$	Convertible Instruments Reserve \$	Total \$
Balance at 1 July 2008	46,049,170	(35,867,193)	1,174,846	170,425	-	11,527,248
Loss attributable to members of the parent entity	-	(2,890,017)	-	-	-	(2,890,017)
Total income and expense recognized for the period	-	(2,890,017)	-	-	-	(2,890,017)
Option reserve on recognition of option expense	-	-	146,747	-	-	146,747
Transaction costs	(2,445)	-	-	-	-	(2,445)
- foreign currency translation reserve	-	74,282	-	-	-	74,282
Adjustments from translation of foreign controlled entities	-	-	-	(189,107)	-	(189,107)
Sub-total	(2,445)	(2,815,736)	146,747	(189,107)	-	(2,860,540)
Balance at 31 December 2008	46,046,725	(38,682,928)	1,321,593	(18,682)	-	8,666,708

31 December 2007

	Ordinary Shares \$	Accumulated Losses \$	Option Reserve \$	Foreign Currency translation reserve \$	Convertible Instruments Reserve	Total \$
Balance at 1 July 2007	29,872,385	(29,541,460)	1,009,631	(16,611)	77,384	1,401,329
Shares issued during the year	8,296,307	-	-	-	-	8,296,307
Loss attributable to members of the parent entity	-	(3,006,371)	-	-	-	(3,006,371)
Total income and expense recognized for the period	-	(3,006,371)	-	-	-	(3,006,371)
Transaction costs	(486,437)	-	-	-	-	(486,437)
- capital profits reserve	-	13,349	-	-	-	13,349
- option reserve write off	-	390,921	(390,921)	-	-	-
Adjustments from translation of foreign controlled entities	-	-	-	21,211	-	21,211
Option reserve on recognition of options expense	-	-	301,825	-	-	301,825
Sub-total	7,809,870	(2,602,101)	(89,096)	21,211	-	5,139,884
Balance at 31 December 2007	37,682,255	(32,143,561)	920,535	4,600	77,384	6,541,213

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes and the 30 June 2008 Annual Report.

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Condensed Consolidated Cash Flow Statement

For the 6 months to 31 December 2008

	Note	31 December 2008 \$	31 December 2007 \$
Cash from operating activities:			
Receipts from customers and government grants		327,491	408,893
Payments to suppliers and employees		(3,976,187)	(2,996,436)
Dividends received		394	416
Interest received		309,317	38,260
Finance costs		(3)	(4,718)
Net cash used in operating activities		(3,338,988)	(2,553,585)
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment		(710,774)	(81,337)
Proceeds from sale of property, plant and equipment		36,437	18,844
Net cash used in investing activities		(674,337)	(62,493)
Cash flows from financing activities:			
Proceeds from issue of shares		-	8,296,308
Repayment of borrowings		(11,415)	-
Payment of transaction costs		(2,445)	(486,437)
Net cash provided by financing activities		(13,860)	7,809,871
Net increase (decrease) in cash held		(4,027,185)	5,193,793
Cash and cash equivalents at beginning of financial year		10,767,335	2,449,768
Exchange rate changes on cash and cash equivalents		495,142	-
Cash and cash equivalents at end of financial year		7,235,292	7,643,561

The above Cash Flow Statement should be read in conjunction with the accompanying notes and the 30 June 2008 Annual Report.

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Notes to the Condensed Consolidated Financial Statements

For the 6 months to 31 December 2008

1 Basis of preparation

This general purpose financial report for the interim half-year ending 31 December 2008 has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards AASB 134 Interim Financial Reporting, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 International Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report made by Living Cell Technologies Limited during the interim reporting period in accordance with the disclosure requirements of the Corporations Act 2001. The same accounting policies have been followed as those applied in the financial report for the year ended 30 June 2008.

2. Going Concern

The directors have prepared the half year report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. This is notwithstanding that the consolidated entity incurred losses for the half year of \$2,890,017. The loss has negatively impacted the consolidated entity's cash balances. Unless new funds are raised or expenditure curtailed there is significant uncertainty regarding the ability of the consolidated entity to continue as a going concern and pay its debts as and when they fall due and to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the half year financial report. Whilst the directors acknowledge that there are credit and liquidity risks due to the current economic market, we still believe that additional cash will be sourced by the consolidated entity.

The company continues to work with its funders and has taken the following actions to address the going concern issue and to protect the financial security of the consolidated entity.

Initiatives already taken include:

- Management have curtailed operating expenses and terminated PR and IR contracts.
- The Australian office has been closed.
- Non-critical capital expenditure has ceased.
- The CEO Robert Caspari has stepped down from this role.
- The board has agreed to a reduction in fees each month of between 30% and 50%.
- Application for grant funding of \$287,000.
- Two investment banks have been incentivised to source funding.

These initiatives save cash outflows of \$99,679 per month

Planned initiatives include:

- Negotiations are well advanced with one party to provide additional capital.
- Opportunities to increase cash are being actively explored.

After taking into account all available information, the directors have concluded that there are reasonable grounds to believe:

- There will be a cash injection from potential investors;
- The group will be able to pay its debts as and when they become due and payable; and
- The basis of preparation of the financial report on a going concern basis is appropriate.

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Notes to the Condensed Consolidated Financial Statements

For the 6 months to 31 December 2008

3 Income

	31 December 2008	31 December 2007
	\$	\$
Sale of goods	203	3,912
Services and other revenue	2,023	1,892
Interest received	309,317	38,260
Dividend income	394	411
Government grants	410,995	408,545
Donations	-	26
Total Income	722,932	453,046

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Notes to the Condensed Consolidated Financial Statements

For the 6 months to 31 December 2008

4 Issued Capital

(a) Issued and paid up capital

	31 December 2008	30 June 2008
	\$	\$
Ordinary shares fully paid	46,046,725	46,049,170
Total Issued Capital	46,046,725	46,049,170

(b) Share capital

The share capital of the company is 238,323,752 shares as at 31 December 2008 (June 2008: 238,323,752) of nil par value.

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Notes to the Condensed Consolidated Financial Statements

For the 6 months to 31 December 2008

(c) Movements in shares on issue

	31 Dec 2008 No. of shares	31 Dec 2008 \$	30 June 2008 No. of shares	30 June 2008 \$
Ordinary Shares				
Beginning of the financial year	238,323,752	46,049,170	152,846,910	29,872,385
Issued during the year				
- private share issues	-	-	64,576,740	14,695,531
- convertible notes and accrued interest converted	-	-	11,855,422	2,074,699
- staff options exercised	-	-	67,500	16,425
- options exercised	-	-	8,977,180	89,772
Transaction costs in capital raising	-	(2,445)	-	(699,642)
Total	238,323,752	46,046,725	238,323,752	46,049,170

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Notes to the Condensed Consolidated Financial Statements

For the 6 months to 31 December 2008

5 Controlled Entities

	Country of Incorporation	Equity Holding 31/12/2008 %	Equity Holding 31/12/2007 %
Name of Parent Entity			
Living Cell Technologies Ltd	Australia		
Name of Subsidiaries			
Living Cell Products Pty Ltd	Australia	100	100
LCT Australia Pty Ltd	Australia	100	100
Living Cell Technologies New Zealand Ltd	New Zealand	100	100
Pancell New Zealand Ltd	New Zealand	100	100
LCT BioPharma Inc	USA	100	100
Fac8Cell Pty Ltd	Australia	100	100
DiaBCell Pty Ltd	Australia	100	100
NeurotrophinCell Pty Ltd	Australia	100	100

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Notes to the Condensed Consolidated Financial Statements

For the 6 months to 31 December 2008

6 Segment Reporting

(a) Segment products and locations

The company operates one business segment of research and development and product development into living cell technologies. Geographically, the majority of the research and development was performed in New Zealand and the balance was performed in the USA. The corporate office is located in Australia.

(b) Geographical Segments

	Eliminations		New Zealand		USA		Australia		Consolidated	
	Dec 31 2008 \$	Dec31 2007 \$	Dec 31 2008 \$	Dec 31 2007 \$	Dec 31 2008 \$	Dec 31 2007 \$	Dec 31 2008 \$	Dec 31 2007 \$	Dec 31 2008 \$	Dec 31 2007 \$
Revenue	\$(1,763,160)	\$(1,508,237)	\$2,177,261	\$1,925,104	\$ -	\$ -	\$308,831	\$36,179	\$722,932	\$453,046
Result	\$-	\$-	\$(555,111)	\$92,463	\$(121,718)	\$(295,734)	\$(2,213,187)	\$(2,803,100)	\$(2,890,017)	\$(3,006,371)

(c) Accounting Policies

Segment revenues and expenses are those directly attributable to the segments. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, and property, plant and equipment, net of allowances and accumulated depreciation. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Notes to the Condensed Consolidated Financial Statements

For the 6 months to 31 December 2008

7 Property, plant and equipment

	Dec 31 2008 \$	June 30 2008 \$
Capital works in progress	468,749	16,066
Plant and equipment	765,526	510,182
Furniture, fixture and fittings	48,268	46,636
Motor vehicles	11,788	1,397
Office equipment	50,108	48,989
Leasehold improvements	297,094	293,333
Total property, plant and equipment	1,641,533	916,603

8 Trade and other payables

	Dec 31 2008 \$	June 30 2008 \$
Trade payables	729,215	435,061
Accrued employee entitlements	-	54,169
Other payables	26,891	234
Total trade and other payable	756,106	489,464

9 Capital and Leasing Commitments

a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalized in the financial statements

	Dec 31 2008 \$	June 30 2008 \$
Payable – minimum lease payments		
- not later than 12 months	223,837	225,999
- between 12 months and 5 years	502,417	528,453
- greater than 5 years	769,941	758,667
Total operating lease commitments	1,496,195	1,513,119

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Notes to the Condensed Consolidated Financial Statements

For the 6 months to 31 December 2008

The operating leases related to a number of property leases the company has entered into with terms and conditions as follows;

The lease of 2 offices and laboratories in Papatoetoe, New Zealand, is a non-cancellable lease with a 5 year term, with 3 years until expiry and rent payable in advance. Contingent rental provisions require the minimum lease payments to be reviewed every 2 years.

The animal laboratory lease is a non-cancellable lease with a 6 year lease term with 1 ½ years until expiry and a right of renewal for a further 6 year term with rent payable monthly in advance. Contingent rental provisions require the minimum lease payments to be reviewed every 2 years.

The southern animal facility sub lease is an annually renewable agreement with rent payable yearly in advance, with review arrangements annually at 30 June.

The land for a new facility to be constructed for housing the pigs on the South Island is a 20 year lease with rent renewal every 3 years.

The lease of the northern animal facility is a non-cancellable lease with a 10 year term, with 8 years until expiry and a right of renewal for a further 10 year term, with rent payable monthly in advance. Contingent rental provisions require the minimum lease payments to be reviewed every 2 years.

b) Finance lease commitments

	Dec 31 2008 \$	June 30 2008 \$
Payable – minimum lease payments		
- not later than 12 months	32,914	32,383
- between 12 months and 5 years	23,644	40,479
- less future finance charges	(3,205)	(8,096)
Total finance lease commitments	53,353	64,766

Living Cell Technologies NZ Ltd entered into an agreement with Roche Diagnostics NZ Ltd with a lease to buy a LightCycler® 480 Real Time PCR Instrument, with a 36 month term payable each month with 21 months remaining on the lease at balance date.

c) Capital commitments

The company has a capital commitment of \$1,369,996 for the balance of the construction of a high health pig facility in Invercargill.

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

Notes to the Condensed Consolidated Financial Statements

For the 6 months to 31 December 2008

10 Company Details

The registered office of the company is:

Living Cell Technologies Limited
Level 5, NAB House
255 George Street
Sydney NSW 2001

Living Cell Technologies Limited ABN 14 104 028 042 and Controlled Entities

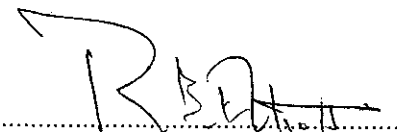
Directors' Declaration

The directors of Living Cell Technologies declare that they are of the opinion that:

1. The financial statements and note, as set out on pages 1 to 17 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2008 and the performance for the half year ended on that date of the consolidated group;
- (2) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, and is signed for and on behalf of the directors;

Dated 26 February 2009



Prof Robert Elliott

Director



Dr Paul Tan

Director



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Living Cell Technologies Limited

Report on the half year Financial Report

We have reviewed the accompanying half year financial report of Living Cell Technologies Limited (the consolidated entity) which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration for the consolidated entity. The consolidated entity comprises Living Cell Technologies Limited (the parent entity) and the entities it controlled at the half year end or from time to time during the half year period.

Directors' Responsibility for the half year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the Corporations Act 2001. As the auditor of Living Cell Technologies Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Living Cell Technologies Limited is not in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half year then ended on that dates ; and
- ii) Complying with the Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.

Significant Uncertainty regarding Going Concern

Without qualification to the conclusion expressed above, attention is drawn to note 2 to the half year financial report. As disclosed in the note, the consolidated entity has recorded a loss for the period of \$2,890,017 and remains reliant on support from investors and funders. This gives rise to a significant uncertainty regarding the ability of the consolidated entity to continue as a going concern and pay its debts as and when they fall due, and whether it will therefore realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half year financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern or be unable to pay its debts as and when they fall due.



PKF



Arthur Milner
Partner
Sydney, 26 February 2009