

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Mesoblast Limited

ABN

68 109 431 870

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
1.1 Receipts from customers:		
a) R&D Tax Incentive received	5,046	9,340
1.2 Payments for:		
(a) staff costs	(2,067)	(12,453)
(b) advertising and marketing	-	-
(c) research and development/ commercialisation	(9,335)	(37,837)
(d) manufacturing commercialisation	(10,318)	(32,102)
(e) leased assets	-	-
(f) other working capital	(4,982)	(17,996)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5,750	12,578
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refunded	123	2,531
1.7 Other - one-off payment for settlement related to the acquisition of Mesoblast, Inc.	(5,922)	(5,922)
Net operating cash flows	(21,705)	(81,861)

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		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
1.8	Net operating cash flows (carried forward)	(21,705)	(81,861)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	(15,926)	(35,585)
	(b) equity investments	-	-
	(c) intellectual property	-	(468)
	(d) physical non-current assets	(658)	(1,865)
	(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	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other:		
	(a) Security Deposits	(958)	(1,728)
	(b) Short-term staff loan repayment	-	320
	(c) Payments for financial derivatives	(1,483)	(1,483)
	Net investing cash flows	(19,025)	(40,809)
1.14	Total operating and investing cash flows	(40,730)	(122,670)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	81	2,475
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Share issue costs	-	(46)
	Net financing cash flows	81	2,429
	Net increase (decrease) in cash held	(40,649)	(120,241)
1.21	Cash at beginning of quarter/year to date	241,448	315,309 [^]
1.22	Exchange rate adjustments to item 1.21	(4,405)	1,326
1.23	Cash at end of quarter	196,394	196,394

[^]An amount of \$1,277k has been reclassified from Cash to Deposits.

+ 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 1.2	535
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Payments to directors (For the Current Quarter) = 535k	

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

2,948,729 Fully Paid Ordinary Shares were issued on 18 December 2013 as per the company's constitution in consideration of taking delivery of the assigned and other assets pursuant to the purchase agreement for the acquisition of the entire culture-expanded mesenchymal stem cell business of Osiris Therapeutics (NASDAQ: OSIR).

- 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

Add notes as necessary for an understanding of the position.

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

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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	2,727	9,558
4.2 Deposits at call	1,100	2,004
4.3 Bank overdraft	-	-
4.4 Term deposits	192,567	229,886
Total: cash at end of quarter (item 1.23)	196,394	241,448

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	n/a	
5.2 Place of incorporation or registration	n/a	
5.3 Consideration for acquisition or disposal	Cash YTD: \$19,659k Equity YTD: \$16,764k	
5.4 Total net assets	\$134,339k	
5.5 Nature of business	Culture-expanded Mesenchymal stem cell (ceMSC) business from Osiris Therapeutics (NASDAQ: OSIR).	

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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: 31 July 2014
(Company Secretary)

Print name: Jenni Pilcher

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 107: Statement of Cash Flows* applies to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting 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.

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