

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 March 2007

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from customers: | | |
| • Government commercial ready grant | 656 | 656 |
| • R&D Tax Offset refund received | | |
| 1.2 Payments for | | |
| (a) staff costs |) |) |
| (b) advertising and marketing |) |) |
| (c) research and development |) Included in 1.7 below |) Included in 1.7 below |
| (d) leased assets |) |) |
| (e) other working capital |) |) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 243 | 733 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Other : | | |
| ▪ commercialisation costs | (1,336) | (6,427) |
| ▪ general administration | (489) | (1,299) |
| Net operating cash flows | (926) | (6,337) |

+ See chapter 19 for defined terms.

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| | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--|----------------------------|---------------------------------------|
| 1.8 Net operating cash flows (carried forward) | (926) | (6,337) |
| Cash flows related to investing activities | | |
| 1.9 Payment for acquisition of: | | |
| (a) businesses (item 5) | | |
| (b) equity investments | (360) | (3,360) |
| (c) intellectual property | (4) | (26) |
| (d) physical non-current assets | (75) | (107) |
| (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 | 84 | (129) |
| 1.13 Other (provide details if material) | | |
| Net investing cash flows | (355) | (3,622) |
| 1.14 Total operating and investing cash flows | (1,281) | (9,959) |
| Cash flows related to financing activities | | |
| 1.15 Proceeds from issues of shares, options, etc. | 69 | 16,678 |
| 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 | 69 | 16,678 |
| Net increase (decrease) in cash held | (1,212) | 6,719 |
| 1.21 Cash at beginning of quarter/year to date | 15,716 | 7,855 |
| 1.22 Exchange rate adjustments to item 1.21 | 2 | (68) |
| 1.23 Cash at end of quarter | 14,506 | 14,506 |

+ 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 | (299) |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11 | 84 |

1.26 Explanation necessary for an understanding of the transactions

| |
|--|
| <p>Ref 1.24 = Payments made to directors are as follows:</p> <p style="padding-left: 40px;">\$A'000</p> <p>Donal O'Dwyer = 11</p> <p>Byron McAllister = 9</p> <p>Michael Spooner = 225</p> <p>Silviu Itescu = 54</p> <p>Ref.1.25 = Payment received from Angioblast to settle related party loan. Mesoblast holds a 34% investment in Angioblast.</p> |
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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 \$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 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 4.1 Cash on hand and at bank | 438 | 438 |
| 4.2 Deposits at call | 1,026 | 1,026 |
| 4.3 Bank overdraft | - | - |
| 4.4 Other (term deposits 30-90 days) | 13,042 | 13,042 |
| Total: cash at end of quarter (item 1.23) | 14,506 | 14,506 |

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 gives a true and fair view of the matters disclosed.



Sign here: Date:30 April 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.

Item 1.9(b) – equity investment – Aust \$3,360,000 YTD

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 Aust \$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 Aust \$1 million to Angioblast Systems Inc. up until quarter ending 31 December 2006. The YTD amount disclosed in 1.9(b) includes the last two quarterly instalments totalling Aust \$2m.
- (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 Aust \$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 Aust \$1 million was paid on 11 December 2006, and the first quarterly instalment of Aust \$360,000k was also paid during this quarter. Both of these payments (total Aust \$1.36m) are included in the YTD amount disclosed in 1.9(b).

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