



Living Cell Technologies Limited

CAN: 104 028 042
ASX: LCT
OTCQX: LVCLY

ASX ANNOUNCEMENT

Half yearly report ended 31 December 2013

25 February 2014 – Sydney, Australia & Auckland, New Zealand – Living Cell Technologies Limited today announced the half yearly report for the six months ended 31 December 2013. The report is attached.

The consolidated operating loss after income tax for the period 1 July to 31 December 2013 was \$3.2 million (2012 loss \$0.3m). The main reason for the increased loss is that the previous period included a \$3.0m option fee. During the six months ended 31 December 2013 the company continued to provide research and development and administrative services to the joint venture Diatrantz Otsuka Limited (DOL) and develop NTCELL as a potential treatment for Parkinson's disease, with clinical trial expenses funded by Otsuka Pharmaceutical Factory, Inc. (OPF) under the co-development agreement.

Services fees received from DOL and OPF were \$4.4m (2012: \$3.3m) whilst cost of services was \$4.1m (2012: \$3.0m). Grants from Callaghan Innovation were \$0.2 (2012: \$0)

The share of joint venture loss for the 6 months was \$2.8m compared to \$2.3m in the previous period.

As at 31 December 2013 net assets were \$11.8m compared to \$14.5m at 31 December 2012 and \$13.3m as at 30 June 2013. Cash and cash equivalents at 31 December 2013 increased to \$5.4 (30 June 2013 \$4.5m).

– Ends –

For further information: www.lctglobal.com

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About Living Cell Technologies

Living Cell Technologies (LCT) is an Australasian biotechnology company and world leader in developing cell therapies to treat diseases with high unmet clinical need. To date, the company has taken two therapeutic candidates into clinical development: DIABECCELL[®], for the treatment of Type 1 diabetes and NTCELL[®], which is in Phase I clinical trials in New Zealand for the treatment of Parkinson's disease.

Through an innovative joint venture, Diatranz Otsuka Limited (DOL) with international pharmaceutical company Otsuka Pharmaceutical Factory (OPF), LCT has secured funding, based on the achievement of clinical milestones, for the clinical development of DIABECCELL and the Phase I clinical trials of NTCELL in Parkinson's disease. LCT retains a 50% share of future profits from DIABECCELL and NTCELL and a perpetual, exclusive licence to continue to develop products using intellectual property held outside the DOL partnership.

LCT's unique, proprietary technology, IMMUPEL[™], allows cell therapies to be used without the need for co-treatment with drugs that suppress the immune system, which often have negative side-effects.

LCT is listed on the Australian (ASX: LCT) and US (OTCOX: LVCLY) stock exchanges. The company is incorporated in Australia, with its research and development, operations and manufacturing facilities based in New Zealand.

For more information visit www.lctglobal.com or follow @lctglobal on Twitter

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.

Appendix 4D

Half yearly report

Name of Entity	Living Cell Technologies Limited
ACN	14 104 028 042
Financial Period Ended	31 DECEMBER 2013
Previous Corresponding Reporting Period	31 DECEMBER 2012

Results for Announcement to the Market

	\$'000	Percentage increase / (decrease) over previous corresponding period
Revenue from ordinary activities	4,656	40%
Profit / (loss) from ordinary activities after tax attributable to members	(3,186)	(1125%)
Net profit / (loss) for the period attributable to members	(3,186)	(1125%)
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	3.30 cents per share	4.07 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
Diatranz Otsuka Limited	50%	50%	\$(2,802,000)	\$(2,300,000)
Aggregate Share of Net Profits			\$(2,802,000)	\$(2,300,000)

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	✓
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
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 Interim Financial Statements for the 6 months to 31 December 2013

Signed By (Director/Company Secretary)	Original signed
Print Name	N J V Geddes
Date	25 February 2014



Living Cell Technologies Limited

Consolidated Financial Report

31 December 2013

Living Cell Technologies Limited

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Living Cell Technologies Limited

Directors' Report

31 December 2013

The directors present their report, together with the financial statements, on the consolidated entity consisting of Living Cell Technologies Limited (LCT) and its controlled entities for the financial half year ended 31 December 2013.

1. General information

(a) Directors

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

Roy Austin (Chairman)
Robert Elliott
Andrea Grant
Laurie Hunter
Bernard Tuch
Robert Willcocks

Directors have been in office since the start of the financial half year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial half year ended 31 December 2013:

Nick Geddes, FCA, FCIS

2. Business review

(a) Operating Results

The consolidated loss for the half year amounted to \$3,186,000 (2012 loss: \$260,000).

(b) Review of operations

Living Cell Technologies' mission is to improve the wellbeing of people with serious diseases worldwide by discovering, developing and commercialising breakthrough treatments that use the regenerative healing properties of naturally occurring cells.

This mission is met by applying its people, technologies, intellectual property, cell sources and relationships to discovery and development of innovative treatments to people suffering from serious diseases with a high unmet need.

During the period exciting progress was made in the development of NTCELL for Parkinson's disease with our partners Otsuka Pharmaceutical Factory, Inc. (Otsuka) under our co-development agreement. The first patient in the Phase I/IIa clinical trial was implanted with NTCELL and the data safety monitoring board has advised that the remaining three patients in the trial may be implanted. Discovery of incomplete source data in a rat efficacy study led to the company placing further patient

Living Cell Technologies Limited

Directors' Report

31 December 2013

2. Business review (continued)

(b) Review of operations (continued)

recruitment in the clinical trial on hold until the implications have been worked through with regulators. Receipt of the second option fee of \$2m from Otsuka has been delayed until this matter is resolved.

The NTCELL monkey study was published in the Journal of Parkinson's Disease and showed that monkeys treated with NTCELL demonstrated significant recovery from movement abnormalities, improvements in neurological defects and increases in neural connections.

The company is continuing to provide research and development and administrative services to 50/50 New Zealand joint venture company Diatranz Otsuka Limited. The main findings of the DIA-09 study of DIABECELL in Argentina, one year after the second implant were; reduction in unaware hypoglycemic events, reduction in HbA1c in the four patients receiving the bigger dose, reduced average daily insulin dose and reduced frequency and severity of hypoglycemic events. Diatranz Otsuka Limited advised a change in its regulatory strategy after a review of research and development work indicated an opportunity to develop an improved formulation of DIABECELL with the potential to be registered by 2018. Consequently the joint venture will no longer use the Phase I Ib Argentine study for registration purposes.

3. Financial Review

(a) Financial Position

The net assets of the consolidated group have decreased by \$1,490,000 from \$13,252,000 at 30 June 2013 to \$11,762,000 as at 31 December 2013. The decrease was largely due to expenditure relating to clinical trials and product development in LCT and the 50/50 owned joint venture, Diatranz Otsuka Limited.

(b) Cash from Operations

Net cash flow from operating activities moved from a net outflow of \$831,000 in the previous year to a net inflow of \$763,000 primarily due to the recovery of NTCELL costs from Otsuka under our co-development agreement.

(c) Liquidity and Funding

As at 31 December 2013 the consolidated group had \$5,393,000 cash in the bank, compared to \$4,504,000 as at 30 June 2013 and \$2,354,000 at 31 December 2012. This balance would allow the current level of operations to continue for over two years.

The directors have prepared the 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.

Living Cell Technologies Limited

Directors' Report

31 December 2013

4. Other Items

(a) Significant Events during the period

(i) 29 August 2013 Change in regulatory strategy for DIABECCELL

Review of research and development work performed by joint venture company Diatranz Otsuka Limited indicates an opportunity to develop an improved formulation of DIABECCELL with the potential to be registered by 2018. Consequently the joint venture will no longer use the Phase IIb Argentine study for registration purposes.

(ii) 16 September 2013 Publication of successful pre-clinical trial of NTCELL for Parkinson's disease

The study, published in the Journal of Parkinson's Disease, showed that monkeys treated with NTCELL demonstrated significant recovery from movement abnormalities, improvements in neurological defects and increases in neural connections.

(iii) 20 September 2013 First patient successfully implanted with NTCELL in Phase I trial

The first patient in the Phase I clinical trial of regenerative cell therapy NTCELL for Parkinson's disease was successfully implanted.

(iv) 31 October 2013 Findings of DIA-09 study of DIABECCELL

The main findings one year after the second implant are; reduction in unaware hypoglycemic events, reduction in HbA1c in the four patients receiving the bigger dose, reduced average daily insulin dose and reduced frequency and severity of hypoglycemic events.

(v) 1 November 2013 Awarded most improved small-medium business award 2013

Kenexa Best Workplaces 'Most Improved Award' was received in the small-medium business category.

(vi) 25 November 2013 Recruitment of further patients in NTCELL for Parkinson's approved

The independent data safety monitoring board has reviewed the safety data from the initial patient in the Phase I/IIa clinical trial of NTCELL for Parkinson's disease and advised that implants of the other three patients in the trial may proceed.

(vii) 19 December 2013 Withdrawal of NTCELL pre-clinical study

The publication of a pre-clinical study of the effects of NTCELL in a rat model of Parkinson's disease was withdrawn following an internal quality assurance audit which found that the source data held on file was incomplete so the efficacy conclusions in the publication cannot be confirmed. Recruitment of further patients in the Phase I/IIa clinical trial has been placed on hold by the company to allow the implications of the withdrawal on the clinical trial to be worked through with

Living Cell Technologies Limited

Directors' Report

31 December 2013

4. Other Items (continued)

(a) Significant Events during the period (continued)

the New Zealand medicines regulator and the data safety monitoring board.

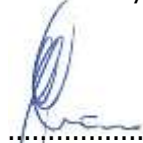
(b) Auditors Independence Declaration

The lead auditor's independence declaration as required under section 307c of the Corporations Act 2001 for the half year ended 31 December 2013 has been received and can be found on page 5 of the financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

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 at Sydney on the 25th day of February 2014


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Director

DECLARATION OF INDEPENDENCE BY CRAIG MAXWELL TO THE DIRECTORS OF LIVING CELL TECHNOLOGIES LIMITED

As lead auditor for the review of Living Cell Technologies Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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 period.



Craig Maxwell

Partner

BDO East Coast Partnership

Sydney, 25 February 2014

Living Cell Technologies Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year to 31 December 2013

	31 December 2013	31 December 2012
Note	\$000	\$000
Revenue		
Services provided	4,379	3,268
Grant income	165	-
Interest income	112	66
Total revenue	4,656	3,334
Cost of services provided	(4,101)	(3,038)
Gross profit	555	296
Expenses		
Research and development	(402)	(249)
General and administration	(736)	(706)
Finance costs	-	-
Total expenses	(1,138)	(955)
Operating loss	(583)	(659)
Foreign exchange gain/(loss)	199	(301)
Option fee income	-	3,000
Share of loss of joint venture	(2,802)	(2,300)
Loss before income tax	(3,186)	(260)
Income tax	-	-
Loss after income tax from continuing operations	(3,186)	(260)
Other comprehensive income		
Exchange differences on translating foreign operations net of tax	1,616	432
Other comprehensive income	1,616	432
Total comprehensive income	(1,570)	172
Earnings per share:		
From continuing operations:		
Basic & diluted loss per share (cents per share)	2	(0.07)
	(0.89)	

The above Statement should be read in conjunction with the accompanying notes and the 30 June 2013 Annual Report.

Living Cell Technologies Limited

Consolidated Statement of Financial Position

As at 31 December 2013

	31 December 2013	30 June 2013
Note	\$000	\$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5,393	4,504
Trade and other receivables	5 562	870
Inventories	89	89
TOTAL CURRENT ASSETS	6,044	5,463
NON-CURRENT ASSETS		
Property, plant and equipment	54	55
Investment in joint venture	6 7,516	8,700
TOTAL NON-CURRENT ASSETS	7,570	8,755
TOTAL ASSETS	13,614	14,218
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	470	721
Short term provisions	323	245
Deferred income	1,059	-
TOTAL CURRENT LIABILITIES	1,852	966
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	1,852	966
NET ASSETS	11,762	13,252
EQUITY		
Share capital	60,686	60,686
Reserves	4,321	2,665
Accumulated losses	(53,245)	(50,099)
TOTAL EQUITY	11,762	13,252

The above Statement should be read in conjunction with the accompanying notes and the 30 June 2013 Annual Report.

Living Cell Technologies Limited

Consolidated Statement of Changes in Equity

For the half year to 31 December 2013

31 December 2013

	Ordinary Shares Number	Ordinary Shares \$000	Accumulated Losses \$000	Foreign Currency Translation Reserve \$000	Option Reserve \$000	Total \$000
Balance as at 1 July 2013	356,995,773	60,686	(50,099)	2,356	309	13,252
Loss after income tax from continuing operations	-	-	(3,186)	-	-	(3,186)
Other comprehensive income	-	-	-	1,616	-	1,616
Total comprehensive income	-	-	(3,186)	1,616	-	(1,570)
Share based remuneration	-	-	-	-	80	80
Options expired during the period	-	-	40	-	(40)	-
Balance at 31 December 2013	356,995,773	60,686	(53,245)	3,972	349	11,762

31 December 2012

	Ordinary Shares Number	Ordinary Shares \$000	Accumulated Losses \$000	Foreign Currency Translation Reserve \$000	Option Reserve \$000	Total \$000
Balance as at 1 July 2012	356,995,773	60,686	(47,664)	538	793	14,353
Loss after income tax from continuing operations	-	-	(260)	-	-	(260)
Other comprehensive income	-	-	-	432	-	432
Total comprehensive income	-	-	(260)	432	-	172
Share based remuneration	-	-	-	-	8	8
Options expired during the period	-	-	453	-	(453)	-
Balance at 31 December 2012	356,995,773	60,686	(47,471)	970	348	14,533

The above Statement should be read in conjunction with the accompanying notes and the 30 June 2013 Annual Report.

Living Cell Technologies Limited

Consolidated Statement of Cash Flows

For the half year to 31 December 2013

	31 December	31 December
	2013	2012
	Note	\$000
	\$000	\$000
Cash flows from operating activities:		
Receipts from customers	6,892	3,425
Payments to suppliers & employees	(6,346)	(4,302)
Grants received	175	-
Interest received	42	61
Net cash provided by/(used in) operating activities	763	(816)
Cash flows from investing activities:		
Payment for plant and equipment	-	(15)
Net cash used by investing activities	-	(15)
Cash flows from financing activities:	-	-
Net cash increase/(decrease) in cash and cash equivalents	763	(831)
Cash and cash equivalents at beginning of period	4,504	3,170
Exchange rate changes on cash and cash equivalents	126	15
Cash and cash equivalents at the end of the period	5,393	2,354

The above Statement should be read in conjunction with the accompanying notes and the 30 June 2013 Annual Report.

Living Cell Technologies Limited

Notes to the Consolidated Financial Statements

For the 6 months to 31 December 2013

1 Statement of Significant Accounting Policies

(a) Basis of preparation

This general purpose financial report for the interim half-year ending 31 December 2013 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards AASB134 Interim Financial Reporting.

The financial report covers the consolidated entity of Living Cell Technologies Limited and its controlled entities. The financial report has been presented in Australian dollars, the group's presentation currency. The report consists of the financial statements, notes to the financial statements and the directors' declaration.

The 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 for the year ended 30 June 2013 and any public announcements made by the company during the interim reporting period in accordance with the continuous 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 2013.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) Going concern

The directors have prepared the 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.

As at 31 December 2013 the consolidated group had \$5,393,000 cash in the bank, compared to \$4,504,000 as at 30 June 2013 and \$2,354,000 at 31 December 2012. This balance would allow the current level of operations to continue for over two years.

Living Cell Technologies Limited

Notes to the Consolidated Financial Statements

For the 6 months to 31 December 2013

2 Earnings per share

The following reflects the income and share information used in the calculation of basic and diluted earnings per share:

	31 December 2013	31 December 2012
Earnings/(loss) used to calculate basic EPS	(\$3,186,000)	(\$260,000)
Weighted average number of ordinary shares outstanding during the year - No. used in calculating basic EPS	356,995,773	356,995,773
Earnings/(loss) per share (cents)	(0.89)	(0.07)

3 Net asset backing

	31 December 2013	30 June 2012
Net tangible assets per ordinary share (cents per share)	3.30	3.71

4 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transaction with related parties:

	31 December 2013 \$000	31 December 2012 \$000
Services fees received from 50% owned joint venture company	3,908	3,241
Transactions with related parties	3,908	3,241

Living Cell Technologies Limited

Notes to the Consolidated Financial Statements

For the 6 months to 31 December 2013

5 Trade receivables

	31 December 2013 \$000	30 June 2013 \$000
Trade receivables	433	778
Prepayments	12	30
Accrued interest	94	51
Other receivables	23	11
Total	562	870

6 Investment in joint venture

	31 December 2013 \$000	30 June 2013 \$000
Opening balance	8,700	12,100
Foreign exchange movement	1,618	1,565
50% of the result for the period	(2,802)	(4,965)
Total	7,516	8,700

7 Segment reporting

The consolidated entity only operates one business segment being the research and development and product development into living cell technologies, predominantly in New Zealand.

8 Contingent liabilities and contingent assets

There is a contingent asset of the second option fee of \$2m receivable from Otsuka. Receipt is contingent on satisfactory resolution of matters arising from the withdrawal of the NTCELL efficacy rat study publication and resumption of recruitment of patients into the clinical trial.

There were no other contingent liabilities or contingent assets at the reporting date.

Living Cell Technologies Limited

Notes to the Consolidated Financial Statements

For the 6 months to 31 December 2013

9 Company details

The registered office of the company is:

Living Cell Technologies Limited
Level 3, 70 Pitt Street
Sydney NSW 2000

The principal place of business is:

PO Box 23566
Hunters Corner, Manukau, 2155
Auckland, New Zealand

10 Rounding of amounts

The company satisfies the requirements of Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to "rounding off" of amounts in the directors' report and the financial statements to the nearest thousand dollars. Amounts have been rounded off in the directors' report and financial statements in accordance with that Class Order.

Living Cell Technologies Limited

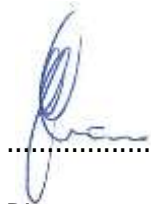
Directors' Declaration

The directors of Living Cell Technologies limited declare that:

- (a) The financial statements and note, as set out on pages 7 to 13 are in accordance with the Corporations Act 2001 including that they:
 - (i) give a true and fair view of the financial position as at 31 December 2013 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001
- (b) 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 at Sydney on the 25th day of February 2014



.....

Director

The above Statement should be read in conjunction with the accompanying notes and the 30 June 2013 Annual Report.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Living Cell Technologies Limited

We have reviewed the accompanying half-year financial report of Living Cell Technologies Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 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 *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Living Cell Technologies Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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:

- A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

BDO East Coast Partnership

BDO

A handwritten signature in black ink that reads 'Craig Maxwell'.

Craig Maxwell
Partner

Sydney, 25 February 2014