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Scientific Journal Endorses Increased Durability of DiabeCell® Cell Therapy

1 August, 2007, Melbourne, Australia and Auckland, New Zealand:

Living Cell Technologies Limited (ASX: LCT; US OTC: LVCLY) today announced the publication of a scientific paper endorsing the micro-encapsulation technology used in the cell-based therapeutic product, DiabeCell®.

Micro-encapsulation technology is used extensively as a technique for introducing cell-based therapeutics into the body. Living Cell has developed a unique biocapsule that is used in the DiabeCell® product, to coat pancreatic islet cells and to prevent immune rejection when transplanted into the abdomen of type I diabetes patients.

The study, published in the peer-reviewed scientific *Journal of Biomedical Materials Research Part A* compared the stability and longevity of Living Cell's micro-encapsulation technology to other baseline technologies. The study revealed that Living Cell's biocapsules, when implanted in rats, were able to survive for a longer period in the abdomen than other technologies.

"As we enter into clinical trials of DiabeCell®, it is important that our biomaterials team has come up with a novel alginate that will make our cell-based therapeutic products more durable and functional long-term when implanted in the patient's body," said LCT CEO, Dr Paul Tan.

Living Cell has produced a stable biocapsule made of ultra-pure alginate that is capable of surviving in diverse transplant sites, including the harsh environment inside the abdomen for at least 215 days, the study endpoint. This is in contrast to the baseline (commercially available alginate) formulated capsules that remained stable for less than 60 days in the same anatomical location. Both the LCT and baseline biocapsules were tested without live cells inside.

According to an alginate pioneer, and LCT's collaborator, Professor Riccardo Calafiore at the University of Perugia in Italy: "We have found a way to purify alginate for making smooth, long surviving capsules without surface pitting, so that inner layers and cells inside are not exposed. This purified alginate can now be made consistently from a natural seaweed-derived material." LCT holds an exclusive license and rights to the Perugia alginate.

Alginate, in its purest form can be an extremely biocompatible barrier – being resistant to attack to the host immune system, while simultaneously enabling diffusion of cell secreted proteins across the microcapsule membrane wall into the body. It has been widely used to introduce cell-based therapeutics into the body but success has varied greatly due to methods of manufacture and formulation.

Living Cell has filed patents on its purified alginate. The Company's alginate selection criteria are critical to its intellectual property position. Previously, Living Cell reported survival of biocapsules 10 years after implant in a prototype product, indicating that the new biocapsules used in the DiabeCell® product may enable significant longevity beyond the scope of this study, which may eventually reduce the frequency of implantations required by the patient.

"We look forward to the results of our DiabeCell® clinical trial in 2008, and believe that it will provide further validation of our unique alginate biocapsule," said Dr Tan.

Further information: www.lctglobal.com

Images available by contacting lct@lctglobal.com

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**Journal Article Reference:**

Thanos CG, Calafiore R, Basta G, Bintz BE, Bell WJ, Hudak J, Vasconcellos, A, Schneider P, Skinner SJM, Geaney M, Tan P, Elliott RB, Tatnell, M, Escobar L, Qian H, Mathiowitz E and Emerich DF. 'Formulating the alginate-polyornithine biocapsule for prolonged stability. Evaluation of composition and manufacturing technique.' **J BioMedical Materials Research Part A**, 2007, 83A:1, October 2007

Journal abstract is available at Wiley Interscience:

http://www3.interscience.wiley.com/search/allsearch?mode=viewselected&product=journal&ID=114286319&view_selected.x=48&view_selected.y=5

LCT's US ADR program

LCT's ADR program is now effective (OTC: LVCLY, CUSIP Number: 53838R107) and the Bank of New York is in the process of arranging market makers for the company. In the meantime more information about investing in the LCT ADR program can be obtained directly from Violet Pagan Vice President Depositary Receipts at the Bank of New York, who can be contacted by phone on: (212) 815 2276 , or by email : vpagan@bankofny.com . Violet is happy to assist brokers and investors with any queries they may have.

About Living Cell Technologies: www.lctglobal.com

Living Cell is developing live cell therapy 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 the treatment of Huntington's disease and other neurological disorders, the company transplants microencapsulated choroid plexus cells that deliver beneficial proteins and neurotrophic factors to the brain. Living Cell'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. Living Cell also offers medical-grade porcine-derived products for the repair and replacement of damaged tissues, as well as for research and other purposes.

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