mesoblast
the adult stem cell company

asx announcement

MESOBLAST - NATIONAL ELECTRONIC MEDIA COVERAGE

Melbourne, Australia; 7 August 2008: Australian regenerative medicine company, Mesoblast Limited (ASX:MSB; USOTC: MBLTY), today confirmed that national news items broadcast yesterday on the ABC, Channel 9 and Channel 10 focused on results of its adult stem cell bone fracture repair trial conducted at The Royal Melbourne Hospital.

The coverage included interviews with a patient involved in the long bone fracture repair trial using Mesoblast's specialist mesenchymal precursor cells and Principal Investigator and orthopaedic surgeon, Mr Richard de Steiger.

In the interests of fair and full disclosure, transcripts of the radio and television news items follow.

Mesoblast's clinical activities were also recently featured on Sky Business News, and this coverage can be seen on the Company's website, specifically: http://mesoblast.com/mediareleases/MMESOCAS%20M00031566289.wmv

Transcript: ABC Radio - AM - Wednesday, 6 August 2008

Presenter: Australian researchers will today unveil the results of a revolutionary clinical trial in which they've grown bone from stem cells. They say it will drastically change the way serious leg and other fractures are treated.

And because the stem cells used are not embryonic but the patient's own cells, ethical issues are unlikely to be a problem. Samantha Donovan reports.

Reporter: Fractures in the long bones of the legs, particularly those caused by traffic accidents can take years to heal.

After breaking his leg in a motorbike accident, Anthony Giancola had a frustrating year as his compound fracture failed to fuse.

Anthony Giancola: I hate sitting around, I am very, just, always like to do things; move around. So to be sort of inactive for that long really tried my patience, let's just say.

Reporter: Instead of having a bone graft, as would usually be the case, Anthony Giancola was invited to take part in a groundbreaking Melbourne stem cell trial where attempts would be made to use his own stem cells to grow bone to help the fracture fuse. Orthopaedic surgeon Richard de Steiger is the trial's principal investigator.

Richard de Steiger: This particular process involves taking the patient's own stem cells, which reside in the bone marrow in the pelvis. They are taken from the patient, grown in a laboratory and cultured and then many millions of these bone marrow cells are placed back into the fracture. And these particular cells can

grow bone, that is the patient's own bone and help to heal the fracture.

Reporter: Anthony Giancola says his break fused rapidly after the surgery.

Anthony Giancola: They actually had me walking on it the day after. Obviously a bit sore and tender back then; but the bone pretty much started healing very quickly from that point. I think it took, I think my records are a full eight to ten weeks, and the bone was pretty much well fused together.

Reporter: Were you surprised?

Anthony Giancola: Yeah, pretty much considering like a year, nothing had happened; so yeah, it was great.

Reporter: Surgeon Richard de Steiger says the technique shouldn't attract controversy because the patient's own stem cells are used. He hopes the new technique may revolutionise treatment in developing countries where severe fractures are often left untreated or require the amputation of limbs.

Richard de Steiger says the ambitions of the biotechnology company behind the research, to market "off the shelf" stem cells could make the treatment widely available.

Richard de Steiger: Stem cells that are grown from a particular patient, stored and literally can be put in a packet if you like, on an operating theatre shelf and placed into any patient. It won't be their own stem cells; it will be stem cells that can actually form bone in a packet if you like.

Transcript: Channel 10 – 5pm News, 6 August 2008

Presenter: World first medical research is said to halve recovery time for compound fractures. The Melbourne trial has achieved a near 90% success rate, with doctors now considering other uses for the technology.

Reporter: Two broken bones pierced Anthony Giancola's skin when he fell from a motorbike in 2005. And after a horrendous 14 months, the compound fracture failed to heal.

Anthony Giancola: A lot of pain. I mean one time, I slipped and landed on it - a lot of pain, yes.

Reporter: Enter orthopaedic surgeon Richard de Steiger and the chance to participate in a medical trial aimed at healing problem fractures.

Stem cells were removed from Anthony's pelvis, grown in a lab for six weeks, then injected to the fracture site. And…

Anthony Giancola: Within two weeks, I felt pretty good.

Reporter: So good, in fact, he disregarded his crutches and was soon back walking, working, even running. The 36-year-old was one of 10 patients in the two-year-trial. Eight reported overwhelmingly positive results.

Richard de Steiger: All these patients have avoided the need for having a second operation to get bone graft from somewhere else in their body.

Reporter: Elite sportsmen suffering sickening fractures are also likely to benefit from the technique.

Richard de Steiger: That you halve the union rate from say 20 weeks to 10, 12 weeks. Then you can start running much sooner.

Reporter: Donor stem cells, applications for early arthritis and even cartilage growth, will be trialed next. It's hoped the technique will become common practice in a few years, but Anthony Giancola is just happy to be back on his bike.

Anthony Giancola: But bone-wise, it's no pain whatsoever. So look, see, I'm getting back. I'm walking, running, that sort of stuff. So, that's fine, yeah.

Transcript: ABC-TV News 7pm, 6 August 2008

Newsreader: A Melbourne stem cell trial is set to change the way severe bone fractures are treated.

Road trauma victims were among the first to use the therapy, which has the potential to dramatically speed up recovery times.

Reporter: Tony Giancola's recovery from a motorbike accident offers new hope to severely injured road trauma victims.

He agreed to the stem cell trial after a year on crutches with a compound fracture, which refused to heal.

Tony Giancola: Probably 10 years ago, who knows I may have like lost the leg. I don't know. So, see for me to sort of come through this accident and now I'm back to normal, sort of thing, it feels really good.

Reporter: Instead of traditional bone grafts, scientists took stem cells from the patient's pelvic area, harvested them in a laboratory, before placing them on the fracture site.
With eight of the 11 patients having successful bone unions, scientists say the therapy has huge potential and also offers hope to injured athletes.

Richard de Steiger: Let's guess that you halve the union rate from say 20 weeks to 10-12 weeks, then you can start running much sooner and you could, you know, start your physical therapy sooner than you'd be able to.

Reporter: About 70,000 Australians undergo hip and knee replacements each year.

Richard de Steiger: There's probably a need for treatments in younger people, in particular in their forties and fifties, to try to delay the need for joint replacement therapy, or also improve their pain. I think that's particularly exciting.

Reporter: Scientists say the therapy is ethical, because patient's own cells are used.

But the next step is using donor cells which, when harvested, could help millions, especially in third world countries where amputations are common.

Transcript: Channel 9 – 6pm News, 6 August 2008

Presenter: A world first trial at Royal Melbourne Hospital has shown stem cell technology can halve the time it takes for bones to heal. Martine Alpins says it gives patients an alternative to invasive surgery and may help treat arthritis and delay the need for limb replacements.

Reporter: Tony Giancola is proud to show off his motorbike accident injury, grateful it's only skin deep. The 36-year-old's broken leg failed to heal 12 months after a crash in 2005. A daredevil both on and off the road he agreed to be one of the first to undergo the stem cell surgery.

Tony Giancola: Pretty much the day after they had me walking on it, which was a bit of a shock.

Reporter: Instead of having bone removed from his pelvis, cells were taken from his bone marrow and transferred into the fracture, which healed in 10 weeks, half the time it would usually take.

Richard de Steiger: The stem cell procedure only involves a small injection and that meant it would be much less painful than traditional surgery would have been.

Reporter: The keen footballer is now back in the game, experiencing no pain.

Tony was treated here at Royal Melbourne Hospital, where the clinical trial is now complete. The stem cell technology was successful in eight out of the 10 patients that took part. But it will be at least three years before it's available to the public.

Richard de Steiger: So, let's hope it never happens again. But if it did and it didn't heal, he would get the same treatment.

End of Segments

mesoblast
the adult stem cell company

asx announcement

About Mesoblast
Mesoblast Limited (ASX: MSB; USOTC: MBLTY) is committed to the rapid commercialisation of a unique adult stem cell technology aimed at the regeneration and repair of bone and cartilage. Our focus is to progress through clinical trials and international regulatory processes necessary to commercialise the technology in as short a timeframe as possible. Mesoblast has the worldwide exclusive rights for a series of patents and technologies developed over more than 10 years and which relate to the identification, extraction and culture of adult Mesenchymal Precursor Cells (MPCs). The Company has also acquired 39% of Angioblast Systems Inc., an American company developing the platform MPC technology for the treatment of cardiovascular diseases including repair and regeneration of blood vessels and heart muscle.

For further information, please contact:

Julie Meldrum
Corporate Communications Director
Mesoblast Limited
T: + 61 (03) 9639 6036
M: +61 (0) 419 228 128
www.mesoblast.com