

Appendix 4D

Half yearly report

Name of Entity	Living Cell Technologies Limited
ACN	14 104 028 042
Financial Period Ended	31 DECEMBER 2009
Previous Corresponding Reporting Period	31 DECEMBER 2008

Results for Announcement to the Market

		\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities		278	61%
Profit / (loss) from ordinary activities after tax attributable to members		(3,335)	(15%)
Net profit / (loss) for the period attributable to members		(3,335)	(15%)
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	3.1 cents per share	3.6 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		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 2009



Living Cell Technologies Limited

COMPANY ANNOUNCEMENT

Living Cell Technologies half yearly report period ended 31 December 2009

25 February 2010 – 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 2009. The report is attached.

The consolidated operating loss after income tax for the period 1 July to 31 December 2009 was \$3.3 million (2008 \$2.9m), an increase of 15% 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 2009 two patients were implanted with a medium dose in the New Zealand the clinical trial of DIABECCELL[®], the company's encapsulated insulin producing cells for type 1 diabetes. The first patient was reported to have dropped his daily insulin dose by 30% while maintaining his usual blood glucose levels. The Phase I/IIa clinical trial in Russia has continued to show positive results with conservative doses of DIABECCELL[®]. To date, eight patients with insulin dependent diabetes have received between one and three implants of DIABECCELL[®] without remarkable adverse events.

In December the company signed a further research collaboration with Centocor Research & Development Inc. and granted an exclusive two year option to take up a world-wide licence for LCT's encapsulation technology for use in a specified field. The research fees and annual option fees will provide a revenue stream for the company.

For the period to 31 December 2009, grant funding received was \$0.0m (2008: \$0.4m). Employee costs totalling \$1.6m were slightly below the previous year's spending (2008: \$1.7m). Research and development costs were \$0.7m in the period (2008: \$0.8m), reflecting the clinical trial activity. A foreign exchange loss of \$0.04m was reported compared to a gain of \$1.02m last year reflecting the weakening New Zealand dollar.

As at 31 December 2009, net assets were \$8.4m compared to \$8.7m at 31 December 2008 and \$5.5m as at 30 June 2009. Cash in the bank at 31 December 2009 increased to \$5.5m (30 June 2009 \$2.9m) as a result of the private placement on 4 August raising \$4.2m and the Share Purchase Plan which closed on 17 December raising \$2.2m.

-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 biocertified pig herd that it uses as a source of cells for treating diabetes and neurological disorders. For patients with type 1 diabetes, the Company transplants microencapsulated islet cells so that near-normal blood glucose levels may be achieved without the need for administration of insulin or at significantly reduced levels. The company entered clinical trials for its diabetes product in 2007. For Parkinson's disease, Huntington's disease and other neurological disorders, the company is developing microencapsulated choroid plexus cells that deliver beneficial proteins and neurotrophic factors to the brain. LCT's technology enables 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 offers 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 commercialisation 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 materialise, 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.



Living Cell Technologies Limited

Consolidated Interim Financial Statements

For the 6 months to 31 December 2009

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

For the 6 months to 31 December 2009

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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 2009 and any other public announcements made by Living Cell Technologies Limited during the interim reporting period in accordance with the continuous 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 2009

Your directors present their report on the company and its controlled entities for the financial half year ended 31 December 2009.

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:

Names	Appointed/Resigned
David Brookes	
Robert Elliott	
David Collinson	Died 7 August 2009
Laurie Hunter	
Paul Tan	
Simon O'Loughlin	
David McAuliffe	Appointed 23 September 2009
Robert Finder	Appointed 23 September 2009

b Company Secretary

The following person held the position of company secretary for the financial half year ended 31 December 2009:

Nick Geddes FCA, FCIS

2. Business review

a Operating Results

The consolidated loss for the half year amounted to \$3,335,062. (2008: Loss of \$2,890,017).

b Review of operations

Living Cell Technologies Limited ('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 disorders, which are at various stages of pre clinical development and discovery.

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

Directors' Report

For the 6 months to 31 December 2009

2. Business review continued

b Review of operations continued

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;
- 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 worldwide to have met the necessary capabilities and current criteria for human clinical trials of a xenotransplant product.

The Company is carrying out clinical trials of DIABECCELL® its product for treating insulin dependent diabetes in Russia and New Zealand. Eight patients have been treated with up to three low and medium doses of DIABECCELL® with promising early results. Two patients in the New Zealand trial have received a medium dose.

3. Financial Review

a Financial Position

The net assets of the consolidated group have increased by \$2,871,757 from \$5,527,390 to \$8,399,147 as at 31 December 2009. The increase was largely due to a private placement of shares and a share purchase plan.

b Cash from Operations

Net cash outflow from operating activities decreased from \$3,338,988 in the previous period to \$3,338,818.

c Liquidity and Funding

As at 31 December 2009 the consolidated group had \$5,494,840 cash in the bank, compared to \$2,868,482 at 30 June 2009 and \$7,235,292 at 31 December 2008, which based on current levels of operational cash flow requirement's would allow the Group to fund current operations for approximately 9 months.

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

Directors' Report

For the 6 months to 31 December 2009

3. Financial Review

c Liquidity and Funding continued

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. This is notwithstanding that the consolidated entity incurred losses for the half year of \$3,335,062 (2008: \$2,890,017). The loss has negatively impacted the consolidated entity's cash balances. On 30 July 2009 the parent company closed a private placement of shares raising \$4.2 million and on the 16 November 2009 a further \$2.2 million from a share purchase plan was raised. The cash balance is \$4.7 million at the date of this report. However, unless further 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 their assets and extinguish their liabilities in the normal course of business at the amounts stated in the financial report.

Subsequent to the half year end, LCT secured a grant of NZD4.04m from the New Zealand government's Foundation for Research, Science & Technology over two years to support the ongoing development of DIABECCELL®, LCT's lead product for insulin dependent Type 1 diabetes. This grant contributes to the investment required to increase production of DIABECCELL® to commercial scale and the cost of the New Zealand clinical trial currently underway.

Whilst the directors acknowledge that there are credit and liquidity risks due to the current economic market, they still believe that additional cash will be sourced by the consolidated entity.

4. Significant Events during the period

(i) 2 July 2009 New pig breeding facility opened for New Zealand Diabetes Clinical Trial

The new pathogen free pig breeding facility in Invercargill, Southland was formally opened by the Mayor of Invercargill, Mr Tim Shadbolt. The facility is designed to meet health regulations for pig herds used as a source of medical grade tissues.

(ii) 8 July 2009 Encapsulated Choroid Plexus Cells may be used to treat hearing loss

The encapsulated choroid plexus cells (NeurotrophinCell) were shown to protect nerve cells in the inner ear from degeneration in studies done with the Bionic Ear Institute (BEI), Melbourne, Australia.

(iii) 22 July 2009 Living Cell Technologies enrol patients into New Zealand Diabetes Clinical Trial

Living Cell Technologies Limited today announced that the trial of its encapsulated pig islet cell product for insulin dependent diabetes, DIABECCELL®, has commenced following authorisation by the New Zealand Minister of Health and acceptance of the clinical trial protocol by the Regional Ethics Committee.

(iv) 30 July 2009 Living Cell Technologies Raises A\$4.2m from a Placement of Shares to Fund Clinical Trials of DIABECCELL® for Type 1 Diabetes

On 4 August 2009 the board issued 25.5m ordinary shares at A\$0.165 with a 2 for 5 option attached (10.2m options), exercisable at any time until 31 December 2010 at A\$0.24 per share raising \$4.2m.

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

Directors' Report

For the 6 months to 31 December 2009

4. Significant Events during the period continued

(v) 7 August 2009 Living Cell Technologies Founding Director, David Collinson

Living Cell Technologies founder and director, David Collinson, died at his home after battling disseminated melanoma. Prior to his death, David was made a honorary member of the Royal Society of New Zealand, a Paul Harris Rotary Fellow and a commendation from the Vice Chancellor of the University of Auckland for his contribution to medical science.

23 September 2009 Two new directors and a new chairman appointed

Mr Bob Finder and Mr David McAuliffe were appointed independent directors and Dr David Brookes as chairman.

7 October 2009 Successful first implant of DIABECCELL[®] in New Zealand

DIABECCELL[®] was successfully implanted on 6 October 2009 in the first patient with type 1 diabetes in Auckland New Zealand.

27 October 2009 Clinical trial update

The clinical trial in Russia has continued to show positive results with conservative doses of DIABECCELL[®].

16 November 2009 Share purchase plan announced

A share purchase plan enabling shareholders resident in Australia and New Zealand to purchase up to A\$15,000 worth of new shares at 25 cents was announced. The issue closed on 17 December raising A\$2,180,901.

4 December 2009 First patient in NZ clinical trial drops insulin dose without ill effects

The 48 year old man has dropped his insulin dose by 30% while maintaining usual blood glucose levels.

10 December 2009 Australian trials considered following lifting of animal cell transplant ban

The Company hopes to expand its clinical trial programme into Australia following the National Health and Medical Research Council lifting the five year moratorium on xenotransplantation in Australia, once regulatory and surveillance frameworks are in place.

21 December 2009 New research collaboration and option to license agreement with Centocor

The Company has extended the research collaboration with Centocor Research & Development Inc. and granted an exclusive two year option to take up a world-wide licence for LCT's encapsulation technology.

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

Directors' Report

For the 6 months to 31 December 2009

Subsequent Events

20 January 2010 Patent for European neurological disease product NTCELL granted

The Company has been granted a European patent for the use of its product NTCELL in the treatment of degenerative neurological conditions such as Parkinson's disease, Alzheimer's disease, Multiple Sclerosis, Huntington's disease and Stroke.

9 February 2010 Receives 10% of US based wound healing company in supply and licensing agreement

The Company received 10% ownership of CytoSolv Inc. in exchange for restricted supply of choroid plexus cells and granting a licence for wound healing.

12 February 2010 Awarded NZD4.04m New Zealand government grant to advance DIABECCELL[®] for Type 1 diabetes

The Company has been awarded a grant of NZD4.04m from the New Zealand government's Foundation for Research, Science & Technology over two years to support the ongoing development of DIABECCELL[®].

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

Directors' Report

For the 6 months to 31 December 2009

5. 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 2009 has been received and can be found on page 7.

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

A handwritten signature in black ink, appearing to read 'Paul Jar', is positioned above the 'Director:' label.

Director:

Dated this 25th day of February 2010

Auditor's Independence Declaration

As lead auditor for the review of Living Cell Technologies Limited for the half year ended 31 December 2009, 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.



Tim Sydenham



PKF
25 February 2010

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

Consolidated Statement of Comprehensive Income

For the 6 months to 31 December 2009

		31 December 2009	31 December 2008
	Note	\$	\$
Revenue - trading	3c	275	203
Other income	3c	278,060	722,729
Employee benefits expense		(1,511,775)	(1,588,810)
Share based payment expense		(82,004)	(146,747)
Depreciation, amortisation and impairment expense		(140,269)	(134,057)
Finance costs		-	(3)
Freight and cartage		(30,946)	(29,807)
Advertising		(56,775)	(115,185)
Research and development costs		(690,432)	(757,507)
Lease expenses		(112,237)	(113,988)
Travel – overseas		(128,580)	(244,461)
Consulting and professional fees		(328,157)	(886,173)
Printing and stationery		(25,254)	(34,831)
Telephone and fax		(19,475)	(37,989)
Foreign exchange (losses) /gains		(35,815)	1,019,102
Auditors remuneration		(27,416)	(36,657)
Other expenses		(424,262)	(505,836)
Loss before income tax		(3,335,062)	(2,890,017)
Income tax expense		-	-
Loss attributable to members of the parent entity		(3,335,062)	(2,890,017)

Other comprehensive income

Exchange differences on translating foreign operations net of tax	3,572	(189,107)
Other comprehensive income/(loss)	3,572	(189,107)
Total comprehensive loss	(3,331,490)	(3,079,124)

Earnings Per Share:

Continuing operations:

Basic & diluted earnings per share (cents per share)	8	(1.28)	(1.21)
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The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the 30 June 2009 Annual Report.

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

Consolidated Statement of Financial Position

As at 31 December 2009

	Note	31 December 2009 \$	30 June 2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		5,494,840	2,868,482
Trade and other receivables		310,006	276,853
Other current assets		38,356	135,102
TOTAL CURRENT ASSETS		5,843,202	3,280,437
NON-CURRENT ASSETS			
Property, plant and equipment	4c	2,859,382	2,918,011
Biological assets		301,281	301,581
TOTAL NON-CURRENT ASSETS		3,160,663	3,219,592
TOTAL ASSETS		9,003,865	6,500,029
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5c	323,854	738,600
Borrowings		21,891	36,521
Provisions		258,973	197,518
TOTAL CURRENT LIABILITIES		604,718	972,639
TOTAL LIABILITIES		604,718	972,639
NET ASSETS		8,399,147	5,527,390
EQUITY			
Issued Capital		52,170,413	46,049,170
Reserves		1,554,551	1,468,975
Accumulated losses		(45,325,817)	(41,990,755)
TOTAL EQUITY		8,399,147	5,527,390

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes and the 30 June 2009 Annual Report.

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

31 December 2009

	Ordinary Shares No.	Ordinary Shares \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 July 2009	238,323,752	46,049,170	(41,990,755)	123,201	1,345,774	5,527,390
Comprehensive income/ (loss)	-	-	(3,335,062)	-	-	(3,335,062)
Foreign currency translation reserve	-	-	-	3,572	-	3,572
Total Comprehensive income/(loss)	-	-	(3,335,062)	3,572	-	(3,331,490)
Shares issued during the year						
- private placement 4 Aug 09	25,500,000	4,207,500	-	-	-	4,207,500
- private placement 17 Dec 09	8,723,604	2,180,901	-	-	-	2,180,901
Share based payment expense	-	-	-	-	82,004	82,004
Transaction costs	-	(267,158)	-	-	-	(267,158)
Balance at 31 December 2009	272,547,356	52,170,413	(45,325,817)	126,773	1,427,778	8,399,147

31 December 2008

	Ordinary Shares No.	Ordinary Shares \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 July 2008	238,323,752	46,049,170	(35,867,193)	170,425	1,174,846	11,527,248
Comprehensive income /(loss)	-	-	(2,890,017)	-	-	(2,890,017)
Foreign currency translation reserve	-	-	74,282	(189,107)	-	(114,825)
Total Comprehensive income/(loss)	-	-	(2,815,735)	(189,107)	-	(3,004,842)
Share based payment expense	-	-	-	-	146,747	146,747
Transaction costs	-	(2,445)	-	-	-	(2,445)
Balance at 31 December 2008	238,323,752	46,046,725	(38,682,928)	(18,682)	1,321,593	8,666,708

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes and the 30 June 2009 Annual Report.

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

Consolidated Statement of Cash Flows

For the 6 months to 31 December 2009

	31 December 2009 \$	31 December 2008 \$
Cash from operating activities:		
Receipts from customers and government grants	309	327,491
Payments to suppliers and employees	(3,392,409)	(3,976,187)
Dividends received	391	394
Interest received	52,891	309,317
Finance costs	-	(3)
Net cash used in operating activities	(3,338,818)	(3,338,988)
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(143,762)	(710,774)
Proceeds from sale of property, plant & equipment	2,325	36,437
Net cash used in investing activities	(141,437)	(674,337)
Cash flows from financing activities:		
Proceeds from issue of shares	6,388,401	-
Payment of share capital raising costs	(267,158)	-
Repayment of borrowings	(14,630)	(13,860)
Net cash provided by financing activities	6,106,613	(13,860)
Net increase / (decreases) in cash and cash equivalents	2,626,358	(4,027,185)
Cash and cash equivalents at beginning of financial year	2,868,482	10,767,335
Exchange rate changes on cash and cash equivalents	-	495,142
Cash and cash equivalents at end of financial period	5,494,840	7,235,292

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes and the 30 June 2009 Annual Report.

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

Notes to the Consolidated Financial Statements

For the 6 months to 31 December 2009

1 Basis of preparation

This general purpose financial report for the half year ending 31 December 2009 has been prepared in accordance with Accounting Standard AASB134 Interim Financial reporting and the Corporations Act 2001.

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 most recent annual report made by Living Cell Technologies Limited and any public announcements made by Living Cell Technologies 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 2009, except as set out below;

Changes in accounting policy

Living Cell Technologies Limited had to change some of its accounting policies as the result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009; The affected policies and standards are:

- Principles of consolidation – revised AASB127 consolidated and separate financial statements.
- Business combinations with revised AASB 3 Business combinations.
- Segments – new AASB 8 operating segments.

No change to the company's disclosures has resulted from AASB127, AASB3 and AASB8.

2 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. This is not withstanding that the consolidated entity incurred losses for the half year of \$3,335,062 (2008: \$2,890,017). This 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, they 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:

- Application for grant funding of NZD4.04m over 2 years was approved subsequent to 31 December 2009.
- Entering into a two year research collaboration with Centocor and granting an option to licence.
- Incentivising investment banks to source funding.

Planned initiatives include:

- Negotiation with parties 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 and grantors;
- 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 Consolidated Financial Statements

For the 6 months to 31 December 2009

3 Income

	31 December 2009	31 December 2008
	\$	\$
- Sale of goods	275	203
- Interest received	52,891	309,317
- Dividend income	391	394
- Other revenue	224,778	2,023
- Government grants	-	410,995
Total Income	278,335	722,932

4 Property, plant and equipment

	31 December 2009	30 June 2009
	\$	\$
Plant and Equipment	709,279	763,637
Furniture, Fixtures and Fittings	41,104	42,566
Motor Vehicles	12,495	9,711
Office Equipment	27,672	34,285
Leasehold improvements	2,068,832	277,652
Capital works in progress	-	1,790,160
Total property, plant and equipment	2,859,382	2,918,011

5 Trade and Other Payables

	31 December 2009	30 June 2009
	\$	\$
Trade payables	221,492	612,315
Accrued expenses	84,757	126,058
Other payables	17,605	227
Total Trade and Other Payables	323,854	738,600

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

Notes to the Consolidated Financial Statements

For the 6 months to 31 December 2009

6 Controlled Entities

Name of Parent Entity	Country of incorporation	Equity Holding	Equity Holding
		31 December 2009 %	30 June 2009 %
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
LCT Biomedical Ltd (5 Nov 2009)	Russia	99	0
Fac8Cell Pty Ltd	Australia	100	100
DiabCell Pty Ltd	Australia	100	100
NeurotrophinCell Pty Ltd	Australia	100	100

7 Capital and Leasing Commitments

(a) Operating Lease Commitments

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

	31 December 2009 \$	30 June 2009 \$
Payable - minimum lease payments		
- not later than 12 months	120,248	180,914
- between 12 months and 5 years	480,994	481,473
- greater than 5 years	569,626	630,377
	1,170,868	1,292,764

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.

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

Notes to the Consolidated Financial Statements

For the 6 months to 31 December 2009

(a) Operating Lease Commitments (continued)

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 the new designated pathogen free pig breeding facility 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.

8. Earnings Per Share	31 Dec 09	31 Dec 08
	\$	\$
Losses used for calculation of shares	(3,335,062)	(2,890,017)
Basic & Diluted Earnings per share (cents per share)	(1.28)	(1.21)

Weighted average number of shares	No. of shares	No. of shares
Weighted average number of shares used in the calculation of basic / Diluted EPS	259,999,665	238,323,752

9 Segment Reporting

(a) Segment products and locations

The consolidated entity only operates in one integrated business segment being research and development in living cell therapy. All operations are in New Zealand.

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a "management approach" under which segment information is presented as the same basis as that used for internal reporting purposes. This has resulted in no change to the segment information provided.

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

Notes to the Consolidated Financial Statements

For the 6 months to 31 December 2009

10 Company Details

The registered office of the company is:

Living Cell Technologies Limited
Level 9
20 Hunter Street
Sydney NSW 2001

The principal place of business is:

PO Box 23566
Hunters Corner
Manukau 2155
Auckland, New Zealand

11 Events occurring after the balance sheet date

20 January 2010 Patent for European neurological disease product NTCELL granted

The Company has been granted a European patent for the use of its product NTCELL in the treatment of degenerative neurological conditions such as Parkinson's disease, Alzheimer's disease, Multiple Sclerosis, Huntington's disease and Stroke.

9 February 2010 Receives 10% of US based wound healing company in supply and licensing agreement

The Company received 10% ownership of CytoSolv Inc. in exchange for restricted supply of choroid plexus cells and granting a licence for wound healing.

12 February 2010 Awarded NZD4.04m New Zealand government grant to advance DIABECCELL[®] for Type 1 diabetes

The Company has been awarded a grant of NZD4.04m from the New Zealand government's Foundation for Research, Science & Technology over two years to support the ongoing development of DIABECCELL[®].

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

Directors' Declaration

The directors of Living Cell Technologies declare that;

1. The financial statements and note, as set out on pages 7 to 16 are in accordance with the Corporations Act 2001 including that they;
 - (a) comply with Australian Accounting Standards (including Australian Accounting interpretations) and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2009 and the performance for the half year ended on that date of the consolidated entity;
- (2) There are reasonable grounds to believe that the consolidated entity 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 25 February 2010



Prof Robert B Elliott

Director



Dr Paul L J Tan

Director

INDEPENDENT AUDITOR'S 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, which comprises the consolidated statement financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Living Cell Technologies Limited (the company) and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

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 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, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 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*.

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 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2 in the half-year financial report which states that the consolidated entity incurred a net loss of \$3,335,062 (2008: loss \$2,890,017) during the half year ended 31 December 2009. These losses have had a negative impact on the cash resources of the consolidated entity. This gives rise to a significant uncertainty regarding the ability of the consolidated entity to continue as a going concern and pay their debts as and when they fall due, and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the half-year financial report.

The half-year 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 if the consolidated entity does not continue as a going concern or pay its debts as and when they fall due.

PKF

PKF



Tim Sydenham
Partner
Sydney, 25 February 2010