



Universal Biosensors

Universal Biosensors, Inc.

ARBN 121 559 993

BioMelbourne Network Presentation

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Company overview

Company focus

- Australian growth company focussed on developing & manufacturing point of care (POC) diagnostics tests

Point-of-care diagnostics

- Attractive US\$15bn market growing at 10-12% pa.
- 1st UBI product for use in the largest POC market – Blood Glucose

Technology

- Breakthrough electrochemical POC technology platform
- Market leading product features – accuracy, ease of use
- Market leading cost advantages

History of execution

- Blood Glucose product partnered with J&J subsidiary LifeScan, achieved regulatory approval & launched to market
- Applying proven process to “repeat the cycle” – PT/INR next

Market positioning

- Creating a sustainable operating business with blood glucose & PT
- Positioned to capitalise on emerging growth trends
- UBI can be a global market leader in POC diagnostics



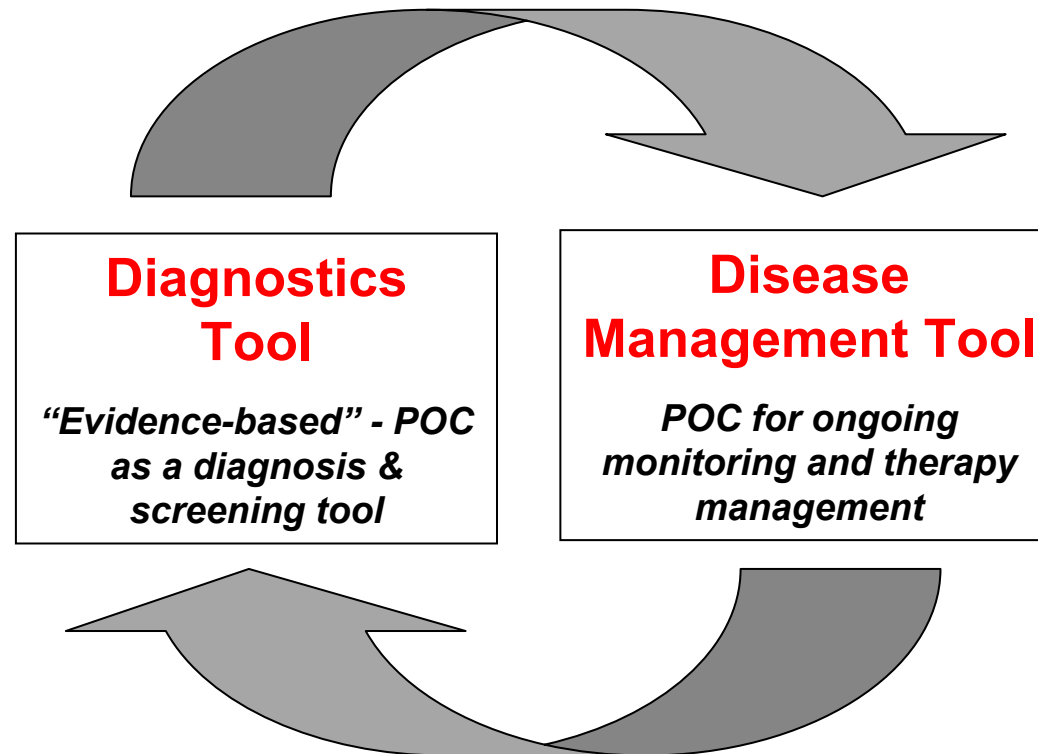
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Our focus: Point-of-care diagnostics

- Enable timely diagnosis and disease management
- Empower individuals to monitor and manage their own health
 - The right result where and when it's needed most: information for clinical decision making





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1st product launched – Blood Glucose

Largest POC
Market - \$10B
worldwide



Partnered with
a market leader



+



=

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Launched in Australia & the Netherlands



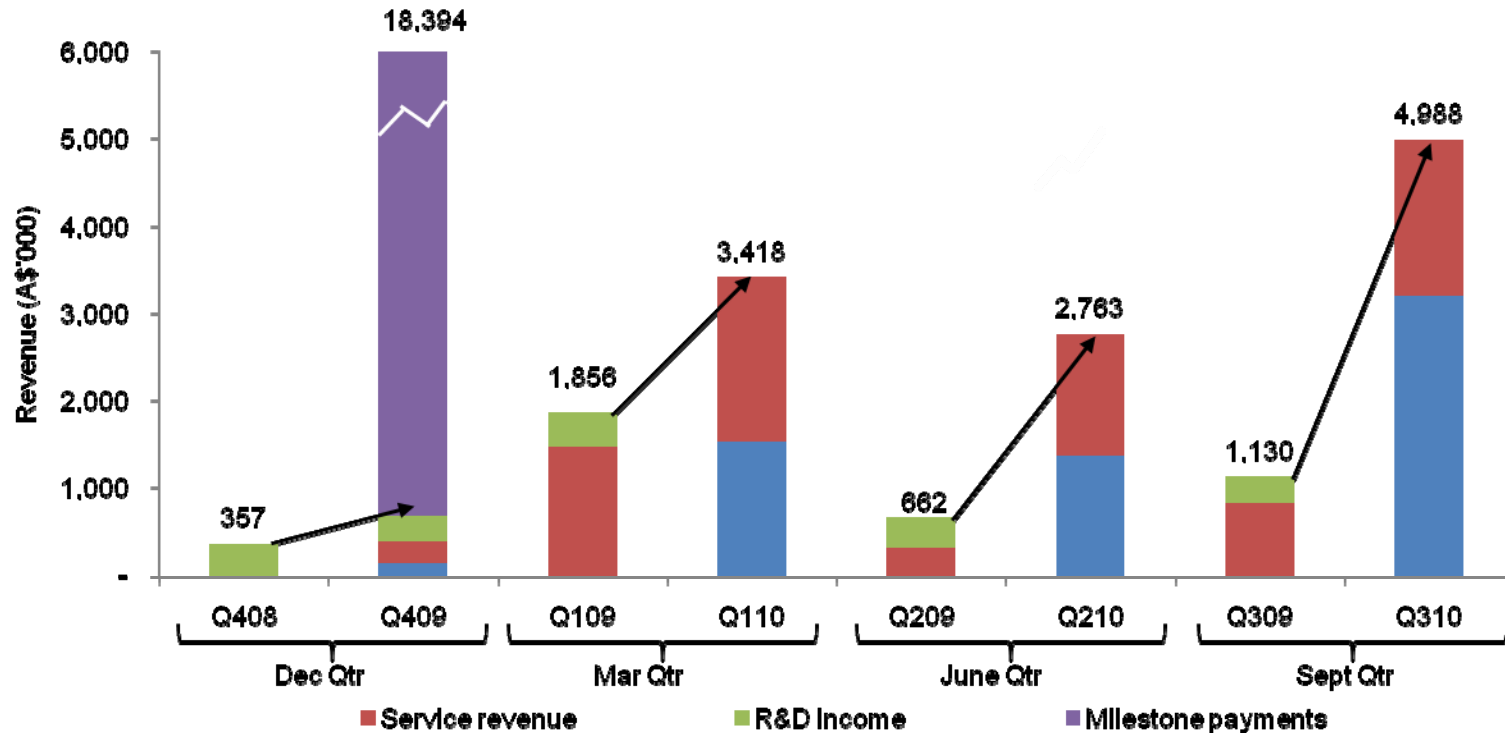
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Blood Glucose – Validates capability

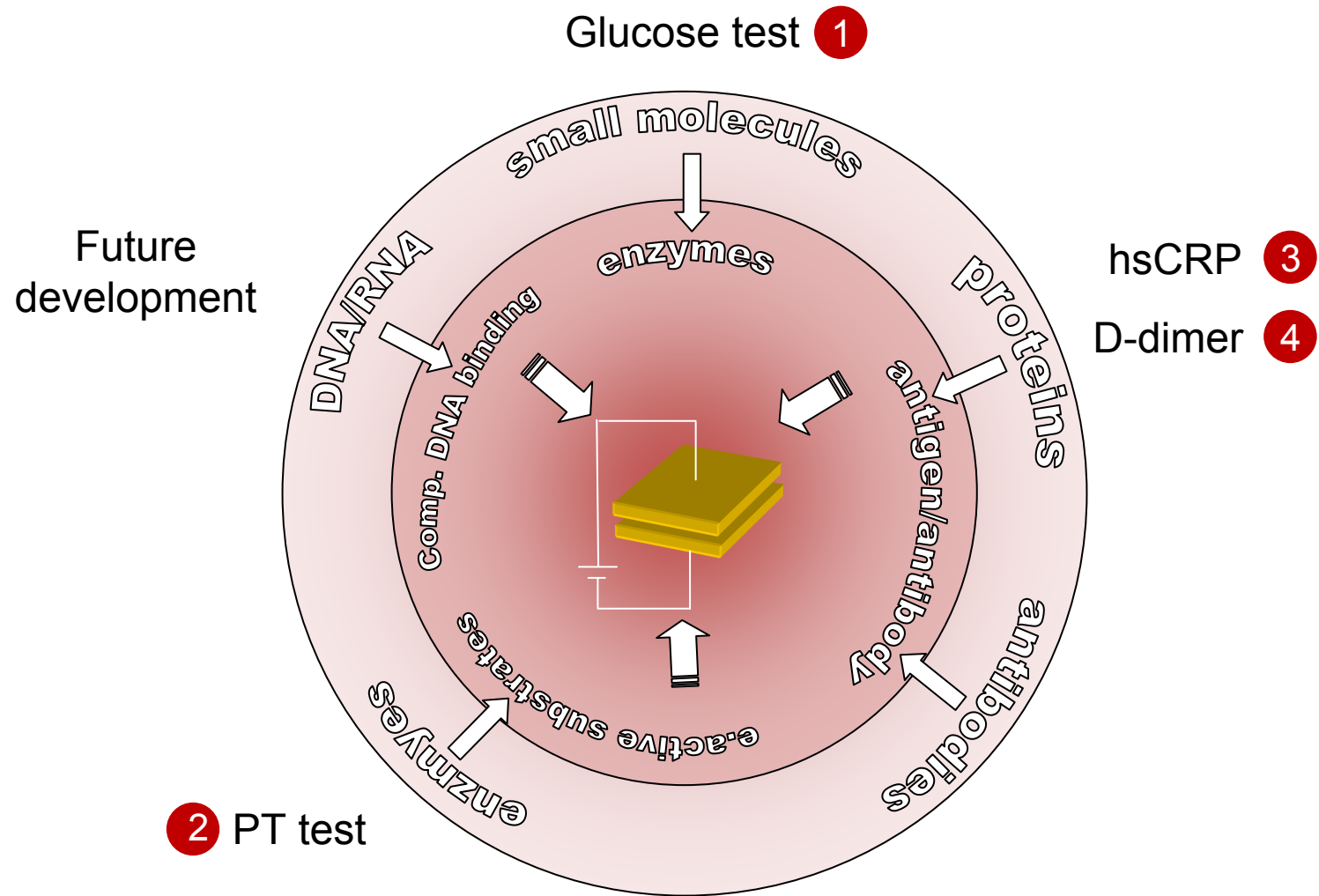
Year on year quarterly revenue (A\$ '000)



- Successfully launched in initial markets - the Netherlands & Australia
- New launches expected in Europe/USA in 2011
- Blood glucose to become sustainable operating business
- Validates UBI technology, business strategy & organisational capabilities



Flexible platform creates many opportunities



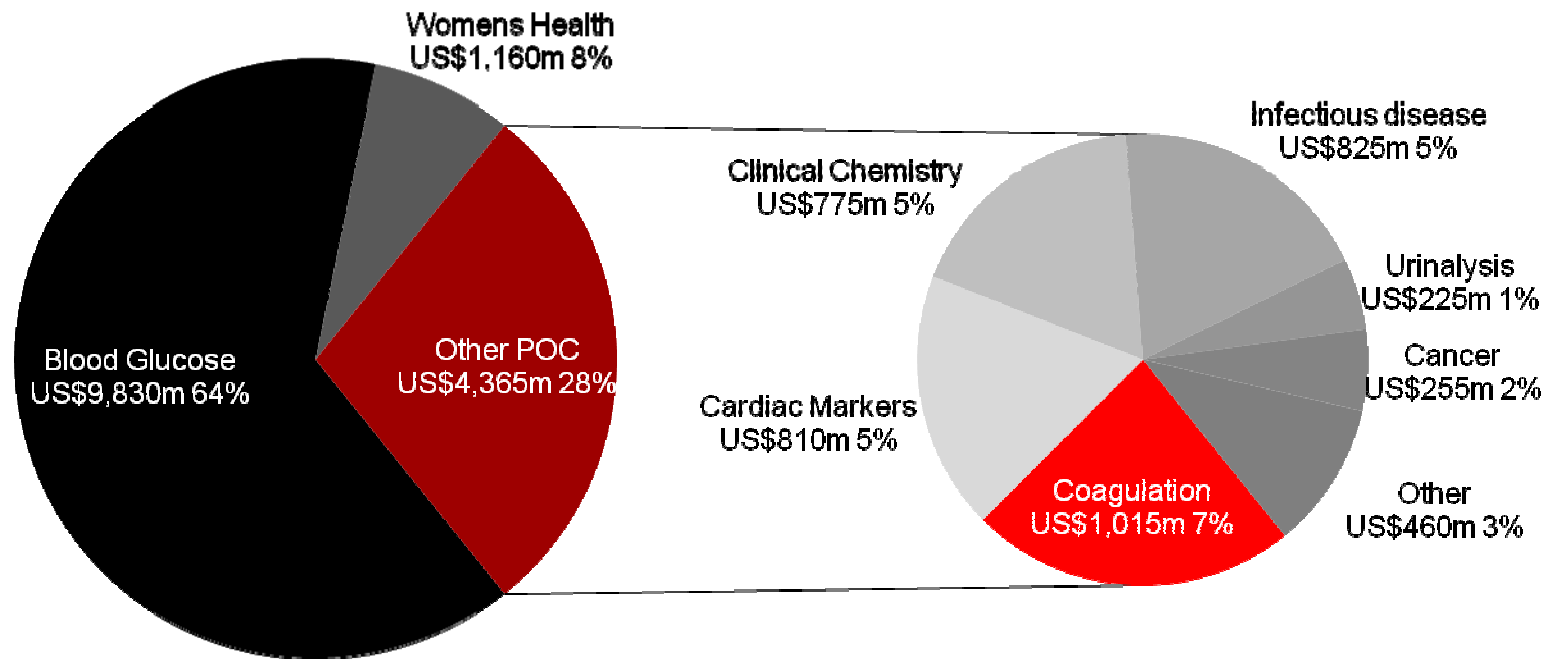


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Next POC opportunity - Coagulation

Point-of-Care market size – 2010E



- US\$1B coagulation market is next largest opportunity to UBI after blood glucose
- Coagulation segment is dominated by PT/INR testing for patients taking warfarin

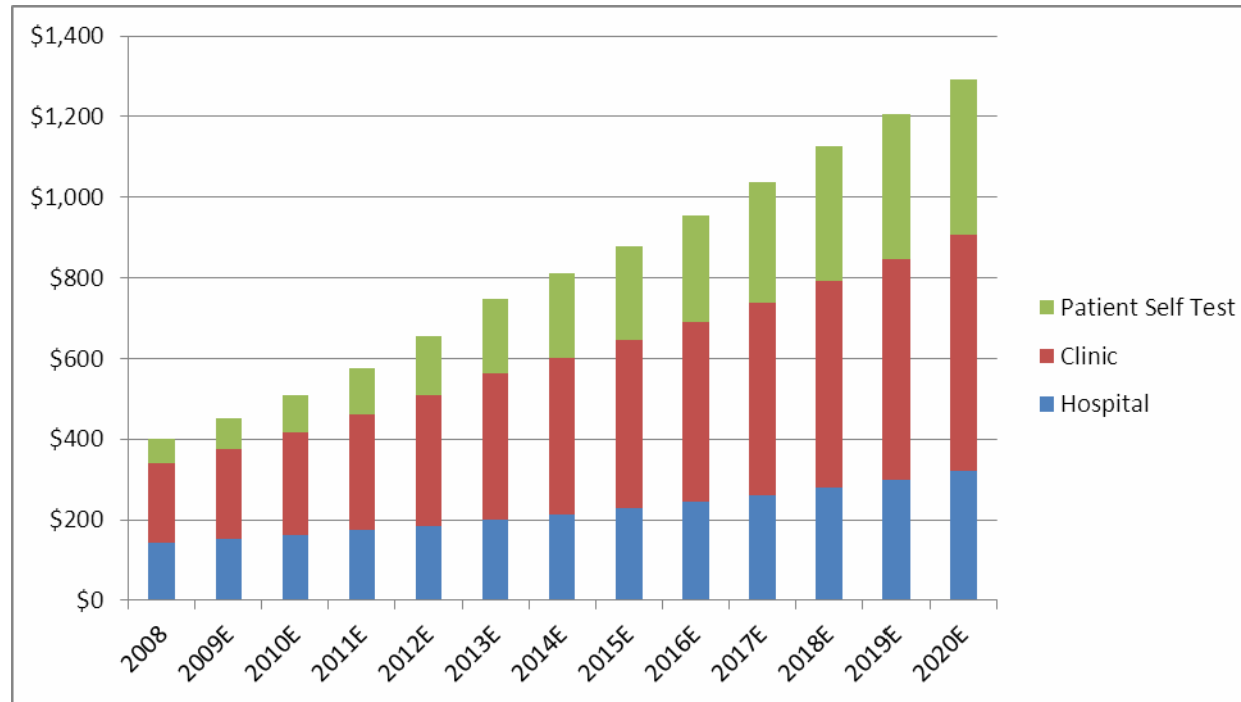


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PT/INR – largest segment in POC coagulation

Global POC PT/INR market projection (US\$m)



- PT/INR market expected to double over the next ten years
- UBI's technology has the ability to address all three segments (patient self test, clinic and hospital) of the PT/INR market
- Patient self testing segment already growing at double digits, however, growth limited by cost of existing technology

* Kalorama, The Worldwide Market for In Vitro Diagnostic Tests, 6th Ed., 2008.

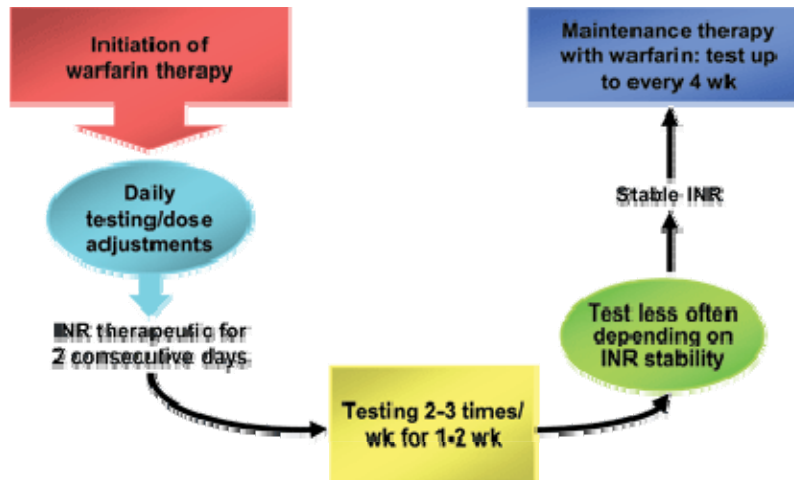
* Boston Biomedical Consultants, The Worldwide In Vitro Diagnostic Test Product Market Segment Discussions 2006, 2007 and 2012 Estimate, August 21, 2008.

* Trimark, "Point of Care Diagnostic Testing World Markets", June 2009



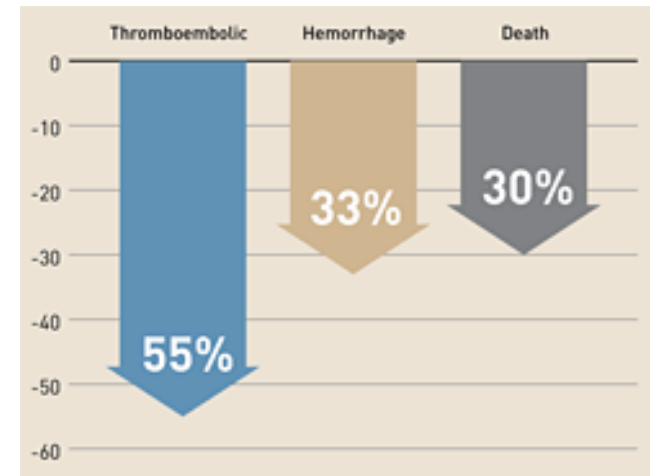
Prothrombin Time (PT) testing

- Prothrombin time (PT) measures the clotting tendency of blood and is reported as an International Normalised Ratio (INR)
- Frequent INR testing required to ensure that warfarin patients remain in the target therapeutic range (TTR).
- Number of patients taking warfarin continues to grow – more frequent monitoring may improve patient outcomes as patients remain within TTR
- POC testing crucial for enabling more frequent monitoring



Horton JD, Bushwick BM. Warfarin therapy: evolving strategies in anticoagulation. *Am Fam Physician*. 1999;1-24.

Percent reduction in events with self-monitoring



Heneghan C, Alonso-Coello P, Garcia-Alamino JM, et al. Self-monitoring of oral anticoagulation: a systematic review and meta-analysis. *Lancet*. 2006;367:404-411.



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POC PT/INR market dynamics



More decentralised testing

POC testing enables immediate dosage adjustment or therapeutic response

Test frequency increasing

Frequent testing improves health outcomes. PT/INR self-testers experience fewer clotting and bleeding events than those tested by professionals.

Opportunity for UBI to address unmet need

Warfarin use continuing

Warfarin continues to be used broadly due to cost advantages – 30 million outpatient prescriptions every year in the US alone

Expanded reimbursement

In 2007, US Medicare reimbursement coverage expanded to cover patients taking warfarin for:

- Atrial fibrillation (~2m US patients)
- Venous thromboembolism (~2.2m US patients)
- Mechanical heart valves (~400k US patients)

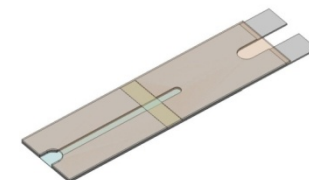


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UBI's PT/INR system

- Positioned to address unmet need in a growing market
- Significant competitive advantages:
 - **Cost**
 - **Accuracy**
 - **Ease-of-use**
- Demonstrated performance in preliminary clinical study
- Same successful business model as blood glucose
- Discussions underway with potential partners



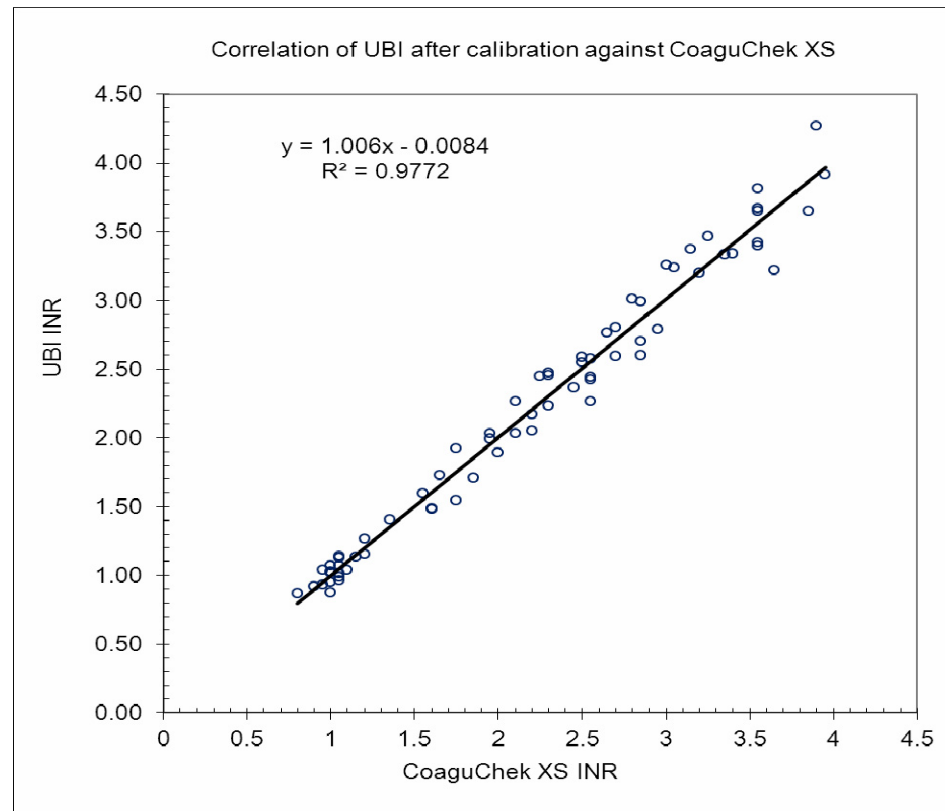


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UBI prototype - demonstrated performance

Correlation of UBI and CoaguChek XS®



N = 69

53 warfarin patients

16 healthy volunteers

- In a US clinical study, UBI tested its prototype PT/INR system against the market leader, CoaguChek®
- Results demonstrate excellent correlation between the two systems
- Further testing required as the product proceeds through development



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UBI PT/INR system - attractive to a partner



Access a new attractive market opportunity



High margin potential – market leading cost advantages



Demonstrated product performance



Manufacturing capacity online Dec 2010



UBI's proven partnership history – LifeScan for diabetes



Protected - Extensive Licensed and Owned IP

- 44 patent families (13 owned by Universal Biosensors and 31 by LifeScan) covering products, manufacturing, core and peripheral technology
- 255 granted patents
- 280 pending applications
- 535 patents plus applications



Income statement

	Nine Months	Years ended Dec 31,		
	Sept 30, 2010	2009	2008	2007
	A\$	A\$	A\$	A\$
Revenue				
Revenue from products	6,087,270	132,733	-	-
Revenue from services	5,082,243	4,187,196	4,291,944	1,192,015
Milestone payment	-	17,722,641	-	-
Total revenue	11,169,513	22,042,570	4,291,944	1,192,015
Operating costs & expenses				
Cost of goods sold and services	7,481,194	627,403	3,121,754	-
Research and development	4,897,260	14,898,072	11,585,258	7,157,216
General and administrative	4,934,461	5,635,569	5,510,127	4,226,757
Total operating costs & expenses	17,312,915	21,161,044	20,217,139	11,383,973
Profit/(loss) from operations	(6,143,402)	881,526	(15,925,195)	(10,191,958)
Other income	1,018,484	548,937	3,929,103	1,229,720
Net profit/(loss) before tax	(5,124,918)	1,430,463	(11,996,092)	(8,962,238)
Income tax benefit	-	-	206	145,000
Net profit/(loss)	(5,124,918)	1,430,463	(11,995,886)	(8,817,238)



Balance Sheet

Balance Sheet as at 30 September 2010

	A\$
Current Assets (excluding cash)	7,477,443
Cash	24,982,865
Property, Plant & Equipment	19,678,712
Total Assets	<u>52,139,020</u>
Current Liabilities	2,128,374
Non-Current Liabilities	2,266,214
Stockholders' Equity	47,744,432
Total Liabilities & Stockholders' Equity	<u>52,139,020</u>



Capital structure

Summary

Number of shares on issue	158,788,654
Market capitalization at 3 December 2010	~A\$257 million
Number of options on issue	8,563,103
Cash (at 30 November 2010)	~A\$24 million
Equity raised	~A\$71 million



How did we get here?

- Memtec beginnings
- Team preserved through many corporate changes
- UBI founded with original technology leaders
- Long term relationship with LifeScan
- IPO and the bet that was made
- Within 1 year MSSA signed
- 2009 and first product shelved, new product developed and CE mark approved
- 2010 market introduction of LifeScan One Touch Verio
- Now developing new POC products and additions to the Glucose line with a manufacturing base. The transition to a more complex operating company.



Lessons

- The path recounted is always straighter than the actual
- “.....one of the success stories of Victorian Biotechnology” Michelle Gallaher
 - What does this mean? This means we had a few more wins than the ‘failures’ (outcomes different than expected)
- Interesting to recount ‘failures’ along the way
 - The original invention came from the failure to stop membranes fouling
 - Memtec’s first membrane also did not meet the requirements
 - Corporate re-organisations and ownership changes
 - Patents sold by Veolia to LifeScan
 - A number of attempts by LifeScan to commercialise the technology
 - Change of product requirements 3 months from original launch date



Thoughts

Takeaways

- Be alert to what you are seeing
- Think outside the box and don't accept unvalidated "givens"
- Product and Process developed simultaneously and process is scale appropriate
- Risk mitigation by design
- High expectations when dealing with world leading companies
- Persistence, if you believe, but are not blind, then find a way!
- Patents themselves do not create value, you have to do something with them.
 - They merely stop people following but can be the underpinning of protectable value creation



Final Observations

- There is no substitute for talent
- Apply the talent where the action is
- Anticipate and prepare for the unexpected
- Be adaptive and focus on the building of competitive advantage in a changing marketplace
- Be inventive and committed. Not stopped by the bumps in the road

I truly believe that good people with enough time and money will find a way

Enjoy the journey because it never ends.....



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Investment summary

- Growth company focused on point-of-care testing

Glucose:

- Lead product, blood glucose monitor validates technology platform, business model and commercialisation strategy
 - Partnered with Johnson & Johnson company, LifeScan
 - Launched in two countries so far
 - Strong and sustainable earnings potential

New products:

- Next major product, point-of-care PT/INR system nearing partnering phase
 - US clinical study demonstrated PT/INR prototype performance
 - Product to have market leading comparative advantages
 - Discussions underway with potential commercial partners
- New products in development to target other major POC markets

Value drivers:

- Expanding blood glucose sales and PT/INR partnership advancement to drive short term UBI value creation
- Expansion into new biomarkers and emerging growth opportunities to drive long term value