

## Universal Biosensors, Inc.

### Commentary on 1<sup>st</sup> Quarter of 2017

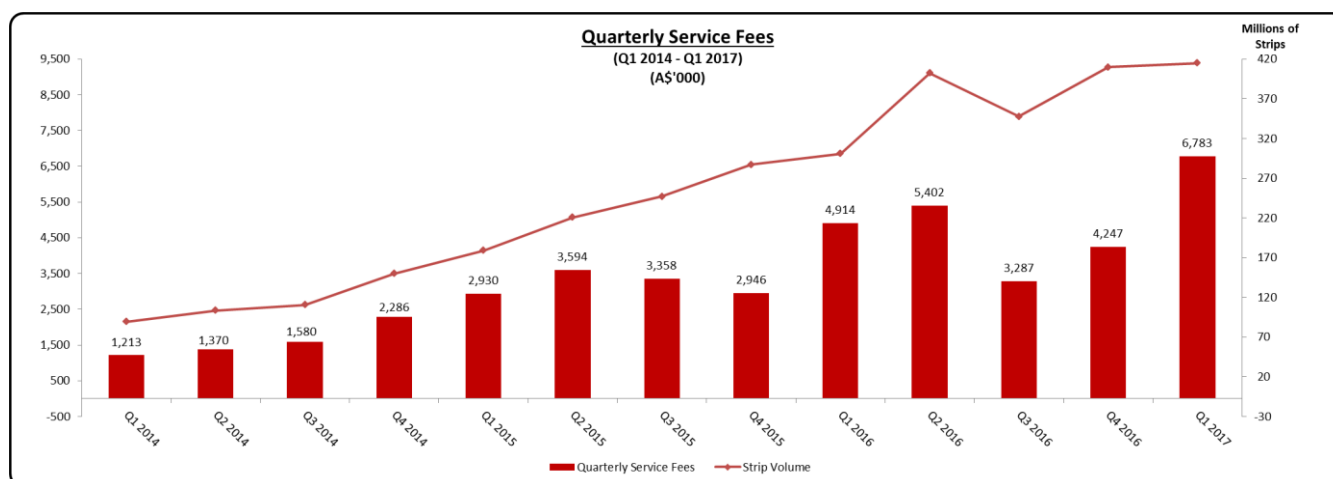
Universal Biosensors, Inc. (ASX: UBI) has today released its quarterly cash flow report (ASX Appendix 4C) for the quarter ending 31 March 2017.

#### Highlights

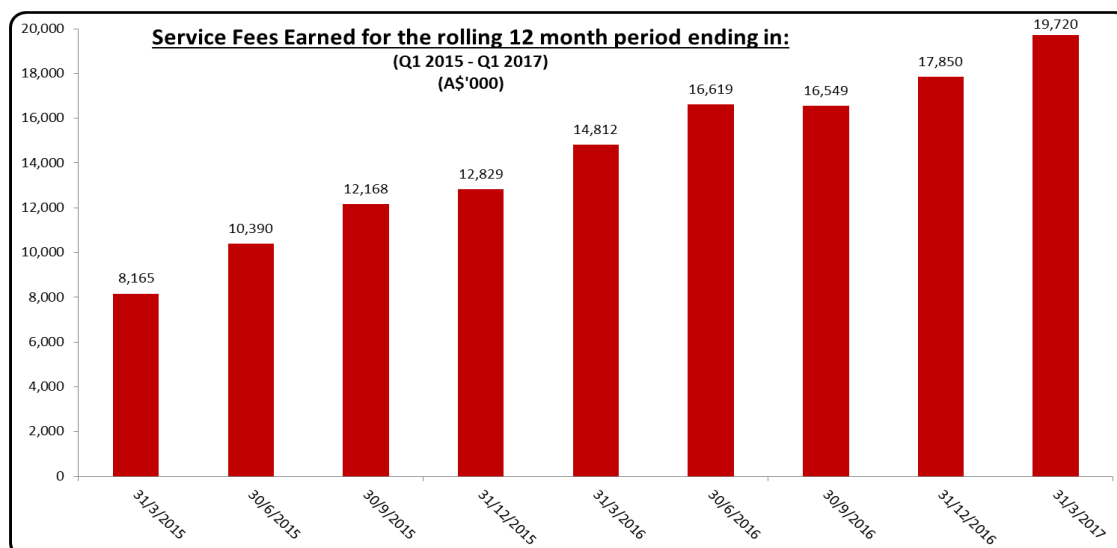
- Quarterly service fees generated from sales of LifeScan's OneTouch Verio® blood glucose test strips were \$6.78 million, up 38% compared to the previous comparable period (Q1 2016).
- Product revenues from the manufacture of the Xprecia Stride™ PT-INR test strips for Siemens increased by 375% to \$872,000 in Q1 2017 when compared to revenue of \$183,000 in Q1 2016.

#### Quarterly Service Fees

- Quarterly service fees generated from sales of LifeScan's OneTouch Verio® blood glucose test strips in Q1 2017 were \$6.78 million (US\$5.19 million), representing an increase of 38% on Q1 2016 and a 60% increase on Q4 2016.



Service fees from LifeScan for the rolling 12 month period ending 31 March 2017 increased 33% when compared to the rolling 12 month period ending 31 March 2016.



### Siemens product revenue

Just over 500,000 Xprecia Stride™ PT-INR test strips were sold to Siemens during Q1 2017, generating product revenue of \$872,000.

### Cash flow

- Our net operating cash flow for Q1 2017 improved by \$1.2 million compared to Q1 2016.
- Even though there was growth in the revenue generated from quarterly services fees and product revenues from the supply of Xprecia Stride during Q1 2017, our cash balance decreased during the quarter. The net movement in cash for Q1 2017 was due to Q4 2016 quarterly service fees of US\$3.07 million being received in Q1 2017, with Q1 2017 quarterly service fees of US\$5.19 million to be received as cash inflow in Q2 2017. (Note: Q4 2016 quarterly service fees were calculated using US\$0.75 cents per strip, given the 0.5B strip pricing threshold per year was exceeded).
- Increase in investing activities largely relate to the scale up of activities such as the purchase and upgrade of various plant and equipment
- We hold cash in foreign currencies, principally USD. We expect to build our USD cash reserves to enable the repayment of the USD denominated loan. The movement in exchange rates is a non-cash currency translation adjustment which has arisen as a result of the AUD strengthening against the USD compared to the previous quarter.
- Our cash balance at 31 March 2017 was \$17.78 million.

A summary of the net cash flows for Q1 2017 compared to the prior comparable period (Q1 2016) is as follows:

Cash flow comparison to prior comparable period	3 months ending 31 Mar,	
	2017 (\$ M)	2016 (\$ M)
Net cash used in operating activities	-1.14	-2.33
Net cash used in investing activities	-0.53	-0.02
Net cash used in financing activities	-0.15	-0.11
Movement in exchange rates	-0.80	-0.56
<b>Net movement in cash at period end</b>	<b>-2.62</b>	<b>-3.02</b>
<b>Cash at period end</b>	<b>17.78</b>	<b>11.33</b>

For further information, please contact:

**Rebecca Wilson or Amanda Loh**  
Investor and Media Relations  
(03) 9866 4722

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

**Andy Denver**  
Executive Chairman  
(03) 9213 9000

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

UNIVERSAL BIOSENSORS, INC.

**ABN**

67 950 836 446

**Quarter ended ("current quarter")**

31 March 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,790	4,790
1.2 Payments for		
(a) research and development	(1,132)	(1,132)
(b) product manufacturing and operating costs	(280)	(280)
(c) advertising and marketing	(2)	(2)
(d) leased assets	(271)	(271)
(e) staff costs	(3,142)	(3,142)
(f) administration and corporate costs	(606)	(606)
1.3 Dividends received (see note 3)		
1.4 Interest received	65	65
1.5 Interest and other costs of finance paid	(567)	(567)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,145)</b>	<b>(1,145)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(529)	(529)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property		
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(529)</b>	<b>(529)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(148)	(148)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(148)</b>	<b>(148)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	20,402	20,402
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,145)	(1,145)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(529)	(529)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(148)	(148)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(800)	(800)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>17,780</b>	<b>17,780</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	17,780	20,402
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>17,780</b>	<b>20,402</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
160

6.1

Executive chairman's and non-executive directors' fees and salaries, including superannuation.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	15,000	15,000
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On December 19, 2013, Universal Biosensors, Inc. ("UBI") and its wholly owned subsidiary, Universal Biosensors Pty Ltd ("UBS") entered into a credit agreement with Athyrium Opportunities Fund (A) LP, as administrative agent and as a lender, and Athyrium Opportunities Fund (B) LP as a lender for a secured term loan of initially up to US\$25 million, which was amended on January 30, 2015 ("Credit Agreement"). Of this amount, US\$15 million has been drawn but UBI decided not to draw down the balance of the available debt funding which was available to be drawn on or before July 31, 2015.

The term loan has a maturity date of December 19, 2018 and bears interest at 10.5% per annum payable in cash quarterly in arrears over the five year term, and as otherwise described in the Credit Agreement. A default interest rate of 13% per annum shall apply during the existence of a default under the Credit Agreement. Other than as detailed in the Credit Agreement, UBS is not required to make payments of principal for amounts outstanding under the term loan until maturity, December 19, 2018. The term loan under the Credit Agreement is secured by substantially all of UBI and UBS' assets. UBI (together with any future subsidiaries) guarantees all of UBS's obligations under the term loan.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	1,330
9.2 Product manufacturing and operating costs	360
9.3 Advertising and marketing	-
9.4 Leased assets	270
9.5 Staff costs	3,200
9.6 Administration and corporate costs	620
9.7 Other (provide details if material: Interest to Lender (\$580k, repayment of short-term borrowings \$150k and capital expenditure \$750k)	1,480
<b>9.8 Total estimated cash outflows</b>	<b>7,260</b>

10. <b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



27 April 2017

Sign here: .....  
(Chief Financial Officer)

Date: .....

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.