

Universal Biosensors, Inc.

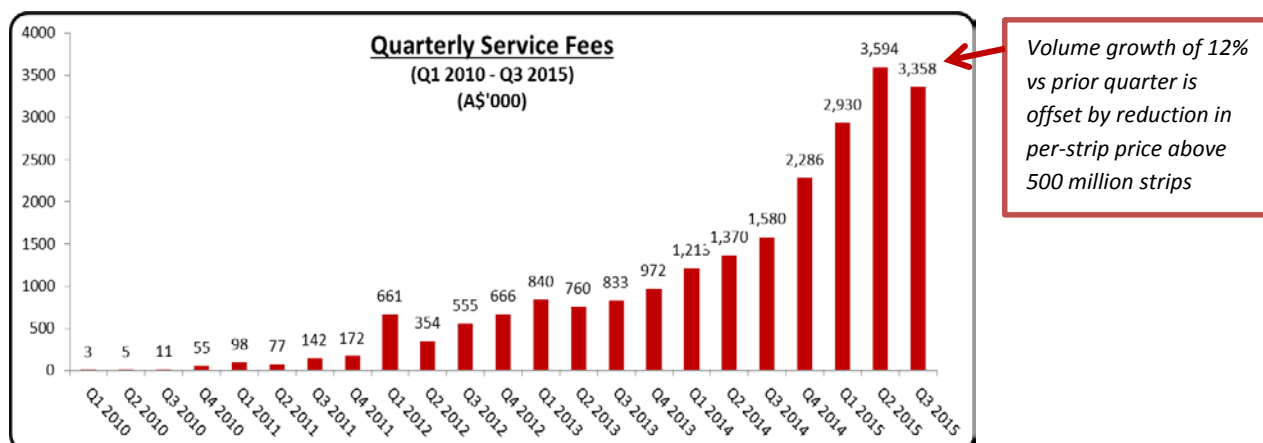
Commentary on 3rd Quarter of 2015

Universal Biosensors, Inc. (ASX: UBI) has today released its quarterly cash flow report (ASX Appendix 4C) for the quarter ending 30 September 2015.

- Quarterly service fees up 113% on prior year corresponding quarter**

Quarterly service fees generated from sales of OneTouch® Verio® blood glucose test strips were \$3,357,922 (US\$2,353,903) in the third quarter of 2015, an increase of 113% when compared to the same period in the previous financial year. Quarterly service fees decreased by 7% when compared to the prior quarter, despite 12% volume growth, due to a reduction in the per-strip fee after exceeding 500 million strips¹ for the year.

The strong underlying growth in the annual sales volume of OneTouch® Verio® blood glucose test strips will continue to translate into an increase in the quarterly service fees on a full year basis.



- Product revenues up 303% on prior year corresponding quarter**

Product revenues from the manufacture of the PT-INR test strips for Siemens increased by 303% to \$553k in the third quarter of 2015 when compared to the same period in the previous financial year. Product revenues increased by 61% when compared to the prior quarter.

- Positive operating cash flow for 9 months year-to-date**

The Company generated a cash surplus of \$1 million during the nine months of the current fiscal year as a result of increased inflows during the current quarter.

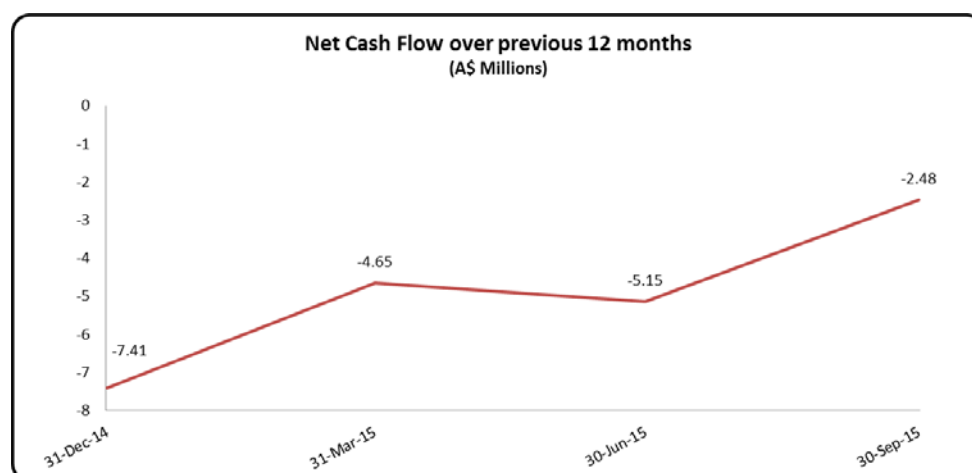
A summary of the net cash flows when compared to the prior year is as follows:

Cash flow comparison to prior comparable period	3 months ending 30 Sept 2015 (\$ M)	3 months ending 30 Sept 2014 (\$ M)	Change - Q3 (\$ M)	9 months ending 30 Sept 2015 (\$ M)	9 months ending 30 Sept 2014 (\$ M)	Change - YTD (\$ M)
Net cash provided by/(used in) operating activities	7.18	4.07	Increased by 3.11	3.87	-1.55	Increased by 5.42
Net cash used in investing activities	-0.33	-0.29	Increased by 0.04	-1.08	-0.69	Increased by 0.39
Net cash used in financing activities	-1.18	-0.73	Increased by 0.45	-3.48	-1.64	Increased by 1.84
Net movement in cash at period end	6.63	3.96	Increased by 2.67	1.02	-3.91	Increased by 4.93
Cash at period end	17.35	19.83		17.35	19.83	

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

Financing activities for the quarter included interest payments and debt issuance costs against long term loans from Athyrium.

Net cash flows over the 12 months prior to each quarter end are depicted in the chart below. Overall, increasing cash inflows, driven by product sales and quarterly service fees, are reducing cash consumption.



Final cash balance at the end of the quarter is \$17.35 million.

For further information, please contact:

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Chief Financial Officer
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Footnote

- Under the Company's agreement with LifeScan, the service fee per-strip are US1.25 cents for the first 500 million strips in a calendar year and US0.75 cents for sales in excess of 500 million within that calendar year. The per-strip fee resets to US1.25 cents at the beginning of every calendar year.

2015 is the first year in which sales of OneTouch® Verio® blood glucose test strips have exceeded 500 million in any calendar year. Sales continued to grow strongly in the third quarter, with the volume of strips sold increasing by 123% compared to the same period in the previous financial year and by 12% compared to the prior quarter. As a result, the cumulative volume of OneTouch® Verio® blood glucose test strips sold this year crossed the 500 million strips threshold during the third quarter.

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")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$AUD	Year to date (9 months) \$AUD
1.1	Receipts from customers	5,607,655	13,189,736
1.2	Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(6,746,306)	(17,745,762)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	94,641	204,540
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material) - refer 1.26	8,224,349	8,224,349
	Net operating cash flows	7,180,339	3,872,863

+ See chapter 19 for defined terms.

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

	Current quarter \$AUD	Year to date (9 months) \$AUD
1.8 Net operating cash flows (carried forward)	7,180,339	3,872,863
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(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	(332,390)	(1,080,837)
1.14 Total operating and investing cash flows	6,847,949	2,792,026
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	(108,011)	(498,890)
1.19 Dividends paid		
1.20 Other (provide details if material) - refer 1.26	(1,073,629)	(2,977,023)
Net financing cash flows	(1,181,640)	(3,475,913)
Net increase (decrease) in cash held	5,666,309	(683,887)
1.21 Cash at beginning of quarter/year to date	10,720,055	16,329,829
1.22 Exchange rate translation adjustments to item 1.21	966,283	1,706,705
1.23 Cash at end of quarter	17,352,647	17,352,647

+ 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	99,448
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions	
	<p><u>1.7</u> \$8,224,349 represents R&D cash refund for UBI's FY2014 R&D expenses</p> <p><u>1.18</u> UBI took out a loan of \$498,890 to prepay its annual insurances in 2014. This loan has now been fully repaid.</p> <p><u>1.20</u> Represents interest and other financing charges made to the lenders pursuant to the Athyrium Credit Agreement. This also includes US\$300,000, being 30% of the net proceeds of the milestone payment received from Siemens during the quarter, paid to the lenders in Q3 2015. 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. This sum has now been fully paid.</p> <p><u>1.24</u> Non-Executive directors' fees and salaries, including superannuation.</p>	

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		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	17,352,647	10,720,055
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	17,352,647	10,720,055

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

+ See chapter 19 for defined terms.

Sign here: 
(Chief Financial Officer)

Date: 15 October 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.

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