

## asx announcement

### **MESOBLAST HALF-YEAR RESULTS**

#### **Strong financial position underpins company's ability to deliver in increased value from broadened range of stem cell therapeutics**

**Melbourne, Australia: 28 February 2011:** Regenerative medicine company Mesoblast Limited (ASX: MSB; OTC ADR: MBLTY) today reported its half year results for the period ended 31 December 2010.

At the reporting date, Mesoblast recorded funds of \$140.6 million but has since nearly doubled its cash reserves to \$279 million after an equity purchase by global biopharmaceutical company Cephalon Inc. that brings its total Mesoblast holding to 19.99%.

In December 2010, Mesoblast and Cephalon entered into a strategic alliance to develop and commercialize Mesoblast's Mesenchymal Precursor Cell (MPC) therapeutics for degenerative conditions of the cardiovascular and central nervous systems as well as for bone marrow regeneration in cancer patients. In exchange for exclusive commercial rights to these products, Cephalon has paid US\$130 million upfront and committed up to US\$1.7 billion in milestone payments to Mesoblast.

Mesoblast's Chief Executive, Professor Silviu Itescu, said that the alliance with Cephalon was transformational for both companies.

"We expect this strategic partnership to return considerable value to both Mesoblast and Cephalon shareholders," he said.

Professor Itescu said that Mesoblast will derive new value based on three clear pillars for its clinical product pipeline:

- Firstly, the Cephalon alliance will draw on Cephalon's proven execution capability and experienced clinical and regulatory team to deliver on near-term clinical and commercial outcomes for Mesoblast's lead cardiovascular and bone marrow regeneration products.
- Secondly, Mesoblast's enhanced financial position will enable the company to move into new clinical programs for intravenously-delivered adult stem cell products to treat a range of new and highly visible clinical indications. These products will target very lucrative markets, the first of which will be diabetes. Additional markets will include various inflammatory and immunologic conditions of joints, lungs and other tissues.
- The third pillar is the company's orthopedic pipeline, including products for spinal fusion, intervertebral disc repair, and knee osteoarthritis. Additional bone repair products will target long bone fractures, stress fractures, and vertebral fractures.



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"Mesoblast will remain focused on highly strategic and wise use of capital, advancing commercialization of a broadened range of clinical products in order to continue to deliver significant shareholder value," Professor Itescu added.

### **About Mesoblast Limited**

Mesoblast Limited (ASX: MSB; OTC ADR: MBLTY) is a world leader in the development, manufacture, and commercialization of biologic products for the broad field of regenerative medicine. Mesoblast has the worldwide exclusive rights to a series of patents and technologies developed over more than 10 years relating to the identification, extraction, culture and uses of adult Mesenchymal Precursor Cells (MPCs). More information - [www.mesoblast.com](http://www.mesoblast.com)

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