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Universal Biosensors Announces FY2013 Financial Results – Solid Progress in a Challenging Year

Highlights

- Revenue from Quarterly Service Fees – generated by sales of blood glucose test strips – increased 52% to \$3.4M in FY13 from \$2.2M in FY12
- The transition of glucose test strip manufacturing to LifeScan will improve the future profitability of UBI's blood glucose business
- Net R&D spend fell by 32% to \$9.2M in FY13 from \$13.5M in FY12, which reflects the \$6.3M R&D tax rebate in FY13
- Year-end cash reserves were unchanged at \$23.7M

Universal Biosensors (ASX:UBI) today reported its unaudited full year financial results for FY2013. Headline figures show a 49% decline in revenue to \$15.1M in FY13 from \$29.6M in FY12. This decline reflected a 47% decrease in revenue from strip manufacturing to \$10.1M in FY13 from \$19.4M in FY12 due to the transfer of glucose test strip manufacturing to LifeScan's own facilities. Even though this transfer adversely affected revenue, following restructure of the company's operations, the overall profitability of UBI's blood glucose business has improved.

The comparison to 2012 is challenging, as revenue in FY12 included fees earned on a US\$4.5M R&D feasibility program with LifeScan as well as \$4.2M in milestone payments from Siemens, neither of which occurred in FY13.

Importantly, revenue from Quarterly Service Fees, generated by sales of blood glucose test strips, increased 52% to \$3.4M in FY13 from \$2.2M in FY12, despite the negative impact of the OneTouch® Verio® meter recall in March 2013.

Paul Wright, CEO of Universal Biosensors, said *"The growth in our quarterly service fees is clearly exceeding the single digit blood glucose testing industry growth rates, which we believe demonstrates the competitive attributes of the OneTouch® Verio® product and gives us confidence in its future growth."*

Total R&D expenses in FY13 increased by 15% to \$15.5M, from \$13.5M in FY12. This increase reflects the ongoing investment in the coagulation testing products, the first of which is expected to launch in 2014. Importantly, net of the expected \$6.3M R&D tax rebate, R&D spend in FY13 was down 32% to \$9.2M.

Total General & Administrative expenses decreased by 9% to \$6.2M in FY13, from \$6.8M in FY12. This reflects management's ongoing efforts to control non-essential expenditures and increase the productivity of overheads.

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The underlying cash burn for FY13 was \$13.3M (excluding one-off costs associated with the manufacturing restructure and the new financing arrangements) compared to \$3.3M in FY12.

Year-end cash reserves were unchanged at \$23.7M, reflecting the drawdown of \$16M, net of transaction costs, from a new US\$25M five year term loan facility with a specialist US-based healthcare investment manager, Athyrium Capital Management. Mr Wright said the structure and cost of this financing provides an excellent alternative to equity capital and will enable the company to fund operations through to positive cash generation and profitability.

-ENDS-

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About Universal Biosensors

For additional information in relation to Universal Biosensors, refer to
<http://www.universalbiosensors.com/announcements.html>.

Universal Biosensors is a specialist medical diagnostics company, founded in 2001, that is focused on the development, manufacture and commercialisation of a range of in vitro diagnostic tests for point-of-care use. These tests capitalise on a technology platform which uses a novel electrochemical cell that can be adapted for multiple analytes and provide for enhanced measurements in whole blood.

Forward-Looking Statements

The statements contained in this release that are not purely historical are forward-looking statements within the meaning of the Exchange Act. Forward-looking statements in this release include statements regarding our expectations, beliefs, hopes, intentions or strategies regarding the proposed offering. All forward-looking statements included in this release are based upon information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statement as a result of new information, future events or otherwise. Our actual results could differ materially from our current expectations. We cannot assure you when, if at all, the proposed offering will occur, and the terms of any such offering are subject to change. Factors that could cause or contribute to such differences include, but are not limited to, factors and risks disclosed from time to time in reports filed with the SEC.