



Newsletter



Roy Austin, Chairman

Annual General Meeting Update

I was delighted to welcome over 40 shareholders to the Annual General Meeting in Auckland on Monday 28 November 2011.

In addition to the formal business of the meeting, the CEO Professor Bob Elliott and I gave presentations which are set out below. In addition senior managers gave presentations on the pigs, safety, manufacturing and research and development. These are posted on our website www.lctglobal.com under Investors, Presentations.

Shareholders asked a number of insightful questions which the team were able to answer and it was a pleasure to share afternoon tea with shareholders and supporters.

With commercialising DIABECCELL® now in the hands of well-funded 50% owned company Diatranz Otsuka Limited, LCT is now able to focus on further developing its exciting product NTCELL, initially to treat Parkinson's disease, and platform technology IMMUPEL™. I look forward to reporting progress to you and take this opportunity to wish you a merry Christmas and happy 2012.

Sincerely,

Roy Austin
Chairman

Chairman Address

Chairman's address AGM 28 November 2011

Let's move on to the Chairman's address, and it is my pleasure to report to you at my first AGM as your chairman.

As you will be aware there have been some key developments for LCT over the past year and I am pleased to have this opportunity to talk to you about what we have achieved – including a significant company changing opportunity which was announced recently.

Last month we were pleased to announce that LCT entered into a joint venture agreement with Otsuka Pharmaceutical Factory, Inc. to commercialise our DIABECCELL® product. This is a relationship that your Board believes is crucial to the development of DIABECCELL®, as well as LCT's development of our other products, NTCELL and IMMUPEL™.

Otsuka Pharmaceutical Factory has invested \$A25m cash while LCT has transferred its DIABECCELL assets for \$A25m into a new joint venture company, Diatranz Otsuka Limited, which is owned 50/50 by both Otsuka Pharmaceutical and LCT.

The joint venture offers two key advantages for LCT: Firstly, it ensures that we have sufficient funding to take DIABECCELL® forward through to registration over the next 3 years, and secondly, it ensures that once we are ready to go to market we have the global presence to take full advantage of commercial opportunities.

Otsuka Pharmaceutical is a major Japanese pharmaceutical company, with a significant presence

in over 20 countries. We are fortunate to have them as a partner and are encouraged by their optimism over what can be done with DIABECCELL® – both in terms of therapeutic value and commercial value.

Bringing a new experimental treatment to market is a time consuming and expensive process. Due to the continued market turmoil – both on local stock markets and throughout the global economy - it has become increasingly difficult for small companies like LCT to generate sufficient funding to see product development programs through to completion.

It was therefore desirable to find a partner who shared our vision, was willing to commit significant financing and resources, and one with a global distribution network that can fully maximize DIABECCELL®'s opportunities. It is therefore a perfect partner.

We are pleased to report that the development of DIABECCELL® has progressed over the past year. We have started Phase II trials in Argentina – with that country becoming our third jurisdiction to be trialling our product. The body of evidence to support the safety and efficacy of DIABECCELL® for the treatment of Type 1 diabetes is growing - with the completion of implants in the New Zealand trial adding to the results from the pilot Russian study.

The new company, Diatranz Otsuka Limited, has sufficient funding to carry out, over the next 3 years, the planned dose finding clinical trials, further refinement of DIABECCELL®, conduct pivotal trials and obtain product registration.

Through Diatranz Otsuka Limited, both Otsuka Pharmaceutical and LCT remain firmly focused on delivering new therapeutic options for sufferers of Type 1 Diabetes.

By ensuring that DIABECCELL® has sufficient resources, LCT is enabled to focus attention on further development of some of our other assets – such as NTCELL and IMMUPEL™. To some extent the development of these products has been limited by the focus on ensuring funding for DIABECCELL.

As you are aware our technology has applications beyond diabetes and we are excited by the opportunity to further expand this area of the Company. LCT can now focus on its plans and funding options to further develop these initiatives. In particular, as I said in our recent newsletter we are excited about our new product NTCELL, which is showing high pre-clinical promise for the treatment of Parkinson's disease. Animal studies have been promising and the next step will be for LCT to apply for a small clinical trial of NTCELL with Parkinson's patients.

With the changing market conditions, and changes to the structure of LCT, we have also had some changes to the management of the Company.

During the year Ross MacDonald resigned CEO. Fortunately, LCT founder Professor Bob Elliott was able to step into the position as acting CEO. Now that LCT's future is clearer and more focussed, we have redefined the role of the CEO and the need to advance NTCELL and IMMUPEL™, we are now in the process of filling this position.

We were fortunate to have attracted two new directors to your Board, Dr Bernie Tuch and Robert Willcocks. Dr Tuch, currently with the CSIRO, brings his extensive experience in cell transplantation and Robert Willcocks will support us through his extensive corporate leadership experience.

The Board recognises that it has been a challenging period for investors in the Company. However, we believe the changes we have recently made put us in a much more stable position from which to develop our technologies.

We are developing unique technologies, we are a technical leader in cell implantation and importantly we offer the potential for DIABECCELL® and NTCELL to provide paradigm-changing treatments for some of the world's most common chronic diseases.

On behalf of the Board of Directors I would like to thank Prof. Elliott for his ongoing leadership of our Company during this challenging year.

I also would also like to thank our dedicated staff and collaborators, and you our investors, who continue to believe in our ultimate goal of providing improved treatments for diseases which

continue to have a devastating impact on the lives of millions of people around the world.

CEO Address

CEO address 28 November 2011

Good afternoon Ladies and Gentlemen,

Our Chairman has already mentioned the recent business developments which assure the funding for DIABECCELL through to commercial availability. What I will do is take you through the various steps required to attain this goal. Also I provide give you a glimpse of the future developments and products which will ensure an increasingly robust future for LCT.

As part of this I will introduce the senior managers from our R&D program, who will give brief descriptions of the science behind these developments.

Firstly, I'd like to answer the question many of you may have been wondering: what does the future of LCT's diabetes product look like three years from now?

LCT will focus on treatments for diabetes patients who require multiple doses of insulin each day, and particularly those individuals experiencing great difficulty in getting the dose even half way right. We will be regularly transplanting insulin producing cells from newborn piglets which can be guaranteed to relieve life threatening episodes of low blood glucose levels and improve consistency of blood glucose levels.

To get to this point we need to complete various stages of clinical trials necessary to attain these transplant outcomes, to the satisfaction of regulatory authorities. These trials are on-going in NZ and Argentina, where we are currently seeking to refine the dose, delivery system and formulations before committing to a trial of the final product necessary for registration in one or both of those countries.

Thereafter our joint venture with Otsuka Pharmaceutical, Diatranz Otsuka Limited, will proceed to commercial production and product distribution.

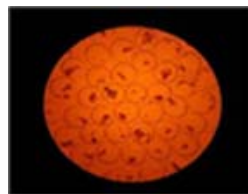
The establishment of Diatranz Otsuka Limited has provided LCT with the template for the strategy of we will pursue in our future developments. That is, LCT will continue to identify itself as a discovery and R&D company that finds new cell therapies and takes these to human clinical trials before establishing joint ventures to take the products to market.

This will allow LCT to focus on our core competencies of early research and development on promising new therapies and technologies, and then bring in suitable partners to take advantage of their strengths in commercialisation and product distribution.

What are these new products that LCT will now be focused on?

The next one in terms of advanced development is NTCELL for the treatment of Parkinson's disease

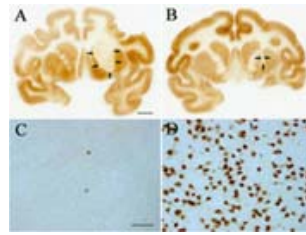
This is what it actually looks like.



Each capsule contains cells that can help the brain regenerate new cells in areas that have been previously been damaged.

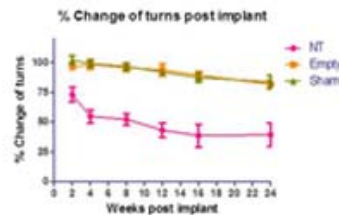
This effect is shown here in an animal model of Huntington's disease.

Empty Capsules NT Cell Capsules



Pic Neu-N staining in the neurons

NTCELL inserted into the relevant part of the brain of a monkey model with Parkinson's disease, results in improvement in abnormal body movements.



The time lines for the progression of this product to registration and commercialisation are shown in the following slide.

The same product can be extended to a range of other diseases where nerve cell regeneration is required, such as nerve cell deafness, macular degeneration, Huntington and Alzheimer diseases.

LCT is well advanced in preclinical R&D, beyond the discovery phase, with the first three of these.

Other cell types can also be encapsulated. One such cell type that has proceeded beyond the discovery stage are the lining cells of the human gallbladder, which produce the blood clotting factor absent in haemophilia.

LCT is offering our unique encapsulation technology services to other researchers and companies who may want to make use of it in order to improve their products and technologies, for example with stem cells.

In this way, LCT demonstrates how we can further develop our unique technologies as well as improving the success of treatments for other diseases that continue to have a devastating impact on the lives of millions of people around the world.

Finally, considering the importance and uniqueness of the pig herd that we are fortunate to have, we are also looking at how to make use of all of the remaining parts left over. Currently we are investigating non-cell products such as collagen, scaffolds, and lung surfactant and blood clotting factors, to see how these can be utilised in treatments.

In conclusion, the company is in an excellent position with DIABECCELL, and hopes to repeat this success story for a number of new products in the near future, the most advanced of which is a novel treatment for Parkinson's disease.

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.