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HALF-YEAR RESULTS

Emerging Portfolio of Clinical Products Underpin Commercial Strategic Objectives

Melbourne, Australia; 26 February 2009: Australia's regenerative medicine company, Mesoblast Limited (ASX: MSB; PINK: MBLTY), today announced its half-yearly results.

Mesoblast had cash reserves at 31 December 2008 of $9.6 million, and remains well funded to execute on its strategic initiatives. With clarity on clinical focus and commercial priorities, Mesoblast continues to progress its lead orthopaedic programs towards Phase 3/pivotal trials.

Significant progress also continues to be made by Mesoblast's United States-based sister company Angioblast Systems in non-orthopaedic applications of the stem cell technology platform.

A clear portfolio is emerging of allogeneic, or "off-the-shelf", stem cell-based products for a wide array of clinical indications.

Significant highlights during the reporting period included:

- Mesoblast named 2009 Emerging Company in the United States Soft Tissue Repair market by the leading market analysis firm Frost & Sullivan.
- Proprietary platform stem cell technology named by Frost & Sullivan the 2008 United States Stem Cell Market Technology Innovation of the Year.
- Continued timely progress in orthopaedic product development for both bone and cartilage repair/regeneration.
- Non-union long bone fracture repair trial concludes with excellent outcome; lumbar unilateral spinal fusion trial continues with good safety profile.
- Spinal fusion program expanded to cervical spine in addition to lumbar spine, with preclinical results showing safety and effectiveness of NeoFuse™ for interbody fusion of the cervical spine in the neck.
- Australian institutional ethics approval to begin the first human trial of Mesoblast's adult stem cell treatment for prevention of knee osteoarthritis after an acute traumatic knee injury and anterior cruciate ligament reconstruction.
- Mesoblast initiated broad-based collaborative clinical program with one of Singapore's leading private healthcare providers, Parkway Group Healthcare Pte Ltd, a subsidiary of Parkway Holdings Limited.
- Parkway Independent Ethics Committee approved Mesoblast's first registry trial of RepliCart™, its adult stem cell product for patients with knee osteoarthritis.

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- Continued timely progress in non-orthopaedic product development by Mesoblast's United States-based sister company Angioblast Systems Inc; areas of development include cardiovascular diseases, eye conditions such as diabetic retinopathy and macular oedema, and bone marrow transplantation.

- Mesoblast holds 38.4 percent equity interest in Angioblast following the USD5million equity investment by global healthcare company, Abbott Laboratories.

- Angioblast is currently in the midst of the world's first clinical trial to use allogeneic, or "off-the-shelf", adult stem cells from an unrelated donor to treat patients with congestive heart failure.

- Rapidly completed recruitment of the first 20-patient group receiving the lowest dose of Angioblast's Revascor™ for heart failure; no cell-related safety issues and Angioblast cleared to continue recruitment of the second group of 20 patients to receive a higher dose of Revascor™.

- Angioblast received orphan drug designation to treat patients with haematologic malignancies who need a bone marrow transplant. This allows for an accelerated review process by the FDA and seven-year market exclusivity in the United States upon obtaining marketing authorisation; currently recruiting patients for FDA-cleared bone marrow transplant trial.

Executive Director, Professor Silviu Itescu, said it had been an extremely constructive and stimulating period for Mesoblast.

"Clarity of strategic priorities drives our clinical product portfolio, and we are confident that our ability to execute will enable this product pipeline to deliver significant commercial outcomes," he said.

About Mesoblast
Mesoblast Limited (ASX:MSB; PINK:MBLTY) is committed to the development of novel treatments for orthopaedic conditions, including 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 relating to the identification, extraction and culture of adult Mesenchymal Precursor Cells (MPCs). The Company has acquired 38.4% of Angioblast Systems Inc., an American company developing the platform MPC technology for the treatment of cardiac, vascular and eye diseases including repair and regeneration of blood vessels and heart muscle. Mesoblast and Angioblast are jointly funding and progressing the core technology. Mesoblast's strategy is to maximise shareholder value through both corporate partnerships and the rapid and successful completion of clinical milestones. www.mesoblast.com

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