



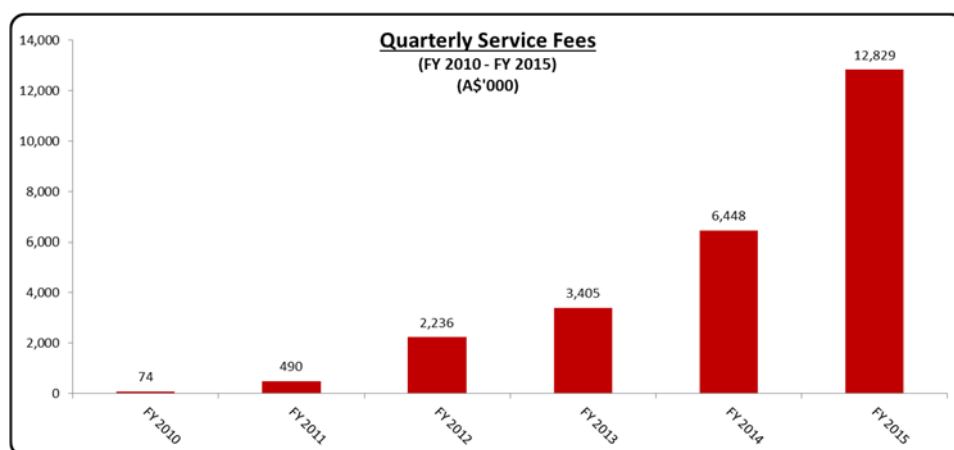
## Universal Biosensors, Inc.

### Commentary on 4<sup>th</sup> Quarter of 2015

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

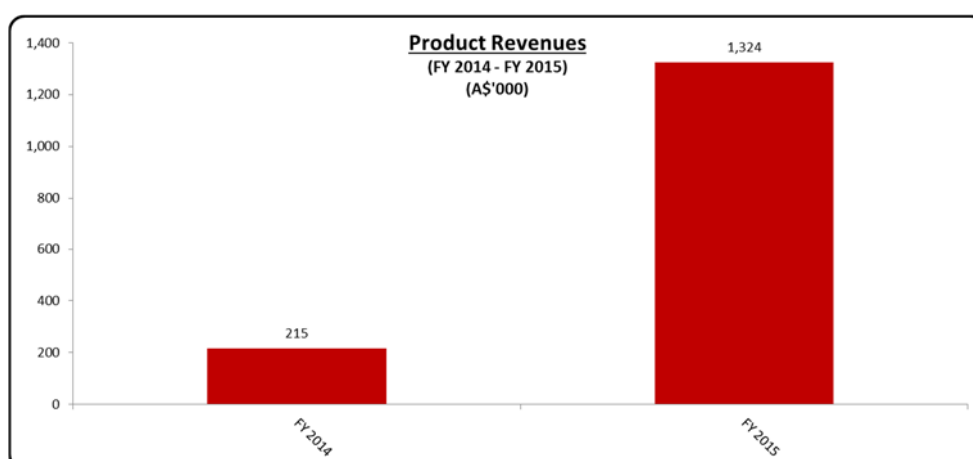
- **Quarterly service fees up 99% on prior year**

Total quarterly service fees<sup>1</sup> generated from sales of OneTouch® Verio® blood glucose test strips for FY 2015 were \$12.8 million, up 99% on FY 2014.



- **Product revenues up 514% on prior year**

Product revenues for the year from the manufacture of the PT-INR test strips for Siemens increased by 514% to \$1.3 million when compared to FY 2014, noting that we commenced production during the third quarter of 2014. Product revenues increased by 353% to \$355k in the fourth quarter of 2015 when compared to the same period in the previous financial year. Product revenues decreased by 36% when compared to the prior quarter.



- **Full year operating cash surplus of \$1.8 million**

The Company generated a cash surplus of \$1.8 million from its operating activities during FY 2015.



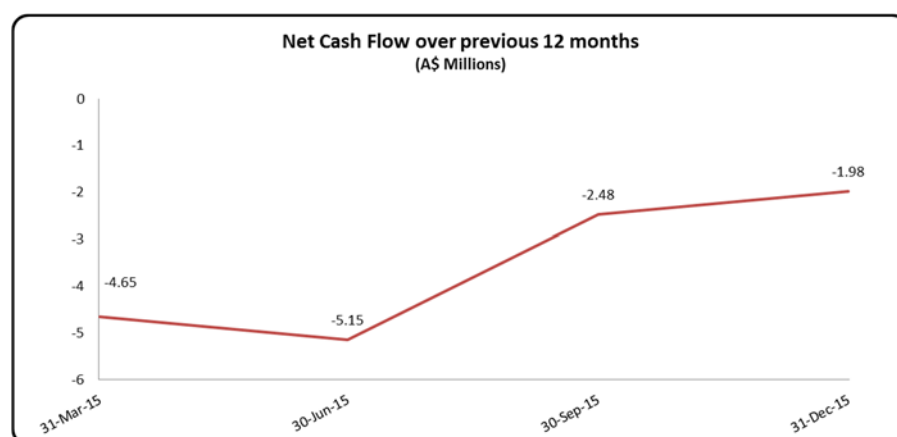
A summary of the net cash flows when compared to the prior year is as follows:

| Cash flow comparison to prior comparable period     | 3 months ending 31 Dec 2015 (\$ M) | 3 months ending 31 Dec 2014 (\$ M) | Change - Q4 (\$ M) | FY 2015 (\$ M) | FY 2014 (\$ M) | Change - YoY (\$ M) |
|---|------------------------------------|------------------------------------|--------------------|----------------|----------------|---------------------|
| Net cash provided by/(used in) operating activities | -2.04                              | -3.86                              | Decreased by 1.82  | 1.83           | -5.41          | Increased by 7.24   |
| Net cash used in investing activities               | -0.19                              | -0.26                              | Decreased by -0.07 | -1.27          | -0.95          | Increased by 0.32   |
| Net cash used in financing activities               | -0.26                              | -0.15                              | Increased by 0.11  | -3.74          | -1.79          | Increased by 1.95   |
| <b>Net movement in cash at period end</b>           | <b>-3.00</b>                       | <b>-3.50</b>                       | Decreased by 0.50  | <b>-1.98</b>   | <b>-7.41</b>   | Decreased by 5.43   |
| <b>Cash at period end</b>                           | <b>14.35</b>                       | <b>16.33</b>                       |                    | <b>14.35</b>   | <b>16.33</b>   |                     |

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 on the long term loans from Athyrium.

Net cash outflows for the FY 2015 year decreased by \$5.4 million to \$2.0 million. 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.



Our cash balance at 31 December 2015 was \$14.4 million.

For further information, please contact:

**Paul Wright**  
Chief Executive Officer  
(03) 9213 9000

**Salesh Balak**  
Chief Financial Officer  
(03) 9213 9000

**Footnote**

1. Service fees are US1.25 cents for the first 500 million applicable strips and thereafter, US0.75 cents for sales in excess of 500 million within that calendar year.

Quarterly service fees were \$2,946,280 (US\$2,152,522) in the fourth quarter of 2015, an increase of 29% when compared to the same period in the previous financial year. The volume growth during the same period was 91%. Quarterly service fees decreased by 12% when compared to the prior quarter, despite 16% volume growth, due to sales exceeding 500 million strips in the third quarter of 2015 resulting in a lower per-strip fees for sales over that threshold.

# 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 December 2015

### Consolidated statement of cash flows

| Cash flows related to operating activities  | Current quarter<br>\$AUD | Year to date (12<br>months)<br>\$AUD |
|---|--------------------------|--------------------------------------|
| 1.1 Receipts from customers   | 4,363,094                | 17,552,830                           |
| 1.2 Payments for (a) staff costs<br>(b) advertising and marketing<br>(c) research and development<br>(d) leased assets<br>(e) other working capital | (6,451,198)              | (24,196,960)                         |
| 1.3 Dividends received  |                          |                                      |
| 1.4 Interest and other items of a similar nature<br>received  | 44,760                   | 249,300                              |
| 1.5 Interest and other costs of finance paid  |                          |                                      |
| 1.6 Income taxes paid   |                          |                                      |
| 1.7 Other (provide details if material) - refer 1.26  | 0                        | 8,224,349                            |
| <b>Net operating cash flows</b>   | <b>(2,043,344)</b>       | <b>1,829,519</b>                     |

+ See chapter 19 for defined terms.

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

|  | Current quarter<br>\$AUD | Year to date (12<br>months)<br>\$AUD |
|--|--------------------------|--------------------------------------|
| 1.8 Net operating cash flows (carried forward)                                       | (2,043,344)              | 1,829,519                            |
| <b>1.9 Cash flows related to investing activities</b>                                |                          |                                      |
| Payment for acquisition of:  |                          |                                      |
| (a) businesses (item 5)  |                          |                                      |
| (b) equity investments   |                          |                                      |
| (c) intellectual property  |                          |                                      |
| (d) physical non-current assets  | (189,555)                | (1,270,392)                          |
| (e) installment payments to acquire plant and equipment                              |                          |                                      |
| (e) other non-current assets   |                          |                                      |
| <b>1.10 Proceeds from disposal of:</b>   |                          |                                      |
| (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) |                          |                                      |
| <b>Net investing cash flows</b>  | (189,555)                | (1,270,392)                          |
| <b>1.14 Total operating and investing cash flows</b>                                 | (2,232,899)              | 559,127                              |
| <b>Cash flows related to financing activities</b>                                    |                          |                                      |
| 1.15 Proceeds from issues of shares, options, etc.                                   | 26,127                   | 26,127                               |
| 1.16 Proceeds from sale of forfeited shares  |                          |                                      |
| 1.17 Proceeds from borrowings – refer 1.26   | 360,510                  | 360,510                              |
| 1.18 Repayment of borrowings - refer 1.26  | (36,051)                 | (534,941)                            |
| 1.19 Dividends paid  |                          |                                      |
| 1.20 Other (provide details if material) - refer 1.26                                | (610,690)                | (3,587,713)                          |
| <b>Net financing cash flows</b>  | (260,104)                | (3,736,017)                          |
| <b>Net increase (decrease) in cash held</b>  | (2,493,003)              | (3,176,890)                          |
| 1.21 Cash at beginning of quarter/year to date                                       | 17,352,647               | 16,329,829                           |
| 1.22 Exchange rate translation adjustments to item 1.21                              | (509,337)                | 1,197,368                            |
| <b>1.23 Cash at end of quarter</b>   | <b>14,350,307</b>        | <b>14,350,307</b>                    |

+ 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<br>\$AUD |
|------|--|--------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | 90,281                   |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11   |                          |

1.26 Explanation necessary for an understanding of the transactions

1.7  
\$8,224,349 represents R&D cash refund for UBI's FY2014 R&D expenses

1.17 & 1.18  
UBI took out a loan of \$498,890 in FY 2014 to prepay its annual insurances for FY 2015. All repayments of that loan have been made. UBI has taken out another loan of \$360,510 to prepay its annual insurances for FY 2016. One out of a total of ten repayments had already been made as at 31 December 2015.

1.20  
Represents interest and other financing charges made to the lenders pursuant to the Athyrium Credit Agreement.

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

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

+ See chapter 19 for defined terms.

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

---

|                                 | Amount available<br>\$A'000 | Amount used<br>\$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<br>\$AUD | Previous quarter<br>\$AUD |
|---|--------------------------|---------------------------|
| 4.1 Cash on hand and at bank  | 14,350,307               | 17,352,647                |
| 4.2 Deposits at call  |                          |                           |
| 4.3 Bank overdraft  |                          |                           |
| 4.4 Other (provide details)   |                          |                           |
| <b>Total: cash at end of quarter (item 1.23)</b>  | <b>14,350,307</b>        | <b>17,352,647</b>         |

**Acquisitions and disposals of business entities**

|   | Acquisitions<br>(Item 1.9(a)) | Disposals<br>(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                        |                               |                             |

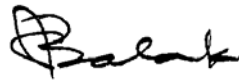
**Compliance statement**

- 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: 19 January 2016

Print name: Sales 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.