

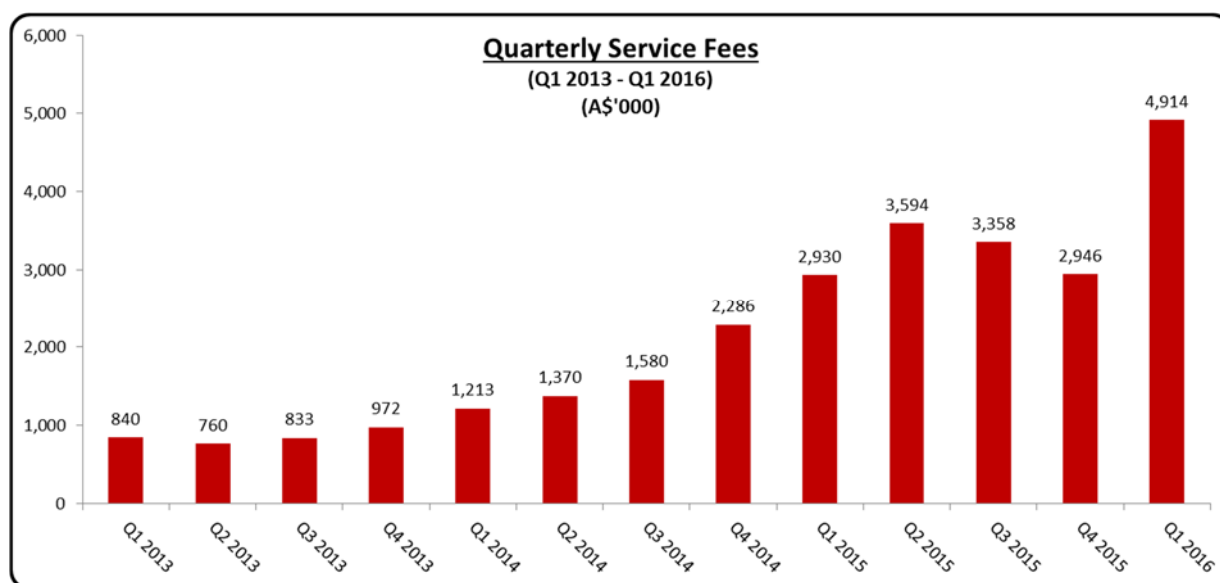
Universal Biosensors, Inc.

Commentary on 1st Quarter of 2016

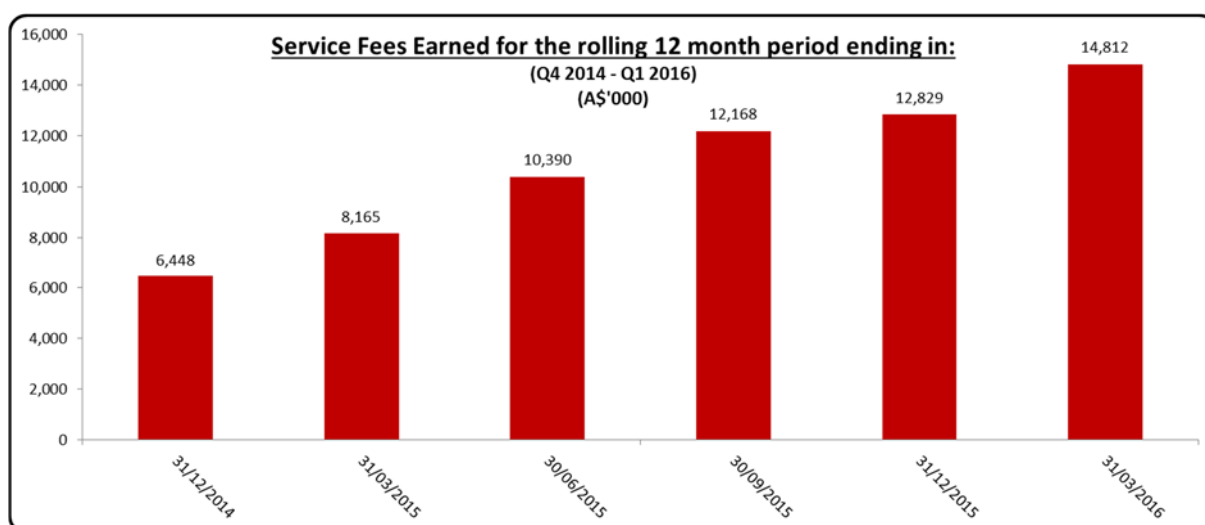
Universal Biosensors, Inc. (ASX: UBI) has today released its quarterly cash flow report on Appendix 4C for the quarter ending 31 March 2016.

- Record quarterly service fees achieved**

Total quarterly service fees¹ generated from sales of OneTouch® Verio® blood glucose test strips were \$4.9 million, up 68% in the first quarter of 2016 when compared to the same period in the previous financial year.



Service fees from LifeScan for the rolling 12 month period ending 31 March 2016 were up 81% when compared to the rolling 12 month period ending 31 March 2015 as depicted in the chart below.



- Siemens product revenues up 154% on prior year corresponding quarter**

Product revenues from the manufacture of the PT-INR test strips for Siemens increased by 154% to \$183,000 in the first quarter of 2016 when compared to the same period in the previous financial year. Product revenues decreased

by \$170,000 when compared to the prior quarter. Product revenues from the manufacture of these PT-INR strips are currently low and volatile which is representative of a new product launch within our industry.

- **Net cash outflows for the period affected by reduction in the service fee¹**

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 Mar 2016 (\$ M)	3 months ending 31 Mar 2015 (\$ M)
Net cash used in operating activities ²	-2.33	-1.02
Net cash used in investing activities	-0.02	-0.28
Net cash used in financing activities ²	-0.11	-0.92
Net movement in cash at period end	-3.02	-1.52
Cash at period end	11.33	14.81

The increase in net cash used in operating activities of \$1.31 million during the current quarter is primarily represented by:

- receipt of lower quarterly service fees by virtue of the tiered per strip fee¹ applicable to product sold in the fourth quarter of 2015; and
- receipt of a milestone payment of US\$1 million from Siemens during the first quarter of 2015.

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.

Our cash balance at 31 March 2016 was \$11.3 million, noting that an additional ~\$12.4 million in cash is expected within the next 6 months (~\$9.2 million from the R&D tax rebate and prepayment of Siemens milestones of US\$2.5 million).

For further information, please contact:

Andy Denver

Interim Chief Executive Officer
(03) 9213 9000

Salesh Balak

Chief Financial Officer
(03) 9213 9000

Footnote

1. Service fees are US1.25 cents per strip for the first 500 million applicable strips and thereafter, US0.75 cents per strip for sales in excess of 500 million within that calendar year. As sales exceeded 500 million strips in the fourth quarter of 2015, it resulted in lower service fees in the fourth quarter of 2015 which were \$2,946,280 (US\$2,152,522) despite volumes increasing by 16% during the same period. The service fees for sales in the fourth quarter 2015 were received in the first quarter of 2016.
2. Interest expense relating to our secured term loan now forms part of operating activities (previously formed part of financing activities)

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 2016

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	3,414,783	3,414,783
1.2	Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(5,181,070)	(5,181,070)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	14,372	14,372
1.5	Interest and other costs of finance paid – refer 1.26	(579,819)	(579,819)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net operating cash flows	(2,331,734)	(2,331,734)

+ 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)	(2,331,734)	(2,331,734)
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	(21,071)	(21,071)
(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	(21,071)	(21,071)
1.14 Total operating and investing cash flows	(2,352,805)	(2,352,805)
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	(108,153)	(108,153)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	(108,153)	(108,153)
Net increase (decrease) in cash held	(2,460,958)	(2,460,958)
1.21 Cash at beginning of quarter/year to date	14,350,307	14,350,307
1.22 Exchange rate translation adjustments to item 1.21	(557,550)	(557,550)
1.23 Cash at end of quarter	11,331,799	11,331,799

+ 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	104,396
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>1.5</u> Represents interest payments made to the lenders pursuant to the Athyrium Credit Agreement.</p> <p><u>1.18</u> UBI took out a loan of \$360,510 in FY 2015 to prepay its annual insurances for FY 2016. Four out of a total of ten repayments had already been made as at 31 March 2016.</p> <p><u>1.24</u> Executive chairman's and 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

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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

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+ 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	11,331,799	14,350,307
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	11,331,799	14,350,307

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		

+ See chapter 19 for defined terms.

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: 
(Chief Financial Officer)

Date: 14 April 2016

Print name: Satesh 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.