mesoblast
the regenerative medicine company

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MESOBLAST FINANCIAL YEAR END RESULTS

Strong Clinical Progress, Major Regulatory Milestone and Enhanced Corporate Strategy

Melbourne, Australia; 26 August 2010: Australia's regenerative medicine company, Mesoblast Limited (ASX: MSB; USOTC: MBLTY), today reported its results for the year ended 30 June 2010.

With cash reserves of $32.05 million at 30 June 2010 compared to $16.5 million for the 2009 financial year, Mesoblast has strengthened its capacity to commercialise a broadening portfolio of its allogeneic, or "off-the-shelf", stem cell products.

The low-cost, high margin business model associated with these products is similar to pharmaceutical drugs, and underscores the company's significant commercial advantages over competitive technologies.

Mesoblast Chairman, Mr Brian Jamieson, said it had been an extremely rewarding year for Mesoblast, highlighted by the timely achievements of a number of key clinical and commercial milestones.

"A stand-out accomplishment was Mesoblast's success in obtaining a license from the Therapeutic Goods Administration (TGA) to manufacture and distribute our first generation autologous, or patient's own, adult stem cell products throughout Australia.

"This represents the first culture-expanded adult stem cell therapy that has received manufacturing approval anywhere in the world and is a strong validation of the company's science, manufacturing, preclinical and clinical strategies and results," Mr Jamieson added.

"Early adoption of our first generation products will establish a clear path for our second generation allogeneic products that are derived from a universal or unrelated donor."

Key Highlights from Clinical Trials of Allogeneic Products

- Safe and robust lumbar fusion demonstrated over 12 months in Mesoblast's first spinal fusion trial of NeoFuse™ at New York's Hospital for Special Surgery which employed an invasive surgical approach
- Phase 2 trials for lumbar and cervical spinal fusion products used in minimally invasive surgical procedures continue to recruit well in United States and Australia
- Phase 2 trial of RepliCart™ for prevention of knee cartilage loss and osteoarthritis after Anterior Cruciate Ligament damage continues recruitment in Australia
- Phase 2 trial of Revascor™, the cardiac repair stem cell product, being developed by Mesoblast's United States associated company Angioblast Systems Inc. for congestive heart failure, has completed 60-patient recruitment; interim results indicate positive 3 and 6 month efficacy in the lowest-dose treatment group
- Angioblast's bone marrow repair product, being developed under a United States Food and Drug Administration (FDA) Orphan Drug Designation, has demonstrated successful bone marrow engraftment in 25 patients
- On the basis of the bone marrow transplantation results, Angioblast held a successful meeting with the FDA to discuss plans for moving into a Phase 3 trial; the Company remains on track to file an Investigational New Drug (IND) submission to the FDA to commence a Phase 3 trial for its bone marrow transplant product by the end of this year.

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Proposed Acquisition of Angioblast

In order to maximise shareholder benefits across the entire technology platform, the Board of Directors has recommended to shareholders to consider a strategic acquisition of Angioblast. This would transform Mesoblast from a biologics company focused on orthopaedic applications to a global leader in the regenerative medicine industry. An Extraordinary General Meeting of Mesoblast shareholders to vote on the proposed acquisition is scheduled to be held on 22 September 2010.

Mr Jamieson said: "Bringing the technology platform and assets into one company would enable us to streamline corporate operations, strengthen the global leadership team, rationally allocate resources based on maximal return, and facilitate commercial partnering discussions."

Financial Summary

- Cash reserves at 30 June 2010 are $32.05 million (2009: $16.5 million)
- Operating cash use for the year was $9.7 million (2009: $9.2 million)
- Net loss for the year was $14.8 million (2009: $12.3 million).

About Mesoblast Limited

Mesoblast Limited (ASX: MSB; ADR: MBLTY) is a world leader in commercialising biologic products for the broad field of regenerative medicine. Mesoblast has the worldwide exclusive rights for 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).
www.mesoblast.com

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