

## Universal Biosensors, Inc.

### Commentary on FY 2017

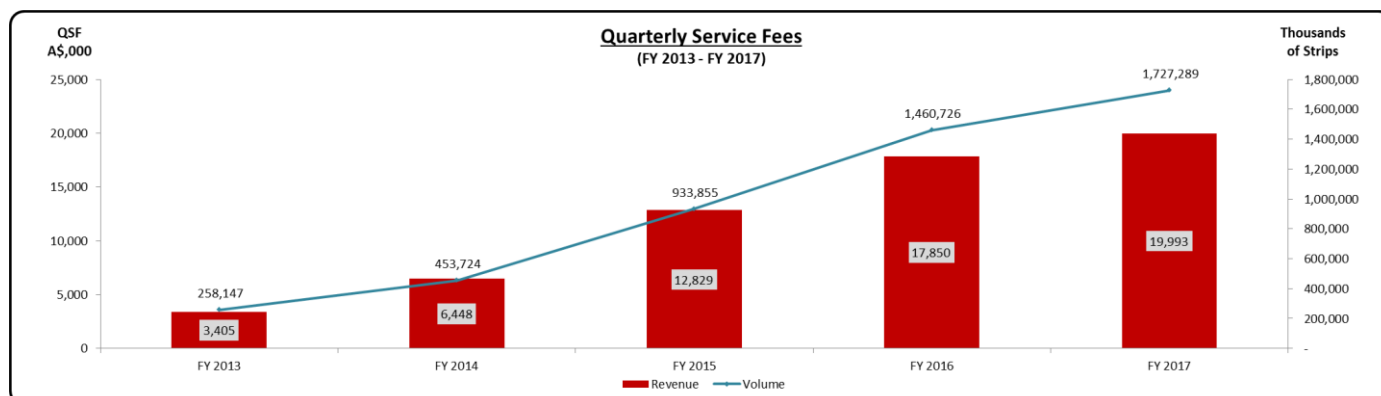
Universal Biosensors, Inc. (ASX: UBI) has today released its cash flow report (ASX Appendix 4C) for the quarter ending 31 December 2017. Unless otherwise noted, all references to “\$” are references to Australian dollars.

#### Highlights

- UBI’s cash on hand is \$26.26m as at 31 December 2017.
- Generates positive cash flows for two consecutive years.
- Quarterly Service Fee’s (QSF’s) for the year increased 12% to \$19.99m compared to prior comparable period (FY 2016).
- Product revenues from the supply of the Xprecia Stride™ PT-INR test strips to Siemens were \$4.07m for the year.

#### Quarterly Service Fees

QSF generated from LifeScan’s OneTouch Verio® blood glucose test strips for the 4<sup>th</sup> quarter of FY 2017 was \$4.26m and remained flat when compared to the prior comparable period (Q4 2016) and up 12% to \$19.99m in FY 2017 when compared to FY 2016.



#### Siemens product revenue

Revenue from the sale of Xprecia Stride™ PT-INR test strips was \$4.07m for FY 2017 up \$3.48m when compared to FY 2016.

As foreshadowed, Q4 2017 sales were insignificant as management believe a portion of strips sold in prior quarters represented customer inventory build-up to seed the supply chain. Management expects the PT-INR test strip volume to remain volatile as is representative of a new product entrant within our industry.

#### Cash flow

A summary of the net cash flows compared to prior comparable periods is as follows:



Universal Biosensors

Cash flow comparison to prior comparable period	3 months ending 31 Dec,		12 months ending 31 Dec,	
	2017 (\$ M)	2016 (\$ M)	2017 (\$ M)	2016 (\$ M)
Net cash provided by/(used in) operating activities	6.52	-1.41	8.69	7.05
Net cash used in investing activities	-0.02	-0.96	-1.02	-1.27
Net cash provided by/(used) in financing activities	-0.04	0.37	-0.37	0.04
Movement in exchange rates	-0.03	0.76	-1.44	0.23
<b>Net movement in cash at period end</b>	<b>6.43</b>	<b>-1.24</b>	<b>5.86</b>	<b>6.05</b>
<b>Cash at period end</b>	<b>26.26</b>	<b>20.40</b>	<b>26.26</b>	<b>20.40</b>

UBI's cash balance is \$26.26m as at the end of Q4 2017, compared to \$20.40m as at the end of Q4 2016. Other factors to note include:

- UBI generated positive cash flow for the year of \$5.86m;
- Operating cash flow for FY 2017 was \$8.69m and was largely as a result of increased sales of OneTouch Verio® blood glucose test strips and Xprecia Stride™ PT-INR test strips. Receipt of the R&D tax incentive income of \$7.52m also contributed to the surplus;
- Our investment in new products is funded from our operating cash flows and our existing cash balance;
- Investing activities for scaling up manufacturing continues with the purchase and upgrade of various plant and equipment; and
- The movement in exchange rates is a non-cash currency translation adjustment caused by the fluctuation of the USD against the AUD. UBI plans to build USD cash reserves to provide for the repayment of the US\$15m denominated loan in July 2019. As at 31 December 2017, funds held in US denominated currency were US\$17.58m.

UBI's Net Cash position (cash on hand less short and long term debt) as at 31 December 2017 is \$7.23m – this represents an improvement of \$7.48m from prior comparable period.

For further information, please contact:

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Chief Financial Officer  
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## 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 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,953	25,959
1.2 Payments for		
(a) research and development	(2,162)	(5,090)
(b) product manufacturing and operating costs	(7)	(1,385)
(c) advertising and marketing	(4)	(6)
(d) leased assets	(286)	(1,088)
(e) staff costs	(3,220)	(12,559)
(f) administration and corporate costs	(828)	(2,628)
1.3 Dividends received (see note 3)		
1.4 Interest received	89	191
1.5 Interest and other costs of finance paid	(578)	(2,279)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	7,562	7,575
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>6,519</b>	<b>8,690</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(23)	(1,021)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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>(23)</b>	<b>(1,021)</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	-	1
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(35)	(370)
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>(35)</b>	<b>(369)</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	19,832	20,402
4.2	Net cash from / (used in) operating activities (item 1.9 above)	6,519	8,690
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(23)	(1,021)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(35)	(369)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(33)	(1,442)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>26,260</b>	<b>26,260</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	26,260	19,832
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>26,260</b>	<b>19,832</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**

93

6.1

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**

331

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 and on December 29, 2017 ("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 July 1, 2019 and bears interest at 10.5% per annum payable in cash quarterly in arrears over the 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, July 1, 2019. The term loan under the Credit Agreement is secured by substantially all of UBI, UBS' and HRL's 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	1,500
9.2 Product manufacturing and operating costs	400
9.3 Advertising and marketing	-
9.4 Leased assets	270
9.5 Staff costs	3,100
9.6 Administration and corporate costs	650
9.7 Other (provide details if material: Interest to Lender (\$570k, fees for debt extension \$200k and capital expenditure \$250k)	1,020
<b>9.8 Total estimated cash outflows</b>	<b>6,940</b>

10. <b>Acquisitions and disposals of business entities (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.



22 January 2018

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.