

## ACTIVITY REPORT & APPENDIX 4C

**Melbourne, Australia; 30 July 2015:** Regenerative medicine company Cynata Limited's Quarterly Cash Flow Report for the quarter ended 30 June 2015 is attached.

**CAPITAL STRATEGY and PARTNERING:** As in the prior quarter, Cynata engaged in an active investor outreach program to better inform the investor community of the Company's activities. This resulted in growing interest and demand that culminated on 15 July in the Company placing approximately 6.67 million fully-paid ordinary shares to several major US institutional investors with significant interests in the biotech investment sector. The placement also included one attaching 13-month option for every 2 ordinary shares issued and one attaching 5-year option for every 2 ordinary shares issued. The Company chose to take advantage of this unique opportunity to both broaden the shareholder register and to strengthen the Company's balance sheet. In addition to bringing in sophisticated US investors along with the collateral benefits of raising the Company's US profile, it also provides a more solid foundation for partnering activities and facilitates investigation of the highly promising field of cell-based cancer therapy.

Management has witnessed very positive corporate events in the sector and for Cynata in particular, with two recent transactions involving companies in the stem cell space: one being a US\$205m license agreement and collaboration between Athersys, Inc. and Chugai Pharmaceutical Co., Ltd (majority owned by pharma industry giant Roche) and the other being the ~US\$307m acquisition of Cellular Dynamics International, Inc. ("CDI") by Fujifilm Holdings Corporation. These deals confirm the growing interest in stem cell assets by leaders in the pharmaceutical industry and underscores Cynata's own deal-making strategy. Notably, the CDI transaction is relevant to Cynata given the business relationship between Cynata and CDI, announced on 18 September 2014. This relationship provides Cynata with licensing rights to certain intellectual property and to a clinical grade human induced pluripotent stem cell (iPSC) line manufactured by CDI and now held at Cynata's contract manufacturer, Waisman Biomanufacturing. CDI's business activities are focussed predominantly on the development and sale of human cell products for use as research tools in a variety of applications and the acquisition demonstrates Fujifilm's enthusiasm for top quality regenerative medicine assets.

**PRODUCT DEVELOPMENT:** During the quarter the Company completed a number of important milestones in the development of its proprietary platform Cymerus™ therapeutic mesenchymal stem cell (MSC) technology: **GMP-Grade Manufacture:** a range of testing procedures have shown that Cymerus MSCs produced at the Company's US-based contract manufacturer Waisman Biomanufacturing consistently meet expectations and attain standards appropriate for their intended clinical use. This provides a high level of confidence that Cynata's proprietary manufacturing process is robust and reproducible: absolute requirements for the manufacture of a therapeutic product.

**Master Cell Bank:** Cynata has developed an effectively limitless starting material for production of the Company's first therapeutic, off-the-shelf MSC product, CYP-001, with the manufacture, testing and release of a clinical-grade iPSC Master Cell Bank (MCB).

**Clinical Trial Centres:** Cynata has progressed arrangements with several leading hospitals of international standing to conduct the planned Phase 1 clinical study in graft-versus-host disease (GvHD).

**Interaction with Regulatory Agencies:** The Company has continued discussions with regulatory authorities in relation to the proposed Phase 1 clinical study. Satisfactory completion of these discussions will facilitate a decision on the location and finalising a schedule for commencement and completion of the trial.

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## **About Cynata Therapeutics (ASX: CYP)**

Cynata Therapeutics Limited (ASX: CYP) is an Australian stem cell and regenerative medicine company that is developing a therapeutic stem cell platform technology, Cymerus™, originating from the University of Wisconsin-Madison, a world leader in stem cell research. The proprietary Cymerus™ technology addresses a critical shortcoming in existing methods of production of mesenchymal stem cells (MSCs) for therapeutic use, which is the ability to achieve economic manufacture at commercial scale. Cymerus™ does so through the production of a particular type of MSC precursor, called a mesenchymoangioblast (MCA). The Cymerus™ MCA platform provides a source of MSCs that is independent of donor limitations and provides a potential “off-the-shelf” stem cell platform for therapeutic product use, with a pharmaceutical business model and economies of scale. This has the potential to create a new standard in the emergent arena of stem cell therapeutics and provides both a unique differentiator and an important competitive position.

# 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

Cynata Therapeutics Limited

ABN

98 104 037 372

Quarter ended ("current quarter")

30 June 2015

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for:		
(a) staff costs	(91)	(381)
(b) advertising and marketing	(94)	(224)
(c) research and development	(847)	(2,198)
(d) leased assets	-	-
(e) other working capital	(195)	(556)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	89
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if materials)		
- TRIP rebate received /insurance recoveries	-	4
- R&D rebate received	282	282
<b>Net operating cash flows</b>	<b>(924)</b>	<b>(2,984)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(924)	(2,984)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(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 (provide details if material)	-	-
<b>Net investing cash flows</b>	-	-
<b>1.14 Total operating and investing cash flows</b>	(924)	(2,984)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	2,179
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>	-	2,179
<b>Net increase (decrease) in cash held</b>	(924)	(805)
1.21 Cash at beginning of quarter/year to date	5,479	5,095
1.22 Exchange rate adjustments to item 1.21	116	381
<b>1.23 Cash at end of quarter</b>	4,671	4,671

+ 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	207
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors' fees, salaries including superannuation benefits and professional consultancy fees. All payments are on normal commercial terms.
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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
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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

N/A
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**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	N/A	N/A
3.2	Credit standby arrangements	N/A	N/A

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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
4.2 Deposits at call	4,671	5,477
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	4,671	5,479

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

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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: **28 July 2015**

Print name: Dr Ross Macdonald  
*(Managing Director)*

**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* apply 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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