living cell technologies™

2020 - 2021
ANNUAL REPORT

living cell technologies™

Contents

From the Executive Chairman **2**

Significant events **5**

CORPORATE

Directors' report **7**

Auditor's independence declaration **17**

FINANCIALS

Consolidated statement of profit or loss and other comprehensive income **20**

Consolidated statement of financial position **21**

Consolidated statement of changes in equity **22**

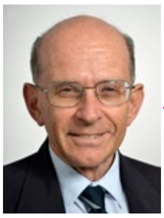
Consolidated statement of cash flows **23**

Notes to the consolidated financial statements **24**

Directors' declaration **35**

Independent auditor's report **36**

ASX additional information **40**



From the Executive Chairman

Strategic direction

Since the company began in 1987 LCT has targeted developing therapies for a number of different medical conditions including diabetes, Parkinson's disease and, most recently, obesity and migraine. This range of target conditions is likely to expand in the near future, as LCT progresses discussions with a number of companies with a view to combining with them.

As we all know, investing in biotechnology comes with risk and many products being developed don't make it to commercialisation. While LCT has not yet been successful in bringing a product to market, the company has been successful in connecting with aligned projects and organisations and in securing funds from both private and institutional investors. The Board has been engaging with potential partners to explore options for the future direction of the company to leverage this success and to deliver a return to our shareholders. To date, we have been in contact with around a dozen entities and in productive communications with six. At the point at which LCT has a signed, binding agreement with another company we will be in a position to announce to shareholders specifically, and the market in general, both the medical condition being addressed, and the therapy being developed. We are hopeful that this will be soon.

People

As noted in the previous annual report, we were saddened in August last year by the death of our founding Director, Sir Bob Elliott. Bob was ever optimistic, and a constant source of ideas about how to apply LCT's expertise to address unmet clinical needs and advance shareholder interests. He will be missed.

After signalling his intention to retire in January CEO and executive Board Member, Dr Ken Taylor, left LCT in July this year. Ken became CEO in 2014 leading the company during the clinical trials of NTCELL in Parkinson's disease. In 2018 he joined the board of LCT. Ken's global and local connections and pharmaceutical experience and expertise were invaluable during his time at LCT. His links with a number of high-net-worth individuals were critical in raising funds to inject capital ahead of the second clinical trial of NTCELL.

His passion and energy for the business and his eye for detail when putting together deals was exceptional and an asset to the company. Nothing fazed him: despite the constraints of operating in a global pandemic he continued to engage with his extensive network, identify opportunities and progress them through online meetings.

It was Ken's connections which lead to LCT pursuing long-acting peptides as a therapy for migraine and obesity, when it became apparent that NTCELL could not readily be commercialised. Ken leaves LCT to pursue family commitments.

Following Ken's departure, I have stepped into the interim CEO role in July as we continue our discussions with potential future partners.

As a result of the termination of the contracts with the University of Auckland we have also had to make the Chief Operating Officer role redundant. Dr Janice Lam who oversaw manufacturing

NTCELL during the clinical trials left LCT in August after more than 11 years with the company.

The board is grateful to both Ken and Janice for their dedication and loyalty to LCT.

Finances

At 30 June, LCT had just over AU$1.5m in cash reserves. These reserves have been bolstered throughout the year through grants and savings achieved by renegotiating service contracts, reducing overheads and conserving cash wherever possible. These actions should ensure the company is able to continue until the Board has determined its future strategic direction, at which point, further capital raising will be required. This will need to take place in the 2022 financial year.

Projects

Long-acting peptides for migraine and obesity

LCT began work with the University of Auckland in 2018, targeting drugs that could be administered once a day to treat two conditions, obesity and migraine. The principle behind these products was that attaching a fatty acid complex to the basic peptide would delay its metabolism, thereby allowing it to stay in the body for 24 hours and exert its desired effect. This approach has been used previously with other peptides, which are now available for treatment of a number of medical disorders.

For financial reasons, we focused on one project, treatment of migraine. Unfortunately the excellent team at the University could not achieve the desired target of delay in metabolism of the lipidated peptide, which would block the calcitonin gene related peptide. We explored the possibility of continuing the project to see if we could solve the problem but were unable to attract overseas companies with an interest in migraine and get them involved at the early stage of research and development. Accordingly, in March this year we terminated our arrangement with the University of Auckland.

NTCELL

LCT has conducted two clinical trials in New Zealand of NTCELL for the treatment of Parkinson's disease involving 22 patients in whom the benefit of oral medication had waned. Whilst results showed some effect, a further clinical trial was needed in a larger cohort to determine if the product could be marketed. This would need to occur outside New Zealand.

Board member Professor Carolyn Sue has expertise in Parkinson's disease. With her input a trial was designed to treat patients in the earlier stages of Parkinson's with the aim of preventing disease progression. We confirmed a source of pigs for the choroid plexus needed for the trial, and spent considerable time negotiating with interested parties to secure the significant funds needed for the trial. However, we were not able to reach an agreement on funding. We still believe NTCELL has commercial potential, and have not ruled out the possibility of a future trial if finance is secured.

DIABECELL

Although LCT is no longer actively involved in the development of DIABECELL, it has followed the

From the Executive Chairman CONTINUED

considerable attempts of Otsuka Pharmaceutical Factory to gain approval in the USA for the use of encapsulated insulin-producing pig cells as a treatment for uncontrolled diabetes in humans.

IMMUPEL

The technology to encapsulate cells, or IMMUPEL, is the subject of a patent held by LCT in a number of countries. LCT has licensed its use for conditions other than diabetes and neurological disorders to Diatranz Otsuka Limited. It will receive a royalty of 5 percent of revenue from any sales of IMMUPEL used in these other areas of medicine.

Thanks

I would like to thank LCT's remaining staff, who have been working from home during COVID-19 restrictions, responding to the many diverse needs of the company. Our CFO, Daya Uka, has been responsible for the efficient management of many of our financial deals and service contracts, ably supported by Louisa Barnard.

I would also like to thank our support companies, Mertons Corporate Services which provides ASX knowledge and secretarial support, Rachael Joel from Botica Butler Raudon Partners, which handles our public relations, and Gavin Robertson of Macpherson Kelley for our commercial legal services. It is comforting to know that we can turn to them at short notice to assist us.

We at LCT work as a team, and I am grateful for the contributions of my fellow Board members, Robert Willcocks, Dr Andrew Kelly and Professor Carolyn Sue. Each has a different skillset, whether in business or academia, making for robust debates as we address the challenges of medicine, science and governance faced by LCT.

Finally let me thank you, our shareholders for your ongoing support, despite the uncertainties facing the company. We are optimistic that our current discussions will result in a proposal we can bring to you for approval and are hopeful that your patience will soon be rewarded.

Bernie Tuch

EXECUTIVE CHAIRMAN (Interim)

2020-2021 Significant events

21 AUGUST 2020

LCT founder Sir Bob Elliott dies

LCT founder, Emeritus Professor Sir Robert Elliott, died aged 86. Chairman Dr Bernie Tuch paid tribute to one of the country's foremost scientific entrepreneurs. "The medical, scientific and biotechnology communities in New Zealand have lost a tireless researcher and a visionary pioneer," said Dr Tuch. "All of us at LCT are saddened to hear of his death.

20 SEPTEMBER 2020

Change of auditor

BDO Audit Pty Ltd is appointed as auditor of the Company. The appointment follows the resignation of BDO East Coast Partnership, and ASIC's consent to the resignation in accordance with s329(5) of the Corporations Act 2001. The appointment of BDO Audit Pty Ltd is a result of the national integration of BDO practices, which includes transitioning its audit engagements from BDO East Coast Partnership to BDO Audit Pty Ltd.

19 OCTOBER 2020

Virtual Annual General Meeting

LCT announces that its Annual General Meeting will be held virtually via a live Zoom teleconference due to the coronavirus pandemic.

27 NOVEMBER 2020

Notice of initial substantial holder

Mr Jimmy Thomas and Ms Ivy Ruth Ponniah hold 30,069031 ordinary shares, giving 5.26 percent voting power.

25 JANUARY 2021

CEO Dr Ken Taylor signals intention to retire

At LCT's board meeting, CEO and board member, Dr Ken Taylor notified the board of his intention to retire as CEO in July 2021.

15 FEBRUARY 2021

Change of interests of substantial holder

Mr Jimmy Thomas and Ms Ivy Ruth Ponniah increased their holding to 43,573,386 ordinary shares, or 7.625 percent voting power.

17 FEBRUARY 2021

Change of interests of substantial holder

Mr Jimmy Thomas and Ms Ivy Ruth Ponniah increased their holding to 48,573,386 ordinary shares, or 8.5 percent voting power.

28 MARCH 2021

LCT exits peptide projects

LCT's research and related licence contracts with the University of Auckland terminate with effect from 25 March 2021 as the projects did not reach the desired endpoints. The contracts were to develop early preclinical candidates of lipidated calcitonin gene-related peptide and lipidated pramlintide peptide compounds for possible treatment of migraine and obesity respectively.

10 JUNE 2021

LCT pursuing opportunities

The board of Living Cell Technologies Limited is working to identify opportunities to reinvigorate the business, evaluating prospects that align with its business strategy. Through academic, commercial and investment contacts, board members and executives have had a range of confidential discussions about potential new projects and partnerships.

15 JULY 2021

LCT appoints interim CEO

The Board of Living Cell Technologies Limited appoints Chair Professor Bernie Tuch as Interim CEO. He assumes the additional role following the retirement of Dr Ken Taylor on Friday 16 July 2021. Dr Taylor's retirement means he also retires from the Board of LCT.

16 AUGUST 2021

Measures to conserve cash

LCT puts in place a range of measures to conserve cash. The lease on the company's office in Mt Eden concludes in September and will not be renewed. Auckland-based employees will continue to work from their home offices. The role of Chief Operating Officer is made redundant. Dr Janice Lam will cease full-time employment on 27 August.

Directors' report

For the year ended 30 June 2021

Directors' report

The directors present their report, together with the financial statements of the consolidated entity, being Living Cell Technologies Limited (LCT, the company) and its controlled entities, for the financial year ended 30 June 2021.

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

1. General information

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

BERNARD TUCH

Executive Director from 16 July 2021, Interim Chairman and CEO (Age: 70)
Qualifications: BSc, MBBS (Hons), FRACP, PhD, GAICD

Experience

Dr Tuch is an Adjunct Professor at Monash University. Dr Tuch is also supervising a bioengineering diabetes cell therapy project at the University of Technology Sydney. Previously, he was a senior scientist with CSIRO Australia. He is a director of Sydney Cell Therapy Foundation Pty Limited, the not-for-profit Australian Foundation for Diabetes Research, and is a Specialist Practitioner, Endocrinology, at the Prince of Wales Private Hospital & St Vincent's Private Hospital, Sydney.

His experience includes capital raising to support his considerable research team and a large international scientific publication list. He has had previous scientific collaborations with LCT and knows the company's direction intimately.

Special responsibilities

Dr Tuch was appointed to the LCT board on 20 July 2011 and was Chairman of the Remuneration and Nomination Committee until 2 July 2021.

Other directorships in listed entities held in the previous three years

No other directorships in listed entities held in the previous three years.

SIR ROBERT ELLIOTT

Non-executive director (Age: 86) deceased 21 August 2020.
Qualifications: MBBS, MD, FRACP

Experience

Sir Bob Elliott trained as a paediatrician at Adelaide University. He moved to New Zealand in 1970 to become the Foundation Professor, Director of Paediatrics at The University of Auckland. Sir Bob co-founded LCT. He is an Emeritus Professor of Child Health Research and a world leader in diabetes and autoimmune related research. He resigned from the position of Director, Clinical Research and Innovation on 27 February 2015.

In 2020 Sir Bob was knighted for services to medical research. In 1999 he was awarded a CNZM (a Companion of the New Zealand Order of Merit) for services to the community. In 2011 he was awarded the prestigious World Class New Zealander (Life Sciences) award.

He was on the board of Cure Kids and patron of Cystic Fibrosis NZ. He was a director and shareholder of Breathe Easy Limited, Kopu Limited, Visregen Technologies Limited, Fac8 Limited and NZeno Limited.

Special responsibilities

Professor Elliott resigned as Chairman of the Diatranz Otsuka Limited board of directors in January 2019. He was appointed to the LCT board on 15 January 2004.

Other directorships in listed entities held in the previous three years

No other directorships in listed entities held in the previous three years.

ANDREW KELLY

Non-executive director (Age: 65)
Qualifications: BVSc (Hons), MSc, PhD

Experience

Dr Kelly has an extensive background in research, commercialisation and investment. In 2005 he co-founded BioPacificVentures, the first specialist venture fund in New Zealand and Australia to focus across the life sciences. In 2014 he broadened the business model to create BioPacific Partners, partnering with some of the largest global companies to invest and engage with local innovation. He has held a dozen board roles over the last 22 years all in businesses involved in life science innovation. Dr Kelly has strong networks across New Zealand and Australia and globally.

Special responsibilities

Dr Kelly was appointed to the LCT board on 7 November 2019 and is Chairman of the Remuneration and Nomination Committee and member of the Audit, Risk and Compliance Committee.

Other directorships in listed entities held in the previous three years

Chairman of ASX-listed Fiji Kava Limited since 20 December 2018.

CAROLYN SUE

Independent director (Age: 58)
Qualifications: PhD, MB, BS, FRACP

Experience

Professor Sue has a background in neurological science and medicine in relation to chronic illnesses. She is the Head of Neuroscience Research at the Kolling Institute at Sydney's Royal North Shore Hospital, and Director of Neurogenetics, Director of the National Centre for Adult Stem Cell Research and a Senior Staff Specialist in the Department of Neurology at Royal North Shore Hospital. Professor Sue is also the incoming Chair of the Education committee for the International Movement Disorder Society.

Special responsibilities

Professor Sue was appointed to the LCT board on 16 May 2019. Professor Sue is a member of the Audit, Risk and Compliance Committee.

Other directorships in listed entities held in the previous three years

No other directorships in listed entities held in the previous three years.

ROBERT WILLCOCKS

Independent director (Age: 72)
Qualifications: BA, LLM

Experience

Mr Willcocks is a corporate adviser with more than thirty years' experience as a professional listed public company director and Chairman.

Through this experience and as a lawyer he has extensive knowledge in the areas of corporate governance, corporate structuring, start-ups and fundraising. He has also undertaken assignments in a range of industry sectors for international clients.

A former partner of the law firm Mallesons Stephen Jaques (now King & Wood Mallesons), he holds Bachelor of Arts and Bachelor of Laws degrees from the Australian National University and a Master of Laws degree from the University of Sydney.

He is currently independent non-executive Chairman of Trilogy Funds Management Limited, a Responsible Entity under Australian law.

Special responsibilities

Mr Willcocks is Chairman of the Audit, Risk and Compliance Committee and a member of the Remuneration and Nomination Committee. He was appointed to the board on 29 March 2011.

Other directorships in listed entities held in the previous three years

Director of APAC Resources Ltd until December 2019.

KEN TAYLOR

Executive director (Age: 78). Resigned on 16 July 2021
Qualifications: MPharm, PhD

Experience

Dr Taylor has had a prestigious international career in both academia and business. He completed a postdoctoral fellowship in Pharmacology and Experimental Therapeutics at the Johns Hopkins University School of Medicine in Maryland, USA, and subsequently held a joint appointment in neurosciences at Princeton University and the Squibb Institute of Medical Research in Princeton, New Jersey. He joined Roche Australia and was soon promoted to the role of Medical Director, Australia, before becoming Managing Director of Roche New Zealand. In 1990, Dr Taylor was appointed Managing Director of the Roche UK affiliate and then transferred to Syntex in Palo Alto, California to convert the corporate pharmaceutical company to the Roche Bioscience Research Centre.

Prior to joining LCT, Dr Taylor was CEO of Antipodean Pharmaceuticals where he managed the Phase I and II studies of its lead compound in Parkinson's disease.

New Zealand-born, Dr Taylor holds Honours and Doctorate degrees in pharmaceutical chemistry and pharmacology from the University of Otago School of Medicine and completed a business management program at IMD in Lausanne, Switzerland.

Special responsibilities

Dr Taylor joined the company in February 2014 as NTCELL Program Director and was appointed as CEO of LCT on 1 July 2014 and appointed to the board on the 30 August 2018.

Other directorships in listed entities held in the previous three years

No other directorships in listed entities held in the previous three years.

Principal activities and significant changes in nature of activities

The principal activities of the consolidated entity during the financial year were:
Improving the wellbeing of people with serious diseases by discovering, developing and commercialising novel treatments for debilitating conditions such as Parkinson's disease, obesity and migraine.
There were no significant changes to the nature of the principal activities during the financial year.

2. Operating and financial review

Operations

The pandemic continued to impact the consolidated entity's Auckland University projects, with work halting completely during Level 3 and 4 lockdowns. Management worked hard to get meaningful data from the projects, ultimately determining that the projects were not commercially viable. This outcome also impacted the consolidated entity's strategy, requiring the board to focus on other potential revenue-generating workstreams.

The loss after income tax from continuing operations has increased from a loss of $968,469 in the year ended 30 June 2020 to a loss of $1,460,591.

Revenue and other income decreased from $553,692 to $268,184 and research and development expenses have decreased from $2,383,801 to $1,609,230.

R&D loss tax credit of $444,860 (2020: $376,923) was received in exchange for forgoing NZD 1,700,000 (2020: NZD 1,400,000) of tax losses.

Directors' report

Financial position

Net assets of the consolidated entity have decreased from $2,878,354 to $1,377,116 mainly due to cash used for the year on the development and consequence of exiting the University of Auckland projects due to not being commercially viable.

Cash and cash equivalents decreased from $2,964,874 to $1,568,928 due to completing current clinical studies and investing into product opportunities while containing costs. This balance is projected to allow the current level of operations to continue for approximately 18 months if no further funds are raised. The directors also acknowledge that the expenditure in relation to the operating activities are predominantly discretionary. Cash outflow in relation to operating activities is being managed by the directors to the extent of funding available.

These financial statements have been prepared on a Going Concern basis. The consolidated entity incurred a loss after tax attributable to members of $1,460,591 (2020: $968,469) and incurred negative cash flows from operations of $1,461,523 (2020: $3,109,785).

The consolidated entity has several projects planned which if pursued will see the need to raise additional funding within 12 months of the signing of the financial statements. These matters give rise to a material uncertainty that may cast significant doubt upon the consolidated entity's ability to continue as a going concern. Therefore, the consolidated entity may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

The ability of the consolidated entity to continue as a going concern is dependent on one or more of the following actions:

- Raising additional funding through equity or other means:
- Commercialising projects in the short term; and/or
- Finding partners to pursue research projects.

Management continually prepares rolling cash flow projections that supports the ability of the consolidated entity to continue as a going concern subject to the events described above. However, many external and internal factors may impact future cash flows particularly within the current market and the uncertainty of the impact of COVID-19.

The directors have a history of raising capital as required to support their research projects, however in the event that the consolidated entity is unable to achieve the matters detailed above, it may not be able to continue as a Going Concern. No adjustments have been made to recorded asset values and the amount of liabilities that might be necessary should the consolidated entity not continue as going concerns.

Business strategies and prospects for future years

LCT's mission is to improve the wellbeing of people with serious diseases worldwide by discovering, developing and commercialising regenerative treatments, which include naturally occurring cells to restore function.

Strategies to achieve the above mission include:

- With expert input, exploring the feasibility of a Phase III study in NTCELL
- Identifying partners with which to pursue research projects
- Raising additional funding through equity or other means.

Prospects for future years include execution of the above strategies to create value for shareholders by maximising the number and quality of target opportunities for achieving revenues in the near term.

In common with other biotech companies, there is a risk that these prospects for future years will not be achieved, depending on the outcomes of trials and research projects. These risks are mitigated by diversifying targets and reducing dependency on the outcome of any single research project.

3. Other items

Significant changes in state of affairs

Except as outlined in the Operating and Financial review there have been no significant changes in the state of affairs of the consolidated entity during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year, which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

Environmental issues

The consolidated entity's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia and New Zealand.

Company secretary

Mark Licciardo (B Bus (Acc), GradDip CSP, FGIA, GAICD) has been the company secretary since 1 January 2016.

Dividends

There was no dividend paid, recommended or declared during the current financial year.

Meetings of directors

During the financial year, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' meetings		Audit, Risk and Compliance Committee		Remuneration and Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Bernard Tuch	9	9	-	-	4	4
Robert Elliott	-	-	-	-	-	-
Robert Willcocks	9	9	2	2	4	4
Carolyn Sue	9	9	2	2	-	-
Ken Taylor	9	9	-	-	-	-
Andrew Kelly	9	9	2	2	4	4

Indemnification and insurance of officers and auditors

During the year, LCT paid a premium to insure officers of the group. The officers of the group covered by the insurance policy include all directors. The liabilities insured are against legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the company.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The company has not during or since the end of the financial year indemnified or agreed to indemnify the auditor of the company. Furthermore, the company has not paid any premiums in respect of insurance for the auditor.

Shares

The number of ordinary shares in Living Cell Technologies Limited held by each key management person of the consolidated entity during the financial year is as follows:

2021	Balance at beginning of year	On exercise of options	Other changes during the year	Balance at end of year
Bernard Tuch [1]	36,800	-	-	36,800
Robert Elliott [3]	5,109,269	-	-	5,109,269
Robert Willcocks	-	-	-	-
Carolyn Sue	-	-	-	-
Andrew Kelly	52,763	-	-	52,763
KMP				
Ken Taylor	-	-	-	-
Daya Uka	-	-	-	-
	5,198,832	**-**	**-**	**5,198,832**

2020	Balance at beginning of year	On exercise of options	Other changes during the year	Balance at end of year
Bernard Tuch [1]	36,800	-	-	36,800
Robert Elliott	5,109,269	-	-	5,109,269
Laurie Hunter [2]	2,645,661	-	-	2,645,661
Robert Willcocks	-	-	-	-
Carolyn Sue	-	-	-	-
Andrew Kelly	-	-	52,763	52,763
KMP				
Ken Taylor	-	-	-	-
Daya Uka	-	-	-	-
	7,791,730	**-**	**52,763**	**7,844,493**

1. *The shares are held by a related entity: DTU Pty Limited <The Beryl Super Fund>.*
2. *The shares are held by a related entity: 2,176,911 held by Hunter 2005 Living Trust and 468,750 held by Hunter Capital defined benefit pension plan.*
3. *The shares are held by Robert Elliott's estate for the benefit of the beneficiaries.*

Options

At the date of this report, the unissued ordinary shares of Living Cell Technologies Limited under option are as follows:

Grant date	Date of expiry	Exercise price	Number under option
1 July 2015	1 July 2021	$0.1000	250,000
1 July 2015	1 July 2021	$0.1900	100,000
13 December 2018	13 December 2021	$0.0487	250,000
13 December 2018	13 December 2022	$0.0487	2,400,000
2 September 2019	2 September 2021	$0.0246	900,000
6 December 2019	6 December 2023	$0.0188	600,000
1 September 2020	1 September 2022	$0.0220	600,000
Options at 30 June 2021			**5,100,000**

Non-audit services

The board of directors, in accordance with advice from the Audit, Risk and Compliance Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.
The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

Directors' report

- all non-audit services are reviewed and approved by the Audit, Risk and Compliance Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the external auditors for non-audit services provided during the year ended 30 June 2021: $nil (2020: $2,803).

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2021 has been received and can be found on page 17 of the financial report.

4. Remuneration Report (audited)

Remuneration policy

The remuneration policy of Living Cell Technologies Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated entity's financial results. The board of LCT believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best KMP to run and manage the consolidated entity, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for KMP of the consolidated entity is as follows:

- The remuneration policy has been developed by the Remuneration and Nomination Committee and approved by the board following professional advice from independent external consultants.
- All KMP receive a base salary (which is based on factors such as qualifications, length of service and experience), statutory contributions to KiwiSaver and options.
- Options are based on the extent to which predetermined objectives, which contribute to the company's strategies, are met.
- Incentives paid in the form of options are intended to align the interests of the KMP and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Remuneration and Nomination Committee review KMP packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on achievement of predetermined agreed objectives which drive shareholder value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Remuneration and Nomination Committee's recommendations. The policy is designed to attract a high calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

KMP receive company contributions to KiwiSaver in New Zealand and Superannuation Fund in Australia by the law, which is currently 3% and 9.5% respectively, and do not receive any other retirement benefits. One director has sacrificed part of his director's fees to his superannuation fund.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. KMP are paid an agreed number of weeks salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration and Nomination Committee determines payments to the non-executive directors and executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting, the current maximum is $450,000 which was approved at the 2007 AGM and does not include any predetermined performance-based remuneration.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align their interests with shareholders' interests.

Options granted under these arrangements do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share and is valued using the Black-Scholes methodology.

Performance conditions linked to remuneration

The key performance indicators (KPIs) are set annually, in consultation with key management personnel to ensure support. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs contribute to the strategies approved by the board.

Performance in relation to the KPIs is assessed annually, with options being awarded depending on the extent to which the measures are achieved.

The earnings of the LCT Group for the five years to 30 June 2021 are summarised below:

	2021	2020	2019	2018	2017
Revenue and other income	268,184	553,692	769,677	767,220	1,166,624
Loss after income tax	(1,460,591)	(968,469)	(3,181,363)	(374,492)	(4,090,257)

The factors that are considered to affect total shareholders return ("TSR") are summarised below;

Share price at financial year end ($)	0.012	0.012	0.024	0.025	0.11
Total dividend declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(0.26)	(0.17)	(0.56)	(0.07)	(0.76)

Employment details of members of key management personnel

The following table provides the employment details of persons who were, during the financial year, members of key management personnel of the consolidated entity. The table also illustrates the proportion of remuneration that was performance based and the proportion of remuneration received in the form of options.

		Performance-based remuneration		
KMP	**Position held**	**Bonus %**	**Shares %**	**Options %**
Ken Taylor	Chief Executive	-	-	-
Daya Uka	Chief Financial Officer	-	-	5

Service agreements

On appointment to the board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

The remuneration and other terms of employment for the chief executive and senior executives are set out in formal employment agreements as summarised below.

All employment agreements are for an unlimited duration. The agreements for executives may be terminated by giving 20 working days' notice (except in cases of termination for cause where termination is immediate). Redundancy entitlements are 2-4 weeks for the first year of service and one week's payment for each six-months' subsequent service. Employment agreements do not include the specific performance criteria which are linked to bonuses or incentives, so amounts paid in accordance with the above remuneration policy are effectively at the discretion of the board.

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

Directors' report

Remuneration details for the year ended 30 June 2021

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the KMP of the consolidated entity.

	Short term			Post-employment	Long term benefits	Share-based payments	
2021	Cash salary/ fees $	Bonus $	Total short-term benefits $	Pension and superannuation $	$	Options and rights $	Total benefits and payments $
Directors							
Bernard Tuch	62,595	-	62,595	5,947	-	-	68,542
Robert Elliott (estate)	7,292	-	7,292	-	-	-	7,292
Robert Willcocks	48,958	-	48,958	-	-	-	48,958
Carolyn Sue	44,711		44,711	4,247	-	-	48,958
Andrew Kelly	48,958		48,958	-	-	-	48,958
KMP							
Ken Taylor	364,846	-	364,846	-	-	(46,985)	317,861
Daya Uka	153,710	-	153,710	-	-	(450)	153,260
	731,070	**-**	**731,070**	**10,194**	**-**	**(47,435)**	**693,829**
2020							
Directors							
Bernard Tuch	61,263	-	61,263	5,820	-	-	67,083
Robert Elliott	47,916	-	47,916	-	-	-	47,916
Laurie Hunter	20,833	-	20,833	-	-	-	20,833
Robert Willcocks	47,916	-	47,916	-	-	-	47,916
Carolyn Sue	47,916		47,916	-	-	11,280	59,196
Andrew Kelly	31,250		31,250	-	-	-	31,250
KMP							
Ken Taylor	357,297	-	357,297	-	-	-	357,297
Daya Uka	144,715	-	144,715	-	-	7,380	152,095
	759,106	**-**	**759,106**	**5,820**	**-**	**18,660**	**783,586**

Securities received that are not performance related

Options are issued to the directors and executives as part of their remuneration. Each share option converts to one ordinary share of LCT on exercise. The options that are not issued based on performance criteria, are issued to the directors and executives of LCT and its subsidiaries to align the interest of executives, directors and shareholders.

Options granted, vested and lapsed during the year

Details of KMP options granted as remuneration, vested, and lapsed during the year:

KMP	Number of options	Exercise price per option $	Value per option at grant date $	Grant date	Vesting date	Expiry date	Vested during period %	Forfeited during period %
Ken Taylor	250,000	0.1000	0.0399	01-Jul-15	01-Jul-16	01-Jul-20	-	100
Ken Taylor	100,000	0.1900	0.0383	01-Jul-15	01-Jul-16	01-Jul-20	-	100
Daya Uka	300,000	0.0220	0.0220	01-Sep-20	01-Sep-21	01-Sep-22	-	-
Daya Uka	300,000	0.0246	0.0246	01-Sep-19	01-Sep-20	01-Sep-21	100	-
Daya Uka	300,000	0.0235	0.0235	01-Sep-18	01-Sep-19	01-Sep-20	-	100

Options do not have any voting rights, dividend or other distribution entitlements.

The weighted average fair value of options granted during the year was $0.022 (2020: $0.0223).

The fair value of each option at grant date was calculated by using the Black-Scholes model that takes into account the expected volatility, risk free interest rate, expected life of the option, exercise price and the share price at grant date. For each option granted historical volatility has been calculated based on the length of the options life.

During the year ended 30 June 2021, no ordinary shares of LCT were issued on the exercise of options grants. No further shares have been issued since that date. No amounts are unpaid on any of these shares. There are no cash-settlement alternatives. All options were issued by LCT and entitle the holder to ordinary shares in LCT for each option exercised.

There have not been any alterations to the terms or conditions of any share-based payment arrangements since grant date.

Key management personnel options and rights holdings

Directors	Balance at beginning of the year	Granted as remuneration	Exercised	Expired	Balance at the end of year	Vested during the year	Vested and exercisable	Total non-exercisable
2021								
Robert Elliott (estate) [2]	600,000	-	-	-	600,000	-	600,000	-
Bernard Tuch	600,000	-	-	-	600,000	-	600,000	-
Robert Willcocks	600,000	-	-	-	600,000	-	600,000	-
Carolyn Sue	600,000	-	-	-	600,000	-	600,000	-
Andrew Kelly	0	-	-	-	0	-	0	-
KMP								
Ken Taylor	950,000	-	-	(350,000)	600,000	-	600,000	-
Daya Uka	600,000	300,000	-	(300,000)	600,000	300,000	300,000	300,000
Total	**3,950,000**	**300,000**	**-**	**(650,000)**	**3,600,000**	**300,000**	**3,300,000**	**300,000**
2020								
Robert Elliott	600,000	-	-	-	600,000	-	600,000	-
Bernard Tuch	600,000	-	-	-	600,000	-	600,000	-
Robert Willcocks	600,000	-	-	-	600,000	-	600,000	-
Laurie Hunter [1]	600,000	-	-	-	600,000	-	600,000	-
Carolyn Sue	-	600,000	-	-	600,000	600,000	600,000	-
Andrew Kelly	-	-	-	-	-	-	-	-
KMP								
Ken Taylor	1,550,000	-	-	(600,000)	950,000	-	600,000	350,000
Daya Uka	300,000	300,000	-	-	600,000	300,000	300,000	300,000
Total	**4,250,000**	**900,000**	**-**	**(600,000)**	**4,550,000**	**900,000**	**3,900,000**	**650,000**

1 Held by Hunter 2005 Living Trust. 2. Held by Robert Elliott's estate for the benefit of the beneficiaries.

This concludes the remuneration report which has been audited.

Corporate governance statement

The board is committed to achieving and demonstrating the highest standards of corporate governance. The board continues to refine and improve the governance framework and practices in place to ensure they serve the interests of shareholders. The company complies with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations.

LCT's corporate governance statement and board and board committee charters and key corporate governance policies are available in the Governance policies section of the website at www.lctglobal.com.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Bernie Tuch

Director: Bernard Tuch (Chairman)

Dated: 30 August 2021

Auditor's independence declaration

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF LIVING CELL TECHNOLOGIES LIMITED

As lead auditor of Living Cell Technologies Limited for the year ended 30 June 2021, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Living Cell Technologies Limited and the entities it controlled during the period.

John Bresolin
Director

BDO Audit Pty Ltd

Sydney, 30 August 2021

Financial statements

Consolidated statement of profit or loss and other comprehensive income	**20**
Consolidated statement of financial position	**21**
Consolidated statement of changes in equity	**22**
Consolidated statement of cash flows	**23**
Notes to the consolidated financial statements	**24**
Directors' declaration	**35**
Independent auditor's report	**36**
ASX additional information	**40**

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue			
Revenue and other income	2	**268,184**	**553,692**
Expenses			
Research and development		(1,609,230)	(2,383,801)
Governance		(510,703)	(525,386)
Shareholder		(158,911)	(239,931)
Loss on disposal of equipment		-	(148,195)
Total expenses	3	**(2,278,844)**	**(3,297,313)**
Operating loss		**(2,010,660)**	**(2,743,621)**
Foreign exchange gain/(loss)		(650)	298,070
Sale of shares		105,859	1,100,159
Loss before income tax		**(1,905,451)**	**(1,345,392)**
R&D loss tax credit		444,860	376,923
Income tax expense	4	-	-
Loss after income tax attributable to members of the parent entity		**(1,460,591)**	**(968,469)**
Other comprehensive income, net of income tax			
Exchange difference on translation of foreign operations		5,673	311,774
Total other comprehensive income		**5,673**	**311,774**
Total comprehensive income attributable to members of the parent entity		**(1,454,918)**	**(656,695)**
Earnings per share			
Continuing operations			
Basic earnings/(loss) per share (cents)	5	(0.26)	(0.17)
Diluted earnings/(loss) per share (cents)	5	(0.26)	(0.17)

The accompanying notes form an integral part of these financial statements.

Consolidated statement of financial position

As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	6	1,568,928	2,964,874
Trade and other receivables	7	13,646	107,914
Short term investments		43,302	-
Total current assets		**1,625,876**	**3,072,788**
Non-current assets			
Property, plant and equipment	8	16,321	25,450
Right of use assets	9	-	250,802
Investments		-	42,037
Total non-current assets		**16,321**	**318,289**
TOTAL ASSETS		**1,642,197**	**3,391,077**
Liabilities			
Current liabilities			
Trade and other payables	10	169,561	197,847
Short-term provisions	11	95,520	60,220
Lease liability	12	-	53,053
Total current liabilities		**265,081**	**311,120**
Non-current liabilities			
Lease liability	12	-	201,603
Total non-current liabilities		**-**	**201,603**
Total liabilities		**265,081**	**512,723**
NET ASSETS		**1,377,116**	**2,878,354**
Equity			
Issued capital	13	74,371,070	74,371,070
Reserves	14	3,792,702	3,833,349
Accumulated losses		(76,786,656)	(75,326,065)
Total equity attributable to equity holders of the company		**1,377,116**	**2,878,354**
TOTAL EQUITY		**1,377,116**	**2,878,354**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2021

	Ordinary shares $	Accumulated losses $	Foreign currency translation reserve $	Option reserve $	Total $
2021					
Balance as at 1 July 2020	74,371,070	(75,326,065)	3,606,249	227,100	2,878,354
Net loss after income tax benefits for the year	-	-	-	-	-
Total other comprehensive income	-	(1,460,591)	5,673	-	(1,454,918)
Transaction with equity holders in their capacity as owners					
Shares issued during the year	-	-	-	-	-
Transaction costs	-	-	-	-	-
Share-based remuneration	-	-	-	27,960	27,960
Option exercised	-	-	-	-	-
Expired options	-	-	-	(74,280)	(74,280)
Balance as at 30 June 2021	**74,371,070**	**(76,786,656)**	**3,611,922**	**180,780**	**1,377,116**
2020					
Balance as at 1 July 2019	74,371,070	(74,357,596)	3,918,023	206,994	4,138,491
Net loss after income tax benefits for the year	-	(968,469)	-	-	(968,469)
Total other comprehensive income	-	-	(311,774)	-	(311,774)
Transaction with equity holders in their capacity as owners					
Shares issued during the year	-	-	-	-	-
Transaction costs	-	-	-	-	-
Share-based remuneration	-	-	-	24,806	24,806
Option exercised	-	-	-	-	-
Expired options	-	-	-	(4,700)	(4,700)
Balance as at 30 June 2020	**74,371,070**	**(75,326,065)**	**3,606,249**	**227,100**	**2,878,354**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers and grants (GST inclusive)		812,592	1,149,722
Payments to suppliers and employees (GST inclusive)		(2,296,964)	(4,376,871)
Interest received		22,849	117,364
Net cash used in operating activities	21	**(1,461,523)**	**(3,109,785)**
Cash flows from investing activities			
Sale of property, plant and equipment		-	91,779
Sale of shares in Semma		105,859	1,100,159
Receipt of bond security		-	46,195
Net cash provided by/ (used by) investing activities		**105,859**	**1,238,133**
Cash flows from financing activities			
Repayment of lease liability		(44,537)	(50,241)
Net cash used by financing activities		**(44,537)**	**(50,241)**
Effect of exchange rates on cash holdings in foreign currencies		4,255	(21,190)
Net decrease in cash and cash equivalents held		(1,395,946)	(1,943,083)
Cash and cash equivalents at beginning of year		2,964,874	4,907,957
Cash and cash equivalents at end of financial year		**1,568,928**	**2,964,874**

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. About this report

A. Basis of preparation

This general purpose financial report for the year ended 30 June 2021 has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* as appropriate for profit oriented entities. Compliance with Australian Accounting Standards ensures that the consolidated entity financial report conforms to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report covers the consolidated entity of Living Cell Technologies Limited and its controlled entities. Living Cell Technologies Limited (hereafter referred to as LCT, the consolidated entity and the group) is a listed for-profit public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been presented in Australian dollars, which is the consolidated entity's presentation currency. The report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of selected non-current assets and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

B. Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the group.

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The separate financial statements and notes of the parent entity, Living Cell Technologies Limited, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*. Parent entity disclosures are included in note 20.

C. Adoption of new and revised accounting standards

The consolidated entity has adopted all 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. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the consolidated entity: Conceptual Framework for Financial Reporting (Conceptual Framework) The consolidated entity has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

D. COVID-19

The pandemic continued to impact the consolidated entity's Auckland University projects, with work halting completely during Level 3 and 4 lockdowns. Management worked hard to get meaningful data from the projects, ultimately determining that the projects were not commercially viable. This outcome also impacted the consolidated entity's strategy, requiring the board to focus on other potential revenue-generating workstreams.

E. Going concern

These financial statements have been prepared on a Going Concern basis. The consolidated entity incurred a loss after tax attributable to members of $1,460,591 (2020: $968,469) and incurred negative cash flows from operations of $1,461,523 (2020: $3,109,785).

The consolidated entity has several projects planned which if pursued will see the need to raise additional funding within 12 months of the signing of the financial statements. These matters give rise to a material uncertainty that may cast significant doubt upon the consolidated entity's ability to continue as a going concern. Therefore, the consolidated entity may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

The ability of the consolidated entity to continue as a going concern is dependent on one or more of the following actions:

- Raising additional funding through equity or other means:
- Commercialising projects in the short term; and/or
- Finding partners to pursue research projects.

Management continually prepares rolling cash flow projections that supports the ability of the consolidated entity to continue as a going concern subject to the events described above. However, many external and internal factors may impact future cash flows particularly within the current market and the uncertainty of the impact of COVID-19.

The directors have a history of raising capital as required to support their research projects, however in the event that the consolidated entity is unable to achieve the matters detailed above, it may not be able to continue as a going concern. No adjustments have been made to recorded asset values and the amount of liabilities that might be necessary should the consolidated entity not continue as a going concern.

2. Revenue and other income

Revenue from unconditional government grants received is reported as income when the grant becomes receivable. If such a grant is conditional, it is recognised as income only when the conditions have been met. Grant income comprises Callaghan Innovation grants and Government grants. There are no unfulfilled conditions.

All revenue is stated net of goods and services tax (GST).

Interest revenue is recognised as the interest accrued using the effective interest method.

	2021 $	2020 $
Other Income		
Grant income	244,268	446,895
Interest income	7,600	55,612
Services provided	-	3,168
Other income	16,316	48,017
	268,184	**553,692**

3. Expenses

Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

Share-based payments

Share-based payments are provided to employees through issue of options.

Issue of options

The fair value of options is recognised as a benefit to directors/employees. The fair value is measured at the grant date and recognised over the period during which the options vest to the directors/employees. The fair value at the grant date is independently determined using the Black Scholes binomial convergence model for the employee's options. These models take into account the exercise price, the life of the option, the current price of the underlying share, the expected volatility of the share price and the risk-free rate for the life of the option.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Governance

Governance expenses include directors' fees, travel and meeting expenses, company secretary costs and legal expenses related to governance.

Shareholder

Shareholder expenses include listing fees, registry costs, audit, annual general meeting and annual report costs.

	2021 $	2020 $
Expenses include the following:		
Employee benefits		
Wages and salaries	741,340	838,649
Contributions to employees' savings plans	9,682	12,634
Share-based payments	(46,320)	20,106
Staff training	665	3,688
Total employee benefits	**705,367**	**875,077**
Depreciation		
Plant and equipment depreciation	176	596
Furniture, fixtures and fittings depreciation	4,601	16,254
Total depreciation	**4,777**	**16,850**
Lease payments	62,305	231,806

4. Income tax expense

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Notes to the consolidated financial statements

For the year ended 30 June 2021

Reconciliation of income tax to accounting loss

	2021 $	2020 $
Loss before income tax	(1,905,451)	(1,345,392)
Effective tax rate	26%	27.5%
	(495,417)	**(369,983)**
Add tax effect of:		
- Non-deductible expenditure	7,498	7,498
- Deferred tax asset not bought into account	487,919	362,485
Income tax expense	**-**	**-**

Tax losses

	2021 $	2020 $
Unused tax losses for which no deferred tax asset has been recognised	37,413,246	35,816,405
Potential tax benefit at 26% AU (2020: 27.5%)	11,584,388	11,433,569
Potential tax benefit at 28% NZ	1,961,626	1,590,520

The benefit will only be obtained if:

- the group derives future assessable income of a nature and amount sufficient to enable the benefits from the deductions for the losses to be realised;
- the group continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the group in realising the benefit from the deductions for the losses.

A R&D loss tax credit of $444,860 (2020: $376,923) was received from NZ Inland Revenue in exchange for forgoing NZD 1,700,000 (2020: NZD 1,400,000) of tax losses.

5. Loss per share

Basic EPS is calculated as net loss attributable to members of the consolidated entity, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net loss attributable to members of the consolidated entity, adjusted for:

- costs of servicing equity (other than dividends)
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Reconciliation of earnings to profit or loss from continuing operations

	2021 $	2020 $
Loss used in calculation of basic and diluted EPS	(1,460,591)	(968,469)
	Number of shares	**Number of shares**
Weighted average number of ordinary shares outstanding during the year, used in calculating basic EPS	571,440,981	571,440,981
Weighted average number of ordinary shares and convertible securities outstanding during the year, used in calculating diluted EPS	571,440,981	571,440,981
Basic loss per share (cents)	(0.26)	(0.17)
Diluted loss per share (cents)	(0.26)	(0.17)

6. Cash and cash equivalents

	2021 $	2020 $
Cash at bank	1,568,928	566,444
Cash on deposit	-	2,398,430
Cash and cash equivalents	**1,568,928**	**2,964,874**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments.

7. Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

	2021 $	2020 $
Trade receivables	-	75,498
Prepayments	-	9,767
Accrued interest	-	15,249
Other receivables	13,646	7,400
Total current trade and other receivables	**13,646**	**107,914**

Aged analysis

At 30 June 2021, there were no past due trade receivables, bad debts or doubtful debts (2020: Nil). The ageing analysis of trade receivables is as follows:

	2021 $	2020 $
0 – 30 days	-	75,498
31 – 60 days	-	-
61 – 90 days	-	-
	-	**75,498**

Allowance for impairment

Trade receivables are non-interest bearing and are generally on 30 to 60-day terms. A provision for impairment loss is recognised when there is objective evidence than an individual trade receivable is impaired. There is no impairment loss for the current year (2020: $Nil) for the consolidated entity.

8. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Cost includes purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

The carrying amount is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate DV
Plant and equipment	8 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Cost	Plant and equipment $	Leasehold improve-ments $	Total $
Balance at 1 July 2020	67,164	-	67,164
Disposals	(15,445)	-	(15,445)
Foreign exchange movement	568	-	568
Balance June 2021	**52,287**	**-**	**52,287**
Accumulated depreciation			
Balance at 1 July 2020	41,714	-	41,714
Depreciation expense	4,777	-	4,777
Disposals	(10,437)	-	(10,437)
Foreign exchange movement	(88)	-	(88)
Balance June 2021	**35,966**	**-**	**35,966**
Carrying amount June 2021	**16,321**	**-**	**16,321**
Carrying amount June 2020	**25,450**	**-**	**25,450**

9. Right-of-use asset

	2021 $	2020 $
Land and buildings: right-of-use		
At cost	304,898	304,898
Accumulated depreciation	(304,898)	(54,096)
	-	**250,802**

Land and buildings – right-of-use

The land and buildings right-of-use asset related to a lease for the consolidated entities property lease for its premises at 23 Edwin Street. At the end of June 2021 the directors had decided not to exercise the option renewal of the lease and as such have written down the right-of-use asset and the lease liability (see note 12). This has resulted in amortisation of $250,802 for the right-of-use asset during the year. There were no additions to the right-of-use asset during the year.

Notes to the consolidated financial statements

For the year ended 30 June 2021

10. Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

	2021 $	2020 $
Unsecured liabilities		
Trade payables	43,344	103,844
Accrued expenses	126,217	94,003
Total trade and other payables	**169,561**	**197,847**

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

11. Provisions

	2021 $	2020 $
Opening balance	60,220	69,720
Leave accrued	56,034	67,794
Leave taken	(20,734)	(77,294)
Balance at end of the year	**95,520**	**60,220**

Recognition and measurement

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

12. Lease liability

	2021 $	2020 $
Current		
Lease liability	-	53,053
Non-current		
Lease liability	-	201,603
Balance at end of the year	**-**	**254,656**

Recognition and measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. The incremental borrowing rate applied on the lease is 4%.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down. The directors have decided not to exercise the renewal of the lease and as such have written down the right of use asset and the lease liability.

Key estimate and judgement: incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entities estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

13. Issued capital

	No. of shares	Issue price	$
Balance as at 1 July 2019	**571,441,081**		**74,371,070**
Issued shares	-	-	-
Share issue transaction costs net of tax	-	-	-
Balance as at 30 June 2020	**571,441,081**		**74,371,070**
Issued shares	-	-	-
Share issue transaction costs net of tax	-	-	-
Balance as at 30 June 2021	**571,441,081**		**74,371,070**

Ordinary shares

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

The company does not have par value in respect of its shares.

Options

The fair value of options is recognised as a benefit to directors and employees. The fair value is measured at the grant date and recognised over the period during which the options vest to the directors and employees.

The fair value at the grant date is independently determined using the Black Scholes binomial convergence model for the employee's options. These models take into account the exercise price, the life of the option, the current price of the underlying share, the expected volatility of the share price and the risk-free rate for the life of the option.

For information relating to the Living Cell Technologies Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, as well as information relating to share options issued to key management personnel during the financial year, refer to the Remuneration Report in section 5 of the Directors' Report and Key Management Personnel compensation in note 17.

The weighted average fair value of options granted during the year was $0.022 (2020: $0.0223)

Capital management

Capital of the consolidated entity is managed to safeguard the ability to continue as a going concern so that it can provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure. The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

The consolidated entity's capital comprises shares.

There are no externally imposed capital requirements.

The consolidated entity manages the group's capital structure by assessing the group's financial risks and adjusting the capital structure in response to changes in these risks and the market. These responses include the issue of additional shares and/or convertible securities.

14. Reserves

Foreign currency translation reserve

The foreign currency translation reserve comprises all translation exchange differences arising on the retranslation of opening net assets together with differences between the statement of profit or loss and other comprehensive income translated at average and closing rates. It also includes adjustments in relation to investments in foreign operations.

Option reserve

The option reserve reflects the accumulated expenses associated with the granting of outstanding options to directors and staff.

15. Currency translation rates

	NZD 2021	NZD 2020
Year-end rates used for the consolidated statement of financial position, to translate the following currencies into Australian dollars (AUD), are:	0.93	0.93
Weighted average rates for the year used for the consolidated statements of profit or loss and other comprehensive income and cash flows, to translate the following currencies into Australian dollars (AUD), are:	0.93	0.95

NZD = NZ dollar

16. Capital commitments

The consolidated entity has no capital commitments (2020: Nil).

17. Key management personnel disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2021 $	2020 $
Short-term employee benefits	731,070	759,106
Post-employment benefits	10,194	5,820
Share-based payments	(47,435)	18,660
Total	**693,829**	**783,586**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the group's, superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year.

Notes to the consolidated financial statements

For the year ended 30 June 2021

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

The remuneration report contained in the directors' report contains details of the remuneration paid or payable to each member of the consolidated entity's key management personnel for the year ended 30 June 2021.

Other key management personnel transactions

For details of other transactions with key management personnel, refer to note 18.

18. Related party transactions

Controlled entities

Principles of consolidation

All controlled entities have a 30 June financial year end.

As at year end the assets and liabilities of all controlled entities have been included in the consolidated financial statements as well as their results for the year. The directors have deemed that control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity. The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

19. Related parties

	Country of incorporation	% owned* 2021	% owned* 2020
Parent entity and ultimate parent of the group:			
Living Cell Technologies Ltd	Australia		
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
NeurotrophinCell Pty Ltd**	Australia	100	100

** Percentage of voting power is in proportion to ownership.*
*** Companies deregistered in January 2021.*

Parent entity

The parent entity and ultimate parent entity of the group is Living Cell Technologies Limited.

Loans

All loan balances between companies in the consolidated entity have been fully provided for and eliminated on consolidation. All inter-company loan transactions to and from subsidiaries and with the parent entity are fully provided for.

Key management personnel

Disclosures relating to key management personnel have been set out in note 17 and the directors' report.

Entities subject to significant influence by the consolidated entity

An entity over which the consolidated entity has the power to participate in the financial and operating policy decisions but does not have control over those policies. Significant influence may be gained by share ownership, statute or agreement.

Subsidiaries

The consolidated financial statements include the financial statements of Living Cell Technologies Limited and its subsidiaries. For details of subsidiaries, see note 18.

20. Parent entity disclosures

Statement of financial position

	2021 $	2020 $
Current assets	1,124,097	1,970,192
Total assets	1,124,097	1,970,192
Current liabilities	(74,480)	(125,881)
Total liabilities	(74,480)	(125,881)
Net assets	**1,049,617**	**1,844,311**
Accumulated losses	(73,502,236)	(72,753,862)
Issued capital	74,371,073	74,371,073
Reserves	180,780	227,100
Total equity	**1,049,617**	**1,844,311**

Statement of profit or loss and other comprehensive income

Profit/(loss) after income tax	(571,103)	(328,020)
Total comprehensive income	**(571,103)**	**(328,020)**

The parent company has no guarantees, contingent liabilities or capital commitments as at 30 June 2021 or 30 June 2020.

21. Cash flow information

Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the consolidated statement of financial position as follows:

	2021 $	2020 $
Cash and cash equivalents	**1,568,928**	**2,964,874**

The company also has two business MasterCard facilities with Westpac New Zealand totalling $80,000.00. These are both undrawn at year end.

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments.

Reconciliation of result for the year to cash flows from operating activities

	2021 $	2020 $
Loss for the year	**(1,460,591)**	**(968,469)**
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in loss for the year:		
- Depreciation	4,777	16,849
- Net loss on disposal of asset	-	148,195
- Amortisation of lease	44,537	54,096
- Sale of shares in Semma	(105,859)	(1,100,159)
- Net foreign currency (gains)/losses	650	(298,070)
- Share options	(46,320)	20,106
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	94,269	379,674
- decrease/(increase) in other assets	-	1,058
- (decrease)/increase in trade and other payables	(28,286)	(1,353,564)
- (decrease)/increase in employee benefits	35,300	(9,501)
Cash flow used in operations	**(1,461,523)**	**(3,109,785)**

22. Segment reporting

General information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of product category and service offerings as the diversification of the group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

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

23. Financial risk management

The consolidated entity's principal financial instruments comprise receivables, payables, cash and short-term deposits. These activities expose the group to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The group manages the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate and foreign currency risk and by being aware of market forecasts for interest rates and foreign exchange rates. The group's policy is to invest in a spread of maturities to manage interest rate risk and to invest in currencies in approximate proportions of forecast expenditure to manage foreign exchange risk.

The group holds the following financial instruments:

	2021 $	2020 $
Financial assets:		
Cash and cash equivalents	1,568,928	2,964,874
Trade and other receivables	13,646	107,914
Total financial assets	**1,582,574**	**3,072,788**
Financial liabilities:		
Trade and other payables	169,561	197,847
Total financial liabilities	**169,561**	**197,847**

Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows and ensuring that sufficient working capital is available to enable the company to maintain adequate reserves to allow the company to achieve identified strategic objectives.

Notes to the consolidated financial statements

For the year ended 30 June 2021

The tables below analyse the consolidated entity's financial assets and liabilities. The amounts disclosed in the table are the contractual cash flows.

	Within one year		One to five years		Over five years	
Financial assets – cash flows realisable	**2021 $**	**2020 $**	**2021 $**	**2020 $**	**2021 $**	**2020 $**
Trade and other receivables	13,646	107,914	-	-	-	-
Trade and other payables	(169,561)	(197,847)	-	-	-	-
Total anticipated outflows	**(155,915)**	**(89,933)**	**-**	**-**	**-**	**-**

Interest rate risk

The group's exposure to market interest rates relates primarily to the group's short-term deposits held. The company manages this risk by investing in term deposits ranging from call to 12 months. This investment policy is adopted to manage risks and enhance returns.

Interest rate risk sensitivity analysis

At 30 June 2021, the effect on profit/(loss) and equity as a result of changes in the interest rate, based on interest income at the average rate for the year, with all other variables remaining constant would be as follows:

	2021 $	2020 $
+ 1.0% (100 basis points)	21,962	35,847
– 0.5% (50 basis points)	(10,981)	(17,923)

The consolidated entity's activities expose it to the risk of changes in foreign currency exchange rates and interest rates. These risks are managed at a company and consolidated level through sensitivity analysis. There has been no change to the consolidated entity's exposure to market risks or the way it manages and measures the risk from the previous period.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise financial assets, is the carrying amount, net of any allowances for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

Receivable balances are monitored on an on-going basis with the result that the consolidated entity's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The consolidated entity's exposure to the risk of changes in foreign exchange rates relates primarily to operating activities (when revenue or expense is denominated in a different currency from the consolidated entity's presentation currency and the net investment in foreign subsidiaries. The following table shows the foreign currency risk on the financial assets and liabilities of consolidated entity's operations denominated in currencies other than the presentation currency of operations.

	NZD Total $
2021 consolidated	
Cash and cash equivalents	427,364
Trade and other receivables	3,542
Trade and other payables	(175,872)
2020 consolidated	
Cash and cash equivalents	1,009,511
Trade and other receivables	92,909
Trade and other payables	143,213

Foreign currency risk sensitivity analysis

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the end of the reporting period.

The consolidated entity is mainly exposed to New Zealand dollars (NZD). The table demonstrates the sensitivity of profit before tax to a reasonably possible change in the AUD/NZD exchange rate.

A fluctuation of the New Zealand dollar would have impacted equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	Increase by 5%	Decrease by 5%
2021	48,342	(53,431)
2020	56,014	(61,910)

Price risk

Consolidated entity is not exposed to any material commodity price risk.

24. Remuneration of auditors

	2021 $	2020 $
Auditors of the group – BDO and related network firms		
Audit and review of financial statements:		
Group - Australian-based subsidiaries	68,000	72,556
Controlled entities - the New Zealand-based subsidiaries	18,065	17,760
Total audit and review of the financial statements	**86,065**	**90,316**
Other assurance services	-	2,803
Total	**86,065**	**93,119**

In 2020 other assurance services comprise of a review of the LCTNZ accounts for a Callaghan Innovation Grant application which was not required in 2021.

25. Contingent assets and liabilities

At balance date, there are no outstanding commitments for capital expenditure (2020: Nil).

A bank bond of $43,302 for the lease at 23 Edwin Street, and secured by a term deposit was on issue at 30 June 2021 (2020: $42,037).

The company on 21 February 2019 entered into two research contracts with The University of Auckland which could be terminated at any time the company deemed the project to be not commercially viable. The company decided on 29 March 2021 to terminate the contracts due to the project not being commercially viable. The contracts were settled for a net payment of NZ$400,000.

26. Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

27. Summary of significant accounting policies

A. Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the consolidated entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency unless otherwise stated.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income. Foreign currency transactions are recorded at the spot rate on the date of the transaction.

Group companies

The financial results and position of foreign operations whose functional currency is different from the consolidated entity's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for each month during the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the consolidated entity's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

Notes to the consolidated financial statements

For the year ended 30 June 2021

B. Comparative amounts

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening consolidated statement of financial position at the earliest date of the comparative period has been presented.

C. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the tax authorities. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

D. Accounting standards and interpretations issued but not yet effective

There are no Accounting Standards issued by the AASB that are not yet mandatorily applicable to the group, that will have an impact on the group in future periods.

28. Company details

The registered office of the company is:

Living Cell Technologies Limited
Level 7, 330 Collins Street
Melbourne, VIC 3000
Australia

Directors' declaration

The directors of Living Cell Technologies Limited declare that:

1. the financial statements and notes for the year ended 30 June 2021 are in accordance with the *Corporations Act 2001* and:

   • comply with the Corporations Regulations 2001 and the Accounting Standards, which, as stated in accounting policy notes as set on pages 24 to 34 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   • give a true and fair view of the financial position and performance of the consolidated entity;

2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:

   • the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   • the financial statements and notes for the financial year comply with the Accounting Standards; and

   • the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion, 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.

Bernie Tuch

Director: Bernard Tuch (Chairman)
Dated: 30 August 2021

BDO

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Living Cell Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Living Cell Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 (e) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the controlled entity's ability to continue as a going concern, and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. Except for the matter described in the material uncertainty related to going concern above, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Living Cell Technologies Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

John Bresolin
Partner

Sydney, 30 August 2021

ASX additional information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 27 August 2021.

1. Substantial shareholders

Name of shareholder	Shares held	% of issued shares
Mr Jimmy Thomas and Ms Ivy Ruth Ponniah	48,573,386	8.5%

2. Voting rights

Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

3. Distribution of equity security holders

As at 27 August 2021

Number of shares held	Number of holders	Total shares
1 – 1,000	180	41,278
1,001 – 5,000	364	1,136,151
5,001 – 10,000	325	2,665,968
10,001 – 100,000	1,248	52,287,847
100,001 shares and over	521	515,309,737
Total	**2,638**	**571,440,981**

There were 1,539 holders of less than a marketable parcel of ordinary shares.

4. Twenty largest shareholders

	Ordinary shares	
As at 27 August 2021	Number held	% of issued shares
Mr Jimmy Thomas and Ms Ivy Ruth Ponniah	48,573,386	8.50
HSBC Custody Nominees (Australia) Ltd	35,809,115	6.27
Citicorp Nominees Pty Limited	26,897,182	4.71
Otsuka Pharmaceutical Factory, Inc.	25,000,000	4.37
Hobson Wealth Custodians LTD	21,987,914	3.85
Waiaua Bay Farm Limited	16,548,466	2.90
Ms Elena Borisovna Titova	16,170,599	2.83
Masfen Securities Limited	15,190,788	2.66
Peter C Cooper and Susan E Cooper	14,705,195	2.57
Jiangsu Aosaikang Pharmaceutical Co	14,334,080	2.51
Custodial Servces Limited	10,716,079	1.88
ASB Nominees Limited	9,511,822	1.66
Peter C Cooper	9,195,670	1.61
Mr Terence Roland Harrison + TRH trustee Limited	6,942,471	1.21
BNP Paribas Nominees Pty Ltd	6,109,390	1.07
Miss Helena Margaret Bateman	5,732,345	1.00
Yucaja PTY LTD	5,361,100	0.94
Natalia Parke Trustee Limited	5,149,537	0.90
SC Trustee Limited	5,149,537	0.90
Estate Late Robert Bartlett Elliott	5,109,269	0.89

5. Securities exchange

The company is listed on the Australian Securities Exchange.

Living Cell Technologies Limited
ABN: 14 104 028 042

Level 7, 330 Collins Street
Melbourne, VIC 3000
Australia

Unit 107, 23 Edwin Street
Mt Eden, Auckland 1024
New Zealand