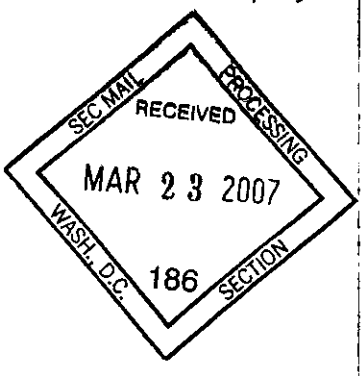

mesoblast
*the adult stem cell company*




15 March 2007

US Securities and Exchange Commission
Office of International Corporate Finance
100 F Street, N.E.
WASHINGTON DC 20549
USA
Mailstop: Room 3628

SUPPL

BEST AVAILABLE COPY

Dear Sirs

**Re: Submission by Mesoblast Limited under Rule 12g3-2(b) - SEC File Number 82-34929**

We enclose copies of all documents lodged with the Australian Securities Commission on behalf of Mesoblast Limited for filing with the US Securities & Exchange Commission.

These lodgements date from 1 February 2007 to the present date 15 March 2007.

Yours sincerely

Kevin Hollingsworth
Company Secretary

PROCESSED
APR 11 2007
THOMSON
FINANCIAL

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Victoria 3000 AUSTRALIA
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www.mesoblast.com
ABN 68 109 431 870
ACN 109 431 870

*Rule 4.7B*

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Mesoblast Limited

ABN

68 109 431 870

Quarter ended ("current quarter")

31 December 2006

### Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter $A'000 | Year to date $A'000 |
|---|---|---|---|
| 1.1 | Receipts from customers | | |
| | Government grant received | | |
| | R & D Tax Offset | | |
| 1.2 | Payments for (a) staff costs | | |
| | (b) advertising and marketing | | |
| | (c) research and development | | |
| | (d) leased assets | | |
| | (e) other working capital | | |
| 1.3 | Dividends received | | |
| 1.4 | Interest and other items of a similar nature received | 272 | 490 |
| 1.5 | Interest and other costs of finance paid | | |
| 1.6 | Income taxes paid | | |
| 1.7 | Other (provide details if material) | | |
| | Commercialisation costs | (2,197) | (4,609) |
| | General Administration | (802) | (1,366) |
| | **Net operating cash flows** | (2,727) | (5,485) |

+ See chapter 19 for defined terms.

| | | Current quarter $A'000 | Year to date $A'000 |
|---|---|---|---|
| 1.8 | Net operating cash flows (carried forward) | **(2,727)** | **(5,485)** |
| | **Cash flows related to investing activities** | | |
| 1.9 | Payment for acquisition of: | | |
| | (a) businesses (item 5) | | |
| | (b) equity investments (see attached note 4) | (1,000) | (3,000) |
| | (c) intellectual property | (14) | (22) |
| | (d) physical non current assets | | (28) |
| | (e) other non-current assets | | |
| 1.10 | Proceeds from disposal of: | | |
| | (a) businesses (item 5) | | |
| | (b) equity investments | | |
| | (c) intellectual property | | |
| | (d) physical non-current assets | | |
| | (e) other non-current assets | | |
| 1.11 | Loans to other entities | (154) | (213) |
| 1.12 | Loans repaid by other entities | | |
| 1.13 | Other (provide details if material) | | |
| | **Net investing cash flows** | (1,168) | (3,263) |
| 1.14 | **Total operating and investing cash flows** | (3,895) | (8,748) |
| | **Cash flows related to financing activities** | | |
| 1.15 | Proceeds from issues of shares, options, etc. | 44 | 16,609 |
| 1.16 | Proceeds from sale of forfeited shares | | |
| 1.17 | Proceeds from borrowings | | |
| 1.18 | Repayment of borrowings | | |
| 1.19 | Dividends paid | | |
| 1.20 | Other (Government grant receivable) | | |
| | **Net financing cash flows** | 44 | 16,609 |
| | **Net increase (decrease) in cash held** | (3,851) | 7,861 |
| 1.21 | Cash at beginning of quarter/year to date | 19,567 | 7,855 |
| 1.22 | Exchange rate adjustments to item 1.20 | | |
| 1.23 | **Cash at end of quarter** | 15,716 | 15,716 |

+ See chapter 19 for defined terms.

## Payments to directors of the entity and associates of the directors

## Payments to related entities of the entity and associates of the related entities

| | | Current quarter $A'000 |
|---|---|---|
| 1.24 | Aggregate amount of payments to the parties included in item 1.7 | 126 |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11 | (154) |

1.26 Explanation necessary for an understanding of the transactions

| | |
|---|---|
| Silviu Itescu | 38 |
| Byron McAllister | 10 |
| Michael Spooner | 69 |
| Donal O'Dwyer | 9 |

## Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

## Financing facilities available N/A

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

| | | Amount available $A'000 | Amount used $A'000 |
|---|---|---|---|
| 3.1 | Loan facilities | | |
| 3.2 | Credit standby arrangements | | |

+ See chapter 19 for defined terms.

## Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|---|
| 4.1 | Cash on hand and at bank | 152 | 246 |
| 4.2 | Deposits at call | 745 | 2,110 |
| 4.3 | Bank overdraft | | |
| 4.4 | Other – Term Deposits | 14,819 | 17,211 |
| | **Total: cash at end of quarter** (item 1.22) | 15,716 | 19,567 |

## Acquisitions and disposals of business entities N/A

| | | Acquisitions *(Item 1.9(a))* | Disposals *(Item 1.10(a))* |
|---|---|---|---|
| 5.1 | Name of entity | | |
| 5.2 | Place of incorporation or registration | | |
| 5.3 | Consideration for acquisition or disposal | | |
| 5.4 | Total net assets | | |
| 5.5 | Nature of business | | |

## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: ....30 January 2007.....
(Company secretary)

Print name: Kevin Hollingsworth

+ See chapter 19 for defined terms.

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

4. Item 1.9 (6) – equity investment – A$3 million

   The equity investment relates to the following:

   (a) Section 1.4 (1) of the Supplementary Prospectus which reflects the agreement that on completion of the Mesoblast offer and its ASX listing, Mesoblast would pay A$2 million to Angioblast Systems Inc. as the first instalment to acquire 33.3 percent of equity interest in Angioblast Systems Inc. Mesoblast would then continue to pay quarterly instalments of A$1 million to Angioblast Systems Inc. up until quarter ending 31 December 2006. All these payments have now been paid.

   (b) On 23 November 2006 the shareholders at an Extraordinary General Meeting considered and passed the following resolution – "that pursuant to ASX Listing Rule 10.1, Chapter 2E of the Corporations Act 2001 (Cth) and for all other purposes approval is granted for the Company to invest up to Aus$8.5 million in additional funds to subscribe for up to 425,000 further preference shares (designated "Series B Preferred") in Angioblast Systems Inc."

   The initial A$1 million was paid on 11 December 2006.

+ See chapter 19 for defined terms.

mesoblast
the adult stem cell company

asx announcement

# STEM CELL PATENTS GRANTED FOR CARDIAC DISEASE AND NEW CLINICAL OPPORTUNITIES

**Key points:**

- Two new granted patents protect and expand commercial opportunities for use of proprietary adult stem cell platform technology
- Protect exclusive rights to use proprietary technology for cardiovascular diseases
- Grant exclusive rights to extract proprietary cells from various tissues in addition to bone marrow, including dental pulp and adipose tissues (fat)
- Enable expansion of market opportunities in major new applications such as dental diseases and cosmetic enhancement procedures
- Strengthen ability to execute commercial partnerships

**Melbourne, Australia; 6 February 2007:** Australia's adult stem cell company, Mesoblast Limited (ASX:MSB), announced today that two key patents have been granted by IP Australia relating to the adult stem cell technology platform to which Mesoblast and its US-based sister company, Angioblast Systems Inc; have exclusive commercial rights. These new patents protect and expand the commercial opportunities of both companies.

The first patent relates to using a unique population of adult stem cells known as Mesenchymal Precursor Cells (MPCs) for repairing and growing new blood vessels. This patent underpins the broad commercial opportunities of using MPCs for the treatment of heart attacks, congestive heart failure, coronary artery disease, and peripheral artery disease, conditions that affect many millions of patients worldwide.

The second patent relates to extracting these cells from a variety of sources in addition to bone marrow, including dental pulp and adipose tissues such as abdominal fat.

MPCs extracted from these new sources may be particularly effective for use in a range of new indications, including dental applications such as periodontal disease and cosmetic enhancement procedures using fat tissue.

Building upon and continuing to expand a broad-based international patent portfolio is fundamental to the commercial objectives of both Mesoblast and Angioblast, particularly executing strategic business transactions in the orthopaedic and cardiovascular areas.

The two new granted patents assume greater strategic importance to both companies as they progress Investigational New Drug (IND) submissions to the United States Food and Drug Administration (US FDA) and consider potential corporate partnerships during initiation of Phase 2 clinical trials.

**About Mesoblast**

Mesoblast Limited (ACN 109 431 870) is an Australian biotechnology company committed to commercialisation of novel treatments for orthopaedic conditions, including a unique adult stem cell technology aimed at the regeneration and repair of bone and cartilage. Mesoblast has worldwide exclusive rights to a series of patents and technologies that have been developed over more than 10 years relating to the identification, extraction and culture of adult Mesenchymal Precursor Cells (MPCs). The company has a substantial equity holding in 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. Mesoblast's strategy is to maximise shareholder value through both corporate partnerships and rapid product commercialisation.

*For further information, please contact:*

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

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# SALE OF SHARES

**Melbourne, Australia; 9 February 2007:** The Mesoblast Board of Directors has been advised by the company Founder, Professor Silviu Itescu, that yesterday he sold 6 million shares which were purchased by institutional/sophisticated investors.

The Mesoblast Board is also pleased that Professor Itescu has agreed to enter into a voluntary escrow agreement in relation to the balance of his shares (37 million) for a period of 12 months, demonstrating his long term commitment to the company.

**About Mesoblast**

Mesoblast Limited (ACN 109 431 870) is an Australian biotechnology company committed to commercialisation of novel treatments for orthopaedic conditions, including a unique adult stem cell technology aimed at the regeneration and repair of bone and cartilage. Mesoblast has worldwide exclusive rights to a series of patents and technologies that have been developed over more than 10 years relating to the identification, extraction and culture of adult Mesenchymal Precursor Cells (MPCs). The company has a substantial equity holding in 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. Mesoblast's strategy is to maximise shareholder value through both corporate partnerships and rapid product commercialisation.

*For further information, please contact:*

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

BNP PARIBAS
SECURITIES SERVICES

*Date:* 15-Jan-07

The Manager
Listings Department
Australian Stock Exchange Limited

*No. of Pages (incl.):* 3

NOTICE OF CHANGE OF INTERESTS OF SUBSTANTIAL HOLDER

Dear Sir/Madam,

Pursuant to Section 671B of the Corporations Law, AMP Limited hereby advises of a change in its relevant interest in Mesoblast Ltd.

The enclosed ASIC Form 604 discloses all required details.

Yours faithfully,

Justin Christopher
Head of Custody
BNP Paribas Securities Services
Phone: 02 9222 0029

**Form 604**
**Corporations Law**
**Section 671B**
**Notice of Change of Interests of Substantial Holder**

To: **Mesoblast Ltd**

ACN/ARSN: 109 431 870

**1. Details of substantial holder**

Name: AMP Limited ACN 079 354 519 and its related bodies corporate.

There was a change in the interests of the substantial holder on 11-Jan-2007
The previous notice was given to the company on 31-Jul-2006
The previous notice was dated 27-Jul-2006

**2. Previous and present voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate had a relevant interest in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

| | *Previous notice* | | *Present notice* | |
|---|---|---|---|---|
| *Class of securities* | *Person's votes* | *Voting power* | *Person's votes* | *Voting power* |
| Fully Paid Ordinary | 6,080,233 | 10.33% | 6,200,648 | 5.76% |

**3. Changes in relevant interests**

Particulars of each change in, or change in the nature of, relevant interests of the substantial holder or an associate in voting securities of the company since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

| *Date of change* | *Person whose relevant interest changed* | *Nature of change* | *Consideration given in relation to change* | *Class and number of shares affected* | *Person's votes affected* |
|---|---|---|---|---|---|
| 30-Oct-2006 to 7-Nov-2006 | AMP Capital Investors Limited | Correction to total number of issued shares | Not applicable | Not applicable | Not applicable |
| 14-Nov-06 | AMP Capital Investors Limited | Correction to total number of issued shares | Not applicable | Not applicable | Not applicable |
| 28-Sep-06 | AMP Life Limited | Correction to total number of issued shares | Not applicable | Not applicable | Not applicable |
| 13-Dec-2006 to 27-Dec-2006 | LAMP | Correction to total number of issued shares | Not applicable | Not applicable | Not applicable |
| 13-Dec-2006 to 27-Dec-2006 | Cogent Nominees Pty Limit | Correction to total number of issued shares | Not applicable | Not applicable | Not applicable |
| 8-Aug-2006 to 28-Sep-2006 | Cogent Nominees Pty Limit | Correction to total number of issued shares | Not applicable | Not applicable | Not applicable |

**4. Present relevant interests**

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

| *Holder of relevant interest* | *Registered holder of securities* | *Person entitled to be registered as holder* | *Nature of relevant interest* | *Class and number of securities* | *Person's votes affected* |
|---|---|---|---|---|---|
| AMP Life Limited | AMP Life Limited | AMP Life Limited | AMP Life is entitled to be the registered holder of the class and number of securities listed beside its name AMP Life Limited is a controlled body corporate of AMP Limited within the meaning of Section 608(3) of the Corporations Law | Fully Paid Ordinary: 3,013,201 | 3,013,201 |
| AMP Capital Investors Limited ('AMP Capital') | Cogent Nominees Pty Limited <SMP Accounts> | Cogent Nominees Pty Limited <SMP Accounts> | AMP Capital, in its capacity as the investment manager for the persons or trusts listed besides its name, has the power to control voting and/or the disposal of securities. AMP Capital is a controlled body corporate of AMP Limited within the meaning of Section 608(3) of the Corporations Law | Fully Paid Ordinary: 1,137,191 | 1,137,191 |
| | JP Morgan Nominees Australia Limited | LAMP | | Fully Paid Ordinary: 1,194,592 | 1,194,592 |
| | National Nominees Pty Limited | Equipsuper | | Fully Paid Ordinary: 855,664 | 855,664 |
| | | | | Total: | 6,200,648 |

**5. Change in association**

The persons who have become associates of, ceased to be associates of, or have changed the nature of their association with, the substantial shareholder in relation to voting interests in the company or scheme are as follows:

| *Name and ACN* | *Nature of association* |
|---|---|
| No Changes | |

**6. Addresses**

The addresses of persons named in this form are as follows:

| *Name* | *Address* |
|---|---|
| AMP Life Limited | Level 24, 33 Alfred Street, Sydney NSW 2000 |
| AMP Capital Investors Limited | Level 22, 33 Alfred Street, Sydney NSW 2000 |
| Cogent Nominees Pty Limited | Level 6, 60 Castlereagh Street, Sydney NSW 2000 |
| Equipsuper | 171 Flinders Street, Melbourne VIC 3000 |
| JP Morgan Nominees Australia Limited | 259 George Street, Sydney NSW 2000 |
| National Nominees Pty Limited | 271 Collins Street, Melbourne VIC 3000 |

This notice of change of interests of substantial holder (ASIC Form 604) comprises 2 page/s in total.

# Form 604

**Corporations Act 2001**
**Section 671B**

## Notice of change of interests of substantial holder

To Company Name/Scheme: Mesoblast Ltd

ACN/ARSN: 109 431 870

**1. Details of substantial holder (1)**

Name: Silviu Itescu

ACN/ARSN (if applicable):

There was a change in the interests of the substantial holder on: 09/02/2007

The previous notice was given to the company on: 16/12/2004

The previous notice was dated: 16/12/2004

**2. Previous and present voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

| Class of securities (4) | Previous notice | | Present notice | |
|---|---|---|---|---|
| | Person's votes | Voting power (5) | Person's votes | Voting power (5) |
| Ordinary | 43,120,000 | 46.1% | 37,120,000 | 34.48% |
| | | | | |

**3. Changes in relevant interests**

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

| Date of change | Person whose relevant interest changed | Nature of change (6) | Consideration given in relation to change (7) | Class and number of securities affected | Person's votes affected |
|---|---|---|---|---|---|
| | Silviu Itescu | | $12,900,000 | Ordinary (6,000,000) | (6,000,000) (5.57)% |
| | | | | | |
| | | | | | |

**4. Present relevant interests**

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

| Holder of relevant interest | Registered holder of securities | Person entitled to be registered as holder (8) | Nature of relevant interest (6) | Class and number of securities | Person's votes |
|---|---|---|---|---|---|
| | Silviu Itescu | Silviu Itescu | | Ordinary 37,120,000 | 37,120,000 34.48% |
| | | | | | |
| | | | | | |

**5. Changes in association**

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

| Name and ACN/ARSN (if applicable) | Nature of association |
|---|---|
| | |
| | |

**6. Addresses**

The addresses of persons named in this form are as follows:

| Name | Address |
|---|---|
| Silviu Itescu | 10/16 Maple Grove, TOORAK |
| | |

## Signature

print name Kevin Hollingsworth capacity Company Secretary

**sign here** date 09/02/2007

**DIRECTIONS**

(1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.

(2) See the definition of "associate" in section 9 of the Corporations Act 2001.

(3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.

(4) The voting shares of a company constitute one class unless divided into separate classes.

(5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(6) Include details of:

(a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and

(b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

(7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

(8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".

(9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

*Rule 3.19A.2*

# Appendix 3Y

## Change of Director's Interest Notice

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 30/9/2001.

| **Name of entity** | **Mesoblast Ltd** |
|---|---|
| **ABN** | **109 431 870** |

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

| **Name of Director** | Silviu Itescu |
|---|---|
| **Date of last notice** | 17 December 2004 |

**Part 1 - Change of director's relevant interests in securities**
*In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust*

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

| **Direct or indirect interest** | Direct Interest |
|---|---|
| **Nature of indirect interest (including registered holder)**<br>Note: Provide details of the circumstances giving rise to the relevant interest. | N/A |
| **Date of change** | 9 February 2007 |
| **No. of securities held prior to change** | 43,120,000 |
| **Class** | Ordinary |
| **Number acquired** | N/A |
| **Number disposed** | 6,000,000 |
| **Value/Consideration**<br>Note: If consideration is non-cash, provide details and estimated valuation | $12,900,000 |
| **No. of securities held after change** | 37,120,000 |
| **Nature of change**<br>Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back | Off-market trade |

+ See chapter 19 for defined terms.

## Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

| | |
|---|---|
| **Detail of contract** | Nil |
| **Nature of interest** | Nil |
| **Name of registered holder (if issued securities)** | N/A |
| **Date of change** | N/A |
| **No. and class of securities to which interest related prior to change**<br>Note: Details are only required for a contract in relation to which the interest has changed | Nil |
| **Interest acquired** | Nil |
| **Interest disposed** | Nil |
| **Value/Consideration**<br>Note: If consideration is non-cash, provide details and an estimated valuation | Nil |
| **Interest after change** | Nil |

+ See chapter 19 for defined terms.

BNP PARIBAS
SECURITIES SERVICES

*Date:* 9-Feb-07

The Manager
Listings Department
Australian Stock Exchange Limited

*No. of Pages (incl.):* 3

NOTICE OF CHANGE OF INTERESTS OF SUBSTANTIAL HOLDER

Dear Sir/Madam,

Pursuant to Section 671B of the Corporations Law, AMP Limited hereby advises of a change in its relevant interest in Mesoblast Limited.

The enclosed ASIC Form 604 discloses all required details.

Yours faithfully,

Justin Christopher
Head of Custody
BNP Paribas Securities Services
Phone: 02 9222 0029

**Form 604**
**Corporations Law**
**Section 671B**
**Notice of Change of Interests of Substantial Holder**

To: **Mesoblast Limited**

ACN/ARSN: 109 431 870

**1. Details of substantial holder**

Name: AMP Limited ACN 079 354 519 and its related bodies corporate.

There was a change in the interests of the substantial holder on 08-Feb-2007
The previous notice was given to the company on 09-Feb-2007
The previous notice was dated 11-Jan-2007

**2. Previous and present voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate had a relevant interest in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

| | *Previous notice* | | *Present notice* | |
|---|---|---|---|---|
| *Class of securities* | *Person's votes* | *Voting power* | *Person's votes* | *Voting power* |
| Fully Paid Ordinary | 6,200,648 | 5.76% | 11,200,648 | 10.40% |

**3. Changes in relevant interests**

Particulars of each change in, or change in the nature of, relevant interests of the substantial holder or an associate in voting securities of the company since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

| *Date of change* | *Person whose relevant interest changed* | *Nature of change* | *Consideration given in relation to change* | *Class and number of shares affected* | *Person's votes affected* |
|---|---|---|---|---|---|
| 8-Feb-07 | AMP Life Limited | Share acquisition | $3,749,374.57 | Fully Paid Ordinary 1,740,067 | 1,740,067 |
| 8-Feb-07 | Cogent Nominees Pty Limited | Share acquisition | $1,423,198.85 | Fully Paid Ordinary 660,514 | 660,514 |
| 8-Feb-07 | Cogent Nominees Pty Limited <SMP Accounts> | Share acquisition | $2,199,341.54 | Fully Paid Ordinary 1,020,704 | 1,020,704 |
| 8-Feb-07 | Equipsuper | Share acquisition | $395,489.91 | Fully Paid Ordinary 183,545 | 183,545 |
| 8-Feb-07 | LAMP | Share acquisition | $335,935.08 | Fully Paid Ordinary 155,937 | 155,937 |
| 8-Feb-07 | State Authority Superannuation Scheme | Share acquisition | $1,536,333.26 | Fully Paid Ordinary 713,005 | 713,005 |
| 8-Feb-07 | UniSuper Limited | Share acquisition | $1,133,879.26 | Fully Paid Ordinary 526,228 | 526,228 |

**4. Present relevant interests**

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

| *Holder of relevant interest* | *Registered holder of securities* | *Person entitled to be registered as holder* | *Nature of relevant interest* | *Class and number of securities* | *Person's votes affected* |
|---|---|---|---|---|---|
| AMP Life Limited | AMP Life Limited | AMP Life Limited | AMP Life is entitled to be the registered holder of the class and number of securities listed beside its name. AMP Life Limited is a controlled body corporate of AMP Limited within the meaning of Section 608(3) of the Corporations Law | Fully Paid Ordinary: 4,753,268 | 4,753,268 |
| AMP Capital Investors Limited ('AMP Capital') | Cogent Nominees Pty Limited <SMP Accounts> | Cogent Nominees Pty Limited <SMP Accounts> | AMP Capital, in its capacity as the investment manager for the persons or trusts listed besides its name, has the power to control voting and/or the disposal of securities. AMP Capital is a controlled body corporate of AMP Limited within the meaning of Section 608(3) of the Corporations Law | Fully Paid Ordinary: 2,157,895 | 2,157,895 |
| | Cogent Nominees Pty Limited | Cogent Nominees Pty Limited | | Fully Paid Ordinary: 660,514 | 660,514 |
| | JP Morgan Nominees Australia Limited | LAMP | | Fully Paid Ordinary: 1,350,529 | 1,350,529 |

| | | | |
|---|---|---|---|
| JP Morgan Nominees Australia Limited | State Authority Superannuation Scheme | Fully Paid Ordinary: 713,005 | 713,005 |
| National Nominees Pty Limited | Equipsuper | Fully Paid Ordinary: 1,039,209 | 1,039,209 |
| National Nominees Pty Limited | UniSuper Limited | Fully Paid Ordinary: 526,228 | 526,228 |
| | | Total: | 11,200,648 |

**5. Change in association**

The persons who have become associates of, ceased to be associates of, or have changed the nature of their association with, the substantial shareholder in relation to voting interests in the company or scheme are as follows:

| *Name and ACN* | *Nature of association* |
|---|---|
| No Changes | |

**6. Addresses**

The addresses of persons named in this form are as follows:

| *Name* | *Address* |
|---|---|
| AMP Life Limited | Level 24, 33 Alfred Street, Sydney NSW 2000 |
| AMP Capital Investors Limited | Level 22, 33 Alfred Street, Sydney NSW 2000 |
| Cogent Nominees Pty Limited | Level 6, 60 Castlereagh Street, Sydney NSW 2000 |
| Equipsuper | 171 Flinders Street, Melbourne VIC 3000 |
| JP Morgan Nominees Australia Limited | 259 George Street, Sydney NSW 2000 |
| National Nominees Pty Limited | 271 Collins Street, Melbourne VIC 3000 |
| State Authority Superannuation Scheme | Level 14, 83 Clarence Street, Sydney NSW 2000 |
| Unisuper Limited | Level 28, 367 Collins Street, Melbourne 3000 |

This notice of change of interests of substantial holder (ASIC Form 604) comprises 2 page/s in total.

mesoblast

# investor update

ISSUE SEVEN

82-34929

# FDA Clearance Positions Mesoblast To Commercialise Stem Cell Products In World's Largest Health Care Market

Mesoblast has achieved a tremendous amount in a very short timeframe, and has now reached a significant new stage of maturity characterised by upcoming commencement of human Phase 2 clinical trials in the United States, the world's largest health care market.

The company is focused upon bringing to market a safe, high profit margin, allogeneic (unrelated or 'off the shelf') adult stem cell product for the effective treatment of a broad range of orthopaedic conditions.

Highlights during the final quarter of 2006 included:

- United States Food and Drug Administration (FDA) clearance of Mesoblast's spinal fusion Investigational New Drug (IND) submission
- Further positive results from clinical and pre-clinical trials;
- Granting of a key patent in the US; and
- Shareholder approval for additional investment in Mesoblast's US-based sister company, Angioblast Systems, Inc.

## What does FDA clearance mean to the Company?

In order to commercialise our products in the world's largest health care market, the United States, we must receive FDA clearances for clinical trials and ultimately approval of safety and efficacy endpoints for product sales.

Our FDA submission in November 2006 contained detailed results of our product manufacturing and scale-up processes, our large animal studies, and our pilot clinical trials. Its rapid clearance enables us to map out our clinical timelines to product registration, and consequently product commercialisation.

## FDA clears Mesoblast's Phase 2 clinical trial submission

The major highlight of the past quarter occurred on 18 December 2006 when Mesoblast received clearance of its IND submission from the FDA to commence a Phase 2 Clinical Trial for spinal fusion in the United States.

FDA clearance was received within 30 days of the Company's filing its IND application, demonstrating the strength and robustness of the data package submitted by the Company. Importantly, the IND submission and clearance were key milestone targets outlined in the company's IPO Prospectus in December 2004, and were accomplished over 6 months ahead of schedule.

Results of the Phase 2 trial will be used to support a pivotal Phase 3 clinical trial of Mesoblast's patented technology for spinal fusion, aiming to eliminate the need for autograft (or patient's own hip bone graft), reduce complications associated with existing treatment regimens, and improve fusion outcomes.

Equally as important is the progress made by Angioblast which is focused on commercialising the same platform stem cell technology for the treatment of cardiovascular diseases.

Angioblast has completed final pre-IND meetings with the FDA and, based on these as well as ongoing discussions with potential strategic partners, is in final preparations to complete its IND submission for a first cardiovascular clinical indication by the end of this quarter. In this case, Angioblast will seek to be the first company to receive FDA clearance to test catheter-based delivery of allogeneic cells in patients with heart attacks.

## The road to US product registration

**Clinical trials**

| | |
|---|---|
| CY Q1 2007 | FDA IND submission for Phase 2 trial in first cardiac application |
| CY Q2 2007 | Phase 2 spinal fusion allogeneic trial begins in US |
| CY Q2 2007 | Pilot trial long bone fractures enrolment complete |
| CY Q2 2007 | Pilot trial severe coronary artery disease enrolment complete |
| CY Q3 2007 | Phase 2 allogeneic trial for heart attacks begins in US |
| CY 2008 | Additional Phase 2 orthopaedic and cardiac trials commence |
| CY 2008 | Allogeneic Phase 2 spinal fusion and first cardiac trials complete |
| 2009 | Pivotal Phase 3 registration trials commence in lead orthopaedic and cardiac indications |

## How does FDA clearance affect potential commercial partnerships and opportunities?

Both Mesoblast and Angioblast have established successful collaborative relationships with major device and pharmaceutical organisations in the execution of preclinical and clinical trials.

To date these relationships have focused on ways to optimise delivery of our cells in the treatment of orthopaedic and cardiovascular diseases using carriers and devices that are today commonly used by physicians.

Completion of Phase 2 clinical trials will be followed by progression to pivotal Phase 3 registration trials. Commercial sales and distribution arrangements for our stem cell products may very well need to be in place prior to completion of these trials, and the entire with FDA clearance to move into each additional Phase 2 clinical trial and with positive Phase 2 results, the partnering opportunities for each company will greatly expand and accelerate.

## What clinical and preclinical results were reviewed by the FDA?

FDA clearance to begin Phase 2 clinical trials entailed a comprehensive review of all data that had been accumulated by the company over the past two years in respect of our manufacturing processes, the safety endpoints following cell implantation in patients and animals, and the effectiveness of the therapy to support progression to larger human trials.

Specifically:

- We have successfully accomplished large scale manufacture of a well characterised, uniform, and safe 'off the shelf' stem cell product. This product is generated using our proprietary process through large scale expansion of stem cells obtained from one donor for the treatment of as many as thousands of unrelated (allogeneic) patients with various orthopaedic conditions.
- We have successfully completed a number of large animal preclinical trials demonstrating that our allogeneic stem cells are very effective for inducing bone growth in various indications such as spinal fusion and long bone defects.
- Our two pilot trials in Australia evaluating the safety and feasibility of the Company's Standard Operating Procedures and cell implantation in patients with orthopaedic and cardiovascular conditions are progressing well. During the last quarter of 2006, Mesoblast reported periodically on some extremely exciting progress made to date in these trials. While formal conclusion of both pilot trials is at the sole discretion of the principal investigators, the company believes that its objectives in establishing the safety of implanting our proprietary stem cells have already been accomplished.

Since product sales and commercialisation ultimately requires FDA approval, FDA clearance of our IND submission underpins our product commercialisation strategy to produce a unique high margin allogeneic adult stem cell product. This product is obtained from a single donor, commercially expanded and frozen, and subsequently used to potentially thousands of unrelated, or allogeneic, recipients at the time and place of need. Mesoblast's patented technology produces a well characterised product with defined purity and demonstrated potent biological activity.

## How do we protect our commercial accomplishments?

On 18 October 2006, Mesoblast announced that the United States Patent and Trade Mark Office (USPTO) had granted a key patent covering composition of matter over a unique population of adult stem cells which we refer to as Mesenchymal Precursor Cells or MPCs. These cells enable regeneration and repair of a host of tissues including bone, cartilage, fat, blood vessels and heart muscle. The patent confers rights through at least the year 2019 and will underpin our exclusive rights to commercialise MPC products in the world's largest health sector market.

*Patents are the lifeblood of the Company, and granting of patents in various jurisdictions protect our commercial rights and ensure we have freedom to operate commercially. The company is absolutely committed to the ongoing expansion, broadening, and development of our intellectual property portfolio.*

*Mesoblast Founder and Chief Scientific Adviser, Professor Silviu Itescu*

## Strong cash position and further investment in Angioblast Systems Inc

At 31 December 2006, Mesoblast had cash reserves of more than $15.7 million. The financial results for the six months to 31 December 2006 showed a net loss of $2,969,516 whilst the comparative figure for the six months to 31 December 2005 was $2,883,547. The increased net loss directly related to the increase in activity and operations of the company in achieving its core milestones. Revenue for the period was $1,101,776 as compared to $893,598. In line with Mesoblast's accounting practices, all development expenditure associated with bringing the technology to market is expensed.

The company's financial results are in line with our forecasts and reflect the ongoing and significant activity associated with the rapid commercialisation of Mesoblast's specialist adult stem cell technology. Importantly, the Board of Directors believes that there are sufficient funds on hand to meet the Company's immediate objectives.

An Extraordinary General Meeting on 23 November 2006 approved an additional $8.5 million investment in Angioblast to complete a Phase 2 clinical trial using the proprietary adult stem cell technology for an agreed cardiovascular indication. These funds will be paid by Mesoblast in tranches to achieve critical Phase II clinical trial milestones. Combined with the proposed investment is a 15-month option for Mesoblast to acquire a further $5 million in Angioblast preferred stock on substantially similar terms and pricing.

*"The future investment by Mesoblast in Angioblast will enable both companies to continue their focus on delivering clinical trial results and shareholder value, whilst enabling further streamlining of our relationships. Importantly, the investment will enable both Mesoblast and Angioblast to focus on delivering significant shareholder value through completion of Phase II clinical trials."* – Mesoblast Executive Chairman, Mr Michael Spooner.

Equally, the investment is intended to provide both companies with a position of strength in any potential discussions with large, third party, medical device and pharmaceutical companies.

# mesoblast investor update

## Stem cell catheter delivery procedure

A catheter based procedure to deliver our patented adult stem cells into the heart of a patient with multi-vessel coronary artery disease and heart failure was televised live to an international gathering of leading cardiologists attending the Asia Pacific Interventional Advances Conference (APIA) in Sydney last December.

The highlighted procedure was performed under local anaesthetic at the John Hunter Hospital in New South Wales by interventional cardiologist and Hunter Medical Research Institute researcher Dr Sirouj Thambar.

Television coverage of the live procedure showed Dr Thambar using the latest generation NOGA catheter mapping system for stem cell delivery from Johnson & Johnson's Cordis Corporation to deliver our proprietary stem cells to the damaged heart.

The procedure was part of our clinical trial over a 12 month period of 10 patients suffering from severe coronary artery disease. Millions of people worldwide suffer from severe coronary artery disease. Our adult stem cell technology aims to improve cardiac function by creating new blood supply and re-generating heart muscle.

A news item on Channel 9 highlighted a live stem cell procedure using Mesoblast technology and the latest generation mapping system for stem cell delivery from Johnson & Johnson's Cordis Corporation

## Newsletters

This Mesoblast newsletter is available online on Mesoblast's website – www.mesoblast.com

Announcements to the Australian Stock Exchange and other public announcements are posted on a timely basis on the Mesoblast website.

If you would like to be informed of Mesoblast's progress by e-mail, please register by sending your contact details to: info@mesoblast.com


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mesoblast
the adult stem cell company

asx announcement

# MESOBLAST'S ROAD TO UNITED STATES PRODUCT REGISTRATION

**Melbourne, Australia; 7 March 2007:** Australia's adult stem cell company, Mesoblast Limited (ASX:MSB; USOTC:MBLTY), today provided investors with a timetable and update of proposed clinical programs leading to product registration in the United States, the world's largest health care market.

The Phase II spinal fusion trial is due to commence by Q2 2007. The results of this trial will be used to support a pivotal Phase 3 clinical trial of Mesoblast's patented technology for spinal fusion, aiming to eliminate the need for autograft (or patient's own hip bone graft), reduce complications associated with existing treatment regimens, and improve fusion outcomes.

Equally as important is the progress made by Mesoblast's US-based sister company, Angioblast Systems Inc; which is focused on commercialising the same platform stem cell technology for the treatment of cardiovascular diseases.

Angioblast has completed final pre-IND meetings with the FDA and, based on these as well as ongoing discussions with potential strategic partners, is in final preparations to complete its IND submission for a first cardiovascular clinical indication by the end of this quarter.

Angioblast will seek to be the first company to receive FDA clearance to test catheter-based delivery of allogeneic (or 'off-the-shelf') cells in patients with heart attacks.

In order to commercialise our products in the United States, FDA clearances must be received for clinical trials and ultimately approval of safety and efficacy endpoints for product sales. Our FDA submission for a Phase 2 trial in spinal fusion, which was cleared in December 2006, contained detailed results of our product manufacturing and scale-up processes, our large animal studies, and our pilot clinical trials. Its rapid clearance enables us to now map out our clinical timelines to product registration, and consequently product commercialisation.

Anticipated timelines for our clinical programs are:

| | |
|---|---|
| Q1 2007 | FDA IND submission for Phase 2 trial in first cardiac application |
| Q2 2007 | Phase 2 spinal fusion allogeneic trial begins in US |
| Q2 2007 | Pilot Trial long bone fractures enrolment complete |
| Q2 2007 | Pilot Trial severe coronary artery disease enrolment complete |
| Q3 2007 | Phase 2 allogeneic trial for heart attacks begins in US |
| 2008 | Additional Phase 2 orthopaedic and cardiac trials commence |
| 2008 | Enrolment complete in allogeneic Phase 2 trial for spinal fusion |
| 2008 | Enrolment complete in allogeneic Phase 2 trial for heart attacks |
| >2008 | Pivotal/Phase 3 registration trials commence in lead orthopaedic and cardiac indications |

# asx announcement

Both Mesoblast and Angioblast have already established successful collaborative relationships with major device and pharmaceutical organisations in the execution of preclinical and clinical trials. Progression through Phase 2 clinical trials and on to pivotal Phase 3 registration trials will serve to greatly expand and accelerate each company's opportunities for major strategic partnerships.

## About Mesoblast Limited

Mesoblast Limited (ASX:MSB/USOTC:MBLTY) is an Australian biotechnology company committed to commercialisation of novel treatments for orthopaedic conditions, including a unique adult stem cell technology aimed at the regeneration and repair of bone and cartilage. Mesoblast has worldwide exclusive rights to a series of patents and technologies that have been developed over more than 10 years relating to the identification, extraction and culture of adult Mesenchymal Precursor Cells (MPCs). The company has also acquired a substantial interest in 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. Mesoblast's strategy is to maximise shareholder value through both corporate partnerships and rapid product commercialisation.

*For further information, please contact:*

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Mesoblast Limited
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M: +61 (0) 419 228 128
E: julie.meldrum@mesoblast.com
W: www.mesoblast.com

STANDARD
&POOR'S

# Press Release

## Standard & Poor's Announces March Quarterly Rebalance to the S&P/ASX Indices

Sydney, March 2, 2007 — Standard & Poor's Index Services, the leading provider of equity indices in Australia, announces that effective close of trade March 16, 2007, the following constituent additions and deletions will take place in the S&P/ASX indices.

### S&P/ASX 20 - No Change

### S&P/ASX 50 - No Change

### S&P/ASX 100 - No Change

### S&P/ASX 200

**ADDITIONS**

| | |
|---|---|
| BBP | BABCOCK & BROWN POWER |

**REMOVALS**

| | |
|---|---|
| RIC | RIDLEY CORPORATION LIMITED |

### S&P/ASX 300

**ADDITIONS**

| | |
|---|---|
| BBP | BABCOCK & BROWN POWER |
| ABP | ABACUS PROPERTY GROUP |
| FXL | FLEXIGROUP LIMITED |
| AEZ | APN/UKA EUROPEAN RETAIL TRUST |
| CDI | CHALLENGER DIVERSIFIED PROPERTY GROUP |
| AOE | ARROW ENERGY NL |
| NXS | NEXUS ENERGY LIMITED |
| CBH | CBH RESOURCES LIMITED |
| CIF | CHALLENGER INFRASTRUCTURE FUND |
| BEC | BECTON PROPERTY GROUP |
| OKN | OAKTON LIMITED |
| ILF | ING REAL ESTATE COMMUNITY LIVING FUND GROUP |
| GJT | GALILEO JAPAN TRUST |
| BVA | BRAVURA SOLUTIONS LIMITED |
| CDU | CUDECO LIMITED |

| | |
|---|---|
| MMX | MURCHISON METALS LIMITED |
| AZA | ANZON AUSTRALIA LIMITED |
| IWL | IWL LIMITED |
| CTO | CITIGOLD CORPORATION LIMITED |
| RCYCA | RIVERCITY MOTORWAY GROUP |
| AGS | ALLIANCE RESOURCES LIMITED |
| TRS | THE REJECT SHOP LIMITED |
| DYL | DEEP YELLOW LIMITED |

**REMOVALS**

| | |
|---|---|
| ANE | AUSPINE LIMITED |
| AVJ | AVJENNINGS LIMITED |
| SGL | SYDNEY GAS LTD |
| HPX | HPAL LIMITED |
| CAA | CAPRAL ALUMINIUM LIMITED |
| PSD | PSIVIDA LIMITED |
| AHS | ATLAS GROUP HOLDINGS LIMITED |
| STG | STAGING CONNECTIONS GROUP LIMITED |
| GDY | GEODYNAMIC LIMITED |
| MXI | MAXITRANS INDUSTRIES LIMITED |
| IIN | IINET LIMITED |
| CUE | CUE ENERGY RESOURCES LIMITED |
| IGD | IAMGOLD CORPORATION |
| VLL | VILLAGE LIFE LTD |

## All Ordinaries

**ADDITIONS**

| | |
|---|---|
| BBP | BABCOCK & BROWN POWER |
| FXL | FLEXIGROUP LIMITED |
| CDI | CHALLENGER DIVERSIFIED PROPERTY GROUP |
| GJT | GALILEO JAPAN TRUST |
| BVA | BRAVURA SOLUTIONS LIMITED |
| CDU | CUDECO LIMITED |
| AGM | ALLEGIANCE MINING NL |
| MMX | MURCHISON METALS LIMITED |
| CTO | CITIGOLD CORPORATION LIMITED |
| RCYCA | RIVERCITY MOTORWAY GROUP |
| AGS | ALLIANCE RESOURCES LIMITED |
| TRS | THE REJECT SHOP LIMITED |
| DYL | DEEP YELLOW LIMITED |
| MCQ | MACQUARIE CAPITAL ALLIANCE GROUP |
| PMM | PORTMAN LIMITED |
| CMW | CROMWELL GROUP |
| EWC | ENERGY WORLD CORPORATION LTD |
| EBB | EVEREST BABCOCK & BROWN LIMITED |
| AEP | ALLCO EQUITY PARTNERS LIMITED |
| HFA | HFA HOLDINGS LIMITED |
| WTP | WATPAC LIMITED |
| CPR | CLIVE PEETERS LIMITED |
| OAK | OAKS HOTELS & RESORTS LIMITED |
| JML | JABIRU METALS LIMITED |
| PFL | PATTIES FOODS LIMITED |
| CFU | CERAMIC FUEL CELLS LIMITED |

| | |
|---|---|
| AAX | AUSENCO LIMITED |
| AED | AED OIL LIMITED |
| BGD | BOULDER STEEL LIMITED |
| GBG | GINDALBIE METALS LTD |
| RIV | RIVERSDALE MINING LIMITED |
| LRF | LINQ RESOURCES FUND |
| RCR | RCR TOMLINSON LIMITED |
| HZN | HORIZON OIL LIMITED |
| PLA | PLATINUM AUSTRALIA LIMITED |
| MBR | MARINER BRIDGE INVESTMENTS LIMITED |
| HER | HERALD RESOURCES LIMITED |
| EMI | EMITCH LIMITED |
| MIN | MINERAL RESOURCES LIMITED |
| AVE | AEVUM LIMITED |
| DWS | DWS ADVANCED BUSINESS SOLUTIONS LIMITED |
| MBN | MIRABELA NICKEL LIMITED |
| PMA | PRECIOUS METALS AUSTRALIA LIMITED |
| AUB | AUSTBROKERS HOLDINGS LIMITED |
| IPN | INDEPENDENT PRACTITIONER NETWORK LTD |
| RRT | RECORD REALTY |
| MLB | MELBOURNE IT LIMITED |
| GMI | GLOBAL MINING INVESTMENTS LIMITED |
| CPK | CP1 LIMITED |
| KMN | KINGS MINERALS NL |
| FXR | FOX RESOURCES LIMITED |
| NOD | NOMAD BUILDING SOLUTIONS LIMITED |
| AVO | AVOCA RESOURCES LIMITED |
| ARR | ARASOR INTERNATIONAL LIMITED |
| RJT | RUBICON JAPAN TRUST |
| MFT | MFS DIVERSIFIED GROUP |
| MSB | MESOBLAST LIMITED |
| LYC | LYNAS CORPORATION LIMITED |
| EZL | EUROZ LIMITED |
| KAR | KAROON GAS AUSTRALIA LIMITED |
| VIR | VIRIDIS CLEAN ENERGY GROUP |
| MAFCA | MULTIPLEX ACUMEN PRIME PROPERTY FUND |
| EQT | EQUITY TRUSTEES LIMITED |
| SPH | SPHERE INVESTMENTS LIMITED |
| AIM | AIM RESOURCES LIMITED |
| CUO | COPPERCO LIMITED |
| REX | REGIONAL EXPRESS HOLDINGS LIMITED |
| CIL | CENTREBET INTERNATIONAL LIMITED |
| NFL | NATURAL FUEL LIMITED |
| MAE | MARION ENERGY LIMITED |
| GRR | GRANGE RESOURCES LIMITED |
| MPS | MACARTHURCOOK PROPERTY SECURITIES FUND |
| RHL | RURALCO HOLDINGS LIMITED |
| PFG | PRIME FINANCIAL GROUP LIMITED |
| LFE | LIFE THERAPEUTICS LIMITED |
| VKI | VIKING INDUSTRIES LIMITED |
| BLP | BABCOCK & BROWN RESIDENTIAL LAND PARTNERS GROUP |
| MPY | MFS LIVING AND LEISURE GROUP |
| TZN | TERRAMIN AUSTRALIA LIMITED |
| MMN | MACMIN SILVER LTD |
| GAA | GENEPHARM AUSTRALASIA LIMITED |
| CNB | CANBERRA INVESTMENT CORPORATION LIMITED |

| | |
|---|---|
| PVE | PO VALLEY ENERGY LIMITED |
| NCK | NICK SCALI LIMITED |

**REMOVALS**

| | |
|---|---|
| VLL | VILLAGE LIFE LTD |
| CUE | CUE ENERGY RESOURCES LIMITED |
| MXI | MAXITRANS INDUSTRIES LIMITED |
| AHS | ATLAS GROUP HOLDINGS LIMITED |
| STG | STAGING CONNECTIONS GROUP LIMITED |
| PME | PRO MEDICUS LIMITED |
| CWT | CHALLENGER WINE TRUST |
| GTG | GENETIC TECHNOLOGIES LIMITED |
| SAQ | SYDNEY ATTRACTIONS GROUP LIMITED |
| PAY | PAYCE CONSOLIDATED LIMITED |
| OCL | OBJECTIVE CORPORATION LIMITED |
| BDS | BRIDGESTONE AUSTRALIA LIMITED |
| WAM | WAM CAPITAL LIMITED |
| NCI | NATIONAL CAN INDUSTRIES LIMITED |
| HIC | HUNTLEY INVESTMENT COMPANY LIMITED |
| ARA | ARIADNE AUSTRALIA LIMITED |
| ACR | ACRUX LIMITED |
| ESV | ESERVGLOBAL LIMITED |
| CHQ | CHIQUITA BRANDS SOUTH PACIFIC LIMITED |
| ACL | ALCHEMIA LIMITED |
| HNG | HGL LIMITED |
| CLH | COLLECTION HOUSE LIMITED |
| TZL | TZ LIMITED |
| GLB | GLOBE INTERNATIONAL LIMITED |
| ALR | ABERDEEN LEADERS LIMITED |
| ROK | ROCK BUILDING SOCIETY (THE) |
| SDI | SDI LIMITED |
| QCH | QUEENSLAND COTTON HOLDINGS LIMITED |
| AZZ | ANTARES ENERGY LIMITED |
| SFC | SCHAFFER CORPORATION LIMITED |
| AGI | AINSWORTH GAME TECHNOLOGY LIMITED |
| CIX | CALLIDEN GROUP LIMITED |
| MST | METAL STORM LIMITED |
| GFD | GREEN'S FOODS LIMITED |
| CDF | COMMONWEALTH DIVERSIFIED SHARE FUND |
| UNW | UNWIRED GROUP LIMITED |
| ORL | OROTONGROUP LIMITED |
| SPL | STARPHARMA HOLDINGS LIMITED |
| WFL | WILLMOTT FORESTS LIMITED |
| IBC | IRONBARK CAPITAL LIMITED |
| GAP | GALE PACIFIC LIMITED |
| ADG | ADTRANS GROUP LIMITED |
| CMK | CUMNOCK COAL LIMITED |
| CLT | CELLNET GROUP LIMITED |
| IDT | INSTITUTE OF DRUG TECHNOLOGY AUSTRALIA LIMITED |
| MOS | MOSAIC OIL NL |
| LIP | LIPA PHARMACEUTICALS LIMITED |
| CDX | CDS TECHNOLOGIES LIMITED |
| EOS | ELECTRO OPTIC SYSTEMS HOLDINGS LIMITED |
| SYM | SYMEX HOLDINGS LIMITED |
| NLX | NYLEX LIMITED |

| | |
|---|---|
| DRA | DRAGON MINING LIMITED |
| CGX | CGA MINING LIMITED |
| AAT | AUTRON CORPORATION LIMITED |
| EON | ESPREON LIMITED |
| LCL | LIGHTING CORPORATION LIMITED |
| MXL | MXL LIMITED |
| PPK | PPK LIMITED |
| DKS | DANKS HOLDINGS LIMITED |
| BSO | BASS STRAIT OIL TRUST |
| CMQ | CHEMEQ LIMITED |
| NAL | NORWOOD ABBEY LIMITED |

Company additions to and deletions from a Standard & Poor's index do not in any way reflect an opinion on the investment merits of the company. Information about the S&P/ASX index methodology is available at www.standardandpoors.com.

**About Standard & Poor's**

Standard & Poor's, a division of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of financial market intelligence, including independent credit ratings, indices, risk evaluation, investment research and data. With approximately 7,500 employees, including wholly owned affiliates, located in 21 countries and markets, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for more than 140 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit http://www.standardandpoors.com.au

**For more information contact:**

Simon Karaban, Index Services
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mesoblast
the adult stem cell company

asx announcement

# MESOBLAST WELL FUNDED FOR CLINICAL TRIALS
## Financial Results Reflect Exciting Progress

**Melbourne, Australia; 20 February 2007:** Australia's adult stem cell company, Mesoblast Limited (ASX:MSB), today announced its financial results for the six months to 31 December 2006 with cash reserves of more than $15.7 million.

Executive Chairman, Mr Michael Spooner, said that both Mesoblast and its sister company, Angioblast Systems Inc in the United States, were very well positioned to continue rapid product commercialisation for both orthopaedic and cardiovascular applications, respectively, based on the shared adult stem cell technology platform.

He said that Mesoblast had made tremendous progress during the six months to 31 December 2006 and had accomplished many of its objectives well ahead of schedule. In equal measure, he noted that the ensuing six to 12 months would be equally exciting as the company commences US Food and Drug Administration (FDA) clinical trials and advances new applications.

In the six months to 31 December 2006, Mesoblast achieved a number of critical milestones including:

- A successful Investigational New Drug (IND) submission to the FDA to commence a Phase 2 Clinical Trial for spinal fusion;
- Positive results from clinical and pre-clinical trials;
- Validation of its high-margin business model to use "off-the-shelf" adult stem cells in unrelated, or allogeneic, recipients
- Granted a key patent in the US.

Mesoblast Founder and Chief Scientific Adviser, Professor Silviu Itescu, said that the IND submission and clearance were key milestone targets outlined in the company's IPO Prospectus in December 2004, and were accomplished over six months ahead of schedule.

He said FDA clearance to move into Phase 2 clinical trials would also expand the partnering opportunities for both Mesoblast and Angioblast.

"Both companies have already established successful collaborative relationships with major device and pharmaceutical organisations in the execution of preclinical and clinical trials," Professor Itescu said. "The results have enabled both companies to develop strong and compelling product portfolios upon which strategic partnerships can be cemented.

"The FDA clearance, achieved within 30 days of IND submission, was based on Mesoblast's extensive data package, which included successful:

- Large scale manufacture of a well characterised, uniform, and safe "off the shelf" stem cell product. This product is generated using Mesoblast's proprietary technology through large scale expansion of stem cells obtained from one donor for the treatment of potentially thousands of unrelated (allogeneic) patients with various orthopaedic conditions;

- Large animal preclinical trials demonstrated that Mesoblast's allogeneic stem cells are very effective for inducing bone growth in various indications such as spinal fusion and long bone defects; and

- Data from two pilot clinical trials undertaken in Australia to evaluate the safety and feasibility of Mesoblast's Standard Operating Procedures and cell implantation in patients with orthopaedic and cardiovascular conditions.

"During the six month period, a foundation patent was granted in the US. Patents are the lifeblood of the Company, and granting of patents in various jurisdictions protect our commercial rights and ensure we have freedom to operate commercially. We are committed to the ongoing expansion, broadening, and development of our intellectual property portfolio," Professor Itescu added.

Mr Spooner said additional highlights of the past six months included:

- A successful placement of shares to institutional and sophisticated investors, plus a Share Purchase Plan for existing shareholders, which raised a total of $17.17 million to fund two clinical trials and ongoing operations.

- Increased investment in Angioblast of $8.5 million to secure in total a shareholding of 39.2% on a fully diluted basis. This investment will fund an agreed cardiovascular Phase II Clinical Trial in the US.

He said the financial results for the six months to 31 December 2006 showed a net loss of $3,969,751 whilst the comparative figure for the six months to 31 December 2005 was $2,883,547. The increased net loss directly related to the increase in activity and operations of the company in achieving its core milestones.

"In line with Mesoblast's accounting practices, all development expenditure associated with bringing the technology to market is expensed.

# asx announcement

"Revenue for the period was $1,101,776 as compared to $883,586.

"Mesoblast's cash balance and term deposits amounted to $15,716,040 compared to $15,093,834. The Directors believe that there are sufficient funds on hand to meet the Company's immediate objectives.

"The company's financial results are very much in line with our forecasts and reflect the ongoing and significant activity associated with the rapid commercialisation of Mesoblast's specialist adult stem cell technology," Mr Spooner said.

**About Mesoblast Limited:**

Mesoblast Limited is an Australian biotechnology company committed to commercialisation of novel treatments for orthopaedic conditions, including a unique adult stem cell technology aimed at the regeneration and repair of bone and cartilage. Mesoblast has worldwide exclusive rights to a series of patents and technologies that have been developed over more than 10 years relating to the identification, extraction and culture of adult Mesenchymal Precursor Cells (MPCs). The company has also acquired a substantial interest in 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. Mesoblast's strategy is to maximise shareholder value through both corporate partnerships and rapid product commercialisation.

*For further information, please contact*:

Julie Meldrum
Corporate Communications Director
Mesoblast Limited
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E: julie.meldrum@mesoblast.com
W: www.mesoblast.com

# Appendix 4D

## Mesoblast Limited

ABN 68 109 431 870

## Half year report

| | |
|---|---|
| Current reporting period | Half year ended 31 December 2006 |
| *Previous corresponding period* | *Half year ended 31 December 2005* |

**Results for announcement to the market**

| | | | | A$'000 |
|---|---|---|---|---|
| EXPLANATION | | | | |
| Total revenues | up | 25 % | to | 1,102 |
| Loss from ordinary activities after tax attributable to members | up | 38 % | to | 3,996 |
| Net loss for the period attributable to members | up | 38 % | to | 3,996 |

EXPLANATION

| Dividends (distributions) | Amount per security | Franked amount per security |
|---|---|---|
| Interim dividend | NIL | NIL |
| Previous corresponding period | NIL | NIL |
| | | |

Record date for determining entitlements to the dividend N/A

| | 2006 | | 2005 |
|---|---|---|---|
| Net tangible asset per security | 22.4c | | 16.9c |

# Appendix 4D

## Mesoblast Limited
ABN 68 109 431 870

Half year report
Half year ended 31 December 2006

## Contents

**MESOBLAST LIMITED**
**ABN 68 109 431 870**

## DIRECTORS' REPORT

Your Directors present their report on the company at the end of the half-year ended 31 December 2006.

### 1 DIRECTORS

The following persons were Directors of Mesoblast Limited during the whole of the half-year and up to the date of this report.

Michael Spooner (Executive Chairman)
Silviu Itescu (Director and Chief Scientific Advisor)
Donal O'Dwyer (Non Executive Director and Deputy Chairman)
Byron McAllister (Non Executive Director)

### 2 REVIEW OF OPERATIONS

Mesoblast is focused upon bringing to market a safe, high profit margin, off the shelf adult stem cell product for the effective treatment of a broad range of orthopaedic conditions. In addition, Mesoblast holds a significant interest in United States-based adult stem cell company, Angioblast Systems Inc, which is focused on commercialising the same platform stem cell technology for the treatment of cardiovascular diseases.

In the six months to 31 December 2006 your Directors were delighted with progress made.

The Company has achieved a number of critical milestones during the period, including:
- A successful Investigational New Drug (IND) submission to the United States Food and Drug Administration (FDA);
- Positive results from clinical and pre-clinical trials; and
- Granting of a key patent in the United States.

The major highlight occurred on 18 December 2006 when Mesoblast received clearance from the FDA to commence a Phase 2 Clinical Trial for spinal fusion in the United States. FDA clearance was received within 30 days of the Company's filing its IND application, demonstrating the strength and robustness of the data package submitted by the Company. Importantly, the IND submission and clearance were key milestone targets outlined in the company's IPO Prospectus in December 2004, and were accomplished over 6 months ahead of schedule.

**FDA Clearance Validates Technology Milestones And Underpins Product Commercialisation**
In order to commercialise our products in the world's largest health care market, the United States, we must receive FDA clearances for clinical trials and ultimately approval of safety and efficacy endpoints for product sales. Our FDA submission in November 2006 contained detailed results of our product manufacturing and scale-up processes, our large animal studies, and our pilot clinical trials. FDA clearance on 18 December 2006 to begin Phase 2 clinical trials entailed a comprehensive review of all data that had been accumulated over the past two years in respect of our manufacturing processes, the safety endpoints following cell implantation in patients and animals, and the effectiveness of the therapy to support progressing to larger human trials.

**Clinical And Preclinical Milestones**
There has been an enormous amount of hard work undertaken over the past two years by Company staff, management and our contractors in respect to each of the following components. Specifically:
- We have successfully accomplished large scale manufacture of a well characterised, uniform, and safe off the shelf stem cell product. This product is generated using our proprietary process through large scale expansion of stem cells obtained from one donor for the treatment of as many as thousands of unrelated (allogeneic) patients with various orthopaedic conditions.
- We have successfully completed a number of large animal preclinical trials, demonstrating that our allogeneic stem cells are very effective for inducing bone growth in various indications such as spinal fusion and long bone defects.
- We have substantially progressed two clinical trials in Australia evaluating the safety and feasibility of the Company's Standard Operating Procedures and cell implantation in patients with orthopaedic and cardiovascular conditions. During the period under review your company reported periodically on some extremely exciting progress made to date in these trials; while formal conclusion of both pilot trials is at the sole discretion of the principal investigators, the Directors believe that Mesoblast's objectives in establishing the safety and Standard Operating Procedures for implanting our proprietary stem cells in a clinical setting have already been accomplished.

**Intellectual Property**
Patents are the lifeblood of the Company, and granting of patents in various jurisdictions protect our commercial rights and ensure we have freedom to operate commercially. The company is absolutely committed to the ongoing expansion, broadening, and development of our intellectual property portfolio.

On 18 October 2006, Mesoblast announced that the United States Patent and Trade Mark Office (USPTO) had granted a key patent covering composition-of-matter over a unique population of adult stem cells which we refer to as Mesenchymal Precursor Cells or MPCs. These cells enable regeneration and repair of a host of tissues including bone, cartilage, fat, blood vessels and heart muscle. The patent confers rights through at least the year 2019 and will underpin our exclusive rights to commercialise MPC products in the world's largest health sector market.

**Funding Our Future**
In July 2006 the company successfully undertook a placement of shares to institutional and sophisticated investors raising $15 million. This was followed by a Share Purchase Plan in August 2006 which enabled existing shareholders to invest individually up to $5,000 at a price per share equivalent to the July placement. In total $17.17 million was raised to fund two clinical trials and ongoing operations.

**Further Investment in Angioblast Systems Inc**
In November 2006 independent shareholders voted in favor of a further investment of $8.5 million in total by way of periodic payments to secure in total a shareholding of 39.2% on a fully diluted basis. The intention of this investment is to fund an agreed cardiovascular Phase II Clinical Trial in the United States.

Details associated with the further investment are set out in the company's website and were circulated to all eligible shareholders prior to the meeting and are available on www.mesoblast.com

The terms of the further investment in summary provide for periodic payments to Angioblast that will be used in achieving clinical trial milestones.

Your Directors continue to closely monitor the progress of Angioblast and continue to be confident in an ongoing, productive and strong relationship between the two companies.

**Commercial Partnerships and Opportunities**
Both Mesoblast and Angioblast have established successful collaborative relationships with major device and pharmaceutical organisations in the execution of preclinical and clinical trials. These relationships have focused on ways to optimise delivery of our cells in the treatment of orthopaedic and cardiovascular diseases using carriers and devices that are today commonly used by physicians. The results have enabled both companies to develop strong and compelling portfolios upon which strategic partnerships can be cemented. With FDA clearance to move into each additional Phase 2 clinical trial, the partnering opportunities for each company will continue to expand.

**Financial Results**
The results of the company for the six months to 31 December 2006 are summarised below:

Mesoblast's net loss after tax for the six months to 31 December 2006 was $3,995,972 whilst the comparative figure for the six months to 31 December 2005 was $2,883,547. The increased net loss directly relates to the increase in activity and operations of the company in achieving its core milestones.

Revenue for the period was $1,101,776 as compared to $883,586. Increases in funds from an Australian Government Grant and Interest Income accounted for the increased revenues whilst foreign currency gains reduced.

In line with accounting standards, all Research and Development costs were immediately expensed in the period in which they were incurred. During the current period to 31 December 2006 these costs amounted to $3,312,905 as compared to $1,736,719 for the corresponding period in 2005. The increase is directly attributable to increased activity during the period. Mesoblast's expenditure is in line with its budget.

Mesoblast's share of losses in its equity accounted associate, Angioblast Systems Inc, was $542,829 in the 6 month period to 31 December 2006 compared with $807,243 for the same period in the previous year. The variance was mainly due to Angioblast Systems Inc. incuring up front contract costs in the 6 months to 31 December 2005. Angioblast Systems Inc.'s expenditure is in line with its budget.

General and Administration costs as well as interest expenses were $1,242,014 at 31 December 2006 as compared to $1,223,171 for the corresponding period in 2005. In line with the company's expectations these costs have not materially changed.

Mesoblast's cash balance and term deposits amounted to $15,716,040 as compared to $15,093,834. The Directors believe that there are sufficient funds on hand to meet the company's immediate objectives.

**3 EVENTS SUBSEQUENT TO 31 DECEMBER 2006**

In the period between 31 December 2006 and the date of this report the company made no announcements that are material to this Report.

**4 AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 accompanies this report.

This report is made in accordance with the resolution of the Directors.

Michael Spooner
Executive Chairman
Melbourne, Victoria
Dated this 20th day of February 2007

PKF

Chartered Accountants
& Business Advisers

20 February 2007

The Directors
Mesoblast Limited
Level 39
55 Collins Street
MELBOURNE VIC 3000

Dear Directors

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead engagement partner for the review of Mesoblast Limited for the half-year ended 31 December 2006 I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the independence requirements of the Corporations Act in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

**PKF**
Chartered Accountants

**R A Dean**
Partner

Tel: +61 3 9603 1700 | Fax: +61 3 9602 3870 | www.pkf.com.au
Victorian Partnership | ABN 56 527 914 493
Level 11, CGU Tower | 485 La Trobe Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

**MESOBLAST LIMITED**
**ABN 68 109 431 870**
**INCOME STATEMENT**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

| | Half Year ended 31-Dec-06 $ | Half Year ended 31-Dec-05 $ |
|---|---|---|
| Revenues | | |
| Government Grant | 598,157 | 473,696 |
| Interest | 490,137 | 327,543 |
| Foreign Exchange Gain on US Dollar Deposit | 15,482 | 82,347 |
| Total revenues | 1,101,776 | 883,586 |
| Expenses | | |
| Research & Development | (3,312,905) | (1,736,719) |
| Administration | (1,242,014) | (1,113,079) |
| Interest expenses | - | (110,092) |
| Share of losses of Equity accounted associates | (542,829) | (807,243) |
| Total expenses | (5,097,748) | (3,787,133) |
| Loss before income tax expense | (3,995,972) | (2,883,547) |
| Income tax (expense)/benefit | - | - |
| Loss for the period | (3,995,972) | (2,883,547) |
| | | |
| Earning per share: | | |
| | | |
| Basic earnings per share (cents per share) | (3.79c) | (3.08c) |
| | | |
| Basic diluted earnings per share (cents per share) | (3.79c) | (3.08c) |

The accompanying notes form part of these financial statements

**MESOBLAST LIMITED**
**ABN 68 109 431 870**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

| | NOTE | Issued Capital | Share Option Reserve | Accumulated Losses | Total |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| Opening Balance as at 1 July 2005 | | 20,667,608 | 65,517 | (1,470,369) | 19,262,756 |
| Issued capital | 4 | - | - | - | - |
| Loss for the period | | - | - | (2,883,547) | (2,883,547) |
| Cost of share based payment | | - | 150,647 | - | 150,647 |
| At 31 December 2005 | | 20,667,608 | 216,164 | (4,353,916) | 16,529,856 |
| | | | | | |
| As of 1 July 2006 | | 20,667,608 | 1,066,393 | (9,768,956) | 11,965,045 |
| Issued capital | 4 | 16,710,375 | - | - | 16,710,375 |
| Loss for the period | | - | - | (3,995,972) | (3,995,972) |
| Cost of share based payment | | - | 230,035 | | 230,035 |
| At 31 December 2006 | | 37,377,983 | 1,296,428 | (13,764,928) | 24,909,483 |

The above statement of changes in equity should be read in conjunction with the accompanying notes

**MESOBLAST LIMITED**
**ABN 68 109 431 870**
**BALANCE SHEET**
**AS AT 31 DECEMBER 2006**

| | NOTE | 31-Dec-06 $ | 30-Jun-06 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash & Cash Equivalents | | 15,716,040 | 7,854,843 |
| Trade & Other Receivables | | 1,096,809 | 184,470 |
| **TOTAL CURRENT ASSETS** | | 16,812,849 | 8,039,313 |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | 57,197 | 37,905 |
| Investment accounted for using equity method | 2 | 7,958,844 | 7,501,673 |
| Intangibles assets | 3 | 809,603 | 805,624 |
| **TOTAL NON-CURRENT ASSETS** | | 8,825,644 | 8,345,202 |
| **TOTAL ASSETS** | | 25,638,493 | 16,384,515 |
| **CURRENT LIABILITIES** | | | |
| Trade & Other Payables | | 729,010 | 4,419,470 |
| **TOTAL CURRENT LIABILITIES** | | 729,010 | 4,419,470 |
| **TOTAL LIABILITIES** | | 729,010 | 4,419,470 |
| **NET ASSETS** | | 24,909,483 | 11,965,045 |
| **EQUITY** | | | |
| Issued Capital | 4 | 37,377,983 | 20,667,608 |
| Reserves | | 1,296,428 | 1,066,393 |
| Accumulated losses | | (13,764,928) | (9,768,956) |
| **TOTAL EQUITY** | | 24,909,483 | 11,965,045 |

The accompanying notes form part of these financial statements.

**MESOBLAST LIMITED**
**ABN 68 109 431 870**
**CASH FLOW STATEMENT**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

| | Half Year ended 31-Dec-06 $ | Half Year ended 31-Dec-05 $ |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Payments to suppliers and employees | (5,975,451) | (2,309,342) |
| Interest received | 490,137 | 327,543 |
| Net cash used in operating activities | (5,485,314) | (1,981,799) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Investment in patents & licenses | (21,662) | (60,809) |
| Investment in equity accounted associate | (3,000,000) | (1,000,000) |
| Investment in plant and equipment | (28,272) | - |
| Loan to associate company | (212,630) | (75,682) |
| Others | - | 4,400 |
| Net cash used in investing activities | (3,262,564) | (1,132,091) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Net proceeds from issue of shares | 16,809,075 | - |
| Net cash provided by financing activities | 16,809,075 | - |
| Net increase in cash held | 7,861,197 | (3,113,890) |
| Foreign exchange gain on US Dollar Deposit | - | 82,347 |
| Cash & Cash Equivalents at beginning of period | 7,854,843 | 15,093,834 |
| Cash & Cash Equivalents at end of period | 15,716,040 | 12,062,291 |

The accompanying notes form part of these financial statements

## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures the same accounting policies have been followed as those applied in the financial report for the year ended 30 June 2006.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments, cost is based on the fair values of the consideration given in exchange of assets. All amounts are presented in Australian dollars unless otherwise noted

### Note 2: EQUITY ACCOUNTED INVESTMENT

| Name of Entity | Balance Date | Principal Activity | Ownership Interest | | Carrying Amount | |
|---|---|---|---|---|---|---|
| | | | 31 December 2006 | 30 June 2006 | 31 December 2006 | 30 June 2006 |
| Angioblast Systems Inc | 30 June | Stem cell research | 34.3% | 33.3% | 7,958,844 | 7,501,673 |
| Investment in associate account using equity method | | | | | 10,782,791 | 9,782,791 |
| Share of equity accounted loss | | | | | (2,823,947) | (2,281,118) |
| Carrying amount of equity accounted investment | | | | | 7,958,844 | 7,501,673 |

### Note 3: INTANGIBLE ASSETS

| | 31 December 2006 $ | 30 June 2006 $ |
|---|---|---|
| Intellectual property establishment and licenses at cost | 877,101 | 855,439 |
| Less: Amortisation | (67,498) | (49,815) |
| | 809,603 | 805,624 |

**Note 4: CONTRIBUTED EQUITY**

4 a) Movements in contributed equity during the half year were as follows: -

| | 31 December 2006 No. | 31 December 2006 $ | 30 June 2006 No. | 30 June 2006 $ |
|---|---|---|---|---|
| At the beginning of the reporting period | 93,510,000 | 20,667,608 | 93,510,000 | 20,667,608 |
| 13,882,800 shares allotted at $1.25 | 13,882,800 | 17,353,500 | - | - |
| 175,333 options exercised at $0.65 | 175,333 | 113,966 | - | - |
| 80,000 options exercised at $0.60 | 80,000 | 48,000 | | |
| Share issue expenses | - | (805,091) | - | - |
| At the end of the reporting period | 107,648,133 | 37,377,983 | 93,510,000 | 20,667,608 |

4 b) Share options

| | 31 December 2006 No. | 30 June 2006 No. |
|---|---|---|
| Balance at beginning of the half year | 7,800,000 | 5,660,000 |
| Granted during the half year | 150,000 | 2,140,000 |
| Exercised during the half year | (255,333) | |
| Lapsed during the half year | - | |
| Balance at end of the half year | 7,694,667 | 7,800,000 |

| Option - Series | Number | Vesting date | Expiry date | Exercise price $ |
|---|---|---|---|---|
| | | | | |
| Granted 29 September 2004 | 4,320,000 | 29/09/2005 | 29/06/2009 | 0.55 |
| Granted 26 October 2004 | 400,000 | 16/12/2007 | 30/12/2007 | 0.55 |
| Granted 16 December 2004 | 80,000 | 16/12/2006 | 16/12/2007 | 0.60 |
| Granted 16 December 2004 | 80,000 | 16/12/2007 | 16/12/2008 | 0.60 |
| Granted 16 December 2004 | 700,000 | 16/12/2006 | 16/12/2008 | 0.60 |
| Granted 25 August 2005 | 350,000 | 31/12/2005 | 31/12/2008 | 0.65 |
| Granted 25 August 2005 | 350,000 | 30/06/2006 | 30/06/2009 | 0.65 |
| Granted 23 February 2006 | 10,000 | 01/04/2007 | 01/04/2008 | 0.60 |
| Granted 23 February 2006 | 10,000 | 01/04/2008 | 01/04/2009 | 0.60 |
| Granted 23 February 2006 | 60,000 | 01/04/2006 | 01/04/2007 | 0.65 |
| Granted 23 February 2006 | 150,000 | 30/06/2005 | 01/04/2007 | 0.65 |
| Granted 23 February 2006 | 166,667 | 30/06/2006 | 30/06/2007 | 0.65 |
| Granted 23 February 2006 | 68,000 | 23/02/2006 | 23/02/2009 | 0.70 |
| Granted 23 February 2006 | 100,000 | 14/02/2007 | 14/02/2010 | 0.70 |
| Granted 23 February 2006 | 150,000 | 30/06/2007 | 01/04/2008 | 1.20 |
| Granted 23 February 2006 | 200,000 | 30/06/2007 | 30/06/2008 | 1.20 |
| Granted 23 February 2006 | 150,000 | 30/06/2008 | 01/04/2009 | 1.20 |
| Granted 23 February 2006 | 200,000 | 30/06/2008 | 30/06/2009 | 1.20 |
| Granted 23 November 2006 | 150,000 | 23/11/2006 | 23/11/2009 | 0.65 |
| | | | | |
| | 7,694,667 | | | |

**Note 5: SEGMENT INFORMATION**

**(a) Description of Segments**

The company operates in two business segments, being commercialisation and investment in research and development companies.

**(b) Geographic Segments**

The company predominantly operates in one geographical area, being Australia.

| | Research & Development | | Investment (a) | | Corporate | | Total | |
|---|---|---|---|---|---|---|---|---|
| **BUSINESS SEGMENTS** | **2006 $'000** | **2005 $'000** | **2006 $'000** | **2005 $'000** | **2006 $'000** | **2005 $'000** | **2006 $'000** | **2005 $'000** |
| Segment Revenue from Continuing Operations | 596 | 474 | - | - | 506 | 410 | 1,102 | 884 |
| Segment Results | (2,717) | (1,263) | (543) | (807) | (738) | (814) | (3,998) | (2,884) |

(a) Represents Equity accounted losses - Angioblast

**NOTE 6: COMMITMENTS AND CONTINGENCIES**

On 23 November 2006 the shareholders at an Extraordinary General Meeting considered and passed the following resolution – "that pursuant to ASX Listing Rule 10.1, Chapter 2E of the Corporations Act 2001 (Cth) and for all other purposes approval is granted for the Company to invest up to $8.5 million in additional funds to subscribe for up to 425,000 further preference shares (designated "Series B Preferred") in Angioblast Systems Inc."

In line with agreements entered into with Angioblast Systems Inc. an amount of $1 million was paid on 11 December 2006. Further quarterly payments will be made up to a total of $2 million for the period to 30 June 2008.

The remaining payment of $5.5 million will be paid in instalments upon reaching major clinical milestones for an agreed Phase II clinical trial.

**MESOBLAST LIMITED**
**ABN 68 109 431 870**

**DIRECTORS' DECLARATION**

In accordance with a resolution of directors of Mesoblast Limited,

In the opinion of the directors:

(a) the accompanying financial statements and notes are in accordance with Corporations Act 2001 and comply with the accounting standards and give a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half year ended on that date.

(b) At the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors dated the 20th day of February 2007.

Mr Michael Spooner
Director

Melbourne

**INDEPENDENT AUDITOR'S REVIEW REPORT**
**TO THE MEMBERS OF MESOBLAST LIMITED**

PKF

Chartered Accountants
& Business Advisers

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Mesoblast Limited, which comprises the balance sheet as at 31 December 2006, the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, a summary of significant accounting polices, other selected explanatory notes and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Mesoblast Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Mesoblast Limited's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001.*

As the auditor of Mesoblast Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mesoblast Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of Mesoblast Limited's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

PKF

**PKF**
Chartered Accountants

**R A Dean**
Partner

20 February 2007
Melbourne

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Level 11, CGU Tower | 485 La Trobe Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

BNP PARIBAS
SECURITIES SERVICES

*Date:* 9-Feb-07

The Manager
Listings Department
Australian Stock Exchange Limited

*No. of Pages (incl.):* 3

NOTICE OF CHANGE OF INTERESTS OF SUBSTANTIAL HOLDER

Dear Sir/Madam,

Pursuant to Section 671B of the Corporations Law, AMP Limited hereby advises of a change in its relevant interest in Mesoblast Limited.

The enclosed ASIC Form 604 discloses all required details.

Yours faithfully,

Justin Christopher
Head of Custody
BNP Paribas Securities Services
Phone: 02 9222 0029

**Form 604**
**Corporations Law**
**Section 671B**
**Notice of Change of Interests of Substantial Holder**

To: **Mesoblast Limited**

ACN/ARSN: 109 431 870

**1. Details of substantial holder**

Name: AMP Limited ACN 079 354 519 and its related bodies corporate.

There was a change in the interests of the substantial holder on 08-Feb-2007
The previous notice was given to the company on 09-Feb-2007
The previous notice was dated 11-Jan-2007

**2. Previous and present voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate had a relevant interest in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

| | *Previous notice* | | *Present notice* | |
|---|---|---|---|---|
| *Class of securities* | *Person's votes* | *Voting power* | *Person's votes* | *Voting power* |
| Fully Paid Ordinary | 6,200,648 | 5.76% | 11,200,648 | 10.40% |

**3. Changes in relevant interests**

Particulars of each change in, or change in the nature of, relevant interests of the substantial holder or an associate in voting securities of the company since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

| *Date of change* | *Person whose relevant interest changed* | *Nature of change* | *Consideration given in relation to change* | *Class and number of shares affected* | *Person's votes affected* |
|---|---|---|---|---|---|
| 8-Feb-07 | AMP Life Limited | Share acquisition | $3,749,374.57 | Fully Paid Ordinary 1,740,067 | 1,740,067 |
| 8-Feb-07 | Cogent Nominees Pty Limited | Share acquisition | $1,423,198.85 | Fully Paid Ordinary 660,514 | 660,514 |
| 8-Feb-07 | Cogent Nominees Pty Limited <SMP Accounts> | Share acquisition | $2,199,341.54 | Fully Paid Ordinary 1,020,704 | 1,020,704 |
| 8-Feb-07 | Equipsuper | Share acquisition | $395,489.91 | Fully Paid Ordinary 183,545 | 183,545 |
| 8-Feb-07 | LAMP | Share acquisition | $335,935.08 | Fully Paid Ordinary 155,937 | 155,937 |
| 8-Feb-07 | State Authority Superannuation Scheme | Share acquisition | $1,536,333.26 | Fully Paid Ordinary 713,005 | 713,005 |
| 8-Feb-07 | UniSuper Limited | Share acquisition | $1,133,879.26 | Fully Paid Ordinary 526,228 | 526,228 |

**4. Present relevant interests**

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

| *Holder of relevant interest* | *Registered holder of securities* | *Person entitled to be registered as holder* | *Nature of relevant interest* | *Class and number of securities* | *Person's votes affected* |
|---|---|---|---|---|---|
| AMP Life Limited | AMP Life Limited | AMP Life Limited | AMP Life is entitled to be the registered holder of the class and number of securities listed beside its name AMP Life Limited is a controlled body corporate of AMP Limited within the meaning of Section 608(3) of the Corporations Law | Fully Paid Ordinary: 4,753,268 | 4,753,268 |
| AMP Capital Investors Limited ('AMP Capital') | Cogent Nominees Pty Limited <SMP Accounts> | Cogent Nominees Pty Limited <SMP Accounts> | AMP Capital, in its capacity as the investment manager for the persons or trusts listed besides its name, has the power to control voting and/or the disposal of securities. AMP Capital is a controlled body corporate of AMP Limited within the meaning of Section 608(3) of the Corporations Law | Fully Paid Ordinary: 2,157,895 | 2,157,895 |
| | Cogent Nominees Pty Limited | Cogent Nominees Pty Limited | | Fully Paid Ordinary: 660,514 | 660,514 |
| | JP Morgan Nominees Australia Limited | LAMP | | Fully Paid Ordinary: 1,350,529 | 1,350,529 |

| | |
|---|---|
| JP Morgan Nominees Australia Limited | State Authority Superannuation Scheme |
| National Nominees Pty Limited | Equipsuper |
| National Nominees Pty Limited | UniSuper Limited |

| | |
|---|---|
| Ordinary: 713,005 | |
| Fully Paid<br>Ordinary: 1,039,209 | 1,039,209 |
| Fully Paid<br>Ordinary: 526,228 | 526,228 |
| Total: | 11,200,648 |

**5. Change in association**

The persons who have become associates of, ceased to be associates of, or have changed the nature of their association with, the substantial shareholder in relation to voting interests in the company or scheme are as follows:

| *Name and ACN* | *Nature of association* |
|---|---|
| No Changes | |

**6. Addresses**

The addresses of persons named in this form are as follows:

| *Name* | *Address* |
|---|---|
| AMP Life Limited | Level 24, 33 Alfred Street, Sydney NSW 2000 |
| AMP Capital Investors Limited | Level 22, 33 Alfred Street, Sydney NSW 2000 |
| Cogent Nominees Pty Limited | Level 6, 60 Castlereagh Street, Sydney NSW 2000 |
| Equipsuper | 171 Flinders Street, Melbourne VIC 3000 |
| JP Morgan Nominees Australia Limited | 259 George Street, Sydney NSW 2000 |
| National Nominees Pty Limited | 271 Collins Street, Melbourne VIC 3000 |
| State Authority Superannuation Scheme | Level 14, 63 Clarence Street, Sydney NSW 2000 |
| Unisuper Limited | Level 28, 387 Collins Street, Melbourne 3000 |

This notice of change of interests of substantial holder (ASIC Form 604) comprises 2 page/s in total.

STANDARD
&POOR'S

82-34929

# Press Release

## Standard & Poor's Announces March Quarterly Rebalance to the S&P/ASX Indices

Sydney, March 2, 2007 — Standard & Poor's Index Services, the leading provider of equity indices in Australia, announces that effective close of trade March 16, 2007, the following constituent additions and deletions will take place in the S&P/ASX indices.

### S&P/ASX 20 - No Change

### S&P/ASX 50 - No Change

### S&P/ASX 100 - No Change

### S&P/ASX 200

**ADDITIONS**

| | |
|---|---|
| BBP | BABCOCK & BROWN POWER |

**REMOVALS**

| | |
|---|---|
| RIC | RIDLEY CORPORATION LIMITED |

### S&P/ASX 300

**ADDITIONS**

| | |
|---|---|
| BBP | BABCOCK & BROWN POWER |
| ABP | ABACUS PROPERTY GROUP |
| FXL | FLEXIGROUP LIMITED |
| AEZ | APN/UKA EUROPEAN RETAIL TRUST |
| CDI | CHALLENGER DIVERSIFIED PROPERTY GROUP |
| AOE | ARROW ENERGY NL |
| NXS | NEXUS ENERGY LIMITED |
| CBH | CBH RESOURCES LIMITED |
| CIF | CHALLENGER INFRASTRUCTURE FUND |
| BEC | BECTON PROPERTY GROUP |
| OKN | OAKTON LIMITED |
| ILF | ING REAL ESTATE COMMUNITY LIVING FUND GROUP |
| GJT | GALILEO JAPAN TRUST |
| BVA | BRAVURA SOLUTIONS LIMITED |
| CDU | CUDECO LIMITED |

| | |
|---|---|
| MMX | MURCHISON METALS LIMITED |
| AZA | ANZON AUSTRALIA LIMITED |
| IWL | IWL LIMITED |
| CTO | CITIGOLD CORPORATION LIMITED |
| RCYCA | RIVERCITY MOTORWAY GROUP |
| AGS | ALLIANCE RESOURCES LIMITED |
| TRS | THE REJECT SHOP LIMITED |
| DYL | DEEP YELLOW LIMITED |

**REMOVALS**

| | |
|---|---|
| ANE | AUSPINE LIMITED |
| AVJ | AVJENNINGS LIMITED |
| SGL | SYDNEY GAS LTD |
| HPX | HPAL LIMITED |
| CAA | CAPRAL ALUMINIUM LIMITED |
| PSD | PSIVIDA LIMITED |
| AHS | ATLAS GROUP HOLDINGS LIMITED |
| STG | STAGING CONNECTIONS GROUP LIMITED |
| GDY | GEODYNAMIC LIMITED |
| MXI | MAXITRANS INDUSTRIES LIMITED |
| IIN | IINET LIMITED |
| CUE | CUE ENERGY RESOURCES LIMITED |
| IGD | IAMGOLD CORPORATION |
| VLL | VILLAGE LIFE LTD |

## All Ordinaries

**ADDITIONS**

| | |
|---|---|
| BBP | BABCOCK & BROWN POWER |
| FXL | FLEXIGROUP LIMITED |
| CDI | CHALLENGER DIVERSIFIED PROPERTY GROUP |
| GJT | GALILEO JAPAN TRUST |
| BVA | BRAVURA SOLUTIONS LIMITED |
| CDU | CUDECO LIMITED |
| AGM | ALLEGIANCE MINING NL |
| MMX | MURCHISON METALS LIMITED |
| CTO | CITIGOLD CORPORATION LIMITED |
| RCYCA | RIVERCITY MOTORWAY GROUP |
| AGS | ALLIANCE RESOURCES LIMITED |
| TRS | THE REJECT SHOP LIMITED |
| DYL | DEEP YELLOW LIMITED |
| MCQ | MACQUARIE CAPITAL ALLIANCE GROUP |
| PMM | PORTMAN LIMITED |
| CMW | CROMWELL GROUP |
| EWC | ENERGY WORLD CORPORATION LTD |
| EBB | EVEREST BABCOCK & BROWN LIMITED |
| AEP | ALLCO EQUITY PARTNERS LIMITED |
| HFA | HFA HOLDINGS LIMITED |
| WTP | WATPAC LIMITED |
| CPR | CLIVE PEETERS LIMITED |
| OAK | OAKS HOTELS & RESORTS LIMITED |
| JML | JABIRU METALS LIMITED |
| PFL | PATTIES FOODS LIMITED |
| CFU | CERAMIC FUEL CELLS LIMITED |

| | |
|---|---|
| AAX | AUSENCO LIMITED |
| AED | AED OIL LIMITED |
| BGD | BOULDER STEEL LIMITED |
| GBG | GINDALBIE METALS LTD |
| RIV | RIVERSDALE MINING LIMITED |
| LRF | LINQ RESOURCES FUND |
| RCR | RCR TOMLINSON LIMITED |
| HZN | HORIZON OIL LIMITED |
| PLA | PLATINUM AUSTRALIA LIMITED |
| MBR | MARINER BRIDGE INVESTMENTS LIMITED |
| HER | HERALD RESOURCES LIMITED |
| EMI | EMITCH LIMITED |
| MIN | MINERAL RESOURCES LIMITED |
| AVE | AEVUM LIMITED |
| DWS | DWS ADVANCED BUSINESS SOLUTIONS LIMITED |
| MBN | MIRABELA NICKEL LIMITED |
| PMA | PRECIOUS METALS AUSTRALIA LIMITED |
| AUB | AUSTBROKERS HOLDINGS LIMITED |
| IPN | INDEPENDENT PRACTITIONER NETWORK LTD |
| RRT | RECORD REALTY |
| MLB | MELBOURNE IT LIMITED |
| GMI | GLOBAL MINING INVESTMENTS LIMITED |
| CPK | CP1 LIMITED |
| KMN | KINGS MINERALS NL |
| FXR | FOX RESOURCES LIMITED |
| NOD | NOMAD BUILDING SOLUTIONS LIMITED |
| AVO | AVOCA RESOURCES LIMITED |
| ARR | ARASOR INTERNATIONAL LIMITED |
| RJT | RUBICON JAPAN TRUST |
| MFT | MFS DIVERSIFIED GROUP |
| MSB | MESOBLAST LIMITED |
| LYC | LYNAS CORPORATION LIMITED |
| EZL | EUROZ LIMITED |
| KAR | KAROON GAS AUSTRALIA LIMITED |
| VIR | VIRIDIS CLEAN ENERGY GROUP |
| MAFCA | MULTIPLEX ACUMEN PRIME PROPERTY FUND |
| EQT | EQUITY TRUSTEES LIMITED |
| SPH | SPHERE INVESTMENTS LIMITED |
| AIM | AIM RESOURCES LIMITED |
| CUO | COPPERCO LIMITED |
| REX | REGIONAL EXPRESS HOLDINGS LIMITED |
| CIL | CENTREBET INTERNATIONAL LIMITED |
| NFL | NATURAL FUEL LIMITED |
| MAE | MARION ENERGY LIMITED |
| GRR | GRANGE RESOURCES LIMITED |
| MPS | MACARTHURCOOK PROPERTY SECURITIES FUND |
| RHL | RURALCO HOLDINGS LIMITED |
| PFG | PRIME FINANCIAL GROUP LIMITED |
| LFE | LIFE THERAPEUTICS LIMITED |
| VKI | VIKING INDUSTRIES LIMITED |
| BLP | BABCOCK & BROWN RESIDENTIAL LAND PARTNERS GROUP |
| MPY | MFS LIVING AND LEISURE GROUP |
| TZN | TERRAMIN AUSTRALIA LIMITED |
| MMN | MACMIN SILVER LTD |
| GAA | GENEPHARM AUSTRALASIA LIMITED |
| CNB | CANBERRA INVESTMENT CORPORATION LIMITED |

| | |
|---|---|
| PVE | PO VALLEY ENERGY LIMITED |
| NCK | NICK SCALI LIMITED |

**REMOVALS**

| | |
|---|---|
| VLL | VILLAGE LIFE LTD |
| CUE | CUE ENERGY RESOURCES LIMITED |
| MXI | MAXITRANS INDUSTRIES LIMITED |
| AHS | ATLAS GROUP HOLDINGS LIMITED |
| STG | STAGING CONNECTIONS GROUP LIMITED |
| PME | PRO MEDICUS LIMITED |
| CWT | CHALLENGER WINE TRUST |
| GTG | GENETIC TECHNOLOGIES LIMITED |
| SAQ | SYDNEY ATTRACTIONS GROUP LIMITED |
| PAY | PAYCE CONSOLIDATED LIMITED |
| OCL | OBJECTIVE CORPORATION LIMITED |
| BDS | BRIDGESTONE AUSTRALIA LIMITED |
| WAM | WAM CAPITAL LIMITED |
| NCI | NATIONAL CAN INDUSTRIES LIMITED |
| HIC | HUNTLEY INVESTMENT COMPANY LIMITED |
| ARA | ARIADNE AUSTRALIA LIMITED |
| ACR | ACRUX LIMITED |
| ESV | ESERVGLOBAL LIMITED |
| CHQ | CHIQUITA BRANDS SOUTH PACIFIC LIMITED |
| ACL | ALCHEMIA LIMITED |
| HNG | HGL LIMITED |
| CLH | COLLECTION HOUSE LIMITED |
| TZL | TZ LIMITED |
| GLB | GLOBE INTERNATIONAL LIMITED |
| ALR | ABERDEEN LEADERS LIMITED |
| ROK | ROCK BUILDING SOCIETY (THE) |
| SDI | SDI LIMITED |
| QCH | QUEENSLAND COTTON HOLDINGS LIMITED |
| AZZ | ANTARES ENERGY LIMITED |
| SFC | SCHAFFER CORPORATION LIMITED |
| AGI | AINSWORTH GAME TECHNOLOGY LIMITED |
| CIX | CALLIDEN GROUP LIMITED |
| MST | METAL STORM LIMITED |
| GFD | GREEN'S FOODS LIMITED |
| CDF | COMMONWEALTH DIVERSIFIED SHARE FUND |
| UNW | UNWIRED GROUP LIMITED |
| ORL | OROTONGROUP LIMITED |
| SPL | STARPHARMA HOLDINGS LIMITED |
| WFL | WILLMOTT FORESTS LIMITED |
| IBC | IRONBARK CAPITAL LIMITED |
| GAP | GALE PACIFIC LIMITED |
| ADG | ADTRANS GROUP LIMITED |
| CMK | CUMNOCK COAL LIMITED |
| CLT | CELLNET GROUP LIMITED |
| IDT | INSTITUTE OF DRUG TECHNOLOGY AUSTRALIA LIMITED |
| MOS | MOSAIC OIL NL |
| LIP | LIPA PHARMACEUTICALS LIMITED |
| CDX | CDS TECHNOLOGIES LIMITED |
| EOS | ELECTRO OPTIC SYSTEMS HOLDINGS LIMITED |
| SYM | SYMEX HOLDINGS LIMITED |
| NLX | NYLEX LIMITED |

| | |
|---|---|
| DRA | DRAGON MINING LIMITED |
| CGX | CGA MINING LIMITED |
| AAT | AUTRON CORPORATION LIMITED |
| EON | ESPREON LIMITED |
| LCL | LIGHTING CORPORATION LIMITED |
| MXL | MXL LIMITED |
| PPK | PPK LIMITED |
| DKS | DANKS HOLDINGS LIMITED |
| BSO | BASS STRAIT OIL TRUST |
| CMQ | CHEMEQ LIMITED |
| NAL | NORWOOD ABBEY LIMITED |

Company additions to and deletions from a Standard & Poor's index do not in any way reflect an opinion on the investment merits of the company. Information about the S&P/ASX index methodology is available at www.standardandpoors.com.

**About Standard & Poor's**

Standard & Poor's, a division of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of financial market intelligence, including independent credit ratings, indices, risk evaluation, investment research and data. With approximately 7,500 employees, including wholly owned affiliates, located in 21 countries and markets, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for more than 140 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit http://www.standardandpoors.com.au

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mesoblast
the adult stem cell company

asx announcement

# MESOBLAST'S ROAD TO UNITED STATES PRODUCT REGISTRATION

**Melbourne, Australia; 7 March 2007:** Australia's adult stem cell company, Mesoblast Limited (ASX:MSB; USOTC:MBLTY), today provided investors with a timetable and update of proposed clinical programs leading to product registration in the United States, the world's largest health care market.

The Phase II spinal fusion trial is due to commence by Q2 2007. The results of this trial will be used to support a pivotal Phase 3 clinical trial of Mesoblast's patented technology for spinal fusion, aiming to eliminate the need for autograft (or patient's own hip bone graft), reduce complications associated with existing treatment regimens, and improve fusion outcomes.

Equally as important is the progress made by Mesoblast's US-based sister company, Angioblast Systems Inc; which is focused on commercialising the same platform stem cell technology for the treatment of cardiovascular diseases.

Angioblast has completed final pre-IND meetings with the FDA and, based on these as well as ongoing discussions with potential strategic partners, is in final preparations to complete its IND submission for a first cardiovascular clinical indication by the end of this quarter.

Angioblast will seek to be the first company to receive FDA clearance to test catheter-based delivery of allogeneic (or 'off-the-shelf') cells in patients with heart attacks.

In order to commercialise our products in the United States, FDA clearances must be received for clinical trials and ultimately approval of safety and efficacy endpoints for product sales. Our FDA submission for a Phase 2 trial in spinal fusion, which was cleared in December 2006, contained detailed results of our product manufacturing and scale-up processes, our large animal studies, and our pilot clinical trials. Its rapid clearance enables us to now map out our clinical timelines to product registration, and consequently product commercialisation.

Anticipated timelines for our clinical programs are:

| | |
|---|---|
| Q1 2007 | FDA IND submission for Phase 2 trial in first cardiac application |
| Q2 2007 | Phase 2 spinal fusion allogeneic trial begins in US |
| Q2 2007 | Pilot Trial long bone fractures enrolment complete |
| Q2 2007 | Pilot Trial severe coronary artery disease enrolment complete |
| Q3 2007 | Phase 2 allogeneic trial for heart attacks begins in US |
| 2008 | Additional Phase 2 orthopaedic and cardiac trials commence |
| 2008 | Enrolment complete in allogeneic Phase 2 trial for spinal fusion |
| 2008 | Enrolment complete in allogeneic Phase 2 trial for heart attacks |
| >2008 | Pivotal/Phase 3 registration trials commence in lead orthopaedic and cardiac indications |

# asx announcement

Both Mesoblast and Angioblast have already established successful collaborative relationships with major device and pharmaceutical organisations in the execution of preclinical and clinical trials. Progression through Phase 2 clinical trials and on to pivotal Phase 3 registration trials will serve to greatly expand and accelerate each company's opportunities for major strategic partnerships.

## About Mesoblast Limited

Mesoblast Limited (ASX:MSB/USOTC:MBLTY) is an Australian biotechnology company committed to commercialisation of novel treatments for orthopaedic conditions, including a unique adult stem cell technology aimed at the regeneration and repair of bone and cartilage. Mesoblast has worldwide exclusive rights to a series of patents and technologies that have been developed over more than 10 years relating to the identification, extraction and culture of adult Mesenchymal Precursor Cells (MPCs). The company has also acquired a substantial interest in 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. Mesoblast's strategy is to maximise shareholder value through both corporate partnerships and rapid product commercialisation.

*For further information, please contact:*

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Mesoblast Limited
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mesoblast

# investor update

ISSUE SEVEN

82-34929

# FDA Clearance Positions Mesoblast To Commercialise Stem Cell Products In World's Largest Health Care Market

Mesoblast has achieved a tremendous amount in a very short timeframe, and has now reached a significant new stage of maturity characterised by upcoming commencement of human Phase 2 clinical trials in the United States, the world's largest health care market.

The company is focused upon bringing to market a safe, high profit margin, allogeneic (unrelated or 'off the shelf') adult stem cell product for the effective treatment of a broad range of orthopaedic conditions.

Highlights during the final quarter of 2006 included:

- United States Food and Drug Administration (FDA) clearance of Mesoblast's spinal fusion Investigational New Drug (IND) submission
- Further positive results from clinical and pre-clinical trials;
- Granting of a key patent in the US; and
- Shareholder approval for additional investment in Mesoblast's US-based sister company, Angioblast Systems, Inc.

## What does FDA clearance mean to the Company?

In order to commercialise our products in the world's largest health care market, the United States, we must receive FDA clearances for clinical trials and ultimately approval of safety and efficacy endpoints for product sales.

Our FDA submission in November 2006 contained detailed results of our product manufacturing and scale-up processes, our large animal studies, and our pilot clinical trials. Its rapid clearance enables us to map out our clinical timelines to product registration, and consequently product commercialisation.

## FDA clears Mesoblast's Phase 2 clinical trial submission

The major highlight of the past quarter occurred on 18 December 2006 when Mesoblast received clearance of its IND submission from the FDA to commence a Phase 2 Clinical Trial for spinal fusion in the United States.

FDA clearance was received within 30 days of the Company's filing its IND application, demonstrating the strength and robustness of the data package submitted by the Company. Importantly, the IND submission and clearance were key milestone targets outlined in the company's IPO Prospectus in December 2004, and were accomplished over 6 months ahead of schedule.

Results of the Phase 2 trial will be used to support a pivotal Phase 3 clinical trial of Mesoblast's patented technology for spinal fusion, aiming to eliminate the need for autograft (or patient's own hip bone graft), reduce complications associated with existing treatment regimens, and improve fusion outcomes.

Equally as important is the progress made by Angioblast which is focused on commercialising the same platform stem cell technology for the treatment of cardiovascular diseases.

Angioblast has completed final pre-IND meetings with the FDA and, based on these as well as ongoing discussions with potential strategic partners, is in final preparations to complete its IND submission for a first cardiovascular clinical indication by the end of this quarter. In this case, Angioblast will seek to be the first company to receive FDA clearance to test catheter-based delivery of allogeneic cells in patients with heart attacks.

## The road to US product registration

| Clinical trials | |
|---|---|
| CY-Q1 2007 | FDA IND submission for Phase 2 trial in the cardiac application |
| CY-Q2 2007 | Phase 2 spinal fusion allogeneic trial begins in US |
| CY-Q2 2007 | Pilot Trial long bone fractures enrolment complete |
| CY-Q2 2007 | Pilot Trial severe coronary artery disease enrolment complete |
| CY-Q3 2007 | Phase 2 allogeneic trial for heart attacks begins in US |
| CY-2008 | Additional Phase 2 orthopaedic and cardiac trials commence |
| CY-2008 | Allogeneic Phase 2 spinal fusion and final cardiac trials complete |
| >2008 | Pivotal Phase 3 registration trials commence in lead orthopaedic and cardiac indications |

## How does FDA clearance affect potential commercial partnerships and opportunities?

Both Mesoblast and Angioblast have established successful collaborative relationships with major device and pharmaceutical organisations in the execution of preclinical and clinical trials.

To date, these relationships have focused on ways to optimise delivery of our cells in the treatment of orthopaedic and cardiovascular diseases using carriers and devices that are today commonly used by physicians.

Completion of Phase 2 clinical trials will be followed by progression to pivotal Phase 3 registration trials. Commercial sales and distribution arrangements for our stem cell products may very well need to be in place prior to completion of these trials and therefore with FDA clearance to move into each additional Phase 2 clinical trial, and with positive Phase 2 results, the partnering opportunities for each company will greatly expand and accelerate.

## What clinical and preclinical results were reviewed by the FDA?

FDA clearance to begin Phase 2 clinical trials entailed a comprehensive review of all data that had been accumulated by the company over the past two years in respect of our manufacturing processes, the safety endpoints following cell implantation in patients and animals, and the effectiveness of the therapy to support progressing to larger human trials.

Specifically:

- We have successfully accomplished large scale manufacture of a well characterised, uniform, and safe off the shelf stem cell product. This product is generated using our proprietary process through large scale expansion of stem cells obtained from one donor for the treatment of as many as thousands of unrelated allogeneic patients with various orthopaedic conditions.
- We have successfully completed a number of large animal preclinical trials demonstrating that our allogeneic stem cells are very effective for inducing bone growth in various indications such as spinal fusion and long bone defects.
- Our two clinical trials in Australia evaluating the safety and feasibility of the Company's Standard Operating Procedures and cell implantation in patients with orthopaedic and cardiovascular conditions are progressing well. During the last quarter of 2006 Mesoblast reported periodically on some extremely exciting progress made to date in these trials. While formal conclusion of both pilot trials is at the sole discretion of the principal investigators, the Company believes that its objectives in establishing the safety of implanting our proprietary stem cells have already been accomplished.

*Once product sales and commercialisation ultimately requires FDA approval, FDA clearance of our IND submission underpins our product commercialisation strategy: to produce a unique high margin allogeneic adult stem cell product. This product is obtained from a single donor, commercially expanded and frozen, and subsequently used in potentially thousands of unrelated, or allogeneic recipients at the time and place of need. Mesoblast's patented technology produces a well characterised product with defined purity and demonstrated potent biological activity.*

## How do we protect our commercial accomplishments?

On 18 October 2006, Mesoblast announced that the United States Patent and Trade Mark Office (USPTO) had granted a key patent covering composition of matter over a unique population of adult stem cells which we refer to as Mesenchymal Precursor Cells or MPCs. These cells enable regeneration and repair of a host of tissues including bone, cartilage, fat, blood vessels and heart muscle. The patent confers rights through at least the year 2019 and will underpin our exclusive rights to commercialise MPC products in the world's largest health sector market.

*Patents are the lifeblood of the Company, and granting of patents in various jurisdictions protects our commercial rights and ensures we have freedom to operate commercially. The company is absolutely committed to the ongoing expansion, broadening, and development of our intellectual property portfolio.*

Mesoblast Founder and Chief Scientific Advisor, Professor Silviu Itescu

## Strong cash position and further investment in Angioblast Systems Inc

At 31 December 2006, Mesoblast had cash reserves of more than $157 million. The financial results for the six months to 31 December 2006 showed a net loss of $3,969,761 whilst the comparative figure for the six months to 31 December 2005 was $2,883,947. The increased net loss directly related to the increase in activity and operations of the company in achieving its core milestones. Revenue for the period was $1,101,776 as compared to $887,696. In line with Mesoblast's accounting practices, all development expenditure associated with bringing the technology to market is expensed.

The company's financial results are in line with our forecasts and reflect the ongoing and significant activity associated with the rapid commercialisation of Mesoblast's specialist adult stem cell technology. Importantly, the Board of Directors believes that there are sufficient funds on hand to meet the Company's immediate objectives.

An Extraordinary General Meeting on 23 November 2006 approved an additional $8.5 million investment in Angioblast to complete a Phase 2 clinical trial using the proprietary adult stem cell technology for aneurysmal cardiovascular indication. These funds will be paid by Mesoblast in tranches to achieve critical Phase II clinical trial milestones. Combined with the proposed investment is a 18-month option for Mesoblast to acquire a further $5 million in Angioblast preferred stock on substantially similar terms and pricing.

*The full investment by Mesoblast in Angioblast will enable both companies to continue their focus on delivering clinical trial results and shareholder value, whilst enabling a further strengthening of our relationship. Importantly, the investment will enable both Mesoblast and Angioblast to focus on delivering significant shareholder value through completion of Phase II clinical trials.* — Mesoblast Executive Chairman, Mr Michael Spoone.

Equally, the investment is intended to provide both companies with a position of strength in any potential discussions with large, third party medical device and pharmaceutical companies.

## Stem cell catheter delivery procedure

A catheter based procedure to deliver our patented adult stem cells into the heart of a patient with multi-vessel coronary artery disease and heart failure was televised live to an international gathering of leading cardiologists attending the Asia Pacific Interventional Advances Conference (APIA) in Sydney last December.

The highlighted procedure was performed under a local anaesthetic at the John Hunter Hospital in New South Wales by interventional cardiologist and Hunter Medical Research Institute researcher, Dr Suku Thambar.

Television coverage of the live procedure showed Dr Thambar using the latest generation NOGA catheter mapping system for stem cell delivery from Johnson & Johnson's Cordis Corporation to deliver our proprietary stem cells to the damaged heart.

The procedure was part of our clinical trial of 12 month period of 10 patients suffering from severe coronary artery disease. Millions of people worldwide suffer from severe coronary artery disease. Our adult stem cell technology aims to improve cardiac function by creating new blood supply and regenerating heart muscle.

A news item on Channel 9 highlighted a live stem cell procedure using Mesoblast technology and the latest generation mapping system for stem cell delivery from Johnson & Johnson's Cordis Corporation

END

## Newsletters

This Mesoblast newsletter is available online on Mesoblast's website – www.mesoblast.com

Announcements to the Australian Stock Exchange and other public announcements are posted on a timely basis on the Mesoblast website.

If you would like to be informed of Mesoblast's progress by e-mail please register by sending your contact details to: info@mesoblast.com

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*the adult stem cell company*

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