



LCT's new CEO



Dr Andrea Grant

Capturing opportunities: a conversation with CEO Dr Andrea Grant

LCT met a number of significant milestones in 2011. Two highlights were the joint venture with Otsuka Pharmaceutical Factory to take DIABECCELL to market and the results of pre-clinical studies with NTCELL in Parkinson's disease. Hot on the heels of the opening of the Share Purchase Plan, through which shareholders can further participate in LCT's success, we caught up with recently appointed CEO, Dr Andrea Grant, to capture her thoughts.

What's your background?

I come from a medical research and management background, commercialising science and negotiating research and licensing partnerships with global companies. I've also worked for big pharma. I hold a Ph.D. in molecular neurobiology from Cambridge, so I have a fair grasp of the science as well.

What attracted you to LCT and what did you know about the company before you joined?

Three things: the company's science, its people and its prospects. I believe that LCT leads the world in cell transplant research. I first heard about it shortly after I arrived in New Zealand six years ago, and I remember thinking that the technology was impressive with exciting commercial potential. My initial view was consistently confirmed by what I saw, read and heard. The quality of the science is widely admired, so are the people. So when the opportunity came up to lead LCT, I jumped at the chance.

What are the biggest challenges that LCT faces?

All biotech companies face the same challenges: limited funding, a tough regulatory environment and a long and complex path to market. Our success is not just about great science, but how we manage the science, how we fund it and how we make it commercially viable. In this LCT has already out-performed many larger and better-backed ventures.

Can you tell us the latest on the DIABECCELL® trials?

Phase IIb trials with DIABECCELL are currently running in both New Zealand and Argentina. As neither of the trials have completed we're not in a position to make a formal announcement of the results. I can tell you that both trials are proceeding well and the results are consistent with the efficacy and safety we have seen previously. Our primary focus at the moment is finding the right dose of DIABECCELL and ensuring we are targeting the right patients for treatment. We hope to be able to share this data in a few months.

What's your view on DIABECCELL and the deal with Otsuka Pharmaceutical Factory?

I believe that DIABECCELL represents a breakthrough treatment for type 1 diabetes, and we owe it to type 1 diabetes sufferers and our shareholders to do everything in our power to bring it to market. So the recent joint venture agreement signed with Otsuka, called Diatranz Otsuka Limited (DOL), represents a really significant milestone. It's really a DIABECCELL partnership and it achieves three things.

First, it creates a funded route to commercialisation for DIABECCELL, alleviating the pressure on shareholders and allowing us to take advantage of Otsuka's expertise and

network. Second, it preserves the potential economic upside for LCT: we retain 50 percent of all profits. That's almost unheard of for a biotech. And thirdly – don't underestimate the importance of this – it leaves us with the right to continue to develop new products based on our core expertise and intellectual property. When you look at where we are with DIABECELL, and where we need to get to, it really is a very good deal.

And what's the latest on NTCELL?

This is our second therapeutic product, and the results we've seen to date in animal models of Parkinson's, while early stage, are really exciting. Based on this data we're seeking approval from Medsafe to proceed with trials in people and hope to start these in early 2013.

How are you highlighting these milestones?

LCT's Medical Director Emeritus Professor Robert Elliott was invited to present the NTCELL results as a plenary speaker at BioPharma Asia 2012, a leading forum for biopharmaceutical decision-makers. I also presented as a plenary speaker at NZBIO in late March. These events are key for us in attracting partners and investors. We're also planning a number of shareholder and new investor meetings during June and July of this year, so watch this space.

I see LCT has been granted a US patent on the pigs. What does this mean?

The US Patent and Trademark Office issued LCT, and therefore DOL, a patent protecting the intellectual property in the Auckland Island pig herd. The patent grants exclusive rights in the US to use tissue from those pigs and to commercialise therapies based on encapsulating and transplanting their cells. In other words it strongly protects our right to use cells from those pigs in DIABECELL or any other therapy.

So with the DOL JV in hand, what is LCT's business model now?

LCT will continue to focus on the discovery and development of products through preclinical and early clinical development – as we did with DIABECELL. At that point we aim to secure a major pharmaceutical partner who will work with us to co-develop products through to market. Value is returned to LCT shareholders principally through an ownership share of downstream product profits from the joint ventures formed around the products.

So why, if DIABECELL is so well funded, announce a Share Purchase Plan?

The Share Purchase Plan is about funding the development of new product candidates, in particular taking NTCELL into first in human trials as a treatment for Parkinson's.

We're applying the expertise we have in encapsulation and the intellectual property we have in the Auckland Island pig herd to discover and develop new treatments. NTCELL is poised to enter clinical trials for Parkinson's patients, DIABECELL has a potentially fully funded route to market, so we feel this is the right time to allow current shareholders to again participate in LCT's success. A Share Purchase Plan is the most effective means of enabling this.

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