



## **STRONG CASH POSITION AT END OF FINANCIAL YEAR**

**Melbourne, Australia; 30 July 2009:** Australian regenerative medicine company, Mesoblast Limited (ASX:MSB), today announced that its cash position at 30 June 2009 was \$16.5 million.

The Company stated that it was in a strong financial position to execute on its current clinical programs, underway in the United States and Australia, and to maintain its pace of development in a growing suite of therapeutic products.

Mesoblast Chairman Brian Jamieson said: "We have made significant progress in the last financial year and are strongly positioned to deliver on our well-defined commercial strategy. With the cash at hand, we anticipate being able during the 2010 financial year to:

- Progress the platform technology towards Phase 3 registration trials
- Obtain Therapeutic Goods Administration approval to commercially manufacture and distribute our products throughout Australia
- Expand our commercial reach to other geographical jurisdictions
- Establish cornerstone strategic corporate alliances.

"We are very well placed to maintain a rapid pace of development and move towards commercialisation of a broad range of cell therapy products in major fields of medical need such as orthopaedic and cardiovascular diseases," added Mr Jamieson.

### **About Mesoblast**

Mesoblast Limited (ASX:MSB) is committed to the development of novel treatments for orthopaedic conditions, including the rapid commercialisation of a unique adult stem cell technology aimed at the regeneration and repair of bone and cartilage. Our focus is to progress through clinical trials and international regulatory processes necessary to commercialise the technology in as short a timeframe as possible. Mesoblast has the worldwide exclusive rights for a series of patents and technologies developed over more than 10 years relating to the identification, extraction and culture of adult Mesenchymal Precursor Cells (MPCs). The Company has acquired 38.4% of Angioblast Systems Inc., an American company developing the platform MPC technology for the treatment of cardiac, vascular and eye diseases including repair and regeneration of blood vessels and heart muscle. Mesoblast and Angioblast are jointly funding and progressing the core technology. Mesoblast's strategy is to maximise shareholder value through both corporate partnerships and the rapid and successful completion of clinical milestones.

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# Appendix 4C

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

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

**Mesoblast Limited**

ABN

68 109 431 870

Quarter ended ("current quarter")

**30 June 2009**

### Consolidated statement of cash flows

| Cash flows related to operating activities                    | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|---|----------------------------|--|
| 1.1 Receipts from customers:                                  |                            |  |
| • Government commercial ready grant                           | 186                        | 186                                    |
| 1.2 Payments for  |                            |  |
| (a) staff costs   | (109)                      | (660)                                  |
| (b) advertising and marketing                                 | -                          | -                                      |
| (c) research and development                                  | (refer 1.7 below)          | (refer 1.7 below)                      |
| (d) leased assets   | -                          | -                                      |
| (e) other working capital                                     | (536)                      | (1,757)                                |
| 1.3 Dividends received  |                            |  |
| 1.4 Interest and other items of a similar nature received     | 123                        | 651                                    |
| 1.5 Interest and other costs of finance paid                  |                            |  |
| 1.6 Income taxes paid   |                            |  |
| 1.7 Other :   |                            |  |
| ▪ commercialisation costs<br>(includes R&D and support costs) | (1,377)                    | (6,737)                                |
| <b>Net operating cash flows</b>                               | <b>(1,713)</b>             | <b>(8,317)</b>                         |

+ See chapter 19 for defined terms.

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|   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| 1.8 Net operating cash flows (carried forward)        | (1,713)                            | (8,317)   |
| <b>1.9 Cash flows related to investing activities</b> |                                    |   |
| Payment for acquisition of:                           |                                    |   |
| (a) businesses (item 5)                               |                                    |   |
| (b) equity investments                                | (0)                                | (200)   |
| (c) intellectual property                             | (130)                              | (269)   |
| (d) physical non-current assets                       | (74)                               | (170)   |
| (e) other non-current assets                          |                                    |   |
| <b>1.10 Proceeds from disposal of:</b>                |                                    |   |
| (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                          | 143                                | (14)  |
| 1.12 Loans repaid by other entities                   |                                    | 0   |
| 1.13 Other (provide details if material)              |                                    |   |
| <b>Net investing cash flows</b>                       | <b>(61)</b>                        | <b>(653)</b>                                    |
| <b>1.14 Total operating and investing cash flows</b>  | <b>(1,774)</b>                     | <b>(8,970)</b>                                  |
| <b>Cash flows related to financing activities</b>     |                                    |   |
| 1.15 Proceeds from issues of shares, options, etc.    | 10,395                             | 11,393  |
| 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 (provide details if material)              |                                    |   |
| <b>Net financing cash flows</b>                       | <b>10,395</b>                      | <b>11,393</b>                                   |
| <b>Net increase (decrease) in cash held</b>           | <b>8,621</b>                       | <b>2,423</b>                                    |
| 1.21 Cash at beginning of quarter/year to date        | 7,916                              | 14,094  |
| 1.22 Exchange rate adjustments to item 1.21           | (10)                               | 10  |
| <b>1.23 Cash at end of quarter</b>                    | <b>16,527</b>                      | <b>16,527</b>                                   |

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**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<br>\$A'000 |
|------|---|----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2  | (141)                      |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11  | 143                        |
| 1.26 | Explanation necessary for an understanding of the transactions  |                            |
|      | Ref 1.24 = Payments made to directors are as follows:<br>\$A'000<br>Brian Jamieson = 30<br>Donal O'Dwyer = 15<br>Byron McAllister = 15<br>Michael Spooner = 15<br>Silviu Itescu = 66<br>Total = 141 |                            |
|      | Ref 1.25: Repayment of inter-entity loan to Angioblast Systems Inc (investment).  |                            |

**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**

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

|     |                             | Amount available<br>\$A'000 | Amount used<br>\$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. | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|---|------------------------------------|-------------------------------------|
| 4.1 Cash on hand and at bank  | 257                                | 60                                  |
| 4.2 Deposits at call  | 1,024                              | 720                                 |
| 4.3 Bank overdraft  | -                                  | -                                   |
| 4.4 Other (term deposits < 1 year maturity)   | 15,246                             | 7,136                               |
| <b>Total: cash at end of quarter (item 1.23)</b>  | <b>16,527</b>                      | <b>7,916</b>                        |

**Acquisitions and disposals of business entities – N/A**

|   | Acquisitions<br><i>(Item 1.9(a))</i> | Disposals<br><i>(Item 1.10(a))</i> |
|---|--------------------------------------|------------------------------------|
| 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 gives a true and fair view of the matters disclosed.



Sign here: ..... Date: ...28 July 2009  
 (Company Secretary)

Print name: .....Kevin Hollingsworth.....

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## 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.

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