

Universal Biosensors, Inc.

Commentary on 1st Quarter of 2012

Universal Biosensors, Inc. has today released its quarterly cash flow report (ASX Appendix 4C) for the quarter ending 31 March 2012. The company also expects to file its Form 10-Q Quarterly Report for the quarter ending 31 March 2012 with the Securities and Exchange Commission (SEC) on or about 2 May 2012. The link to this document once filed with the SEC can be found in our website in the "SEC Filings" tab under the "Investor Centre" section.

1st Quarter Highlights

- Continued rollout of OneTouch® Verio™
 - LifeScan launched OneTouch® Verio™ in the world's largest market, the United States. The OneTouch® Verio™ system has now been launched in all the major western markets.
- LifeScan has commenced manufacturing
 - LifeScan has commenced commercial manufacturing of OneTouch® Verio™ strips in its Inverness facility in Scotland significantly increasing worldwide production capacity. Universal Biosensors receive a service fee based on the number of OneTouch® Verio™ strips sold by LifeScan regardless of who manufactures the strips.
- Increase in production volumes for LifeScan
 - If less than the specified quantity of OneTouch® Verio™ strips are ordered within a quarter, we are paid for the strips we manufacture on a cost recovery basis, known as the "interim costing period". When our volumes increase beyond a production threshold set out in our agreement with LifeScan, we are paid on a pre-agreed standard cost plus margin basis. We ceased to be in the interim costing period in the fourth quarter of 2011 as our production volumes increased beyond the interim costing production threshold set out in our agreement with LifeScan. We remained outside the interim costing period in the first quarter of 2012.

Cash Flow Update

During the quarter ended 31 March 2012, our cash balance increased by \$0.6 million to approximately \$15.7 million.

The major drivers of the increase in operating cash flows during the first quarter of 2012 were:

- An increase in the company's production volumes from the OneTouch® Verio™ in the last two quarters as we moved out of the interim costing period; and
- An increase in development services performed for LifeScan pursuant to the research and development project which commenced in September 2011.

In addition, Universal Biosensors took advantage of a favourable borrowing opportunity to prepay its annual insurances. This is reflected as a financing activity.

For further information, please contact:

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Chief Financial Officer
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17 April, 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")

31 March 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$AUD	Year to date (3 months) \$AUD
1.1 Receipts from customers	6,611,896	6,611,896
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(6,656,180)	(6,656,180)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	116,444	116,444
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	72,160	72,160

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$AUD	Year to date (3 months) \$AUD
1.8 Net operating cash flows (carried forward)	72,160	72,160
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(86,689)	(86,689)
(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)		
Net investing cash flows	(86,689)	(86,689)
1.14 Total operating and investing cash flows	(14,529)	(14,529)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	1,518	1,518
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	921,725	921,725
1.18 Repayment of borrowings	(307,242)	(307,242)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	616,001	616,001
Net increase (decrease) in cash held	601,472	601,472
1.21 Cash at beginning of quarter/year to date	15,089,209	15,089,209
1.22 Exchange rate translation adjustments to item 1.21		
1.23 Cash at end of quarter	15,690,681	15,690,681

+ 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	117,312
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	15,690,681	15,089,209
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	15,690,681	15,089,209

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:Date: 17 April 2012
 (Company secretary)

Print name: Cameron Billingsley

+ See chapter 19 for defined terms.

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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