

NEWS RELEASE**For Immediate Release****Otsuka Pharmaceutical Factory and Living Cell Technologies Limited
Agree to Establish Joint Venture to Develop and Commercialize
Pancreatic Islets as a Treatment for Diabetes**

Tokyo, October 19, 2011— Otsuka Pharmaceutical Factory, Inc. (head office: Naruto City, Tokushima, Japan; President: Ichiro Otsuka) (“OPF”) has entered into a definitive agreement with Living Cell Technologies Limited (head office: Auckland, New Zealand; Medical Director & CEO: Robert Elliott) (“LCT”) to establish a joint venture to be named DIATRANZ OTSUKA LIMITED.

1. Background

As was announced on April 12 this year, OPF purchased 25 million ordinary shares (A\$0.12 per share) of LCT and obtained the exclusive right to negotiate the development toward commercialization of LCT’s pancreatic islet “DIABECCELL[®],” which is being developed by LCT as a treatment for diabetes. The joint venture will be established to further deepen the collaboration with LCT and accelerate the development and commercialization of DIABECCELL[®] as a prevention and treatment of diabetes and its complications.

2. Joint Venture Function

It is widely known that there are many serious diabetes patients who have not been sufficiently cured through currently available therapies. The joint venture will develop a novel method based on cell therapy for the treatment of diabetes.

3. Joint Venture Profile

Corporate Name	:	DIATRANZ OTSUKA LIMITED
Scope of Business	:	Clinical development, manufacturing and commercialization of DIABECCELL [®]
Business region	:	Worldwide (excluding China)
Company Establishment	:	November 1, 2011 (planned)
Head Office	:	New Zealand
Establishment Capital	:	AUD 50 million
Company Representative	:	To be elected from either OPF or LCT
Executive Officers	:	2 persons each to be elected from OPF and LCT
Ownership	:	50:50
OPF’s Investment	:	AUD 25million

It is OPF's objective, through development and commercialization of this pancreatic islet DIABECCELL[®] by the joint venture company, to offer additional therapeutic options for patients with diabetes, and to strengthen its R&D in the field of regenerative medicine and further actively expand its business not only in Japan but also on the international stage.

Based on Otsuka Group's corporate philosophy "Otsuka-people creating new products for better health worldwide," OPF is constantly working to help improve the health of people in all parts of the world.

Company Profile

Living Cell Technologies Limited

Company : 1987
Establishment
Capital : AUD 52,430,728
(Listed on the Australian Securities Exchange (ASX))
Company Representative : Robert Elliott, Medical Director & CEO
Head Office Address : 19 Laureston Avenue, Hunters Corner, Manukau 2155, Auckland, New Zealand
Employees : 56
Scope of Business : Development of cell therapy utilizing cell encapsulation technology

Otsuka Pharmaceutical Factory, Inc.

Company : September 1, 1921
Establishment
Capital : 80 million yen
Company Representative : Ichiro Otsuka, President
Head Office Address : 115 Kuguhara, Tateiwa, Muya-cho, Naruto, Tokushima 772-8601, Japan
Employees : 2,504 (as of March 31, 2011)
Scope of Business : Manufacture and sale of pharmaceutical and nutritional products