

## Chairman's Address to the 2016 Annual General Meeting

---

Now we come to the chairman's address. This is the sixth time I have had the honour of presenting the Chairman's Report for Living Cell Technologies. There is much progress to report as the company works towards the development of a commercially available treatment for Parkinson's disease and a strategy to make it available to many of the seven million people worldwide who live with the disease.

I'd like to briefly highlight some of the milestones of the past 12 months: trial results, securing product supply, capital raising and grants.

During the year the company released long term data from the Phase I/IIa clinical trial of NTCELL in Parkinson's disease. This data demonstrates the continued reversal of Parkinson's in the four patients. The improvement in the patients' neurological scores is equivalent to approximately 3 years' reversal of neurological deterioration.

The continuing effectiveness of NTCELL delivers credibility to, and confidence in, LCT's science programme.

In the first half of the year we completed contracts to secure the supply and manufacture of NTCELL which previously was manufactured by our joint venture, Diatranz Otsuka Limited. In order to produce NTCELL independently, LCT has hired 11 new staff and established processes to comply with GMP standards as well as acquiring the necessary licences. This was a significant piece of work for the company.

In February 2016 we made a private placement of 54,607,546 ordinary shares. We placed a further 9,532,034 ordinary shares in the subsequent share purchase plan and a further funding round in April placed 8,349,010 ordinary shares. Altogether these raised \$3.7 million. These funds are being used as working capital to carry out the Phase IIb clinical trial of NTCELL in Parkinson's disease.

Callaghan Innovation awarded the company an R&D grant worth in the region of \$2 million in August 2015 which will reimburse LCT for 20 percent of actual eligible New Zealand research and development expenditure over the next three years.

The Company's 50% joint venture Diatranz Otsuka Limited has licensed its other 50% shareholder, Otsuka Pharmaceutical Factory, Inc. to use DIABECELL in the United States and Japan. Otsuka is further improving the product in the United States and Diatranz retains the right to use it in the rest of the world, so is no longer carrying out research and development in New Zealand.

The focus for the next twelve months is simple and clear: to complete the Phase IIb trial of NTCELL in Parkinson's disease. Providing a positive trial result and obtaining provisional consent from MedSafe, the focus moves to commercialisation as LCT is then able to treat paying patients in New Zealand. This will deliver a revenue stream for the Company.

Finally, on behalf of the Board, I would like to thank all of the employees of LCT, our partners, advisors and supporters for their determined efforts and notable achievements over the past twelve months.

Thank you too to our shareholders for their continued (and for some, increasing) support and confidence in the work LCT is doing.

We anticipate an exciting future for the company in the coming years.