

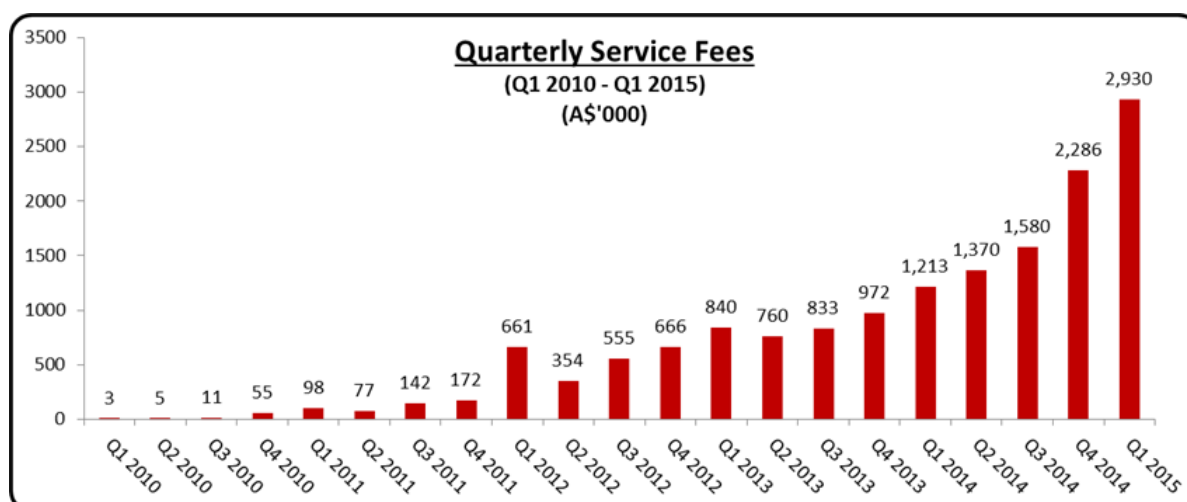
Universal Biosensors, Inc.

Commentary on 1st Quarter of 2015

Universal Biosensors, Inc. (ASX: UBI) has today released its quarterly cash flow report (ASX Appendix 4C) for the quarter ending 31 March 2015.

- Quarterly Service Fees continue growth to \$2.9 million**

Quarterly Service Fees generated from sales of OneTouch® Verio® blood glucose test strips were \$2,930,420 (US\$2,237,082) in the first quarter of 2015. This represents an increase of 142% when compared to the same period in the previous financial year, and an increase of 28% when compared to the previous quarter.



- Operating cash flows improving**

A summary of the net cash flows when compared to the prior year is as follows:

Cash flow comparison to prior comparable period	Q1 2015	Q1 2014	Change Q1 2015 v Q1 2014
Net cash used in operating activities	\$465,173	\$3,365,481	Decreased by 86%
Net cash used in investing activities	\$276,700	\$140,720	Increased by 97%
Net cash used in financing activities	\$1,476,195	\$218,015	Increased by 577%
Cash at period end	\$14,810,415	\$19,464,748	Decreased by 24%
Net movement in cash at period end	\$1,519,414	\$4,277,674	Decreased by 64%

Operating activities during Q1 2015 consumed \$465k, a reduction of \$2.9 million or 86% when compared to Q1 2014. This improvement is primarily due to the increased income from Quarterly Service Fees as well as the receipt of the milestone payment of US\$1 million from Siemens upon the European launch of the Xprecia Stride™ Coagulation Analyzer in December 2014.

Investing activities were primarily related to the purchase of various plant and equipment in preparation for anticipated growth in coagulation test strip manufacturing volumes.

As well as regular quarterly interest payments against long term loans from Athyrium, financing activities included the repayment of short term borrowings (\$200k) used to finance our annual insurance costs for FY2015 as well as the payment of other non-recurring debt issuance costs (US\$500k) pursuant to the Athyrium Credit Agreement.

The net cash consumed by UBI during the quarter was \$1.5 million, a reduction of \$2.8 million or 64% when compared to Q1 2014. Final cash balance is \$14.8 million, noting that an additional ~\$8 million in cash is expected to be received from the R&D Tax Rebate before the end of Q3 2015.

For further information, please contact:

Paul Wright

Chief Executive Officer

(03) 9213 9000

Salesh Balak

Chief Financial Officer

(03) 9213 9000

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

UNIVERSAL BIOSENSORS, INC.

ABN

67 950 836 446

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$AUD	Year to date (3 months) \$AUD
1.1	Receipts from customers	4,122,828	4,122,828
1.2	Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(4,648,284)	(4,648,284)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	60,283	60,283
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material) - refer 1.26		
	Net operating cash flows	(465,173)	(465,173)

+ See chapter 19 for defined terms.

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

	Current quarter \$AUD	Year to date (3 months) \$AUD
1.8 Net operating cash flows (carried forward)	(465,173)	(465,173)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(276,700)	(276,700)
(e) installment payments to acquire plant and equipment		
(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 (investments held to maturity now converted as cash and cash equivalents)		
Net investing cash flows	(276,700)	(276,700)
1.14 Total operating and investing cash flows	(741,873)	(741,873)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings - refer 1.26	(199,556)	(199,556)
1.19 Dividends paid		
1.20 Other (provide details if material) - refer 1.26	(1,276,639)	(1,276,639)
Net financing cash flows	(1,476,195)	(1,476,195)
Net increase (decrease) in cash held	(2,218,068)	(2,218,068)
1.21 Cash at beginning of quarter/year to date	16,329,829	16,329,829
1.22 Exchange rate translation adjustments to item 1.21	698,654	698,654
1.23 Cash at end of quarter	14,810,415	14,810,415

+ 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 \$AUD
1.24	Aggregate amount of payments to the parties included in item 1.2	99,405
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

1.18

UBI took out a loan of \$498,890 to prepay its annual insurances in 2014. Four out of a total of 10 repayments have already been made as at 31 March 2015.

1.20

Represents interest and other financing charges made to the lenders pursuant to the Athyrium Credit Agreement. This also includes:

- a one-off cost of US\$200,000 incurred in extending UBI's option to draw down a further US\$10 million until 31 July, 2015
- US\$300,000, being 30% of the net proceeds of the milestone payment received from Siemens during the quarter, paid to the lenders. Pursuant to the Athyrium Credit Agreement, the lenders are entitled to be paid a maximum of US\$600,000 in the aggregate from milestones received from Siemens.

1.24

Non-Executive directors' fees and salaries, including superannuation.

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

--

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

--

+ See chapter 19 for defined terms.

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

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 (* amount available conditional upon the Company satisfying certain conditions precedent)	US\$10,000,000	US\$15,000,000
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 \$AUD	Previous quarter \$AUD
4.1 Cash on hand and at bank	14,810,415	16,329,829
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	14,810,415	16,329,829

Acquisitions and disposals of business entities

	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.

+ See chapter 19 for defined terms.

- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Chief Financial Officer)

Date: 13 April 2015

Print name: Saleshe Balak

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.

+ See chapter 19 for defined terms.