

## Universal Biosensors, Inc.

### Cash Flow Update - 3<sup>rd</sup> Quarter 2012

Universal Biosensors, Inc. (ASX: UBI) has today released its quarterly cash flow report (ASX Appendix 4C) for the quarter ending 30<sup>th</sup> September 2012.

#### Commentary

During the nine month period ended 30<sup>th</sup> September 2012, UBI has seen revenue increase by 50% to A\$8.3 million which has had a positive impact on net cash outflows with A\$1.2 million cash consumed compared to A\$4.5 million in the corresponding period last financial year. The cash balance at the end of the quarter was A\$13.9 million.

The increase in receipts is principally a result of the following:

- *Increase in Quarterly Service Fees from LifeScan*  
Quarterly Service Fees are based on the number of Verio strips sold by LifeScan. On an earnings basis, the Quarterly Service Fees increased by 291% and 321% to A\$555,000 and A\$1.6 million respectively, during the three and nine month period ended 30<sup>th</sup> September 2012 as compared to the same period in 2011. Quarterly service fees increased by 57% during the three months ended 30<sup>th</sup> September 2012 as compared to the previous quarter.
- *Securing of the second development milestone with Siemens*  
In July 2012, UBI announced it had delivered on its second developmental milestone. This milestone relates to proof of technical feasibility of a third test strip under the collaboration with Siemens. The collaboration with Siemens is focussed on commercialising a range of novel handheld analyzers for the point-of-care coagulation testing market. We received US\$1.5 million as consideration for this milestone.

Payments for operating activities for the three month period ended 30<sup>th</sup> September 2012 totalled \$8.8 million. Our major cash commitment is currently in the Coagulation platform where we are undertaking product development work on three test strips on behalf of Siemens. This spending, which covers internal and external contract resources, is likely to continue as we move through development towards launch and commercial production. The first product, the Prothrombin Time test, is targeted for launch in 2013. The increased investment in our research and developmental efforts was partially offset by the efficiencies we achieved in our manufacturing operations which has resulted in lower costs and improved margins. The gross margin in our manufacturing operations of ~15% represents a third consecutive quarter of improvement.

Investing activity during the quarter was primarily related to the purchase of various plant and equipment.

Financing activity is represented by the repayment of borrowings. The borrowings will be repaid this financial year. The short term borrowings were taken out to prepay our annual insurances.

For further information, please contact:

**Paul Wright**  
Chief Executive Officer  
(03) 9213 9000

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

22<sup>nd</sup> October, 2012

# 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")

30 September 2012

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$AUD	Year to date (9 months) \$AUD
1.1 Receipts from customers	8,282,167	22,138,993
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(8,793,056)	(23,249,600)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	89,407	332,286
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net operating cash flows</b>	<b>(421,482)</b>	<b>(778,321)</b>

+ See chapter 19 for defined terms.

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**Quarterly report for entities**  
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	Current quarter \$AUD	Year to date (9 months) \$AUD
1.8 Net operating cash flows (carried forward)	(421,482)	(778,321)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(122,655)	(543,217)
(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)		
<b>Net investing cash flows</b>	(122,655)	(543,217)
<b>1.14 Total operating and investing cash flows</b>	(544,137)	(1,321,538)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	0	13,818
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	0	921,725
1.18 Repayment of borrowings	(230,431)	(768,104)
1.19 Dividends paid		
1.20 Other (provide details if material)		
<b>Net financing cash flows</b>	(230,431)	167,439
<b>Net increase (decrease) in cash held</b>	(774,568)	(1,154,099)
1.21 Cash at beginning of quarter/year to date	14,709,678	15,089,209
1.22 Exchange rate translation adjustments to item 1.21		
1.23 <b>Cash at end of quarter</b>	13,935,110	13,935,110

+ 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	117,725
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

1.24 Non-Executive directors fees and salaries, including superannuation
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**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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**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	-	-
3.2	Credit standby arrangements	-	-

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**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	13,935,110	14,709,678
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.23)	13,935,110	14,709,678

**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		

**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: 22 October 2012

Print name: Salesh Balak

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## 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.

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