

Appendix 4E

Preliminary final report

Year ending on 30 June 2014

1. Reporting period

The financial information contained in this report is for the year ended 30 June 2014.

Comparative amounts are for the year ended 30 June 2013.

2. Results for announcement to the market

		Current year reported amount \$'000	Change up/(down) from previous year \$'000	Change up/(down) from previous year %
2.1	Revenue from ordinary activities	37,099	2,389	6.9%
2.2	Loss from ordinary activities after tax attributable to members	80,958	19,295	31.3%
2.3	Net loss for the year attributable to members	80,958	19,295	31.3%

2.4 No dividends are being proposed or have been paid in the current year (2013: nil)

2.5 N/A

2.6 Commentary related to the above results:

- Revenue from ordinary activities includes revenue from continuing operations of \$26.0m (2013: \$28.8m) and other income of \$11.1m (2013: \$5.9m).
 - Revenue from continuing operations includes commercialization revenue of \$16.4m (2013: \$18.3m), which is recognized for accounting purposes over the life of the collaboration. It also includes interest revenue of \$9.6m (2013: \$10.5m).
 - Included in other income is research and development tax incentive revenue of \$8.6m (2013: \$5.9m). It also includes a release of a provision for services of \$2.5m (2013: \$Nil) as a one-off non-recurring item in 2014.
- Loss from ordinary activities after tax attributable to members includes revenue from ordinary activities as discussed above, together with expenditure from continuing operations of \$118.1m (2013: \$94.8m), up \$23.2m (25%).
 - Expenses from operations were incurred in the development and commercialization of the cell-based platform technologies. All three categories

of operating expenses (R&D, Manufacturing Commercialisation, and Management and Administration) increased by 16-19% from prior year. This reflects the Groups transition to late-stage clinical development, including the ceMSC programs acquired during the year.

- Expenses also include finance costs of \$4.3m (2013: nil) for the revaluation of contingent consideration (noncash) and other expenses of \$4.3m (2013: \$0.9m) primarily related to foreign exchange.
- Further information on expenses from continuing operations can be found in the Directors' Report and note 3 in the accompanying financial report.
- Net loss for the year attributable to members includes a tax expense for the year of \$0.005m (2013: \$1.6m). The 2013 tax expense includes a payment for US Alternative Minimum Tax (AMT), which was not repeated in 2014.

3. Net tangible asset (NTA) backing per share

	Current year	Previous corresponding period
NTA backing per share	40.00 cents	72.19 cents

4. Other documents accompanying this Appendix 4E

A copy of the audited financial report and directors' report for the year ending 30 June 2014 for the Mesoblast Group is attached and should be read in conjunction with this Appendix 4E.

5. Audited Annual Report 2014

This report has been based on accounts which have been audited. A copy of the audited financial report and directors' report for the year ended 30 June 2014 is attached to this report.

⁺ See chapter 19 for defined terms.