mesoblast
the regenerative medicine company

asx announcement

HALF-YEAR RESULTS

Strong Progress, Well-Funded, Broadening Product Pipeline

Melbourne, Australia; 25 February 2010: Australia's regenerative medicine company, Mesoblast Limited (ASX:MSB), today reported its half-year results for the year ended 31 December 2009, with cash reserves of $14.65 million.

Mesoblast Chairman Brian Jamieson said: "The Board of Directors is very pleased with management's strategic focus, prudent use of funds, and timely execution of the company's global business objectives.

"Our continued progress underscores the tremendous commercial potential of our adult stem cell technology platform and Mesoblast's position as a global leader.

"The strong results further enhance our ability to action multiple complementary revenue generating strategies, including taking products to market ourselves, entering into distribution arrangements, and forming strategic licensing partnerships," Mr Jamieson added.

Spinal Diseases Franchise
Mesoblast has a major focus on building a suite of products for spinal diseases, the fastest growing market in orthopaedics. Specific accomplishments during the period included:

- Highly successful preclinical trial results of our adult stem cells for the treatment of degenerative intervertebral disc disease, the leading cause of low back pain, which affects an estimated four million people in the United States alone
- A single low-dose injection of Mesoblast's allogeneic adult stem cells into severely damaged intervertebral discs of sheep resulted in dramatic reversal of the degenerative process, regrowth of disc cartilage, and sustained normalisation of disc pathology, anatomy and function
- Mesoblast anticipates commencing a Phase 2 clinical trial for repair of degenerative disc disease during the first half of 2010
- Continued, active enrolment of patients in the Phase 2 clinical trial of our spinal fusion product NeoFuse™ for minimally invasive lumbar fusion surgery in the lower back.

Osteoarthritis
Mesoblast is developing products for the treatment of cartilage loss in the knee and other large joints such as the hip. During the period, active enrolment of patients continued in Mesoblast's Phase 2 trial of RepliCart™ for preventing osteoarthritis of the knee after knee trauma and reconstruction of the Anterior Cruciate Ligament.

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Angioblast
Mesoblast maintains a highly productive relationship with United States associate company, Angioblast Systems Inc., in which it holds 38.4% equity on a non-diluted basis. This investment continues to deliver significant shareholder value as Angioblast advances the shared platform stem cell technology for cardiac, vascular, bone marrow and eye conditions, and most recently diabetes.

Angioblast's most significant highlights for the period were:

- Successful results from the first 18 of 30 patients receiving a bone marrow transplant using umbilical cord blood expanded by the patented allogeneic (or off-the-shelf) stem cells.

- The company's product is being developed under a US Food and Drug Administration (FDA) Orphan Drug Designation granted to Angioblast for expanding haematopoietic stem and progenitor cell numbers in patients with haematologic malignancies. This means that there is the potential for a fast track to Phase 3 and, if effective, accelerated product registration.

- Positive interim results from a 60 patient randomised Phase 2a trial showing that the lowest dosage of cells is able to induce a highly significant and sustained improvement in heart function compared to control patients. The safety profile of the cells has been excellent, and the company expects to complete recruitment of the final 20 patients receiving the highest dose of cells during the first half of 2010.

- Significant preclinical trial results showing that the proprietary stem cells could be a potential treatment for diabetes. Given the epidemic proportions at which this disease is evolving, this is a huge potential market opportunity for the company.

About Mesoblast
Mesoblast Limited (ASX:MSB) 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% (on a non-diluted basis) 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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