

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")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter (3 months) \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers:		
• Licensing fee revenue	98,396	98,396
1.2 Payments for:		
(a) staff costs	(344)	(540)
(b) advertising and market	-	-
(c) research and development	(refer 1.7 below)	(refer 1.7 below)
(d) leased assets	-	-
(e) other working capital	(4,058)	(4,929)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	548	989
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other :		
▪ commercialisation costs (includes R&D and support costs)	(1,666)	(3,661)
Net operating cash flows	92,876	90,255

+ See chapter 19 for defined terms.

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	Current quarter (3 months) \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	92,876	90,255
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	2,866	2,866
(b) equity investments		
(c) intellectual property	(42)	(143)
(d) physical non-current assets	(19)	(27)
(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	(729)	(1,046)
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	2,076	1,650
1.14 Total operating and investing cash flows	94,952	91,905
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	11,599	16,659
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)		
Net financing cash flows	11,599	16,659
Net increase (decrease) in cash held	106,551	108,564
1.21 Cash at beginning of quarter/year to date	34,058	32,049
1.22 Exchange rate adjustments to item 1.21	(5)	(9)
1.23 Cash at end of quarter	140,604	140,604

+ 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	(236)
1.25	Aggregate amount of loans to the parties included in item 1.11	(729)

1.26 Explanation necessary for an understanding of the transactions

<p>Ref 1.24 = Payments made to directors during the quarter are as follows:</p> <p style="text-align: center;">\$A'000</p> <p>Brian Jamieson = 30 Donal O'Dwyer = 15 Byron McAllister = 10 Michael Spooner = 15 Silviu Itescu = 166 (salary 66, annual bonus 100) Total = 236</p>

Ref 1.25: Loan made to Angioblast Systems Inc, Associate of Mesoblast.

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

<p>On 7th December 2010 Mesoblast completed the acquisition of Angioblast Systems, Inc., by way of issuing 94,590,000 Mesoblast securities in exchange for the outstanding stock in Angioblast that Mesoblast did not already own. As a result, Mesoblast acquired the net assets of Angioblast Systems, Inc including cash balances.</p>
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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

<p>N/A</p>

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Financing facilities available

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	-	-

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	1,586	368
4.2 Deposits at call	3,223	2,925
4.3 Bank overdraft	-	-
4.4 Other (term deposits < 1 year maturity)	135,795	30,765
Total: cash at end of quarter (item 1.23)	140,604	34,058

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a)) \$A'000	Disposals (Item 1.10(a)) \$A'000
5.1 Name of entity	Angioblast Systems, Inc.	
5.2 Place of incorporation or registration	Delaware, United States of America	
5.3 Consideration for acquisition or disposal (refer commentary in 2.1)	2,866	
5.4 Total net assets acquired	3,315	
5.5 Nature of business	Adult Stem Cell Technology	

Compliance statement

+ See chapter 19 for defined terms.

- 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:31 January 2011.....
(Company Secretary)

Print name:Kevin Hollingsworth.....

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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