Prospectus

Universal Biosensors

UNIVERSAL BIOSENSORS, INC.
ARBN 121 559 993

A fully underwritten Offer of
36 million new Shares at an Offer
Price of A$0.50 to raise A$18 million.

This Prospectus is dated 6 November 2006.

This document is important and should be read in its entirety. You should contact your professional adviser about the contents of this Prospectus. The Shares offered under this Prospectus are speculative in nature and potential investors and their professional advisors should consider the risk factors set out in section 7 of this Prospectus in detail.

The Shares offered under this Prospectus have not been registered under the US Securities Act and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any US Person. In addition, hedging transactions with regard to Shares may not be conducted unless in accordance with the US Securities Act.

Wilson HTM
INVESTMENT GROUP

Underwriter and Lead Manager

Wilson HTM Corporate Finance Limited
ABN 65 057 547 323

Contents

Indicative Key Offer Dates

Lodgement of this Prospectus with ASIC	6 November 2006
Opening Date	14 November 2006
Closing Date	5 December 2006
Expected date for dispatch of holding statements	8 December 2006
Expected date of quotation of Shares on ASX (to be traded on ASX as CHESS Depositary Interests)	13 December 2006

Subject to the Corporations Act, the Directors in consultation with the Underwriter reserve the right to vary the dates of the Offer. The Directors also reserve the right not to proceed with the Offer in which case Application Money will be returned to the Applicants without interest.

No applications for Shares will be accepted nor will Shares be issued pursuant to this Prospectus:

(a) earlier than seven days after lodgement of this Prospectus with ASIC or any longer period required by ASIC under section 727(3) of the Corporations Act; or

(b) later than 13 months after the date of this Prospectus.

Important Notice

Universal Biosensors

Certain terms and abbreviations used in this Prospectus have the defined meanings that are set out in the Glossary in section 14.

This Prospectus is dated 6 November 2006. A copy of this Prospectus was lodged with ASIC on 6 November 2006. Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Prospectus.

Application for Admission and Quotation on ASX

Within seven days from the date of this Prospectus, Universal Biosensors will apply to be admitted to the Official List of ASX and for quotation of its Shares on ASX. The fact that ASX may admit Universal Biosensors to the Official List is not to be taken in any way as an indication of the merits of the Shares, the Offer or Universal Biosensors.

Universal Biosensors is a company incorporated in the State of Delaware in the US. Applicants purchasing Shares in Universal Biosensors under the Offer will receive a holding statement for CHESS Depositary Interests or 'CDIs' in Universal Biosensors. **CDIs will be used to effect broker to broker settlement of trading in the Shares on ASX**. Refer to section 11.5 for further information about CDIs.

Electronic Prospectus

A copy of this Prospectus is available for inspection in electronic form at www.universalbiosensors.com. The Offer constituted by this Prospectus in electronic form is only available to Australian residents receiving the electronic prospectus in Australia. Persons who access the electronic version of this Prospectus should ensure they download and read the entire Prospectus.

Potential investors can only apply for Shares on the Application Form accompanying a complete paper copy of this Prospectus or a complete downloaded copy of this electronic Prospectus and on the terms and conditions set out in this Prospectus and the Application Form. The Corporations Act prohibits any person from passing the Application Form to another person unless it is attached to a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus. Persons who receive a copy of this Prospectus in electronic form are entitled to obtain a paper copy of the Prospectus from Universal Biosensors free of charge by calling +61 3 8542 9000.

Foreign Jurisdictions

This Prospectus does not constitute an offer or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer or issue. This Prospectus has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any other country. In particular, the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or delivered within the US or to or for the account or benefit of any US Person. In addition, hedging transactions with regard to Shares may not be conducted unless in accordance with the US Securities Act.

Representations of Non US Person Status

Each Applicant and each subsequent purchaser of Shares or CDIs are deemed to provide the representations set out in section 12.7 of this Prospectus, including that:

- they are not a US Person and are not acting for the account of a US Person for the purposes of the US Securities Act;
- if in the future they wish to sell their Shares or CDIs, they will only do so in accordance with the US Securities Act: a) outside the US; b) pursuant to a registration statement under the US Securities Act; or c) pursuant to an exemption from the US Securities Act; and
- they will not engage in hedging transaction with Shares unless in compliance with the US Securities Act.

US Private Placement

Concurrently with the Offer, Universal Biosensors will be making a separate offer of Shares in the US to certain US Persons, in reliance on Regulation D under the US Securities Act. The US Private Placement is detailed in section 12.8. This Prospectus only relates to the Shares being offered and issued under the Offer and not the Shares being offered and issued under the US Private Placement.

Privacy Statement

If you apply for Shares under the Offer, you will be required to provide certain personal information to Universal Biosensors and the Share Registry. Universal Biosensors and the Share Registry collect, hold and use your personal information in order to assess and process Application Forms and, if successful, administer security holdings in Universal Biosensors. Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application Form may not be able to be processed efficiently, or at all. Universal Biosensors and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Underwriter in order to assess your Application;
- the Share Registry for ongoing administration of the register; and
- the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) Universal Biosensors or the Share Registry by writing or telephoning the Share Registry.

Applicants should read this Prospectus in its entirety before deciding whether to apply for Shares. You should contact your professional adviser and review section 7 in relation to 'Risk Factors' before deciding whether to apply for Shares. **The Shares offered under this Prospectus should be viewed as a speculative investment.**

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Chairman's Letter

Dear Investor

It is my pleasure to invite you to join me as a Shareholder in Universal Biosensors, Inc.

Universal Biosensors is a specialist medical diagnostics company focused on the development, manufacture and commercialisation of a range of *in vitro* diagnostic tests for use in a variety of point-of-care settings.

Each of the diagnostic blood tests under development is designed to produce rapid and quantitative diagnostic results close to the patient in a number of different settings. The response times of the tests are designed to be fast enough to allow the immediate adjustment of clinical treatment according to a patient's condition. Each of the tests currently in development utilise a known and established biomarker and a novel, proprietary technology platform to deliver an accurate and robust response on a 'real time' basis.

Universal Biosensors has a pipeline of products at varying stages of development including an immunoassay test for C-reactive protein which may be used to assist in the diagnosis of certain inflammatory conditions, and a prothrombin time test used as a test for monitoring the therapeutic range of the anticoagulant, warfarin. Universal Biosensors also provides research and development services to LifeScan (an affiliate of Johnson & Johnson) in the field of blood glucose monitoring.

The Group's Australian operating subsidiary employs key scientists and engineers that are inventors of technology utilised in Universal Biosensors' research and development activities. This technology is embodied in a substantial patent suite comprising 14 pending patent applications owned by Universal Biosensors Australia and 183 patents and 227 pending patent applications licensed to Universal Biosensors by LifeScan.

The funds raised pursuant to this Offer and a concurrent US Private Placement will primarily be used to establish commercial scale manufacturing capacity, to continue the development of the existing pipeline of point-of-care tests and to seek regulatory clearances. These are important prerequisites for the Group to be able to negotiate for the right to manufacture and deliver products for third parties such as LifeScan, and to establish effective sales and distribution arrangements for Universal Biosensors' own point-of-care tests.

The Universal Biosensors Group is fortunate to have a talented and knowledgeable management and scientific team and Board who have successfully commercialised medical devices and diagnostic products.

I invite you to read this Prospectus in full to assist you in understanding the opportunities and risks associated with an investment in Universal Biosensors. On behalf of the Board, I look forward to welcoming you as a shareholder.

Andrew Denver
Chairman

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Investment Overview

Potential investors reading this investment overview are urged to review the investment risks summarised at the end of this section 2 and in section 7 of this Prospectus.

Universal Biosensors

- Universal Biosensors is a specialist medical diagnostics company focused on the **development, manufacture** and **commercialisation** of a range of *in vitro* **diagnostic tests for point-of-care use**. *In vitro* diagnostic testing involves the testing of a body fluid or tissue sample outside the body.
- The diagnostic tests comprise a novel disposable test strip and a reusable meter. The diagnostic tests are small, portable and easy-to-use.
- Universal Biosensors has rights to an extensive patent suite comprising 14 patent applications owned by Universal Biosensors Australia and 183 patents and 227 patent applications licensed to Universal Biosensors by LifeScan, an affiliate of Johnson & Johnson.

Point-of-care Tests in Development

- Universal Biosensors has a range of point-of-care blood tests in development including a **C-reactive protein test** which may be used to assist in the diagnosis and management of inflammatory conditions and a **prothrombin time test** which may be used for monitoring the therapeutic range of the anticoagulant, warfarin.
- Universal Biosensors **provides research and development services** to LifeScan in the development of a **blood glucose test**. The rights to commercialisation of the blood glucose test have been retained by LifeScan.
- The diagnostic blood tests are designed for use by patients and healthcare professionals in a number of point-of-care settings including doctors surgeries, emergency rooms, and health clinics or at a patient's home. **Point-of-care tests produce immediately actionable healthcare data to enable treatment to be reviewed and adjusted to suit each patient's condition at the point-of-care**. Point-of-care tests have the potential to reduce overall costs to the healthcare system.

Use of Funds

- To date, Universal Biosensors has been a development and research company built around an extensive intellectual property position with product development, research and pilot manufacturing capabilities.
- The primary use of the funds being raised pursuant to this Offer and the US Private Placement will be to establish commercial scale manufacturing capabilities, to continue the development of Universal Biosensors' existing range of point-of-care tests and to continue product validation and seek regulatory clearance of the blood glucose test.
- The initial commercial scale manufacturing capability being established could be used by Universal Biosensors to commercially manufacture tests strips for any of the point-of-care tests being developed. Universal Biosensors considers that a commercial scale manufacturing capacity is a necessary prerequisite to being able to seek to negotiate in a meaningful way for the manufacture and supply of point-of-care tests for third parties, such as LifeScan, or to undertake the next stage of development in respect of Universal Biosensors' own point-of-care tests.

Universal Biosensors' Operations

- Universal Biosensors is **incorporated in the US**. Its wholly owned subsidiary, Universal Biosensors Australia, **carries out the Group's operations in facilities based in Melbourne, Australia**.
- Key scientists and engineers now employed by Universal Biosensors Australia have worked together since 1995 and are inventors of the key patents owned by Universal Biosensors Australia and those licensed to Universal Biosensors by LifeScan.
- Universal Biosensors' management team and Board have experience in all aspects of diagnostic test development, manufacturing and commercialisation.

Novel Strip and Meter Technologies

- The key differentiating features of the point-of-care tests currently being developed by Universal Biosensors are the novel configuration of the electrochemical cells in the test strips, together with the proprietary signal processing in the test meters.
- The novel electrochemical cell in the test strip is designed to allow for greater accuracy while retaining other critical features including the ability to obtain results quickly using only a small finger prick sample of blood.
- The process for manufacturing the test strips is designed to be economical and capitalises on the use of commercially available materials.

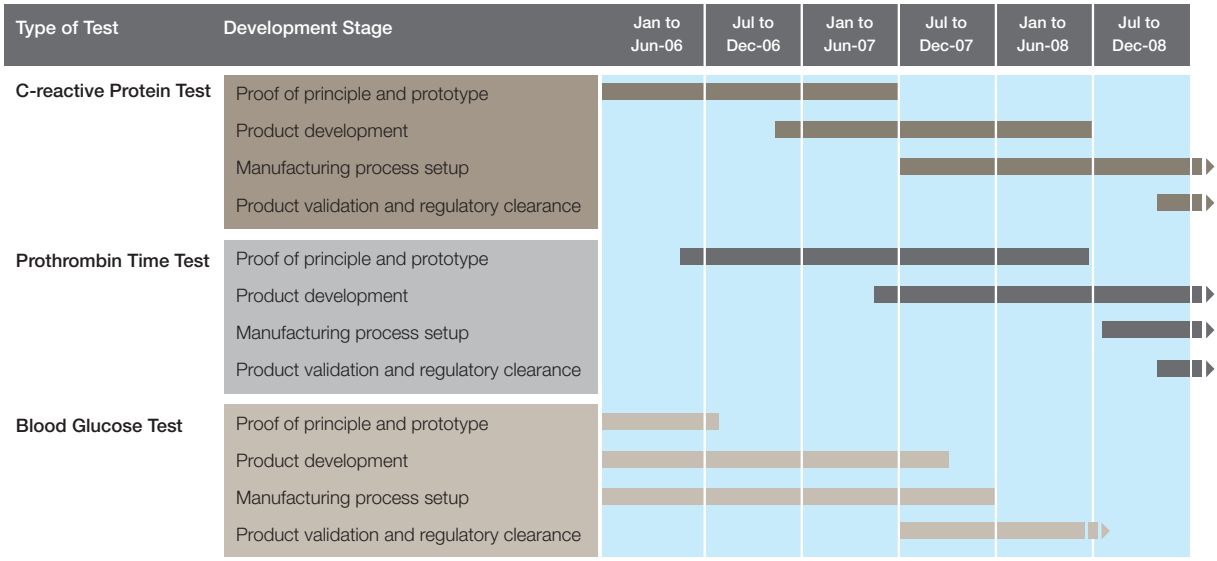
Patented Technologies

- Universal Biosensors has a License Agreement with LifeScan pursuant to which LifeScan has granted to Universal Biosensors a license to an extensive suite of patents. Universal Biosensors has the right to use those patents in all fields of use other than the fields of diagnosis, management and monitoring of diabetes and the measurement of glucose in humans. All rights in these fields are retained by LifeScan.
- Universal Biosensors Australia also owns certain key patents together with associated enabling project and industry specific know-how.
- Details of the Universal Biosensors Group's owned and licensed technologies are set out in the Patent Attorney's Report in section 10 of this Prospectus.

Point-of-care Tests in Development

Point-of-care Test	Stage of Development	Test Description
C-reactive Protein Test	Over the last two years, the Universal Biosensors Group has developed a working **prototype** of a C-reactive protein test.	An immunoassay blood test which detects and quantifies the level of C-reactive protein in the body. C-reactive protein may be used to assist in the diagnosis and management of certain inflammatory conditions and may be used as a critical marker of cardiovascular risk including coronary heart disease.
Prothrombin Time Test	Over the last two years, the Universal Biosensors Group has developed a working **prototype** of a prothrombin time test.	A blood test widely used for monitoring the therapeutic range of the long-term anticoagulant, warfarin. Warfarin is a blood thinning medication commonly administered to patients with certain types of irregular heartbeats, patients who have had heart valve replacement surgery or people at risk of a stroke or cardiac event.
Blood Glucose Test	Since April 2002, Universal Biosensors has been undertaking contracted product development of a blood glucose test for LifeScan. **LifeScan has the rights to commercialisation of the blood glucose test.**	A blood glucose self-monitoring test for diabetics.
Future Potential Tests	The patented technology platform used in the existing Universal Biosensors point-of-care tests has the potential to be adapted for use in tests for a range of other conditions.	Universal Biosensors intends to extend its range of point-of-care tests and develop further improvements to its existing tests, including an expanded range of immunoassay tests.

Indicative Timeline of Point-of-Care Tests in Development



Worldwide Market Overview

- The Company estimates that the worldwide market size of the total *in vitro* diagnostic testing market was US$32.2 billion in 2005, which is forecast to grow to an estimated US$45.5 billion worldwide by 2010.
- Point-of-care diagnostic tests are estimated to have represented approximately US$11 billion of the total worldwide *in vitro* diagnostic testing market in 2005. Point-of-care testing as a proportion of the overall *in vitro* diagnostics market is expected to continue to grow, driven by changes in the healthcare system and emerging technologies.
- The Company estimates that the total worldwide market for both laboratory based and point-of-care **C-reactive protein tests** was approximately **US$300 million in 2005** which is forecast by the Company to **grow to an estimated US$420 million in 2010**. C-reactive protein tests are part of the broader immunoassay testing market. The Company estimates that the total worldwide market of laboratory based immunoassay tests was approximately US$5.7 billion in 2005.
- The Company estimates that the worldwide market for **point-of-care prothrombin time tests in 2005** was approximately **US$125 million,** which is forecast by the Company to **grow to an estimated US$185 million in 2010**. Prothrombin time tests are a part of the broader coagulation test market. The Company estimates that the total worldwide market for coagulation testing was approximately US$925 million in 2005.
- The Company estimates that the total worldwide market for all blood glucose tests in 2005 was approximately US$7.7 billion, which is forecast to grow to an estimated US$11.3 billion in 2010.

Key Risks

Universal Biosensors faces a range of significant risks, some of which are summarised below. Please refer to section 7 of this Prospectus for a more detailed summary of the risks that could affect Universal Biosensors and the value of the Shares being offered under this Prospectus. **An investment in Universal Biosensors should be regarded as a speculative investment.**

Technical risks – The Company has developed a working prototype of the C-reactive protein test and prothrombin time test. Both these tests require further development and still have a significant element of technical risk. **The development and product validation of these tests may not be successful.** If unsuccessful, the Company will not receive revenue from those tests and significant time and monies may be rendered unproductive and worthless.

Development and Research Agreement with LifeScan – Universal Biosensors undertakes contracted research and development activities for LifeScan pursuant to a Development and Research Agreement, which is able to be terminated by LifeScan. If the Development and Research Agreement was terminated, the Company would lose a significant source of revenue.

Commercial agreements – Universal Biosensors is establishing a commercial scale manufacturing capability with a view to being able to manufacture for third parties such as LifeScan (including the blood glucose test), as well as being able to manufacture the Company's own point-of-care tests. LifeScan has the rights to commercialisation of the blood glucose test being developed by Universal Biosensors for LifeScan. Failure to secure a manufacturing and supply agreement with LifeScan will mean that the Company would not derive any revenues from any commercialisation of the blood glucose test that has been developed. Any such failure may have an adverse affect on Universal Biosensors' financial prospects and the trading price of Shares. Whether or not Universal Biosensors manufactures or supplies products to third parties is largely dependent on the decisions of third parties. **There is no guarantee that this aspect of the Company's business strategy will be successful or that the Company would be able to secure any rights to manufacture or supply products for third parties such as LifeScan.**

Extensive regulation – The development, manufacturing, sales and marketing of diagnostic tests is subject to extensive regulation by regulatory authorities in a number of countries. These regulations are subject to change. There can be no assurance that regulatory clearances will be obtained for any of the point-of-care tests being developed by Universal Biosensors. Universal Biosensors' business will be significantly adversely affected if it is unable to obtain and maintain necessary regulatory clearances.

Potential investors are urged to read this Prospectus in its entirety, including section 7 of this Prospectus in relation to risks.

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Details of the Offer

3.1 The Offer and Concurrent US Private Placement

Pursuant to this Prospectus, Universal Biosensors is offering 36 million Shares at the Offer Price of A$0.50 per Share to raise A$18 million.

Concurrently with the Offer under this Prospectus, the Company is offering 8 million Shares in the US Private Placement at A$0.50 per Share to raise A$4 million.

This Prospectus only relates to the Shares being issued under the Offer and not the Shares being issued under the US Private Placement.

All Shares being offered under this Prospectus and the US Private Placement will, on issue, rank equally in all respects with all other Shares then on issue.

Amount to be raised under the Offer	A$18 million
Amount to be raised in the US Private Placement	A$4 million
Offer Price per Share under the Offer	A$0.50 per Share payable in full on application
Minimum Application by each Applicant	Applications must be for a minimum of 5,000 Shares and thereafter in multiples of 1,000 Shares
Number of new Shares being offered under the Offer	36 million Shares
Number of new Shares being offered in the US Private Placement	8 million Shares
Number of Shares on issue following the Offer and the US Private Placement	127,999,976 Shares
Number of Options on issue following the Offer	3,911,123 Options
Indicative market capitalisation on quotation of Shares at the Offer Price (excluding the impact of Options)	A$64 million

3.2 Underwriting

This Offer of 36 million Shares is fully underwritten by the Underwriter. The US Private Placement does not form part of the underwritten component of the Offer.

3.3 Capital Structure

On the issue and allotment of Shares under this Prospectus and the US Private Placement the capital structure of Universal Biosensors will be as set out below:

Securities	Pre Offer & US Private Placement Number	Pre Offer & US Private Placement %	Post Offer & US Private Placement Number	Post Offer & US Private Placement %
Existing Shares	83,999,976	95.6%	83,999,976	63.7%
Existing Options	3,911,123	4.4%	3,911,123	3.0%
New Shares to be issued under this Offer			36,000,000	27.3%
New shares to be issued under the US Private Placement			8,000,000	6.0%
Total number of securities	**87,911,099**	**100%**	**131,911,099**	**100%**

Note: The figures in this table are adjusted to take into account the Capital Reorganisation summarised in section 11.2 and further in section 8.5.1.

Substantial Shareholders

The Shareholders of Universal Biosensors holding greater than 5% of the issued share capital at the date of this Prospectus are as set out below:

Shareholder	Number of Shares[1]	Percentage Interest in Shares Immediately Prior to the Offer
The Principals Cornerstone Fund Pty Limited[2]	22,651,074	26.97%
Johnson & Johnson Development Corporation	13,081,729	15.57%
Kaasim Pty Ltd as trustee for George Kepper Superannuation Fund	7,840,338	9.33%
CM Capital Investments Pty Ltd in its capacity as manager of the CM Capital Venture Trust No. 3	7,053,767	8.40%

Notes:

1. The figures in this table are adjusted to take into account the Capital Reorganisation summarised in section 11.2.
2. The Principals Cornerstone Fund Pty Ltd is owned by, and holds its Shares on trust for, Messrs Denver, Hanley, Kiefel and Adam, all of whom will be Directors of Universal Biosensors on the close of the Offer.

3.4 Use of Funds

The amount raised under the Offer and the US Private Placement combined with the existing cash reserves of approximately A$8.9 million that Universal Biosensors has available to it at the date of the Prospectus will be used in the manner set out below:

Proposed Use of Funds[1]	A$'000
Acquisition, commissioning and validation of manufacturing equipment	7,263
Product research, development and validation	7,581
Fit out of new manufacturing facilities	2,408
General corporate expenses (including employee remuneration and other employee related expenses, rent and outgoings)[2]	11,175
Patents, regulatory and clinical affairs	541
Costs of the Offer and US Private Placement	1,964
Total	30,932

Notes:

1. The final allocation of funds may vary depending on the circumstances in which the business develops and operates.
2. It is anticipated that employment related expenses particularly in the areas of administration, quality control and production, will increase significantly following the Offer.

The funds raised pursuant to the Offer and the US Private Placement are intended to enable the Universal Biosensors Group to achieve the following key objectives:

- to establish an initial commercial scale manufacturing capability which could be used by Universal Biosensors to commercially manufacture test strips;
- to complete development of the meter and then product validation of the blood glucose test to the point where both the test strip and the meter are capable of being manufactured and regulatory submissions for marketing clearance are able to be made;
- to advance the development of the C-reactive protein test and prothrombin time test to the point where the Company is able to assess whether to undertake product validation; and
- to undertake continuing development and research into new potential point-of-care tests.

On the successful completion of the Offer and the US Private Placement, the Directors believe that the Universal Biosensors Group will have sufficient working capital to carry out its stated objectives.

The funds raised from the Offer and the US Private Placement will not enable Universal Biosensors to take its C-reactive protein test or prothrombin time test to the point where sales revenue can be derived from those tests. Additional commercial manufacturing capacity may also be required in the future. **As such, significant additional capital will be required to fund continued product development and potentially to increase the Company's manufacturing capacity. The Company expects that additional sources of funding will be required within approximately two years from the date of this Prospectus**. This funding may be obtained by the issue of additional equity, debt finance or other appropriate means determined by the Directors at that time.

3.5 CHESS Depositary Interests or 'CDIs'

The ASX uses an electronic system, called the Clearing House Electronic Subregister or 'CHESS', for the clearance and settlement of transactions in Shares traded on ASX. Securities of companies incorporated outside of Australia, such as Universal Biosensors are traded as CHESS Depositary Interests or 'CDIs', which represent beneficial interests in the underlying Shares. The Shares are quoted and traded on the stock market of the ASX, however, the CDIs are used to effect the broker-to-broker settlement of trading in the underlying Shares.

The principal difference between holding CDIs and holding the underlying Shares is that the holder of CDIs will hold a beneficial interest in the equivalent number of Shares, but not legal title. The legal title to the Shares is instead held by CHESS Depositary Nominees Pty Ltd or 'CDN', which is in turn a wholly owned subsidiary of the ASX. Using CDIs, a seller transfers beneficial interest in the Shares to the buyer instead of legal title. CDN as the holder of legal title to the Shares is entitled to vote at Shareholder meetings. CDI Holders will not be permitted to vote other than by direction to CDN or as proxy holder for CDN. However, CDIs Holders will be entitled to all the economic benefits of the underlying Shares, such as dividends (if any) as though they were holders of the legal title.

The Offer, the subject of this Prospectus, is an offer of Shares. However, Universal Biosensors will issue CDIs (and corresponding holding statements for such CDIs) to successful Applicants rather than Shares. **By completing an Application Form, an Applicant will be applying for Shares to be issued to, and held by, CDN on behalf of and for the benefit of the Applicant.**

Details of the rights attaching to the CDIs are set out in section 11.6. Universal Biosensors will participate in CHESS in accordance with the Listing Rules and the Business Rules of ASTC as the approved Securities Clearing House under the Corporations Act.

3.6 How to Apply for Shares

Applicants should return their completed Application Forms and cheques payable to the 'Universal Biosensors, Inc. Trust Account' and crossed 'Not Negotiable':

By mail to:
The Universal Biosensors Share Offer
c/o Registries Limited
PO Box R67
Royal Exchange
Sydney NSW 1223

By hand to:
The Universal Biosensors Share Offer
c/o Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000

Applications must be for a minimum of 5,000 Shares (representing an investment of A$2,500) and thereafter in multiples of 1,000 Shares (representing multiples of A$500). There is no maximum number of Shares for which an Applicant can apply.

Application Forms must be received by 5:00 pm Australian Eastern Standard time on the Closing Date. The period during which the Offer is open may be shortened or may be extended. Accordingly, Applicants are encouraged to submit their Application Forms as early as possible.

Potential investors can only apply for Shares on the Application Form accompanying a complete paper copy of this Prospectus or a completed downloaded copy of the electronic Prospectus and on the terms and conditions set out in this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

Investors with questions on how to complete the Application Form should contact the Share Registry on +61 2 9290 9600 during normal business hours.

3.7 Acceptance of Applications and Allocation

An Application Form constitutes an offer by an Applicant to acquire Shares on the terms and conditions set out in this Prospectus and the Application Form. Universal Biosensors, after consultation with the Underwriter, reserves the right:

- not to proceed with the Offer at any time before the issue of Shares;
- to reject any Application Form, including but not limited to Application Forms that have been incorrectly completed, or are accompanied by cheques that are dishonoured; and
- to issue to any Applicant fewer Shares than applied for by the Applicant.

The Underwriter and Universal Biosensors have a discretion regarding the allocation of Shares to Applicants under the Offer. A proportion of the Shares the subject of the Offer are reserved for priority allocations and firm allocations. Firm allocation will be given to clients of the Underwriter, existing Shareholders, Directors, associates of the Directors and certain other investors that have been given a firm commitment to apply for Shares. Any Shares not allocated to firm and priority allocation will be allocated to satisfy general Applicants as determined by the Underwriter in conjunction the Company.

Pending the allocation of Shares under the Offer, all Application Money will be deposited into a separate bank account to be held in trust for so long as the money is liable to be repaid under the Corporations Act. Surplus Application Money will be returned to the relevant Applicants within 45 days after the Closing Date. Interest will not be paid on any returned Application Money.

As soon as practicable after the Offer closes, CDI holding statements will be sent to successful Applicants. It is the responsibility of Applicants to confirm the number of Shares allotted to them prior to trading in the Shares.

3.8 Application for Admission to ASX and Quotation of Shares

Universal Biosensors intends to apply within seven days after the date of this Prospectus to be admitted to the Official List and for the Shares to be granted official quotation on ASX. If Universal Biosensors is not admitted to the Official List and Shares are not granted official quotation within three months after the date of this Prospectus, none of the Shares offered under this Prospectus will be issued and all Application Monies will be refunded without interest to Applicants within the time prescribed by the Corporations Act.

3.9 Foreign Investors

This Prospectus does not constitute an offer or issue in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or issue of securities. No action has been taken to register or qualify the Offer under this Prospectus, or to permit a public offering of the Shares in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. It is the responsibility of any overseas Applicant to ensure compliance with all laws of any relevant country relevant to their Application. The Offer has not been, and will not be, registered under the US Securities Act, or any securities laws of any state or other jurisdiction in the US and Shares may not be offered or sold in the US or to, or for the account or benefit of, any US Person.

3.10 Financial Prospects

Revenue, profits and cash flows of the Universal Biosensors Group are dependent on a number of factors including, without limitation, successful completion of product development, successful establishment of commercial scale manufacturing capability, regulatory clearances, the potential to secure the rights to manufacture or supply for third parties and the level of sales of the Company's own point-of-care tests. **In light of these factors and having regard to the matters set out in ASIC Policy Statement 170, the Board considers that at this stage of the Company's development, Universal Biosensors is unable to provide potential investors with reliable revenue, profit or cash flow projections or forecasts.**

3.11 Dividend Policy

The primary focus of the Company is to complete the development and commercialisation of its existing point-of-care tests. During this phase, the Company is unlikely to pay a dividend. The ability for the Company to pay a dividend in the future and the timing of any dividend is dependent on a number of factors including deriving sufficient cash flows from future operations.

3.12 Risks

An investment in Universal Biosensors involves many risks and should be regarded as being a speculative investment. The risks associated with an investment in Universal Biosensors are set out throughout this Prospectus and, in particular, in section 7 of this Prospectus. Before making an investment decision, potential Applicants should read the Prospectus in full and should consult with their professional advisers.

3.13 Website

Universal Biosensors will place this Prospectus on its website www.universalbiosensors.com. Persons who receive a copy of this Prospectus in electronic form are entitled to obtain a paper copy of the Prospectus free of charge by contacting Universal Biosensors or the Share Registry.

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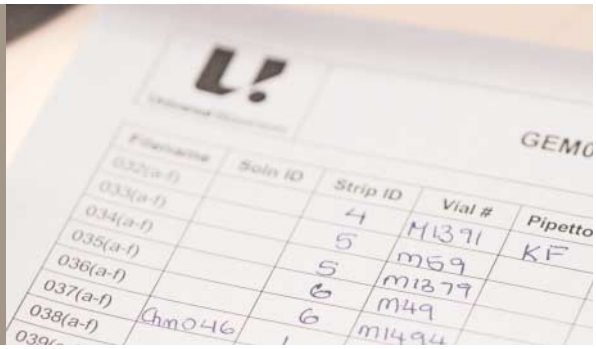


Industry Overview

In Vitro Diagnostic Testing

In vitro diagnostics tests are tests performed on samples removed from the human body. The samples may be body tissue such as biopsies or swabs, or fluids such as blood, urine and saliva. Universal Biosensors is currently developing three blood tests which are at varying stages of development.

Traditionally, tissue or blood samples have been sent to a centralised pathology laboratory where analysis of the sample is performed by a trained laboratory professional. Pathology tests generally produce accurate results, however, the results may not be generated quickly enough to enable the doctor to review and make a decision regarding the results whilst the patient is present. As a result of advances in technology, it has become possible for some testing to be performed, results to be generated for review and action to be taken at the 'point-of-care', either by doctors, or in certain situations, by the patients themselves.

The worldwide *in vitro* diagnostics testing market was estimated to be US$32.2 billion in 2005 and is forecast to grow at a compound annual rate of 5% to 7% per annum to an estimated US$45.5 billion in 2010. This worldwide market includes sales of all laboratory and hospital-based (professional) products and over-the-counter or patient self-tests.

Diagnostic testing plays a critical role in the effective delivery of healthcare. Diagnostic tests are currently used for the following purposes:

- *screening* – to look for risk factors or indicators of a condition or disease developing, which may permit early intervention to reduce adverse health outcomes or the risk of occurrence of the condition;
- *diagnosis* – to help establish or exclude the presence of, or determine the severity of a condition in a patient or to monitor or detect the reoccurrence of a condition; and
- *ongoing disease management* – to determine whether a prescribed medication is producing the intended physiological effect and to help select and adjust therapies and dosages of medications.

Market for *In Vitro* Diagnostic Tests

The market for *in vitro* diagnostic tests covers a large number of commonly used tests across a range of categories including immunoassays (e.g. fertility tests), molecular assays (e.g. tests for inherited disorders), coagulation (e.g. prothrombin time tests), blood banking (e.g. tests to detect diseases in blood donations) and histology (e.g. cancer detection).

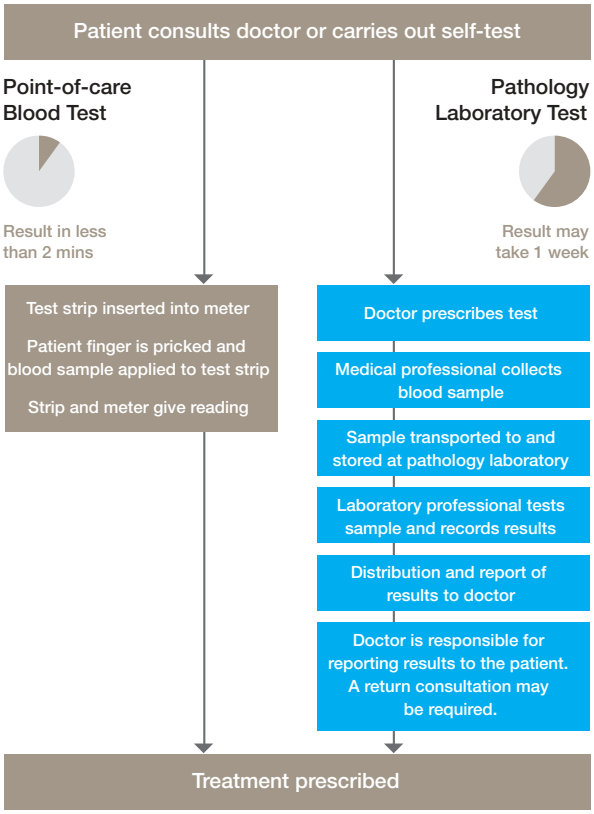
Out of the total worldwide *in vitro* diagnostic reagent sales, it is estimated that in 2005:

- laboratory immunoassay testing (which includes C-reactive protein tests as a subcategory along with others) accounted for an estimated US$5.7 billion sales;
- coagulation testing (which includes prothrombin time tests as a subcategory along with others) accounted for an estimated US$925 million sales; and
- patient self-monitoring blood glucose testing accounted for an estimated US$6.5 billion in sales and professional/hospital point-of-care blood glucose monitoring (performed by a healthcare professional) accounted for an estimated US$1.2 billion sales.

Point-of-Care Testing

Point-of-care testing is 'real-time' diagnostic testing that is performed near to or at the site of the patient with the result leading to a possible change in the treatment of the patient. The key objective of point-of-care testing is to generate an accurate and quick result so that appropriate treatment can be implemented, leading to an improved clinical and/or economic outcome. There exists a trend within the diagnostic testing market away from the traditional central pathology laboratory setting to the patient's side. This has been enabled by the emergence of new technology and by new strategies adopted by hospitals to shorten patient stays or move care to an outpatient setting.

Point-of-Care Blood Testing Compared to Pathology Laboratory Testing

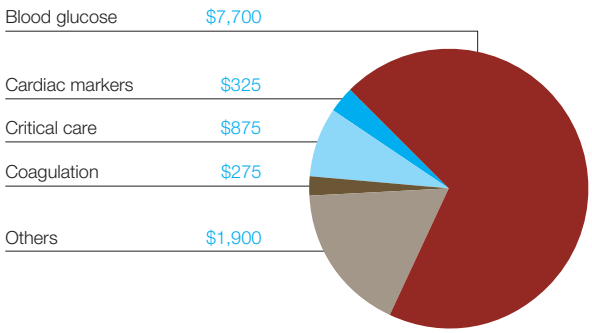


There are two major categories of users of point-of-care tests:

- healthcare professionals who utilise point-of-care tests in a professional setting such as hospitals (accident and emergency or theatre), doctors offices and other decentralised healthcare facilities such as walk-in clinics and nursing homes; and
- patients who self-test, including with 'over-the-counter' products.

Estimated Worldwide Point-of-care Test Sales by Segment in 2005

(US$ million)



In 2005 the combined self-testing and professional applications of point-of-care testing generated estimated worldwide sales of US$11.0 billion compared to an estimated US$6.8 billion in sales in 2003. In 2005, point-of-care tests (including blood glucose self monitoring) represented approximately 30% of the *in vitro* diagnostics market in the United States and Europe, compared to 25% in 2003. The most widely used patient self-tests include tests for blood glucose, pregnancy and ovulation. The point-of-care tests most widely used by professionals are for blood glucose, critical care and cardiac markers.

The worldwide market for point-of-care *in vitro* diagnostic tests is projected to grow to reach an estimated US$16 billion in 2010. Recent growth can be attributed to significant increases in blood glucose self-monitoring and in certain professional test segments including critical care and cardiac markers which is likely to continue through to 2010.

Universal Biosensors has developed a working prototype of an immunoassay test for C-reactive protein and a prothrombin time test. Universal Biosensors has also developed a patient self-monitoring blood glucose diagnostic test for LifeScan. All three tests are targeted at both existing and potential future point-of-care markets.

Immunoassay Test for C-reactive Protein

Immunoassay testing is used to detect or quantify a specific substance in blood or bodily fluid utilising an antibody-antigen reaction. Typically the substances being tested for in the blood are molecules such as proteins, enzymes or hormones. By incorporating different antibodies specific to different molecules in an immunoassay test, it is possible to build a wide variety of immunoassays.

It is estimated that the total worldwide immunoassay segment of the *in vitro* diagnostic market was approximately US$5.7 billion in sales in 2005 and is expected to reach US$8.1 billion in sales in 2010.

Universal Biosensors' current focus is the development of an immunoassay test to measure the amount of C-reactive protein in the blood. C-reactive protein is found in the blood and was discovered in 1930. It is an established biomarker that is routinely used in pathology laboratories for indication of inflammatory conditions. Rather than being undertaken in a pathology laboratory, Universal Biosensors' C-reactive protein test would be undertaken in a doctor's setting with the results being interpreted by healthcare professionals. The Company estimates that the worldwide market for both laboratory based and point-of-care C-reactive protein tests was approximately US$300 million in 2005 which is forecast by the Company to grow to an estimated US$420 million in 2010.

In the US, the Food and Drug Administration or 'FDA' has cleared certain C-reactive protein tests for use as an aid in the identification and assessment of individuals at risk of cardiovascular disease. Universal Biosensors considers that there is a significant, future market opportunity with respect to atherosclerosis, a cardiovascular disease now understood to have a significant inflammatory component as well as a build-up of fatty deposits or plaques on the inside walls of the arteries. This build up reduces the flow of blood to the heart, brain and other tissues and can therefore cause serious diseases and complications such as heart attack or stroke. Atherosclerosis is the leading cause of death in the developed world and is responsible for more than half the yearly mortality in the US. This rate of mortality associated with atherosclerosis is estimated to cost the US more than US$100 billion per annum.

Universal Biosensors believes that C-reactive protein may in the future be utilised not just in its existing role as a risk predictor, but also in the active management of atherosclerosis when used in conjunction with statins. Statins, which are a class of medication usually prescribed to lower cholesterol, were recently observed to have an independent anti-inflammatory effect. If C-reactive protein levels can be shown to directly correlate with the effectiveness of statins in reducing death, Universal Biosensors considers it likely that the utility of C-reactive protein testing will be considerably extended. A worldwide study (JUPITER: Justification for the Use of statins in Primary prevention: an Intervention Trial Evaluating Rosuvastatin) is currently underway to evaluate the effectiveness of statin therapy on the reduction of major cardiovascular events among individuals with average or normal cholesterol levels and elevated C-reactive protein levels. This key study is not due to report its findings until 2007 or 2008.

Prothrombin Time Test

Prothrombin time tests are widely used for monitoring the therapeutic range of the long-term anticoagulant, warfarin. The results of a prothrombin time test are typically reported as an 'International Normalised Ratio' or 'INR'.

Warfarin was first synthesised in 1948 and remains the drug of choice for the prevention of thrombosis. It is the most prescribed oral anticoagulant in the US with approximately 17 million prescriptions reported to have been written in 2005.

The safety and effectiveness of warfarin depends on maintaining 'prothrombin time' within a specific therapeutic range, which can be challenging if not actively managed. If the warfarin dose is too high, there is a risk of haemorrhage or uncontrolled bleeding, which can be fatal. If the does is too low, it will be ineffective in reducing the risks associated with blood clots from the underlying condition.

Patients administered warfarin over the long term include those with mechanical heart valves and those suffering from the heart condition known as atrial fibrillation (an abnormal heart rhythm or cardiac arrhythmia) of which there are an estimated 2.5 million people in the US, with over a quarter of these patients taking warfarin. In 2005, estimated worldwide sales of point-of-care prothrombin time self-tests were US$125 million which is expected to grow by approximately 8% per annum to an estimated US$185 million in 2010.

The point-of-care market for prothrombin time tests is made up of both professional and self-tests. The American College of Chest Physicians recommends that warfarin be monitored at least once every four weeks once a patient's response to warfarin has stabilised. More frequent monitoring is required before stabilisation or in patents who have an unstable response to the warfarin.

Universal Biosensors considers that there is growing support for the use of patient self-monitoring of prothrombin time on the basis that with more frequent testing, patients are more likely to remain in the correct therapeutic range. The US Centres for Medicare and Medicaid Services has observed that monthly testing is inadequate for the majority of patients on chronic warfarin therapy and have recently indicated that they consider prothrombin time testing may be undertaken as frequently as once per week.

Blood Glucose Test

Diabetes is a condition in which the body loses its ability to regulate blood glucose. Type 1 diabetes (sometimes also known as insulin-dependent diabetes or juvenile-onset diabetes) develops when the body's immune system destroys pancreatic beta cells, the cells in the body that make the hormone insulin that regulates blood glucose. To survive, people with Type 1 diabetes must have insulin delivered by injection or a pump. Type 1 diabetes accounts for approximately 5% to 10% of all diagnosed cases of diabetes.

Type 2 diabetes (sometimes also known as non-insulin-dependent diabetes or adult-onset diabetes) accounts for approximately 90% to 95% of all diagnosed cases of diabetes. Type 2 diabetes is associated with older age, obesity, a family history of diabetes, a history of gestational diabetes, impaired glucose metabolism and physical inactivity.

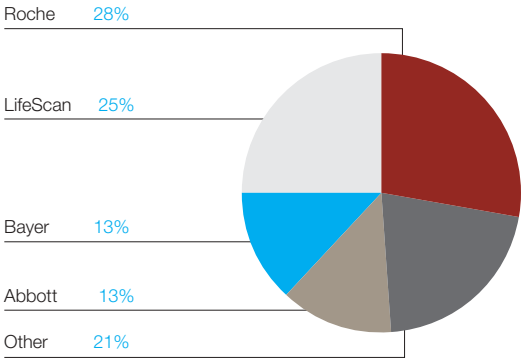
Low blood sugar levels in diabetics can lead to a loss of consciousness (coma) whereas high blood sugar levels can ultimately result in a number of irreversible complications such as diabetic blindness, kidney and nerve disease and limb amputation. The most serious problem caused by diabetes is heart disease. Diabetics are more than twice as likely as people without diabetes to have heart disease or a stroke. If the blood contains too much or too little glucose, a patient will need to change his or her level of medication, meal or exercise plan. Some diabetics are required to check their blood glucose levels once a day whereas others carry out blood glucose tests three or four times a day.

In 2005, the total prevalence of diabetes in the US across all ages was estimated to be 20.8 million people or approximately 7% of the US population. Of this total, an estimated 14.6 million people in the US have actually been diagnosed with diabetes and an estimated 6.2 million people in the US remain undiagnosed.

The point-of-care market for blood glucose tests is made up of both hospital and self-tests, which typically comprise a handheld meter with disposable test strip. Point-of-care blood glucose tests were first used by diabetics in the early 1980s to self-monitor blood glucose and adjust medication accordingly. The ability of diabetics to conveniently and reliably self-test, allowing for more frequent doses of insulin, has been shown to delay the onset and progression of long-term complications in Type 1 diabetics. The Diabetes Control and Complications Trial conducted from 1983 to 1993 by the National Institute of Diabetes and Digestive and Kidney Diseases in the US showed that more intensive dosing resulted in an estimated 76% reduced risk of eye disease, a 50% reduced risk of kidney disease and a 60% reduced risk of nerve disease.

The largest point-of-care diagnostic market, and the largest segment within the *in vitro* diagnostic market, is blood glucose monitoring. Worldwide sales of blood glucose point-of-care tests were estimated to be US$7.7 billion in 2005 and are estimated to grow to US$11.3 billion in 2010. The following four companies dominate the professional point-of-care and self-testing blood glucose monitoring market, and accounted for approximately 79% of the estimated worldwide US$7.7 billion market in 2005.

Major Participants in Worldwide Market for Blood Glucose Monitoring in 2005



Competition

Most *in vitro* diagnostic tests are still carried out in a central pathology laboratory, particularly in circumstances where a suitable technology does not exist for the tests to be undertaken at the point-of-care or where interpretation of the results is complicated and requires specialised healthcare personnel. For example, immunoassay testing still predominantly requires testing in a central pathology laboratory and interpretation of results by a healthcare professional.

The point-of-care diagnostic testing market is dominated by a number of large multinationals who enjoy several competitive advantages, including:

- significant name and brand recognition;
- established relationships with healthcare professionals and patients;
- established distribution networks;
- additional product lines and the ability to offer rebates or bundle products;
- greater resources for conducting research and development, manufacturing and experience in obtaining regulatory clearance for products and marketing; and
- greater resources for product development, sales and marketing and patent litigation.

In addition to large multinational competitors, there are a number of other companies which are developing or have developed competitive point-of-care technologies including those which employ non-invasive techniques including the use of infrared light reflected off the skin, or the use of fluid samples such as saliva or sweat. Some non-invasive techniques may be less accurate than direct blood testing and may suffer from time lags in the delivery of results, which arise from the time it takes for the analyte to move from the blood stream to the skin surface.

5

The Business of the Universal Biosensors Group

Universal Biosensors is a specialist medical diagnostics company focused on the development, manufacture and commercialisation of a range of *in vitro* diagnostic tests for point-of-care use.

The Universal Biosensors Group was established in 2001 for the purpose of carrying out research and development into novel electrochemical cell technologies. Universal Biosensors was incorporated in the US, and its wholly owned subsidiary and operating vehicle, Universal Biosensors Australia, was incorporated in Australia at the same time in 2001. Universal Biosensors and Universal Biosensors Australia comprise the 'Universal Biosensors Group' or 'Group'.

The founding shareholder of Universal Biosensors was The Principals Cornerstone Fund Pty Ltd which holds its Shares on trust for Messrs Denver, Hanley, Kiefel and Adam, all of whom will be Directors upon the close of the Offer. Soon after its establishment, the Universal Biosensors Group assembled a core scientific and technical team which, over the 10 years prior to incorporation, had been integral to the development of a suite of novel electrochemical cell technologies that are now owned by LifeScan and licensed to Universal Biosensors. This core team continues to lead the Group's scientific and technical efforts.

In 2002, Universal Biosensors entered into a License Agreement with LifeScan (an affiliate of Johnson & Johnson) pursuant to which LifeScan granted to Universal Biosensors a license to certain electrochemical cell technologies in all fields of use excluding fields relating to the diagnosis, management and monitoring of diabetes and the measurement of glucose in humans. All rights in these fields have been retained by LifeScan. At the same time in 2002, Universal Biosensors entered into a Development and Research Agreement with LifeScan pursuant to which Universal Biosensors agreed to undertake contracted research and development in respect of a blood glucose test for LifeScan. LifeScan has retained all rights and control with respect to the commercialisation of the blood glucose test which has been developed by Universal Biosensors. In December 2003, Johnson & Johnson Development Corporation became a Shareholder.

Over the past two years, Universal Biosensors Australia has carried out development on a point-of-care immunoassay blood test for C-reactive protein to detect inflammation and a point-of-care prothrombin time blood test for diseases requiring warfarin and has developed working prototypes of both tests.

Universal Biosensors Australia has recently entered into a lease of a 5,000m^2 facility in Melbourne which is suitable for continued research and development as well as commercial scale manufacture of its point-of-care tests.

To date, Universal Biosensors has secured investment from private and venture capitalist investors in both Australia and the US totalling in aggregate approximately US$14.3 million (approximately A$19.0 million). Since April 2002, Universal Biosensors has also received contract research funding from LifeScan of approximately US$7.2 million (approximately A$9.6 million). Furthermore, Universal Biosensors Australia has received funds through an Australian Government R&D Start grant in the amount of A$1.2 million. For further details of the R&D Start grant, please see section 12.9.

Strip and Meter Technology

The point-of-care blood tests being developed by Universal Biosensors comprise of a disposable test strip which is inserted into a small, re-usable handheld meter. Each of the tests in development utilises an electrochemical sensor at the end of the strip. This sensor is able to detect and measure electrical signals in a sample of blood. The signal is then recorded by the meter and converted into a reading. Following are the steps required to conduct a point-of-care blood test.

1. The healthcare professional or patient inserts a test strip into the meter which turns on the meter and allows the meter to perform an instant integrity check of the test strip.
2. The patient takes a finger prick sample of blood and makes contact with the test strip.
3. The sample of blood is then drawn into the electrochemical cell where the blood dissolves reagents within the cell. The resulting reaction within the electrochemical cell is measured electronically by the meter.
4. The electronic signal is analysed in the handheld meter. The meter interprets the signals and gives a reading for the healthcare professional or patient within seconds or minutes on an easy to read screen.

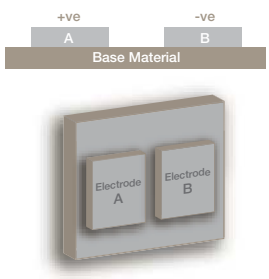
Innovative Electrochemical Cell Structure

The process described above is typical of currently marketed point-of-care blood tests. However, the structure and geometry of the electrochemical cells used in many currently marketed test strips is different to the patented structure and geometry of the electrochemical cells used by Universal Biosensors.

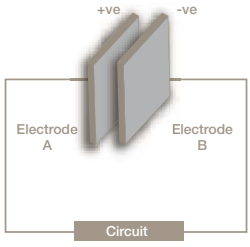
The majority of electrochemical cells used in current diagnostic tests have electrodes positioned within the cell in a traditional side-by-side or 'co-planar' layout. This side-by-side layout is designed to minimise the electrical interference between the electrodes.

One of the key scientists now employed by Universal Biosensors Australia was involved in the seminal discovery that the interference between electrodes is predictable and useful. This discovery suggested that the use of flat, parallel electrodes which were close to one another and opposing could be used to improve the electrochemical measurement of reactions in the blood. The use of opposing electrodes was counter to conventional wisdom at the time which was that electrochemical cells had to have a non-interfering co-planar electrode layout in order to measure reactions in the blood.

Co-planar Electrodes



Opposing Electrodes



The novel opposing electrode structure has allowed for increased miniaturisation of the electrochemical cell and enables the test strips to be manufactured in a continuous and considerably simplified process with expected consequent advantages resulting in reduced costs of capital equipment and materials. Universal Biosensors also considers that this layout will satisfy the primary performance requirements of its point-of-care tests, including small blood sample size, improved accuracy and fast response time. Following is a summary of the components of the point-of-care tests being developed by Universal Biosensors together with the features and desired outcomes.

Components of Universal Biosensors' Point-of-Care Blood Tests

Disposable Test Strip and Handheld Meter	Geometry Utilising Opposing Electrodes in Test Strip	Advanced Algorithm and Signal Processing in Handheld Meter
Features and Desired Outcomes		
• Easy to use with small sample of blood from finger prick • Rapid test results are available in 'real time' allowing immediate adjustments in therapy or patient management • Sample handling and tracking errors are minimised • Non-laboratory professionals and in some cases, patients can perform tests • Tests can be performed in virtually any point-of-care setting including doctor's office, hospital or at home	• Simple highly automated manufacturing process • High yields of testing strips able to be manufactured • Opposing electrodes allow for miniaturisation of electro-chemical cell • Required information can be extracted from the strip's signal response	• Meter gives reading of results within short time frame • Ability to tolerate variables and interferents in blood samples such as temperature, viscosity, oxygen, haemoglobin, variation in red cell numbers • Reduced requirement for calibration • Few trade offs between sample size, speed and accuracy • Ability to detect a variety of test strip, operator and meter errors

Business strategy

C-reactive Protein Test and Prothrombin Time Test

Over the past two years, the Universal Biosensors Group has been developing blood tests for C-reactive protein and prothrombin time and has developed a working prototype of those tests. If the development efforts continue to be successful, Universal Biosensors expects to be in a position to commence formal validation of the C-reactive protein test and the prothrombin time test in 2008, following which, Universal Biosensors will seek regulatory clearance for these tests. The Company intends to sell its C-reactive protein and prothrombin time tests using specialist distributors in Europe, the US and internationally. In Europe and the US, point-of-care testing in medical and patient communities is an established medical practice.

Universal Biosensors also intends to develop additional immunoassays by taking proven disease biomarkers currently used in the central laboratory environment and adapting those diagnostic tests to the point-of-care setting, using its platform of electrochemical cell technologies. If appropriate, Universal Biosensors may seek commercial partners to assist in the development or sales and distribution of its existing and future tests.

Blood Glucose Test

Universal Biosensors plans to develop the blood glucose test to the point where the Universal Biosensors Group is capable of commercially manufacturing the test at volumes suited to the market. Universal Biosensors is targeting filing for the first regulatory marketing clearance of the blood glucose test in late 2007 or early 2008. At or before this time, the Company will seek to negotiate a manufacturing and supply agreement with LifeScan.

LifeScan currently owns the exclusive rights to commercialisation of the blood glucose test but does not have the manufacturing facilities established for the product being developed by Universal Biosensors.

Universal Biosensors believes it will be in a position to negotiate and enter into a supply agreement with LifeScan at a time when Universal Biosensors has built the manufacturing capacity to supply such a product. However, the ultimate decision as to whether LifeScan will negotiate with Universal Biosensors and whether the parties will be able to enter into a supply agreement will be largely dependent on LifeScan.

In the event that regulatory clearance for the blood glucose test is obtained by Universal Biosensors, the Company estimates that it could be in a position to supply the blood glucose test for sales and distribution by LifeScan in 2008.

If at any time LifeScan indicates that it will not proceed with commercialisation of the blood glucose test, or the Company believes it will be unable to conclude an agreement on fair and equitable terms, Universal Biosensors will focus the manufacturing equipment being acquired by Universal Biosensors for use in the manufacture of its C-reactive protein test or prothrombin time test. Funds that would otherwise have been used in product validation of the blood glucose test will be applied to accelerate the development and commercialisation of its C-reactive protein and prothrombin time tests, and to commence development of new tests.

Manufacturing and Operations

Facilities

Universal Biosensors Australia has recently entered into a lease for office, research and development and manufacturing facilities of approximately 5,000m^2 in Melbourne, Australia. The new facilities will be fitted out and are expected to be ready for occupation in the first half of 2007. For further details of the terms of the lease, please see section 12.9.

Quality Management System

In order to manufacture or supply its point-of-care tests, Universal Biosensors must operate under a recognised 'Good Manufacturing Practice' or 'GMP' regime. ISO 13485:2003, 'Quality Systems – Medical devices – System requirements for regulatory purposes' is a key international standard for the development, manufacture, quality control and commercialisation of medical devices. Universal Biosensors continues to build a quality management system that is designed to comply with this standard and plans to seek certification by regulatory authorities of its quality management system in 2007. Certification under ISO 13485:2003 is one of the prerequisites required for the commercial sale of medical devices, including point-of-care diagnostic tests.

Manufacturing Equipment

During 2006, Universal Biosensors has ordered the construction of large scale custom designed manufacturing equipment which is expected to be delivered and validated under the GMP regime in the first half of 2007. Any outstanding costs to be paid in respect of the equipment form part of the use of funds set out in section 3.4. The manufacturing equipment is based on pilot manufacturing equipment developed and tested by Universal Biosensors' scientists and engineers over the past seven years, and is the embodiment of a large base of proprietary knowledge and patents. This equipment is scaleable and thus suitable for additional manufacturing capacity as required.

Depending on the specific point-of-care test and the number of strips required to be manufactured by Universal Biosensors Australia, it may become necessary in the future to acquire additional large scale equipment to satisfy demand. The Universal Biosensors Group expects that with minor modifications, the manufacturing equipment currently being constructed would be suitable for the commercial manufacture of the strips for the three tests currently being developed by the Group and is likely to be able to be used for any future tests that may be developed.

Manufacture of Test Strips, Handheld Meters and Control Solution

Universal Biosensors Australia intends to manufacture the disposable test strips for each of its existing and future point-of-care tests using its custom manufacturing equipment. The test strips would be manufactured using a highly automated proprietary process using freely available starting materials sourced from third party suppliers. Final assembly, quality assurance and the initial packaging of the test strips would be conducted by Universal Biosensors Australia.

Universal Biosensors Australia intends to outsource to contractors, the manufacture of the reusable meters and the control solution used to confirm accurate operation of the meters. Universal Biosensors Australia is currently in discussions with a specialist international medical equipment manufacturer in relation to the outsourced design and manufacture of the meters in accordance with pre-defined specifications. Universal Biosensors Australia believes that outsourcing the manufacture of the meters and the control solution will minimise capital investment, maintain quality standards, help control costs and take advantage of the expertise such third parties have in the design and production of meters.

Employees

At the date of this Prospectus, the Universal Biosensors Group had 27 permanent employees spanning engineering, quality, research and development and administration. The team has a track record in technical innovation and experience in all aspects of the development and commercialisation of point-of-care diagnostic tests. The qualifications and experience of Universal Biosensors' key personnel is outlined in section 6 of this Prospectus.

Regulatory Clearances

Regulatory clearances are required for marketing diagnostic tests in all major territories of the world. The regulatory clearance requirements vary from country to country and product to product, however, regulatory clearances typically require:

- a satisfactory 'Technical File', which provides the regulatory bodies with details of the design and previous testing of the product;
- the conduct of trials; and
- demonstration of an appropriate 'Quality Management System.'

Assessment of the Technical File and the Quality Management System usually takes place during an on-site inspection. There is no common international regulatory body and the facilities utilised by Universal Biosensors Australia would be required to be inspected by regulators from several of the jurisdictions in which it seeks to market its products. For example, in Europe, a 'Notified Body' is required to approve the product whereas in the US, the Food and Drug Administration or 'FDA' is the regulatory body responsible for the examination of the design of the device and for assessment of Universal Biosensors quality system.

In the case of the self-monitoring tests (e.g. blood glucose test and prothrombin time test), there are often additional requirements that a manufacturer must meet such as an examination of certain aspects affecting its suitability for non-professional users. In Europe, certain codified standards describe the requirements of the self-monitoring tests whilst in the US, tests to be used by non-laboratory professionals must gain waiver status under the US Clinical Laboratory Improvement Amendments of 1988. Amongst other clearances, Universal Biosensors will also require clearance for export of medical devices from the Therapeutics Goods Administration or 'TGA' in Australia.

Intellectual property

The point-of-care tests being developed by the Universal Biosensors Group draw upon an extensive portfolio of patents and patent applications. Universal Biosensors Australia currently owns 14 pending patent applications. Pursuant to the License Agreement, LifeScan licenses to Universal Biosensors 183 patents and 227 pending patent applications, granting Universal Biosensors the right to use and exploit the licensed patents and patent applications in all fields of use excluding the fields of diagnosing, managing and monitoring diabetes and the measurement of glucose in humans, the rights to which are retained by LifeScan.

Intellectual property rights created by employees of the Universal Biosensors Group in subsequent inventions are owned by the Universal Biosensors Group with a license back to LifeScan in the fields of diagnosing, managing and monitoring diabetes and the measurement of glucose in humans. Pursuant to a Development and Research Agreement, Universal Biosensors has a limited license in the field of diabetes and glucose measurement to carry out certain research and development activities for LifeScan. The terms of the License Agreement and the Development and Research Agreement are summarised in section 12.9 of this Prospectus.

Since April 1994, Alastair Hodges (Chief Scientist) and Garry Chambers (Vice President of Operations) have been among those that have been involved in development of the the core electrochemical cell technology currently licensed to Universal Biosensors from LifeScan. Owing to the history of the work carried out by the key scientists and engineers, the Group possesses significant know-how and proprietary knowledge, accumulated across product, process and manufacturing expertise.

Further details of the patents and patent applications owned and licensed by the Universal Biosensors Group are set out in the Patent Attorney's Report set out in section of 10 of this Prospectus.

6

Directors and Management

Board of Directors

Upon the issue of Shares under the Offer, the Board will be as follows.

Mr Andrew Denver BSc (Hons), MBA, FAICD
Non Executive Chairman

Between 2002 and 2005, Andrew was President of Pall Asia, a subsidiary of Pall Corporation, with responsibility for all Pall Corporation activities in the Asia Pacific region. Andrew joined Pall in 2002 with the acquisition by Pall Corporation of US Filter's Filtration and Separations business, where he was President. Andrew was appointed President and Chief Operating Officer of the US Filter Filtration and Separations Group in February 1998 after US Filter acquired Memtec Limited. Prior to his position at US Filter, Andrew was President and Chief Operating Officer of Memtec Limited from 1987 to 1997, and prior to that, at Baxter Healthcare Corporation where he was employed for 12 years in a number of positions. Andrew's last assignment at Baxter Healthcare Corporation was as President of the corporation's US based Medical Devices Division.

Andrew is a foundation member of The Principals Funds Management Pty Ltd, which helps Australian technology businesses commercialise their technologies. Andrew was a founding member and director of the Australian Environment Management Export Corporation and was the inaugural chairman for the first two years. Andrew was also a founding member and director of the Environment Management Industry Association of Australia. Andrew is a non executive director of CathRx Ltd and Anzon Australia Ltd.

Andrew graduated from the University of Manchester with a Bachelor of Science Degree (Honours) in Chemistry and achieved a distinction in his MBA at the Harvard Business School and is a Fellow of the Australian Institute of Company Directors. Andrew was appointed as a Director of Universal Biosensors on 31 December 2002 and is a substantial Shareholder of Universal Biosensors, the details of which are set out in section 12.17.

Mr Mark Morrisson BSc (Hons)
Chief Executive Officer

Mark has extensive experience in the *in vitro* diagnostic and life science industries, a large part of which was spent as an executive, and more recently as a venture capital investor.

Mark trained as a biochemist at the University of Queensland in Australia before joining AGEN Biomedical Limited ('AGEN') in 1986, shortly before its public listing. AGEN was one of Australia's first biotechnology start ups and was involved in the development of antibody based blood tests for a number of diseases. Shortly thereafter, Mark relocated to the east coast of the US where he was involved in product management for AGEN. In 1992, Mark was appointed Vice President of Marketing for North America and then subsequently as Vice President of Marketing for Europe, the Middle East and North Africa. In these positions, Mark served as a member of the new product committee and as a member of AGEN's global management executive team. Other responsibilities in the role included

new business development, development of strategic partnerships, licensing and contracts, and leading sales and marketing and distributor management efforts.

More recently, Mark has worked as an advisor and consultant for Thallo Biosciences, a San Francisco based corporate and strategic advisor serving the pharmaceutical, biotechnology and life sciences industries, and as Investment Manager for CM Capital Investments Pty Limited, a Brisbane based venture capital investor where he led that firm's investment rounds into CathRx Ltd and Pharmaxis Ltd. Mark was previously a director of CathRx Ltd and an alternate director of Pharmaxis Ltd. Mark returned to Australia in July 2005 to take up his position with Universal Biosensors.

Mark holds a Bachelor of Science Degree in Biochemistry (Hons). Mark is the Chief Executive Officer of the Universal Biosensors Group and was appointed as a Director on 15 August 2006. A summary of Mark's employment agreement is set out in section 12.13 and details of his interests in securities of Universal Biosensors are set out in section 12.17.

Dr Colin Adam BE (Met), PhD
Non Executive Director

During 2000, Colin was the Acting Chief Executive of the Commonwealth Scientific and Industrial Research Organisation ('CSIRO'). The CSIRO is the peak Australian Government body with a mission for technological development and industrial research and development. Prior to that, Colin was Deputy Chief Executive directly responsible for all the CSIRO's commercial activity.

Colin's career has included technology management positions within the US aerospace industry as Program Manager in advanced alloy development for Pratt & Whitney Aircraft in Florida and as Manager of the Materials Laboratory for Allied Corporation in New Jersey. Colin subsequently became director of the Metals and Ceramics Laboratory, Corporate Technology for Allied.

Colin has served as a member of the Commonwealth Government's Industry Research and Development Board, the Australian Prime Minister's Science Engineering and Innovation Council and the Victorian Premier's Science, Engineering and Technology Taskforce. Colin serves on the board of Ausmelt Limited. Colin was previously a director of Memtec Limited, Melbourne IT Limited, and was Chairman of Tele IP Ltd and The Preston Group, an aviation software company sold to Boeing in 1999.

Colin has a Bachelor of Metallurgical Engineering Degree and a PhD in Metallurgy from the University of Queensland. Colin has been a director of Universal Biosensors Australia since 10 July 2002 and his appointment as a non executive Director of Universal Biosensors will take effect on the issue of Shares under the Offer. Colin is also a foundation member of The Principals Funds Management Pty Ltd and is a substantial Shareholder of Universal Biosensors, the details of which are set out in section 12.17.

Mr Denis Hanley AM, MBA, FCPA, FAICD
Non Executive Director

Denis Hanley is a qualified accountant and company director with more than 35 years experience in the management of technology-based growth businesses.

Denis spent 14 years with Baxter International Inc., a global medical products and services company. His career at Baxter included a number of international assignments including its Chicago headquarters, and his last position was Managing Director of Baxter's Australian operations. In 1983, Denis was founding Chief Executive Officer and, in 1986, Executive Chairman of the Australian-based separations technology company, Memtec Limited. Under his leadership, Memtec grew into a global operating filtration and separations business with 1,700 employees, listed on the New York Stock Exchange. Since the sale of Memtec to US Filter in 1997, Denis has been a successful angel investor,

assisting the commercialisation of several Australian technologies. Denis is non-Executive Chairman of Pharmaxis Ltd, CathRx Ltd and Lochard Ltd.

Denis holds an MBA with High Distinction from Harvard Graduate School of Business, where he was named a Baker Scholar. Denis was appointed as a Director on 21 September 2001. He is a foundation member of The Principals Funds Management Pty Ltd and a substantial Shareholder of Universal Biosensors, the details of which are set out in section 12.17.

Mr Andrew Jane BSc (Hons), MSc
Non Executive Director

Andrew joined CM Capital Investments Pty Ltd in 2003 as an Investment Manager and was promoted to Partner in 2006. Andrew began his career in academic research and the CSIRO and prior to becoming a venture capitalist, had a successful 10 year career in small entrepreneurial technology companies working in Australia, Japan and the US. Andrew is currently a director of Advent Pharmaceuticals Pty Limited and an observer to the board of Metastatix, Inc.

In 1994 Andrew was recruited to lead AGEN Biomedical Limited's biosensor and instrumentation program which played a key role in the rapid expansion of AGEN's export sales into the US. Andrew's other major contribution at AGEN was to be the original internal start-up entrepreneur for the in vivo diagnostic imaging program for detecting blood clots, known as Thromboview, now in global Phase II trials.

In 1999 Andrew left AGEN and joined Lake Technology prior to its successful ASX listing later that year. As director of business development and licensing, Andrew worked closely with Lake Technology's strategic partner, Dolby Laboratories in San Francisco, and was responsible for a significant number of global licensing deals during his four years there. The rapid growth of the company was recognised by Dolby, which acquired Lake Technology in 2004.

Andrew received his MSc in Instrumentation from the University of Manchester Institute of Science and Technology and holds a BSc (Honours) in Physics from St Andrews University in Scotland. Andrew was appointed as a Director on 15 August 2006 and, through his position with CM Capital Investments Pty Ltd and its associated entities, has a substantial interest in the share capital of the Universal Biosensors, the details of which are set out in section 12.17.

Mr Charles Kiefel BCom, FCA, FAICD
Non Executive Director

Charles is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. Charles has more than 20 years experience in finance, investment banking and the investment sector in London with Lazard Bros, New York with Lazard Freres, Sydney with Ord Minnett and Melbourne with ANZ Investment Bank. Charles has significant exposure on the buy-side of money management in a range of asset classes.

Charles is Chairman of the Military Superannuation Board, a substantial Australian pension fund and serves on the advisory boards of two of Australia's largest private equity funds, Pacific Equity Partners Fund and CHAMP II Fund. Charles is a Director of Business Development for two major US money managers, Turner Investment Partners and LSV Asset Management. Charles is also a non executive director of Pharmaxis Ltd.

Charles has been a director of Universal Biosensors Australia since 19 September 2002 and his appointment as a non executive Director of Universal Biosensors will take effect on the issue of Shares under the Offer. Charles is a foundation member of The Principals Funds Management Pty Ltd and a substantial Shareholder of Universal Biosensors, the details of which are set out in section 12.17.

Dr Elizabeth (Jane) Wilson MBBS, MBA, FAICD
Non Executive Director

Jane is a professional company director with a background in medicine and finance. Jane has an MBA from the Harvard Business School where she studied agribusiness and the health sector. Jane is the current Chairman of IMBcom Limited (the commercialisation company of the Institute for Molecular Bioscience) and is Immediate Past President of the Australian Institute of Company Directors – Queensland Division, as well as a director of CathRx Ltd, UQ Holdings Ltd and the National Archives Advisory Council.

Jane is Finance Director of the Winston Churchill Memorial Trust and was the inaugural Chair of Horticulture Australia Ltd from 2000 to 2004. Jane is involved in a number of charitable and cultural organisations and has also served on the Queensland Government Biotechnology Taskforce, and the boards of Energex Ltd, WorkCover Queensland, AGEN Biomedical Limited and Protagonist Ltd. Jane is a member of the Queensland Premier's Smart State Council and a member of the University of Queensland Senate.

Jane's appointment as a non executive Director will take effect on the issue of Shares under the Offer. Details of Jane's interests in securities of the Company are set out in section 12.17.

Key management

Dr Alastair Hodges BSc (Hons), PhD
Chief Scientist

Alastair has been working in the field of electrochemical sensors for the last 12 years. Alastair has a BSc (Hons) in chemistry and gained a PhD in electrochemistry from the University of Melbourne in 1987.

Alastair worked as a research scientist in the Defence Science and Technology Organisation and the CSIRO in the fields of electrochemistry and transport processes until 1995, when he joined Memtec Limited to work on sensor technologies. From 1999 to 2001 Alastair led a team that worked in the US on the development of glucose sensor technology.

Alastair has published thirteen papers in refereed journals, is the primary inventor of issued patents in 24 families and has pending patent applications in a further 10 families. Alastair is employed by Universal Biosensors Australia pursuant to an employment agreement, a summary of which is set out in section 12.13.

Mr Garry Chambers
Vice President of Operations

Garry started his career at the Royal Aircraft Establishment (UK) in research and development flight systems. In 1985, Garry transferred over to the medical field initially joining Chelsea Instruments (UK) and then subsequently joining MediSense (UK), one of the first biotechnology companies to produce mass market biosensors in 1986. Whilst at MediSense, Garry worked in research and development and was involved in a wide range of tasks from laboratory instrument design and manufacture to automated test equipment for manufacturing.

In 1991, Garry migrated to Australia to join Memtec Limited to further his work on biosensor research and development. From 1999 to 2001, Garry was part of a core team based in the US, developing glucose sensors technology. Garry's main focus was to establish a manufacturing system to complement the innovative sensor technology being developed.

Garry is an inventor on 13 patents issued and pending. He is employed by Universal Biosensors Australia pursuant to an employment agreement, a summary of which is set out in section 12.13.

Mr Salesh Balak BA, CA
Chief Financial Officer

Prior to joining the Universal Biosensors Group, Salesh was chief financial officer and company secretary of Pearl Healthcare Limited, a listed entity engaged in the manufacturing and healthcare sector. Salesh has also spent 13 years in the Business Services, Audit and Financial Advisory Services divisions of KPMG in both the Melbourne and Fiji offices.

Salesh holds a Bachelor of Arts in accounting and economics and is a member of the Institute of Chartered Accountants and Certified Practicing Accountants. He is employed by Universal Biosensors Australia pursuant to an employment agreement, a summary of which is set out in section 12.13.

Ms Katherine Chapman LLB (Hons), B Bus
Company Secretary

Katherine has worked with Universal Biosensors since April 2006 and has been closely involved in Universal Biosensors' capital raising activities and other general corporate and commercial functions. Katherine is an accomplished corporate lawyer with a diverse range of corporate and commercial experience gained working in both Australia and in the United Kingdom for US firm, Morrison & Foerster.

Katherine has experience with public and private securities offerings and the representation of both Australian and international companies in global capital raisings and stock exchange listings. Katherine works closely with early stage and emerging companies looking to expand their presence and operations, through PFM Legal Pty Ltd, a company established to provide company secretarial and general counsel services to Australian technology companies. Details of the terms of Katherine's engagement are set out in section 12.13.

Katherine holds a Bachelor of Laws (Honours) and Bachelor of Business from the University of Technology, Sydney and is admitted to practice in both Australia and England and Wales.

Corporate Governance

Role of the Board

The Board is responsible for the overall governance of the Universal Biosensors Group. Universal Biosensors will progressively develop formal corporate governance policies and practices that provide a framework as to how the Board carries out its duties and obligations on behalf of Shareholders. In developing this framework, Universal Biosensors will be mindful of the Principles of Good Corporate Governance and Best Practice Recommendations issued by ASX, Sarbanes Oxley requirements and other current best practice requirements and guidance. Once developed, Universal Biosensors expects that the framework will alter over time as Universal Biosensors progresses its business plans, grows in operational complexity and as the shareholder base diversifies and grows.

Board of Universal Biosensors

Upon the issue of Shares under the Offer, the Board will consist of six non executive Directors and one executive Director. At the date of this Prospectus there are limits on the number of Directors which may be appointed to the Board. The limit on the number of Directors that may be appointed will be increased upon the issue of Shares under the Offer, which will enable the appointment of Dr Adam, Mr Kiefel and Dr Wilson as Directors.

Upon the issue of shares under the Offer, the Directors will be established into a 'staggered Board' comprising three classes of Directors, designated Class I, Class II and Class III Directors. Mr Denver and Mr Jane have been designated as the initial Class I Directors. Mr Hanley, Dr Wilson and Mr Morrisson have been designated as the initial Class II Directors. Mr Kiefel and Dr Adam have been designated as the initial Class III Directors. The term of appointment of the initial Class I Directors ends at the 2009 annual meeting of the Company, the term of appointment of the initial Class II Directors ends on the date of the 2008 annual meeting and the term of appointment of the initial Class III Directors ends on the date of the 2007 annual meeting. **At each succeeding annual meeting of Shareholders beginning in 2007, successors to the class of Directors whose term expires at that annual meeting will be elected for a three year term**. Subject to the Listing Rules, any additional Director of any class elected to fill a vacancy will hold office for a term that coincides with the remaining term of that class. In general terms, Directors may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least seventy percent (70%) of the voting power of the Company's then outstanding share capital.

Universal Biosensors considers that its Board will not initially comply with the recommendations in the ASX Principles of Good Corporate Governance and Best Practice Recommendations that the Board consist of a majority of independent directors, that the audit and compliance committee and remuneration and nomination committee comprise a majority of independent directors and that the Company have an independent chairman. Universal Biosensors considers that each of Mr Denver, Dr Adam, Mr Hanley, Mr Jane and Mr Kiefel are not independent because they are substantial Shareholders or are affiliated with substantial Shareholders of the Company (as the case may be). Mr Morrisson is not regarded as an independent director because he is an executive of the Universal Biosensors Group. Dr Wilson is considered an independent director of the Company. Universal Biosensors considers that its Board membership is suitable given Universal Biosensors' current stage of development but will over time assess whether additional independent directors are required.

The Board will continuously review its performance and mix of skills to ensure that they are appropriate to allow the Board to maximise its effectiveness and its contribution to Universal Biosensors. The Board's responsibilities include:

- overall responsibility for corporate governance, including control and accountability systems;
- reviewing and determining strategic direction and policy in conjunction with senior management;
- monitoring senior management's performance and implementation of strategy and plans;
- appointing, removing and monitoring the performance of the Chief Executive Officer, Chief Financial Officer and Company Secretary; and
- ensuring Board committees are appropriately constituted and performing their functions.

The responsibilities of the Board will vary as Universal Biosensors Group develops. The Board will regularly review the respective roles and the allocation of responsibilities between the Board and management, and will update and/or affirm the allocation of roles and responsibilities described above.

Remuneration and Nomination Committee – Universal Biosensors has established a remuneration and nomination committee comprising Dr Adam, Dr Wilson and Mr Jane (chairperson). The remuneration and nomination committee's primary functions are to make recommendations for the appointment and removal of Directors and senior management, to review Board succession plans, to evaluate the Board's performance, to assist the Board in reviewing and approving the remuneration and incentive packages of Directors and senior executives and to review the remuneration policies of the Universal Biosensors Group generally.

Audit and Compliance Committee – Universal Biosensors has established an audit and compliance committee consisting of Mr Denver, Mr Hanley, Mr Kiefel and Dr Wilson (chairperson). The audit and compliance committee's responsibilities will include:

- recommending the appointment and reviewing the performance of external auditors;
- monitoring compliance with the Corporations Act, Listing Rules, Australian Accounting Standards, Delaware General Corporation Law, the regulations of the US Securities Exchange Commission and other legal requirements;
- reviewing external audit reports and evaluating the adequacy of internal controls and management responses;
- reviewing and monitoring internal risk management practices; and
- reviewing occupational health and safety and other statutory responsibilities.

Ethical Standards – Universal Biosensors intends to establish a code of conduct applicable to the officers and employees of Universal Biosensors to encourage Directors and employees to act with integrity and observe the highest standards of behaviour and ethics.

Securities Trading – Universal Biosensors has adopted a share trading policy that prevents the trading of securities by officers and employees while in possession of price sensitive information and during set periods during the year.

Independent Professional Advice – Directors have the right to seek independent professional advice at Universal Biosensors' reasonable expense in connection with their duties and responsibilities to Universal Biosensors.

Continuous Disclosure – Universal Biosensors will adopt procedures to ensure compliance with the Listing Rules, the Corporations Act and any applicable US securities legislation to ensure timely and balanced disclosure.

Conflicts of Interest – Under Delaware law, a contract or transaction between a company and one of its directors or officers (or an entity associated with such director or officer) is not void or voidable if:

- the material facts as to the director's or officer's relationship is disclosed to the Board and the contract or transaction is approved by a majority of the disinterested directors;
- the material facts as to the director's or officer's relationship is disclosed to the shareholders entitled to vote thereon and the contract or transaction is approved by the shareholders; or
- the contract or transaction is fair to the corporation.

Interested directors may be present at or participate in the meeting and may be counted in determining the presence of a quorum.

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Risk Factors

An investment in Universal Biosensors involves many risks and should be regarded as a speculative investment.

Universal Biosensors' business activities are subject to risks both specific to the Group's activities and those of a general nature. The risks and uncertainties outlined below are some of the principal risk factors that the Directors believe are material to the Group's business. If any of these risks or any other risks eventuate, Universal Biosensors' business, results of operations, financial position and prospects and the value of the Shares could be materially and adversely affected and investors could lose all or part of their investment. Some of these factors could be appropriately mitigated, but many are outside the control of Universal Biosensors and cannot be mitigated.

Prospective investors should carefully read this Prospectus in its entirety and consider each of the following risks and uncertainties. Potential investors should also consider their personal circumstances (including financial and taxation issues) and seek appropriate professional advice before deciding whether to invest.

Risks relating to Universal Biosensors' Business

There is still a significant degree of technical risk relating to Universal Biosensors' C-reactive protein test and prothrombin time test.

The development and research of the C-reactive protein test and prothrombin time test and any new diagnostic tests will take a number of years to complete and will be costly and their outcomes are uncertain. The Group has developed a working prototype of a C-reactive protein test and prothrombin time test but needs to undertake significant additional product development work and product validation which is expected to take two years. Both tests still have a significant degree of technical risk and development work and product validation may not be successful or the outcomes may not warrant the commercialisation of the relevant product. As a result, significant monies invested and management time may be rendered unproductive and worthless.

The Development and Research Agreement provides an ongoing source of revenue for Universal Biosensors, the lack of which would have a material adverse effect on the Group.

The Universal Biosensors Group undertakes contracted research and development activities for LifeScan pursuant to a Development and Research Agreement. The Development and Research Agreement is expected to remain an ongoing source of revenue for Universal Biosensors in the short to medium term. However, the Development and Research Agreement may be terminated either for cause or with 9 months notice prior to the end of each rolling one year period. If terminated, the loss of revenue from the Development and Research Agreement would have a material adverse effect on the Company. Refer to section 12.9 for a summary of the terms of the Development and Research Agreement.

There is no guarantee that the Universal Biosensors Group will be able to successfully complete commercial negotiations for the manufacture and supply of any products for third parties on acceptable terms or at all.

Universal Biosensors is developing a commercial scale manufacturing capability that will enable the commercial manufacture of tests strips. The Directors consider that establishing this capability is an important prerequisite in being able to enter into meaningful discussions regarding the manufacture and supply of approved point-of-care tests for third parties, including LifeScan.

Specifically in relation to the blood glucose test, as a result of the existing relationship with LifeScan, Universal Biosensors receives and makes proposals in relation to new business opportunities from time to time. ***However, there is no guarantee that the Universal Biosensors Group will be able to successfully conclude a manufacturing and supply arrangement in relation to the blood glucose product, on acceptable terms or at all.***

LifeScan have the commercial rights to the blood glucose test being developed by Universal Biosensors for LifeScan. Failure to secure a manufacturing and supply agreement with LifeScan will mean that the Group would not derive any revenues from any commercialisation of the blood glucose test. Any such failure may be perceived negatively by investors and may have an adverse affect on the trading price of Shares.

If Universal Biosensors is able to secure rights to manufacture and supply point-of-care tests on behalf of any third parties, Universal Biosensors will be subject to a range of new undetermined risks including risks associated with large scale manufacturing as well as a range of contractual risks.

Diagnostic tests are subject to extensive regulation and Universal Biosensors may not be successful in obtaining clearances for some or all of the point-of-care tests in development.

The development, manufacturing, sales and marketing of diagnostic tests are subject to extensive regulation in all major markets. The process of obtaining regulatory clearance is costly and time consuming and Universal Biosensors may not be successful in obtaining clearances for some or all of the point-of-care tests in development. Products cannot be sold without regulatory clearance.

Regulatory oversight continues once products have been brought to market. Failure to comply with regulatory requirements may result in administrative or judicially imposed sanctions. Universal Biosensors or government authorities may in the future require the Company to recall any released products in the event of material defects in design or manufacture or quality-related issues, or failure to comply with regulatory requirements. Regulatory requirements are subject to change and some changes may have adverse effects on the Company.

If Universal Biosensors is not able to obtain clearances to sell or if the clearance is delayed, revoked or subject to unacceptable conditions, Universal Biosensors may not be in a position to satisfy any manufacturing commitments it may have.

Termination of the License Agreement would restrict or eliminate Universal Biosensors' ability to develop its existing or future tests.

Universal Biosensors currently holds a licence from LifeScan to a range of patents, patent applications and know-how in all fields excluding the fields of diagnosing, managing and monitoring diabetes and the measurement of glucose in humans. The License Agreement imposes material obligations on Universal Biosensors, including a best endeavours obligation to exploit the licensed intellectual property. If Universal Biosensors were to breach the License Agreement and LifeScan was entitled to, and did, validly terminate the License Agreement, this would seriously restrict or eliminate Universal Biosensors' ability to develop and commercialise its C-reactive protein test or the prothrombin time test or any future tests the Company may develop because Universal Biosensors would cease to hold the necessary licence to carry out its research, development and commercialisation activities with respect to these tests. Refer to section 12.9 for a summary of the terms of the License Agreement.

Universal Biosensors does not currently have any revenue from the sale or manufacturing of point-of-care tests.

To date, Universal Biosensors has funded the Group's activities through the issue of Shares, from payments received under the Development and Research Agreement and from government grants. Universal Biosensors has not completed the development of any of its point-of-care tests and does not have any commercial agreements to manufacture tests for third parties. Universal Biosensors' ability to generate revenues in the future will be subject to a number of factors, including:

- the successful scale up of Universal Biosensors' commercial manufacturing capabilities and its capacity to manufacture the necessary quality and quantities of point-of-care tests (whether these are the Group's own tests or products for third parties);
- the successful development, product validation and regulatory clearance of Universal Biosensors' C-reactive protein test and prothrombin time test and future point-of-care tests;
- the success of sales and marketing efforts and adequate market uptake of Universal Biosensors' point-of-care tests;
- whether Universal Biosensors is successful in completing product validation and obtaining regulatory clearance of the blood glucose test;
- whether or not LifeScan decides to commercialise the blood glucose test and whether or not Universal Biosensors has been able to successfully negotiate any rights of manufacture and supply with respect to that test;
- in the event that any of the tests being developed by Universal Biosensors are commercialised, the ability of Universal Biosensors to continue to sell products, will depend on its ability to maintain regulatory compliance, pass regular audits and respond to any issues that are raised by regulators from time to time.

Universal Biosensors is likely to require substantial additional capital which may not be available to it.

The proceeds of the Offer and the US Private Placement will not alone be sufficient to finance the Group's long term research, development, manufacturing and commercialisation activities and additional funding is likely to be required. For example, if additional commercial manufacturing capacity was required or if Universal Biosensors was successful in advancing more than one point-of-care test to regulatory clearance, significant additional capital would be required to be spent to increase the Group's manufacturing capacity. There can be no assurance that the funds will be available on a timely basis, on favourable terms, or at all. If Universal Biosensors is unable to raise adequate funds, it may have to delay, reduce the scope of or eliminate some or all of its development programs or commercialisation efforts or liquidate some or all of its assets.

There may be delays in the manufacture and supply of diagnostic tests if components are not available on commercially acceptable terms, if there is a supply interruption or if Universal Biosensors is unable to obtain alternative suppliers when required.

Universal Biosensors relies on third parties to supply or manufacture certain key components of the diagnostic tests. Specifically, it is proposed that the development and manufacture of the test meters will be outsourced to a specialist international electronic medical equipment manufacturer. There may be delays in the development, manufacture and supply of diagnostic tests if components of the tests (in particular, the meters) are not available on commercially acceptable terms, if there is a supply interruption or if Universal Biosensors is unable to obtain alternative suppliers when required.

General Risks associated with an investment in Universal Biosensors

If Universal Biosensors' competitors are able to develop and market products that are preferred over Universal Biosensors' products, Universal Biosensors' commercial opportunity may be significantly reduced or eliminated.

The Universal Biosensors Group conducts it business in a highly competitive industry in which there are a number of well established competitors that have substantially greater financial resources, sales and marketing organisations, research and development capabilities, manufacturing capabilities as well as broader product offerings and greater market presence and name recognition. Universal Biosensors' point-of-care tests are likely to experience continuing competition from traditional pathology laboratory based testing as well as other point-of-care tests. There can be no assurances given in respect of the Group's ability to compete in the competitive markets in which it operates. Amongst other things, competition will affect Universal Biosensors' ability to obtain and sustain proprietary rights to technology, marketing, sales and distribution of products, manufacturing and developing products for existing and new markets. Competition and new technologies can reduce product prices and profit margins and decrease the financial value of products and manufacturing operations and render costly research and development and investment in manufacturing equipment obsolete.

Universal Biosensors will face strong competition in its efforts to secure and maintain the rights to manufacture point-of-care tests for third parties.

To the extent part of Universal Biosensors' strategy includes manufacturing point-of-care tests for third parties, the Group will face competition from other manufacturers including specialised outsourced manufacturers and manufacturers that are affiliates of the third parties in securing and maintaining the right to manufacture point-of-care tests for third parties.

If Universal Biosensors is unable to maintain protection for its intellectual property, the value of its technology and range of diagnostic tests may be adversely affected.

The ability of the Group to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties is an integral part of the Group's business. Universal Biosensors' diagnostic tests are based predominantly on intellectual property rights that have been licensed from LifeScan. LifeScan has a considerable degree of control in the manner that intellectual property is maintained and protected and as a result, the Group has reduced control with respect of the protection of the patent portfolio. There can be no assurance that any patents which the Group owns or licenses will afford the Group commercially significant protection of its technology or its range of diagnostic tests or have commercial application.

In addition, the granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology to avoid the patented technology. Competition in obtaining and sustaining protection of technology and the complex nature of technologies can lead to patent disputes. Universal Biosensors' ability to market its products may be impaired by the intellectual property rights of third parties.

The loss of a key employee or the inability to recruit and retain high calibre staff to manage future anticipated growth could have a material adverse effect on the Universal Biosensors Group.

As with most growth companies, the Group's future success is substantially dependent on its key personnel. The Group's ability to operate successfully and manage its business depends significantly on attracting and retaining additional highly qualified personnel. The loss of any key personnel may be disruptive or have a material adverse effect on the future of the Group's business. The competition for qualified employees in scientific research and medical diagnostic industries is particularly intense and there are a limited number of persons with the necessary skills and experience.

Universal Biosensors faces the risk of product liability claims.

The Universal Biosensors Group may be exposed to the risk of product liability claims that is inherent in the testing, manufacturing and marketing of diagnostic tests. Universal Biosensors intends to seek product liability insurance, however, adequate product liability insurance may not be available on commercially acceptable terms. Product liability claims may damage Universal Biosensors' reputation and, if insurance proves inadequate, the product liability claims may harm Universal Biosensors' business. Defending a suit, regardless of its merit, could be costly and could divert management attention.

Currency fluctuations may expose Universal Biosensors to increased costs.

Universal Biosensors' business could be affected by fluctuations in foreign exchange rates causing increased costs. The majority of the expenses incurred by the Universal Biosensors Group continue to be in Australian Dollars although the Group also expends cash in other currencies. In particular, large scale manufacturing equipment is purchased in both US Dollars and Euros and any appreciation in these currencies against the Australian Dollar will increase the cost to the Company of acquiring such equipment.

The price of Universal Biosensors' Shares may be volatile.

The Shares being issued under this Prospectus should be considered speculative given the current stage of development and the risk profile of the Group. In addition, the share price of publicly traded medical diagnostic and growth companies can be highly volatile. The price at which the Shares will be quoted and the price which investors may realise for their Shares will be influenced by a large number of factors including some specific to the Group and its operations, some which may affect the quoted medical diagnostic sector or quoted companies generally, and many which are outside the control of Universal Biosensors.

Universal Biosensors may become subject to the registration and reporting requirements of the US Exchange Act which would result in significant compliance costs and professional adviser fees.

As Universal Biosensors is incorporated in the State of Delaware, US, it is generally subject to US laws. Changes in US laws may have an adverse effect on non-US investors. Potential areas for changes would be Delaware state corporate laws and court decisions affecting the rights of stockholders and US Securities laws and the requirements of Universal Biosensors to comply with those laws. The Offer is proceeding on the basis that neither the Offer nor the Shares being issued are required to be registered with the SEC under the US Securities Act. Changes in that legislation or related regulations may, in the future, require the Shares to be registered under the US Securities Act.

In addition, in the future, Universal Biosensors is likely to become subject to the registration and reporting requirements of the US Exchange Act. If so, Universal Biosensors will be required to file periodic reports and other information with the SEC, as well as comply with proxy solicitation requirements. There may be significant compliance costs and professional adviser fees incurred by Universal Biosensors if it needs to comply with such reporting obligations. Persons considering an investment in the Shares should be aware of the possibility that Universal Biosensors may be managed in accordance with certain provisions of US law that may be unfamiliar to most investors in Australian companies. Costs of compliance with US (including the Sarbanes-Oxley Act of 2002) and Australian laws and regulations may increase significantly.

Investors may be subject to Australian and/or US taxation.

The receipt of dividends by Australian tax resident Shareholders and any subsequent disposal of Universal Biosensors' Shares by Australian tax resident Shareholders may have both US and Australian tax consequences depending upon their individual circumstances. This may result in a Shareholder being subject to tax in both jurisdictions and a tax credit may or may not be available in one jurisdiction to offset the tax paid in the other jurisdiction depending upon the Shareholder's individual circumstances.

Shareholders should obtain, and only rely upon, their own independent taxation advice about the Australian and US consequences of receiving distributions on the Shares and disposing of Shares having regard to their own specific circumstances. A summary of the material Australian and US federal income tax consequences of the ownership and disposition of Universal Biosensors' Shares to Australian tax resident Shareholders and non-US holders, respectively, is set out in section 12.20.

Other risks

The Directors have attempted to summarise a range of some of the material risks associated with an investment in Universal Biosensors. However, there are a number of other material factors not specific to Universal Biosensors which may impact on Universal Biosensors, including:

- government policies and legislation;
- geo-political factors;
- economic conditions, including interest rate changes and inflation;
- taxation policies;
- business confidence and consumer sentiment;
- attitudes towards medical devices companies;
- the state of world and local stock markets; and
- the state of the US, European and Australian economies.

8

Financial Information

8.1 Introduction

This section 8 sets out the following financial information of the Universal Biosensors Group:

- adjusted actual income statement (section 8.2) and statement of cash flows (section 8.3) for the years ended 31 December 2004 and 31 December 2005;
- unaudited actual income statement (section 8.2) and statement of cash flows (section 8.3) for the half year ended 30 June 2006; and
- unaudited actual and proforma balance sheet as at 30 June 2006 (section 8.5).

The financial information in this section has been prepared in accordance with the recognition and measurement principles prescribed in the Australian equivalents to International Financial Reporting Standards ('AIFRS') relevant to the Universal Biosensors Group. This section should be read in conjunction with the Investigating Accountant's Report in section 9, the material risks associated with an investment in the Universal Biosensors Group in section 7, and other information contained in this Prospectus.

8.1.1 Basis of preparation of the adjusted actual and the unaudited actual financial information

The adjusted actual financial information for the years ended 31 December 2004 and 31 December 2005 has been derived from the audited financial statements of the Universal Biosensors Group. Adjustments have been made to the audited financial statements of the Universal Biosensors Group to present the financial information in Australian dollars and to adjust for differences between USGAAP and AIFRS. A reconciliation of the audited income statement to the adjusted actual income statement is set out in section 8.7.

The unaudited actual financial information as at 30 June 2006 and for the half year then ended has been derived from the unaudited financial statements of the Universal Biosensors Group which were prepared in Australian dollars and in accordance with AIFRS.

8.1.2 Basis of preparation of proforma balance sheet

The proforma balance sheet has been derived from the unaudited actual balance sheet as at 30 June 2006, prepared in Australian dollars and in accordance with AIFRS, and adjusted to reflect the impact of certain transactions which have occurred, or are expected to occur in connection with the issue of shares on 30 August 2006, the Offer and the US Private Placement, as if they had occurred as at that date. A description of these adjustments is set out in section 8.5.1.

8.2 Income Statement

The following table sets out the unaudited actual and adjusted actual income statement of the Universal Biosensors Group.

The basis of preparation of the income statement is set out in section 8.1.1.

	Notes[1]	Unaudited actual half year ended 30 June 2006 A$	Adjusted actual year ended 31 Dec 2005 A$	Adjusted actual year ended 31 Dec 2004 A$
REVENUE AND OTHER INCOME				
Research revenue		1,354,096	2,757,818	2,372,128
Government grant income		323,065	614,284	–
Other income		94,005	128,281	121,103
TOTAL REVENUE AND OTHER INCOME		1,771,166	3,500,383	2,493,231
EXPENSES				
Administration	2	932,708	907,071	585,889
Research and development	2	1,832,792	2,764,396	2,212,662
Foreign currency loss		90,657	6,147	–
TOTAL EXPENSES		2,856,157	3,677,614	2,798,551
LOSS BEFORE INCOME TAX		(1,084,991)	(177,231)	(305,320)
Income tax expense	3	(72,875)	–	–
Net loss after income tax expense		(1,157,866)	(177,231)	(305,320)
NET LOSS ATTRIBUTABLE TO MEMBERS OF UNIVERSAL BIOSENSORS		(1,157,866)	(177,231)	(305,320)

Note:
1. Refers to notes to the financial information in section 8.6.

8.3 Statement of cash flows

The following table sets out the unaudited actual and adjusted actual statement of cash flows of the Universal Biosensors Group.

The basis of preparation of the statement of cash flows is set out in section 8.1.1.

	Notes[1]	Unaudited actual half year ended 30 June 2006 A$	Adjusted actual year ended 31 Dec 2005 A$	Adjusted actual year ended 31 Dec 2004 A$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers		1,364,549	2,789,590	2,357,824
Grant income received		376,205	714,585	–
Interest received		82,548	99,855	30,201
Payments to suppliers and employees		(2,188,735)	(3,240,816)	(2,109,283)
Withholding tax paid		–	(49,692)	–
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(365,433)	313,522	278,742
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for plant and equipment	5	(3,587,055)	(281,439)	(257,788)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(3,587,055)	(281,439)	(257,788)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issue		2,210,131	31,932	–
NET CASH USED IN INVESTING ACTIVITIES		2,210,131	31,932	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,742,357)	64,015	20,954
Cash and cash equivalents at 1 January		4,434,274	4,140,495	4,273,899
Effects of exchange rate differences on cash and cash equivalents		(51,049)	229,764	(154,358)
CASH AND CASH EQUIVALENTS AT BALANCE DATE	4	2,640,868	4,434,274	4,140,495

Note:
1. Refers to notes to the financial information in section 8.6.

8.4 Management discussion of the income statement and the statement of cash flows

Management has supplied the commentary below in order to provide investors with a greater understanding of the income statement set out in section 8.2 and the statement of cash flows set out in section 8.3.

8.4.1 From the period of incorporation to 31 December 2003

Universal Biosensors and Universal Biosensors Australia were incorporated on 14 September 2001 and 21 September 2001 respectively. During the period from incorporation to 31 December 2003, the Group's total expenditure was approximately $3.12 million, which was made up of approximately $2,493,000 in research and development costs and $631,000 in administration costs. Approximately $1.75 million of research and development revenue was received from LifeScan.

8.4.2 Year ended 31 December 2005 compared to the year ended 31 December 2004

Total revenue and other income

The increase in total revenue and other income of $1,007,152 is mainly attributable to:

- An increase in research and development revenue received from LifeScan under the Development and Research agreement between Universal Biosensors and LifeScan. Refer to section 5.
- Receipt of income of $614,284 from the research and development Start Grant Program which was first received in the year ended 31 December 2005.

Total expenses

The increase in total expenses of $879,063 is mainly attributable to:

- An increase in employee expenses due to increases in employee numbers and associated office costs arriving as a result of increased research and development activities;
- Increases in professional fees associated with legal advice, compliance costs and general taxation services.

Income tax expense

Income tax expense is nil in both years.

Cash flows from operating activities

The increase in total cash inflows from operating activities of $34,780 is mainly attributable to:

- An increase in receipts from research and development revenue and grant income (refer to comparison of total revenue and other income above);
- Offset by increases in payments to suppliers and employees (refer to comparison of total expenses above).

Cash flows from investing activities

Total cash flows used in investing activities remained relatively constant increasing by $23,651.

Cash flows from financing activities

The increase in cash flows from financing activities of $31,932 is attributable to a share issue during the year ended 31 December 2005.

8.4.3 Half year ended 30 June 2006 compared to the year ended 31 December 2005

The income statement and cash flow statement for the half year ended 30 June 2006 and the year ended 31 December 2005 are not directly comparable as they cover different periods. The following items have had an impact on the six month period which is greater than previous run rates:

Total expenses

- An increase in employee expenses due to increases in employee numbers and associated office costs;
- An increase in government compliance costs;
- An increase in marketing and travel expenses.

Income tax expense

The increase in total income tax expense from nil to $72,875 is mainly attributable to:

- Universal Biosensors Australia no longer having carried forward tax losses against which taxable profit can be offset;
- This has been offset by the recognition of deferred tax assets.

Refer to section 8.6, note 3 for further details on the 30 June 2006 tax charge.

Cash flows from operating activities

The increase in cash outflows from operating activities to $(365,433) is attributable to an increase in payments to suppliers and employees (refer to comparison of total expenses above).

Cash flows from investing activities

The increase in cash outflows from investing activities to $3,587,055 is attributable to the construction of large scale custom design manufacturing equipment as outlined in section 5.

Cash flows from financing activities

The increase in cash flows from financing activities to $2,210,131 is attributable to a share issue during the year.

8.5 Actual and proforma balance sheet

The following table sets out the unaudited actual and proforma balance sheet of the Universal Biosensors Group. A description of the proforma adjustments and a reconciliation of proforma contributed equity is set out in section 8.5.1.

The basis of preparation of the proforma balance sheet is set out in section 8.1.2.

	Notes[1]	Unaudited actual as at 30 June 2006 A$	Proforma adjustments A$	Proforma as at 30 June 2006 A$
CURRENT ASSETS				
Cash and cash equivalents	4	2,640,868	30,937,606	33,578,474
Trade and other receivables		23,124	–	23,124
TOTAL CURRENT ASSETS		2,663,992	30,937,606	33,601,598
NON-CURRENT ASSETS				
Deferred tax assets		199,112	–	199,112
Property, plant and equipment	5	5,118,310	–	5,118,310
TOTAL NON-CURRENT ASSETS		5,317,422	–	5,317,422
TOTAL ASSETS		7,981,414	30,937,606	38,919,020
CURRENT LIABILITIES				
Trade and other payables	6	586,698	–	586,698
Current tax liabilities		271,044	–	271,044
Deferred grant revenue		153,441	–	153,441
TOTAL CURRENT LIABILITIES		1,011,183	–	1,011,183
TOTAL LIABILITIES		1,011,183	–	1,011,183
NET ASSETS		6,970,231	30,937,606	37,907,837
EQUITY				
Contributed equity		7,756,929	30,937,606	38,694,535
Reserves	8	1,119,153	–	1,119,153
Accumulated Losses	8	(1,905,851)	–	(1,905,851)
TOTAL EQUITY		6,970,231	30,937,606	37,907,837

Note:
1. Refers to notes to the financial information in section 8.6.

8.5.1 Proforma adjustments

The proforma balance sheet as at 30 June 2006 has been derived from the unaudited actual balance sheet of the Universal Biosensors Group and adjusted to incorporate the effect of the following proforma transactions, which have occurred, or are expected to occur subsequent to 30 June 2006 as if they had occurred as at that date:

- Receipt of proceeds of US$8,304,000 (A$10,901,930) from the issue of 6,920 Series A preferred shares ('Preferred Shares') at US$1,200.00 (A$1,575.42) per Preferred Share on 30 August 2006. The exchange rate applied to convert US dollars into Australian dollars was the rate prevailing on 30 August 2006;
- The conversion on a 1:1 basis of 11,142 Preferred Shares into Shares which will occur immediately prior to the successful closing of the Offer (nil impact on cash and contributed equity);
- The subdivision of the 23,174 Shares then on issue by approximately 3,624.75 into 83,999,976 Shares which is expected to occur immediately prior to the issue and allotment of Shares under the Offer (nil impact on cash and contributed equity);
- Receipt of proceeds of A$18,000,000 from the issue of 36 million Shares under the Offer;
- Receipt of proceeds of A$4,000,000 from the issue of 8 million Shares under the US Private Placement; and
- Settlement by cash of costs associated with the Offer and US Private Placement estimated to be A$1,964,324 recognised as a reduction of contributed equity. For additional information, please refer to Section 12.20 of the Prospectus.

The following table sets out the impact of the proforma transactions described above on contributed equity.

	Number of Shares	Issue Price	A$
Reconciliation of proforma contributed equity			
Unaudited actual balance as at 30 June 2006	**16,254**	**–**	**7,756,929**
Proforma adjustments			
Proceeds from issue of Preferred Shares[1]	6,920	$1,575.42	10,901,930
Conversion of Preferred Shares to Shares and subdivision of shares by 3,624.75[2]	83,976,802	–	–
Issue of Ordinary Shares to public	36,000,000	$0.50	18,000,000
Issue of Ordinary Shares in US Private Placement	8,000,000	$0.50	4,000,000
Less costs of the Offer and US Private Placement	–	–	(1,964,324)
Net proceeds from issue of Preferred Shares and Shares			**30,937,606**
Proforma contributed equity as at 30 June 2006	**127,999,976**	**–**	**38,694,535**

Notes:

1. Exchange rate applied was the prevailing rate on 30 August 2006.
2. Reflects the conversion of the Preferred Shares to Shares on a one for one basis immediately prior to the issue and allotment of Shares under the Offer and the subdivision of Share capital by 3,624.75. The new amount of Shares on issue following the subdivision is 83,999,976 Shares and nil Preferred Shares.

8.6 Notes to the financial information

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial information has been prepared in accordance with the recognition and measurement principles prescribed by AIFRS relevant to the Universal Biosensors Group.

The significant AIFRS accounting policies summarised below have been consistently applied to the financial information presented in this section.

(a) Going concern

The financial information has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

(b) Principles of consolidation

The consolidated financial information incorporates the assets and liabilities and results of Universal Biosensors and the assets and liabilities and results of its 100% owned subsidiary Universal Biosensors Australia.

Universal Biosensors Australia is a subsidiary as it is an entity over which Universal Biosensors has the power to govern its financial and operating policies. It prepares its accounts using accounting policies and procedures consistent with the Company.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(c) Foreign currency translation

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial information is presented in Australian dollars, which is the Universal Biosensors Group's presentational currency.

Translation of Financial Information

Universal Biosensors is incorporated in the US and has a US dollar functional currency. For the purposes of this Prospectus, Universal Biosensors has chosen to present the consolidated financial information in Australian dollars.

Consequently:

- assets and liabilities are translated using the current rate applicable at the balance sheet date;
- revenues and expenses are translated at the average exchange rate prevailing throughout the applicable financial year;
- equity accounts are translated at historical exchange rates; and
- all resulting exchange differences are recognised in a Foreign Currency Reserve.

The following are the rates used to translate US dollars to Australian dollars:

	As at 30 Jun 2006	As at 31 Dec 2005	As at 31 Dec 2004
Assets and liabilities	1.3435	1.3630	1.2837

	Period ended 30 Jun 2006	Year ended 31 Dec 2005	Year ended 31 Dec 2004
Revenues and expenses	1.3541	1.3221	1.3057

Translation of Foreign Currency transactions and balances

Foreign currency transactions have been translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the end of the accounting period of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

(d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Universal Biosensors Group and the revenue can be reliably measured. Revenue is recognised at the fair value of the consideration received or receivable, net of the amount of goods and services tax (GST) payable to the taxation authority.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Research and development revenue

The Universal Biosensors Group recognises research and development services revenue over the period that the services are performed.

(e) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and Universal Biosensors Australia will comply with all attaching conditions.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Deferred revenue is recognised when the grant revenue received in advance is greater than the related expenditure incurred.

(f) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates which have been enacted or substantively enacted at the balance sheet date.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax balances relating to items recognised directly in equity are recognised in equity and not in the income statement.

(g) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense of the item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(h) Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

(i) Property, plant & equipment

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation

Assets are depreciated from the date of acquisition and depreciation is charged to the income statement using the straight-line method and the diminishing value method for all property, plant and equipment. Depreciation is charged according to the useful life of an asset, so that where useful lives differ for each part of an item of property, plant and equipment, depreciation is charged accordingly at different rates.

The estimated useful lives in years for each class of asset are as follows:

	2006 Half-year	2005 Full Year	2004 Full Year
Plant & equipment	2.5 – 10	2.5 – 10	2.5 – 10
Leasehold improvements	2 – 4	2 – 4	2 – 4

(j) Impairment

The carrying amount of the Universal Biosensors Group's assets are reviewed at each balance sheet date to determine whether there is any indication an asset may be impaired. Where an indicator of impairment exists, the Universal Biosensors Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits at call. Overdrafts that are repayable on demand and form an integral part of the Universal Biosensors Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

(l) Trade and other receivables

Trade and other receivables are stated at amortised cost less impairment losses.

(m) Employee benefits

Provision is made for accumulated employee benefits resulting from employees rendering services up to the balance date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the balance date are measured at their nominal amounts, while those liabilities to be settled outside of 12 months of the balance date are measured at their discounted value.

(n) Provision

A provision is recognised in the balance sheet when the Universal Biosensors Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(o) Trade and other payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(p) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the products or processes are technically and commercially feasible and the Universal Biosensors Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. The Universal Biosensors Group does not currently capitalise any research and development expenditure as the criteria have not been met.

(q) Share based payment transactions

The Universal Biosensors Group share option programme allows Group employees to acquire shares in Universal Biosensors on the exercise of options granted. The fair value of options granted is recognised as an employee benefits expense with a corresponding increase on the exercise of options granted in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(r) Contributed Equity

Shares and Preferred Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are charged in equity, net of tax, against the proceeds received.

2. EXPENSES

Administration and research and development expenses include:

	Unaudited actual half year ended 30 June 2006 A$	Adjusted actual year ended 31 Dec 2005 A$	Adjusted actual year ended 31 Dec 2004 A$
(a) Depreciation			
Plant and equipment	144,017	255,063	233,107
Leasehold improvements	26,734	43,972	39,494
Total depreciation	170,751	299,035	272,601
(b) Employee expenses			
Wages and salaries	1,090,030	1,747,643	1,471,692
Share based payments	284,355	48,272	136,763
Other	187,985	251,261	118,168
Total employee benefits expenses	1,562,370	2,047,176	1,726,623
(c) Other expenses			
Lease payments	96,112	174,353	182,491

3. INCOME TAX

	Unaudited actual half year ended 30 June 2006 A$	Adjusted actual year ended 31 Dec 2005 A$	Adjusted actual year ended 31 Dec 2004 A$
Income tax expense reported in the income statement	72,875	–	–
The major components of income tax expense are:			
(a) Income Statement			
Current income tax			
Current income tax charge	108,987	–	–
Adjustments in respect of current income tax of previous years	163,000	–	–
Deferred income tax			
Relating to origination and reversal of temporary differences	(199,112)	–	–
Income tax expense reported in the income statement	72,875	–	–
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Loss before income tax expense	(1,084,991)	(177,231)	(305,320)
At Australian tax rate of 30%	(325,497)	(53,169)	(91,596)
Increase in tax expense due to:			
Non-deductible expenses	101,186	14,482	41,029
Adjustments in respect of current income tax of previous years	163,000	–	–
Prior year temporary differences brought to account	(92,376)	–	–
Current year tax losses not brought to account	226,562	38,687	50,567
Income tax expense reported in the income statement	72,875	–	–

4. CASH AND CASH EQUIVALENTS

	Unaudited actual half year ended 30 June 2006 A$	Proforma 30 June 2006 A$
Cash on hand	392	392
Cash at bank	2,640,476	33,578,082
	2,640,868	33,578,474

Cash at bank earns interest at floating rates based on daily bank balances at the applicable deposit rates.

5. PROPERTY PLANT AND EQUIPMENT

	Unaudited actual and proforma Plant and equipment A$	Unaudited actual and proforma Leasehold A$	Unaudited actual and proforma Total A$
Half-year ended 30 June 2006			
As at 1 January 2006, net of accumulated depreciation	1,627,350	74,656	1,702,006
Additions	3,576,650	10,405	3,587,055
Depreciation charge for the period	(144,017)	(26,734)	(170,751)
As at 30 June 2006, net of accumulated depreciation	5,059,983	58,327	5,118,310
As at 30 June 2006			
Cost	6,008,025	227,974	6,235,999
Accumulated depreciation	(948,042)	(169,647)	(1,117,689)
Net carrying amount	5,059,983	58,327	5,118,310

6. TRADE AND OTHER PAYABLES

	Unaudited actual 30 June 2006 A$	Proforma 30 June 2006 A$
Trade Payables	325,043	325,043
Accrued expenses	75,139	75,139
Superannuation	19,865	19,865
Employee benefits	160,108	160,108
Other	6,543	6,543
	586,698	586,698

7. EMPLOYEE BENEFITS

Share based payments

On 27 January 2004, Universal Biosensors established a share option plan (the 'Plan') that entitles Group employees to purchase shares in Universal Biosensors upon exercise of granted options. In accordance with the Plan, options are exercisable at the market price of the Shares prevailing at the date of grant of the option.

The Plan authorises grants of options to purchase Shares in Universal Biosensors. Stock options can be granted with an exercise price less than, equal to or greater than the stock's fair market value at the date of grant. All stock options have 10-year terms and vest and become fully exercisable over a 3 year period, commencing either from the date of grant or the date of commencement with the Company. Vesting is subject to the condition that the employee has been employed with Universal Biosensors for at least 1 year.

Options issued during 2006 had an exercise price of $1,627.

The number and weighted average exercise price of share options is as follows.

	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price	Number
	2006	2006	2005	2005	2004	2004
Outstanding at the beginning of the period	$1,439	509	$1,439	573	–	–
Forfeited during the period	–	–	$1,439	(42)	–	–
Exercised during the period	–	–	$1,439	(22)	–	–
Granted during the period	$1,627	520	–	–	$1,439	573
Outstanding at the end of the period	$1,534	1,029	$1,439	509	$1,439	573
Exercisable at the end of the period	$1,439	375	$1,439	355	$1,439	183

The options outstanding at 30 June 2006 have a weighted average exercise price of $1,534 and a weighted average contractual life of 8.5 years.

During the six month period to 30 June 2006, nil share options were exercised (2005:22; 2004:nil).

On 17 September 2006 Universal Biosensors issued 50 employee options to new employees on the same terms and conditions (including exercise price) as those issued during the half year ended 30 June 2006.

Immediately prior to the issue and allotment of Shares under the Offer the share capital of the Company will be subdivided by approximately 3,624.75. As a result of this the number of options and the exercise price of the options will be reconstructed accordingly in accordance with the terms of the Plan. Post capital reorganisation the number of options will increase to 3,911,123 and the weighted average exercise price will decrease to A$0.40.

The fair value of services received in return for share options granted by the parent entity are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes formula. The contractual life of the option (10 years) is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes formula.

	2006	2005	2004
Fair value of share options and assumptions			
Fair value at measurement date	US$845	–	US$292
Share price	US$1,177	–	US$1,065
Exercise price	US$1,200	–	US$1,065
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes formula)	55%	–	40%
Option life (expressed as weighted average life used in the modelling under Black-Scholes formula)	10 yrs	–	4 yrs
Expected dividends	–	–	–
Risk-free interest rate (based on national government bonds in the United States of America)	4.4%	–	4.65%

The expected volatility is based on the historical or implied volatility of similar listed entities for which share price information is available. Share options are granted under a service condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

The fair value of the share options and the assumptions have been presented in US dollars as the valuation has been performed in US dollars using US dollar assumptions.

8. RESERVES

	Unaudited actual 30 June 2006 A$	Proforma 30 June 2006 A$
Share-based payments reserve		
Balance at beginning of period	185,035	185,035
Options expense	284,355	284,355
Balance at end of period	469,390	469,390

The Share-based payments reserve is used to recognise the fair value of options issued but not exercised.

Foreign currency translation reserve		
Balance at beginning of period	701,032	701,032
Currency translation differences during the period	(51,269)	(51,269)
Balance at end of period	649,763	649,763
Total Reserves	1,119,153	1,119,153

The foreign currency translation reserve recognises exchange differences arising on translation of the foreign currency accounted assets and liabilities within Universal Biosensors as described in note 1(c).

Accumulated losses		
Balance at beginning of period	(747,985)	(747,985)
Loss for the period	(1,157,866)	(1,157,866)
Balance at end of period	(1,905,851)	(1,905,851)

9. COMMITMENTS

	Unaudited actual half year ended 30 June 2006 A$
Non-cancellable operating leases expense commitments due within one year	141,436

In 2005 Universal Biosensors Australia entered a non-cancellable operating lease for warehouse and office premises for a total term of two years and nine months with no renewal option and is set to expire in September 2007.

On 16 October 2006 Universal Biosensors Australia signed a Lease on premises in Rowville, Victoria. The lease is for a 7 year term with two 5 year options and has an initial lease obligation of $460,000 per annum with increases in lease payments of 3.5% per annum for the initial term. Access to the premises is granted from 1 November 2006 and lease payments commence on 1 April 2007. In addition, outgoings will be payable.

Capital Commitments

At 30 June 2006 the Universal Biosensors Group has outstanding commitments of A$1,600,968 principally relating to contracts entered into for the purchase and delivery of specialist manufacturing machinery. An amount of A$3,432,932 has been paid under these purchase contracts as at 30 June 2006 with the outstanding amount expected to be paid in November 2006 and February 2007. The underlying commitments are based in USD and Euro currencies and have been converted to Australian dollars at the prevailing foreign exchange rate as at 30 June 2006. Refer to section 5.

8.7 Reconciliation of income statement to the adjusted actual income statement

The adjusted actual financial information for the years ended 31 December 2004 and 31 December 2005 has been derived from the audited financial statements of the Universal Biosensors Group which were prepared in accordance with USGAAP. Adjustments have been made to these financial statements to present the financial information in Australian dollars and to adjust for differences between USGAAP and AIFRS. A reconciliation of the audited income statement to the adjusted actual income statement is set out below. The unaudited actual financial information as at 30 June 2006 and for the half year then ended has been derived from the unaudited financial statements of Universal Biosensors Group which were prepared in Australian dollars and in accordance with AIFRS.

		Adjusted actual year ended 31 Dec 2005		Adjusted actual year ended 31 Dec 2004
Net loss after income tax				
As shown in the financial statements	US$	(45,688)	US$	(148,416)
Converted to Australian presentational currency[1]	A$	(60,375)	A$	(193,779)
Adjust to convert USGAAP to AIFRS:				
Treatment of foreign currency gains and losses[2]	A$	(6,147)	A$	90,905
Exchange rates used on depreciation charge[3]	A$	(62,437)	A$	(65,683)
Treatment of share based payments expense[4]	A$	(48,272)	A$	(136,763)
Net loss after income tax as shown in this Prospectus	A$	(177,231)	A$	(305,320)

Notes:

1. Rates used to translate US dollars to Australian dollars are 1.3221 for 31 December 2005 and 1.3057 for 31 December 2004.
2. Foreign currency gains and losses posted to the foreign currency translation reserve in accordance with USGAAP and to the income statement in accordance with AIFRS.
3. Depreciation calculated based on historic rates in accordance with USGAAP and average rates in accordance with AIFRS.
4. Share based payments expense calculated on intrinsic value in accordance with USGAAP and fair value in accordance with AIFRS.

   The Group has undergone a detailed process to identify these differences and to present the adjusted actual financial information for the years ended 31 December 2004 and 31 December 2005 in accordance with the AIFRS accounting policies outlined in Section 8.6.

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Investigating Accountant's Report

PRICEWATERHOUSECOOPERS

The Directors
Universal Biosensors, Inc.
103 Ricketts Road
Mount Waverley
VIC 3149

6 November 2006

Subject: Investigating Accountant's Report on Financial Information

PricewaterhouseCoopers Securities Ltd
ACN 003 311 617
ABN 54 003 311 617
Holder of Australian Financial Services Licence No 244572

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website:www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Dear Sirs

We have prepared this Investigating Accountant's Report (the 'Report') on financial information of the Universal Biosensors Group (the 'Group') for inclusion in a Prospectus dated on or about 6 November 2006 ('the Prospectus') relating to the issue of shares in the Group.

Expressions defined in the Prospectus have the same meaning in this report.

The nature of this Report is such that it should be given by an entity which holds an Australian Financial Services licence under the Corporations Act 2001 (Cwlth). PricewaterhouseCoopers Securities Ltd is wholly owned by PricewaterhouseCoopers and holds the appropriate Australian Financial Services licence.

Background

The details of the Offer are outlined in Section 3 of the Prospectus.

The financial information set out in the Prospectus reflects the capital structure of the Group going forward. The proforma balance sheet has been prepared as if the proforma transactions contemplated in the Prospectus had occurred on 30 June 2006.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to prepare an Investigating Accountant's Report covering the following information:

Financial information

(a) the adjusted actual income statement of the Group for the years ended 31 December 2004 and 31 December 2005 and the unaudited actual income statement of the Group for the half year ended 30 June 2006;

(b) the adjusted actual statement of cash flows of the Group for the years ended 31 December 2004 and 31 December 2005 and the unaudited actual statement of cash flows of the Group for the half year ended 30 June 2006;

PRICEWATERHOUSECOOPERS

(c) the unaudited actual balance sheet of the Group as at 30 June 2006; and

(d) the proforma balance sheet of the Group as at 30 June 2006 which assumes completion of the contemplated transactions disclosed in Section 8.5.1 of the Prospectus (the proforma transactions) as if those proforma transactions had occurred on 30 June 2006.

(collectively the 'Financial Information')

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purposes other than for which it was prepared.

Scope of review of the Financial Information

The adjusted actual financial information referred to above has been extracted from the audited financial statements of the Group for the years ended 31 December 2004 and 31 December 2005, which were audited by KPMG that issued unmodified audit opinions on the financial statements. The actual adjusted financial information incorporates adjustments to convert the audited financial statements prepared in US dollars and in accordance with USGAAP to Australian dollars and AIFRS. The Directors are responsible for the preparation of the actual adjusted financial information, including determination of the adjustments.

The unaudited actual financial information referred to above has been extracted from the unaudited financial statements of the Group for the half year ended 30 June 2006. The Directors are responsible for the preparation of the unaudited actual financial information.

The Financial Information incorporates such adjustments as the Directors of the Group considered necessary to reflect the operations of the Group going forward.

We have conducted our review of the Financial Information in accordance with Australian Auditing Standard AUS 902 'Review of Financial Reports'. We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- analytical review of the income statement, balance sheet and statement of cash flows of the Group for the relevant historical periods;
- review of work papers, accounting records and other documents;
- review of the adjustments made to the adjusted financial statements;
- review of the assumptions used to compile the proforma balance sheet;
- comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Group disclosed in Section 8.6 of the Prospectus; and
- enquiry of Directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review statement on the Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the proforma balance sheet has not been properly prepared on the basis of the proforma transactions;
- the proforma transactions do not form a reasonable basis for the proforma balance sheet;
- the Financial Information, as described above and as set out in Section 8 of the Prospectus does not present fairly:

  (a) the adjusted actual income statement of the Group for the years ended 31 December 2004 and 31 December 2005 and the unaudited actual income statement of the Group for the half year ended 30 June 2006;

  (b) the adjusted actual statement of cash flows of the Group for the years ended 31 December 2004 and 31 December 2005 and the unaudited actual statement of cash flows of the Group for the half year ended 30 June 2006;

PRICEWATERHOUSECOOPERS

(c) the unaudited actual balance sheet of the Group as at 30 June 2006; and

(d) the proforma balance sheet of the Group as at 30 June 2006

in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Group disclosed in Section 8.6 of the Prospectus.

Subsequent events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Group have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this issue other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.

Yours faithfully

S.C. Bannatyne

Authorised Representative of
PricewaterhouseCoopers Securities Ltd

PRICEWATERHOUSECOOPERS

APPENDIX A
PRICEWATERHOUSECOOPERS SECURITIES LTD
FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 6 November 2006

1. **About us**

   PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ('**PwC Securities**') has been engaged by Universal Biosensors, Inc. ("UBS") to provide a report in the form of an Investigating Accountant's Report in relation to the Financial Information (the "Report") for inclusion in the Prospectus dated 6 November 2006. You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. **This Financial Services Guide**

   This Financial Services Guide ('**FSG**') is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. **Financial services we are licensed to provide**

   Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. **General financial product advice**

   The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. **Fees, commissions and other benefits we may receive**

   PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees have been based on the time expected to be incurred at our usual hourly rates and as set out in Section 12.20 of the Prospectus.

   Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. **Associations with issuers of financial products**

   PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. PricewaterhouseCoopers is the auditor and tax advisor of UBS.

7. **Complaints**

   If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request. If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Industry Complaints Service ('**FICS**'), an external complaints resolution service. You will not be charged for using the FICS service.

8. **Contact Details**

   PwC Securities can be contacted by sending a letter to the following address: S.C. Bannatyne PricewaterhouseCoopers Securities Ltd, GPO Box 1331L, Melbourne VIC 3001.

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Patent Attorney's Report

GRIFFITH HACK
PATENT AND TRADE MARK ATTORNEYS
LAWYERS

3 November 2006

The Directors
Universal Biosensors, Inc.
103 Ricketts Road
Mount Waverley VIC 3149

Dear Directors

This report about patents and patent applications in the name of, or licensed to, Universal Biosensors, Inc. and Universal Biosensors Pty Ltd (collectively, the Universal Biosensors Group) was prepared by Griffith Hack Patent and Trademark Attorneys for inclusion in a prospectus to be issued by Universal Biosensors, Inc.

Background

Griffith Hack is a firm of patent and trade mark attorneys and lawyers specializing in the law and practices relating to intellectual property. All of the partners of the firm are Fellows of the Institute of Patent and Trademark Attorneys of Australia. Our patent attorneys are specialists in technology areas including mechanical, chemical, materials, electronics and electrical engineering, information and communication technology, medical devices, biotechnology and pharmaceuticals. Each professional staff member holds tertiary qualifications in their specialist technology area with many also holding postgraduate qualifications.

Intellectual property

The term 'intellectual property' refers to exclusive rights in relation to new products, processes, designs, trade marks/service marks, plant variety or an original work such as a literary, dramatic, musical or artistic work. Patents are a form of intellectual property which protect new and inventive innovations, such as new products or processes, and are granted in exchange for the inventor's full disclosure of the invention to the public. This report is concerned with patents and patent applications which are the property of, or are licensed to, the Universal Biosensors Group. The patents and applications in this portfolio primarily concern technology for analysing components of liquid samples, such as blood samples, including technology for use in disposable test strips for analysis devices, such as point-of-care test meters.

Patents

Patents are a monopoly right granted by a government in respect of new and inventive innovations. Patents are one important form of protection companies and individuals can utilise in respect of intellectual property developed by or for the company or individual. Patents have a limited term, usually 20 years, after which the patented invention is available for others to use without restriction. Patents are essentially national rights and a patent application must be filed in a jurisdiction to obtain patent protection in that jurisdiction. Most countries in the world have patent systems and usually a patent granted in one country protects an invention only in the country in which the patent is granted.

In order to obtain a patent the invention must be new at the time of lodging the patent application and also inventive. The requirement for novelty and inventive step requires the invention to be a significant development over what was previously known and not merely a workshop improvement or modification which any practitioner in the

relevant field would be expected to arrive at based on his usual knowledge and practice in the field concerned. A patent provides the patentee with the exclusive rights to exploit the invention in the jurisdiction concerned and also to license the right to exploit the patent in the jurisdiction concerned.

The usual manner of obtaining patents in Australia and overseas countries is to initially file a home application which, in Australia, is generally in the form of a provisional patent application. An international convention exists which enables foreign patent applications to be filed within 12 months from the filing of a first home patent application for an invention and for the foreign applications to claim priority from the home patent application. Thus, foreign patent applications are normally filed 12 months from the lodgement of initial home patent application and if filed in this time period can claim priority from the home patent application. The effect of claiming priority from the home application is that the foreign applications are treated as filed on the same date as the home application.

Thus, patent applications filed by Australian entities in foreign countries are generally filed 12 months after lodgement of the initial Australian application with a claim to priority based on a home Australian provisional application.

Usually before patents are granted in any jurisdictions the patents are examined by the national or regional Patent Office for newness and inventive step. The degree of examination varies from country to country and in some jurisdictions can merely be an examination for the formality of the paper work. In other jurisdictions examination is much more rigorous and subject to that examination a patent may or may not be granted in respect of an invention. A vigorous standard of examination applies to most patent applications the subject of this report.

Foreign patent applications can be filed by lodgement of the patent applications direct in the country or region concerned. However, an International system referred to as the Patent Cooperation Treaty enables a single International patent application to be filed and for a number of countries to be designated in that application. The effect of an International application is substantially the same as filing individual patent applications in all of the countries designated in the International patent application. The International application does not result in the grant of an International patent, rather within prescribed time limits (30 or 31 months from the earliest priority date) it is necessary to file national phase patent applications in all of the countries in which patent protection is to be sought. This may include all of the applications designated in the International application or only some of those countries. These national phase patent applications are then examined in each country to ensure the invention satisfies the local patentability laws as described above. After examination a patent is granted. Fees are payable in each country to maintain the patent in the country. Lapsing of a patent in one country will not affect the status of patents in other countries.

There are some regional patent systems, the most notable of which for the present patent report is that of the European Patent System which enables a single European patent to be obtained covering European states party to the European Patent Convention (EPC). Not all members of the European Union are party to the EPC. At the date of this report the contracting member states of the EPC were Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Spain, Greece (Hellenic Republic), Hungary, Ireland, Iceland, Italy, Liechtenstein, Lithuania, Luxembourg, Latvia, Monaco, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden, Switzerland, Turkey and United Kingdom. Countries which also recognize European patents are Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, and Serbia and Montenegro.

The specific European states for which patent protection is sought must be designated in the European patent application and the granted European patent forms the basis of regional patents in each of the designated states. European patents must be 'validated' in individual states to be enforceable. Validation requires a fee to be paid and generally a translation of the patent into the local language. Fees are payable in each state to maintain the regional patent in that state, lapsing of a regional patent in one state will not affect the status of patents in other states.

In the present patent report, several of the granted patents and pending patent applications are or were based on divisional patent applications. A divisional patent application is a further patent application divided out of an initial or 'parent' patent application. A divisional application may be filed to claim subject matter disclosed but not claimed in the parent application, often as a result of a restriction requirement made by an examiner. For example, where the parent application discloses two inventions or where local patent laws require restriction of the claims for one application to only product or process claims, a divisional application is often filed for the subject matter unable to be claimed in the parent application. More than one divisional application can be divided from a single parent application and a divisional application can also become the parent for a further divisional application. The set of divisional applications are used to obtain what is considered to be an overall acceptable level of protection for the invention. A divisional application will retain the benefit of the priority date of the earliest parent application unless additional subject matter, not disclosed in the parent application, is added.

In the present report several of the granted patents and pending patent applications in the United States of America are described as 'continuation' or 'continuation in part' of a parent patent application. A continuation is a second application for the same or related invention claimed in a prior non-provisional application and filed before the original prior application becomes abandoned or patented. The subject matter disclosed in the continuation must be the same as that of the prior application to claim the benefit of the priority date of the prior application. An applicant may choose to file a continuation in order to introduce a new set of claims into the application and to establish a right to further examination. Continuation applications are used in a similar manner to divisional applications to obtain an appropriate level of patent protection. A continuation-in-part is an application filed during the lifetime of a parent patent application, repeating a substantial portion or all of the parent application and adding matter not disclosed in the parent application. The priority date of a continuation-in-part can be difficult to determine and is based on a comparison of the additional matter with the subject matter originally disclosed in the application from which priority is claimed, unless it is necessary in light of prior art the exact priority date for a continuation-in-part is not determined during examination. We have assumed in this report that any continuation-in-part applications are entitled to the earliest priority date.

The portfolio of patents and patent applications is presented in terms of patent families where appropriate. A patent family is a suite of patents and patent applications all claiming priority from the same priority document(s). In this portfolio, a number of separate families claim related priorities. We have separated these families as they relate to different subject matter but have also grouped these families within our report.

The size of the patent portfolio and the ongoing prosecution of patent applications provide a moving target for status reporting and it is impossible to provide a 100% accurate and up to date report. This report has been prepared predominantly based on a report created on 30 June 2006 with updated information incorporated where possible. In preparing this report we have relied on information provided by the law firms Nutter McClennan & Fish LLP, Venable LLP and Griffith Hack records in conjunction with information provided by Johnson & Johnson Corporation.

Since mid 2002 Nutter McClennan & Fish LLP have represented LifeScan, Inc. for substantially all ongoing prosecution of pending patent applications in the LifeScan, Inc. portfolio specifically related to the technology utilised by Universal Biosensors. After grant of the patent, Nutter McClennan & Fish LLP transfer responsibility for the payment of annuities to maintain the patents to annuities agent, Computer Patent Annuities Limited (CPA). Decisions regarding maintaining or abandoning granted patents for the LifeScan, Inc portfolio are the responsibility of Johnson & Johnson Corporation. CPA monitors the due dates for patent annuities and pays annuities on authorization by Johnson & Johnson Corporation.

Venable LLP act as general US corporate counsel to Universal Biosensors, Inc. and also represent Universal Biosensors Pty Ltd in respect of patent family 2 of this report. Griffith Hack currently represents Universal Biosensors Pty Ltd in respect of patent family 1 of this report.

To the best of our knowledge the report encompasses all patents and applications in the portfolio and the status information is current at the date of this report.

Patent Families owned by Universal Biosensors Pty Ltd

Patent Family 1 – Electrochemical Detection Method

Derived from International Patent Application No. PCT/AU04/00048

This patent family relates to an electrochemical detection method for detecting agglutination. The technique involves electrically measuring that a barrier to transport of electrons has formed due to an agglutination reaction to thereby determine the presence of an analyte. For example, the technique can be applied in a blood type test.

Country	Application No.	Patent No.	Status	Expires
Australia	2004206032		Pending	
Canada	2513868		Pending	
China (Peoples Republic)	200480002452.8		Pending	
European Patent Convention Designating all contracting states	4702612.5		Pending	
India	3511/DELNP/2005		Pending	
Japan	2006-500407		Pending	
Malaysia	PI20040135		Pending	
Taiwan	93101258		Pending	
United States of America	10/541,812		Pending	

The inventors are Garry Chambers, Ronald Christopher Chatelier, and Alastair McIndoe Hodges.

This patent family is held in the name of Universal Biosensors Pty Ltd and stems from International patent application no. PCT/AU04/00048 filed 16 January 2004. This International patent application claims priority from Australian provisional patent application no.2003900285 filed on 20 January 2003 in the name of Universal Biosensors Pty Ltd.

From the information we have available all applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family 2 – Strip Ejection System

Derived from United States of America provisional patent application no.60/545,161 and International Patent Application No. PCT/IB2005/000403

This patent family relates to a system that enables a disposable strip for a meter based sensor device to be transported within the device, moved to a use position and ejected for disposal after use without the operator directly contacting the disposable strip.

Country	Application No.	Patent No.	Status	Expires
Australia	2005215484	Pending		
Canada	PCT/IB2005/000403	Pending		
China	PCT/IB2005/000403	Pending		
European Patent Convention Designating all contracting states	05 708 544.1	Pending		
India	PCT/IB2005/000403	Pending		
Japan	PCT/IB2005/000403	Pending		
Malaysia	PI 20050635	Pending Filed 18-Feb-2005		
Mexico	PCT/IB2005/000403	Pending		
Thailand	97878	Pending Filed 18-Feb-2005		
Taiwan	94104715	Pending Filed 17-Feb-2005		
United States of America	10/589850	Pending		

The inventors are Garry Chambers, Alastair McIndoe Hodges and David Sayer.

This patent family is held in the name of Universal Biosensors Pty Ltd and stems from United States of America provisional patent application no.60/545,161 filed on 18 February 2004 in the name of the inventors. The rights to the invention have been assigned to Universal Biosensors Pty Ltd by the inventors.

International patent application no. PCT/IB2005/000403 was filed 17 February 2005 in the name of Universal Biosensors Pty Ltd. This International patent application claims priority from United States of America provisional patent application no.60/545,161 filed on 18 February 2004. PCT national phase applications were filed during August 2006 in Australia, Canada, China, Europe, India, Japan, Mexico and the US. At the time of writing this report application numbers were not available for all PCT National Phase applications.

From the information we have available all applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Unpublished Patent Applications assigned to Universal Biosensors Pty Ltd

United States of America Provisional Patent Application No. 60/774,678 Entitled – Fluid Transfer Mechanism

The inventors are Garry Chambers, Ronald Christopher Chatelier and Alastair McIndoe Hodges.

United States of America Provisional Patent Application No. 60/774,678 was filed on 21 February 2006 in the names of the inventors. The rights to the invention have been assigned to Universal Biosensors Pty Ltd by the inventors.

Further patent applications based on the subject matter disclosed in this patent application may be filed claiming the benefit of the priority date of United States Of America Provisional Patent Application No. 60/774,678 until 21 February 2007.

United States of America Provisional Patent Application No. 60/831,240 Entitled – Electrochemical Detection of Magnetic Particle Mobility

The inventors are Ronald Christopher Chatelier and Peter Michael Newman.

United States of America Provisional Patent Application No. 60/831,240 was filed on 17 July 2006 in the names of the inventors. The rights to the invention have been assigned to Universal Biosensors Pty Ltd by the inventors.

Further patent applications based on the subject matter disclosed in this patent application may be filed claiming the benefit of the priority date of United States Of America Provisional Patent Application No. 60/831,240 until 17 July 2007.

Patent Families owned by LifeScan, Inc. and used under a licence by Universal Biosensors, Inc. and Universal Biosensors Pty Ltd

Patent Family A – Electrochemical Cells

Derived from International Patent Application No. PCT/AU95/00207

This patent family relates to an electrochemical cell which enables levels of analytes such as glucose to be measured whilst using a small volume of sample.

The electrochemical cell comprises a porous membrane of electrically insulating composition with the membrane pores communicating from one side of the membrane to another, a working electrode disposed on one side of the membrane and a counter or pseudo-reference electrode disposed on the other side. A target area of one electrode is liquid permeable and extends over the surface of membrane without blocking underlying pores of the membrane.

Embodiments of the electrochemical cell can be used as a biosensor for determining glucose levels, however, the invention may be applied to other types of sensors or systems based on electrochemical cells e.g. high temperature filters, display items, instruments for chemical analysis, for example of heavy metals in waste water or the like.

Country	Application No.	Patent No.	Status	Expires
Australia	22090/95	697214	Granted 14-Jan-1999	12-Apr-2015
European Patent Convention	95 91 5068.1	755511	Granted 15-Oct-2003	
Austria	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
Belgium	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
Denmark	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
France	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
Germany	95 91 5068.1	695 31 938 T2	Granted 15-Oct-2003	12-Apr-2015
Greece	95 91 5068.1	2003047531	Granted 15-Oct-2003	12-Apr-2015
Ireland	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
Italy	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
Luxembourg	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
Monaco	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
Netherlands	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
Portugal	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
Spain	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
Sweden	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
Switzerland	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
United Kingdom	95 91 5068.1	755511	Granted 15-Oct-2003	12-Apr-2015
European Patent Convention Divisional of 95 91 5068.1 Designating: Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Lichtenstein, Luxemburg, Monaco, Netherlands, Portugal, Sweden, Spain, Switzerland, United Kingdom	03 07 5013.7		Pending	
Hong Kong Derived from European Patent Application 03 07 5013.7	3108310.3		Pending	
Japan	526564/1995	3574137	Pending	
United States of America	08/727,504	5,863,400	Granted 26-Jan-1999	12-Apr-2015

The inventors are Thomas William Beck and Humphrey John Jardine Drummond.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application no. PCT/AU95/00207 filed 12 April 1995. This International patent application claims priority from Australian provisional patent application no.PM5068 filed on 14 April 1994 in the name of Memtec Limited the predecessor in title of Memtec America Corporation, who subsequently changed corporate name to USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family B – Defining an Electrode Area

Derived from International Patent Application No. PCT/AU96/00210

This patent family relates to a method for defining an electrode area in an electrochemical sensing device. The electrode is defined by compressing a region of a porous substrate to an extent which forms a barrier to migration of electrolyte within the substrate, the compressed region defining, or in combination with an edge of the substrate or the electrode defining, a zone on the electrode of predetermined area.

The method enables an accurately defined electrode area to be reproduced for use in performing quantitative electrochemical measurements and overcomes problems due to leakage and contact with the electrode outside the defined area, especially when the substrate upon which the electrode is placed is porous.

Country	Application No.	Patent No.	Status	Expires
Australia	52606/96	693678	Granted 10-Dec-1998	11-Apr-2016
Canada	2216911	2216911	Granted 6-Jun-2006	11-Apr-2016
China (Peoples Republic)	96193269.4	ZL 96193269.4	Granted 13-Oct-2004	11-Apr-2016
China (Peoples Republic) Divisional of CN 96193269.4	02131618.X		Pending	
China (Peoples Republic) Divisional of CN 96193269.4	3125169.2		Pending	
European Patent Convention Designating: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lichtenstein, Luxemburg, Monaco, Netherlands, Portugal, Sweden, Spain, Switzerland, United Kingdom	96 90 8916.8		Pending	
Hong Kong Derived from CN 3125169.2	4106714.8		Pending	
Japan	530573/1996		Pending	
Singapore	9704527-2	45676	Granted 27-Apr-1999	11-Apr-2016
United States of America	08/973,086	5,980,709	Granted 9-Nov-1999	11-Apr-2016

The inventors are Thomas William Beck, Alastair McIndoe Hodges and Oddvar Johansen.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application no. PCT/AU96/00210 filed 11 April 1996. This International patent application claims priority from Australian provisional patent application no.PN2393 filed on 12 April 1995 in the name of Memtec Limited the predecessor in title of Memtec America Corporation, who subsequently changed corporate name to USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan Inc on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family C – Electrochemical Cell

Derived from International Patent Application No. PCT/AU96/00365

This patent family relates to a method and an electrochemical biosensor for determining the concentration of an analyte in a carrier. One application of the biosensor and method is for determining the concentration of glucose in blood however, the biosensor and method are also applicable to other analytic determinations.

The biosensor and method enables determination of the concentration of a reduced (or oxidised) form of a redox species substantially independent of variation if any in the diffusion coefficient of the redox species, thus the measured concentration is compensated for variations in temperature and viscosity. The concentration so measured is independent of variations in viscosity due to whole blood haematocrit and other substances which affect the diffusion coefficient of the redox species.

Country	Application No.	Patent No.	Status	Expires
Australia	59922/96	712939	Granted 2-Mar-2000	19-Jun-2016
Australia Divisional of 712939	42423/99	735132	Granted 11-Oct-2001	19-Jun-2016
Australia Divisional of 712939	42422/99	741403	Granted 14-Mar-2002	19-Jun-2016
Canada	2222525	2222525	Granted 15-Aug-2006	19-Jun-2016
Canada	2538966		Pending	
China (Peoples Republic)	96194874.4	ZL 96194874.4	Granted 12-Jan-2005	19-Jun-2016
China (Peoples Republic) Divisional of 96194874.4	2122767.5		Pending	
China (Peoples Republic) Divisional of 96194874.4	2122768.3		Pending	
China (Peoples Republic) Divisional of 96194874.4	2122766.7	ZL02122766.7	Granted 19-July-2006	19-Jun-2016
China (Peoples Republic) Divisional of 2122766.7	200510079591.7		Pending	
China (Peoples Republic) Divisional of 2122767.5	200510072636.8		Pending	
European Patent Convention	96 91 7287.3	873514	Granted 9-Apr-2003 Granted in designated states: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, Sweden, Switzerland, United Kingdom	19-Jun-2016
European Patent Convention Divisional of 96 91 7287.3 Designating: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lichtenstein, Luxemburg, Monaco, Netherlands, Portugal, Sweden, Spain, Switzerland, United Kingdom	03 00 7604.6		Pending	
Hong Kong	3108903.6		Pending	

Country	Application No.	Patent No.	Status	Expires
Korea, Republic of	10-1997-709488		Pending	
Korea, Republic of Divisional of 10-1997-709488	10-2003-7011440	10-483093	Granted 4-Apr-2005	19-Jun-2016
Korea, Republic of Divisional of 10-2003-7011440	10-2004-7008322	10-0491283	Granted 16-May-2005	19-Jun-2016
Japan	502421/1997		Pending	
Mexico	PA/a/1998/003882		Pending	
Singapore	9706115-4	53339	Granted 17-Aug-1999	19-Jun-2016
United States of America	08/981,385	6,284,125	Granted 4-Sep-2001	19-Jul-2016
United States of America Continuation of 08/981,385	09/618,515	6,413,410	Granted 2-Jul-2002	19-Jul-2016
United States of America Continuation of 09/618,515	10/035,924	6,960,289	Granted 1-Nov-2005	31-May-2017
United States of America Continuation of 10/035,924	10/624,823		Pending	
United States of America Continuation of 10/035,924	10/624,746		Pending	
United States of America Continuation of 10/035,924	10/624,795		Pending	

The inventors are Thomas William Beck, Alastair McIndoe Hodges and Oddvar Johansen.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application no. PCT/AU96/00365 filed 16 June 1996. This International patent application claims priority from Australian provisional patent application no.PN3639 filed on 19 June 1995 in the name of Memtec Limited the predecessor in title of Memtec America Corporation, who subsequently changed corporate name to USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

Divisional applications have been filed in some countries where it was not possible to claim both the biosensor and the method in a single application without undue limitation. For example, European patent application no. 69 91 7287.3 relates to the method and its divisional application European patent application No. 03 00 7604.6 relates to the biosensor, which was excluded from the claims of European patent application no. 69 91 7287.3.

United States of America patent applications no 10/624,823 10/624,746 and 10/624,795 are all continuation applications for the same invention as United States of America patent application no 10/035,924, which, in turn, is a continuation of United States of America patent application no 09/618,515 which, in turn, is a continuation of United States of America patent application no 08/981,385. These applications are all directed to the same invention with different claim sets in each application.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family D – Electrochemical Cell and Electrochemical Method

Patent families D1 and D2 are grouped together because they both stem from Australian provisional patent application no PN6619 which formed the basis for International patent applications:

PCT/AU96/00723 filed 15 November 1996
PCT/AU96/00724 filed 15 November 1996

Patent Family D1 – Electrochemical Method

Derived from International Patent Applications No. PCT/AU96/00723

This patent family provides an improved method and biosensor for determination of the concentration of an analyte in a carrier which provides improved accuracy, reliability and speed over prior techniques.

This patent family relates to a method for using a biosensor to determine the concentration of a component in an aqueous liquid sample, for example measuring the concentration of glucose in blood and other analytic determinations. The concentration is measured by measuring the change in an electric current with time after an electric potential difference is applied across the aqueous liquid sample.

Some further patent applications in this patent family relate to a biosensor for use in determining a concentration of a component in an aqueous liquid sample, for example measuring the concentration of glucose in blood and other analytic determinations. The biosensor includes an electrochemical cell and a measuring circuit. The electrochemical cell has an aperture which defines a working electrode area in the cell and a sample introduction aperture whereby the aqueous liquid sample may be introduced into the cell.

Country	Application No.	Patent No.	Status	Expires
Australia	75549/96	705165	Granted 26-Aug-1999	15-Nov-2016
Brazil	PI9611513-0		Pending	
Brazil Divisional of PI9611513-0	PI9612871-2		Pending	
Canada	2236848		Pending	
China (Peoples Republic)	96199076.7	1204400	Granted 9-Apr-2003	15-Nov-2016
China (Peoples Republic) Divisional of 96199076.7	3106170.2		Pending	
European Patent Convention	96 93 7918.9	882226	Granted 4-June-2003 Granted in designated states: Austria, Belgium, Denmark, France, Germany, Greece, Italy, Netherlands, Spain, Sweden, Switzerland, United Kingdom	15-Nov-2016
European Patent Convention Divisional of 96 93 7918.9 Designating: Austria, Belgium, Denmark, France, Germany, Greece, Italy, Lichtenstein, Netherlands, Spain, Sweden, Switzerland, United Kingdom	02 07 6325.6		Pending	
Hong Kong Derived from EP 96 93 7918.9	99101616.4	HK1018096	Granted 19-Dec-2003	15-Nov-2016
Hong Kong Derived from EP02 07 6325.6	3101558.9		Pending	
Israel	124495	124495	Granted 25-Dec-2003	15-Nov-2016
Israel – Divisional of 124495	132089	132089	Granted 13-Aug-2004	15-Nov-2016
Israel – Divisional of 124495	133994		Pending	
Israel – Divisional of 133994	172879		Pending	
Japan	518443/1997		Pending	
Korea, Republic of	10-1998-703700	10-468550	Granted 19-Jan-2005	15-Nov-2016
Mexico	983882	218180	Granted 16-Dec-2003	15-Nov-2016

Country	Application No.	Patent No.	Status	Expires
Russian Federation	98111192	2174679	Granted 20-Apr-2003	15-Nov-2016
Singapore	9802885-5	53703	Granted 19-Sep-2000	15-Nov-2016
United States of America	08/852,804	5,942,102	Granted 24-Aug-1999 Maintenance fees Due	15-Nov-2016
United States of America Continuation of 08/852,804	09/314,251	6,174,420	Granted 16-Jan-2001 Certificate of validity after re-examination to be issued.	15-Nov-2016
United States of America Continuation of 09/314,251	09/709,968	6,521,110	Granted 18-Feb-2003	15-Nov-2016
United States of America Continuation of 09/709,968	09/840,624	6,863,801	Granted 8-Mar-2005	15-Nov-2016
United States of America Continuation of 09/840,624	10/843,956		Pending	
United States of America Continuation of 10/843,956	11/487,728		Pending	

The inventors are Thomas William Beck, Alastair McIndoe Hodges, Oddvar Johansen and Ian Andrew Maxwell.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/AU96/00723 filed 15 November 1996. The international application claimed priority from Australian provisional patent application no. PN6619 filed on 16 November 1995 in the name of Memtec Limited the predecessor in title of Memtec America Corporation, who subsequently changed corporate name to USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan Inc on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family D2 – Electrochemical Cell

Derived from International Patent Applications No. PCT/AU96/00724

This patent family relates to an electrochemical cell for determining the concentration of an analyte in a carrier.

Country	Application No.	Patent No.	Status	Expires
Australia	75550/96	705313	Granted 26-Aug-1999	15-Nov-2016
Australia Divisional of 705165 and 705313	44547/99	738128	Granted 20-Dec-2001	15-Nov-2016
Brazil	PI9611514.9		Pending	
Canada	2,236,850	2236850	Granted 1-Jun-2004	15-Nov-2016
China (Peoples Republic)	96199077.5	106399	Granted 2 Apr-2003	15-Nov-2016
China (Peoples Republic)	99123109	ZL 99123109.0	Granted 4-Aug-2004	15-Nov-2016
China (Peoples Republic)	03103571.X		Pending	
China (Peoples Republic) Divisional of 03103571.X	200510114079.1		Pending	
European Patent Convention Designating: Austria, Belgium, Denmark, France, Germany, Greece, Italy, Lichtenstein, Netherlands, Spain, Sweden, Switzerland, United Kingdom	96 93 7919.7		Pending	

Country	Application No.	Patent No.	Status	Expires
European Patent Convention Divisional of 96 93 7919.7	99 20 2305.1	967480	Granted 2-Jul-2002 Granted in designated states: Austria, Belgium, Denmark, France, Germany, Greece, Italy, Netherlands, Spain, Sweden, Switzerland, United Kingdom	15-Nov-2016
European Patent Convention Divisional of 96 93 7919.7 Designating: Austria, Belgium, Denmark, France, Germany, Greece, Italy, Lichtenstein, Netherlands, Sweden, Spain, Switzerland, United Kingdom	03 07 7244.6		Pending	
Korea, Republic of	10-1998-703701		Pending	
Korea, Republic of Divisional of 10-1998-7.3701	10-2001-7014495		Pending	
Korea, Republic of Divisional of 10-2001-7014495	10-2005-7005677		Pending	
Korea, Republic of Divisional of 10-2001-7014495	10-2006-7016334		Pending	
Hong Kong Derived from EP 96 93 7919.7	99103129		Pending	
Hong Kong Derived from CN 99123109	107699.9	1028914	Granted 8-Feb-2005	15-Nov-2016
Hong Kong Derived from EP 03 07 7244.6	4103568.2		Pending	
Israel	124494	124494	Granted 3-Dec-2000	15-Nov-2016
Japan	518444/1997		Pending	
Mexico	983881	218479	Granted 8-Jan-2004	15-Nov-2016
Mexico Divisional of 983881	999175	226090	Granted 3-Feb-2005	15-Nov-2016
Russian Federation	98111492	2202781	Granted 20-Apr-2003	15-Nov-2016
Russian Federation Divisional of 98111492	2000104734	2243545	Granted 27-Dec-2004	15-Nov-2016
Russian Federation Divisional of 98111492	2002135727		Pending	
Singapore	9802884-8	53702	Granted 22-May-2002	15-Nov-2016
United States of America	09/068,828	6,179,979	Granted 30-Jan-2001	15-Nov-2016

The inventors are Thomas William Beck, Alastair McIndoe Hodges, Oddvar Johansen and Ian Andrew Maxwell.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/AU96/00724 filed 15 November 1996. The international application claimed priority from Australian provisional patent application no. PN6619 filed on 16 November 1995 in the name of Memtec Limited the predecessor in title of Memtec America Corporation, who subsequently changed corporate name to USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family E – Analytic Cell

Derived from International Patent Application No. PCT/AU97/00599

This patent family relates to a device for the determination of ionic activities and/or concentrations in a solution containing ions and in particular an inexpensive means to facilitate the convenient measurement of pH.

Country	Application No.	Patent No.	Status	Expires
Australia	41056/97	719581	Granted 24-Aug-2000	11-Sep-2017
Canada	2264288	2264288	Granted 29-Nov-2005	11-Sep-2017
Canada Divisional of 2264288	2516921		Pending	
European Patent Convention Designating: France, Germany, Italy, Netherlands, Spain, United Kingdom	97 93 8686.9		Pending	
Japan	513059/1998	3751026	Granted 16-Dec-2005	11-Sep-2017
United States of America	09/268,250	6,193,865	Granted 27-Feb-2001	11-Sep-2017

The inventors are Thomas William Beck, Ronald Christopher Chatelier, Alastair McIndoe Hodges, Oddvar Johansen and Ian Andrew Maxwell.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/AU97/00599 filed 11 September 1997. The international application claimed priority from Australian provisional patent application no. PO2296 filed on 13 September 1996 in the name of Memtec America Corporation, who subsequently changed corporate name to USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family F – Sensor Connector Means

Derived from International Patent Application No. PCT/AU98/00184

This patent family relates to a means for providing an electrical connection between a measuring device and a disposable electrochemical sensor of the type used for quantitative analysis, for example, of glucose levels in blood, for pH measurement. This connector means enables simple, quick, reliable and effective connection with the power source in the measuring device by unskilled users.

Country	Application No.	Patent No.	Status	Expires
Australia	66044/98	745740	Granted 11-Jul-2002	20-Mar-2018
Australia Divisional of 66044/98	48842/02	784485	Granted 27-Jul-2006	20-Mar-2018
Brazil	PI9807987-5		Pending	
Canada	2284634	2284634	Granted 8-Aug-2006	20-Mar-2018
Canada Divisional of 2284634	2550198		Pending	
China (Peoples Republic)	98804325.4	118728	Granted 6-Aug-2003	20-Mar-2018
China (Peoples Republic) Divisional of 98804325.4	3130618.7	ZL03130618.7	Granted 15-July-2005	20-Mar-2018
China (Peoples Republic) Divisional of 3130618.7	200510093991.3		Pending	

Country	Application No.	Patent No.	Status	Expires
European Patent Convention Designating: Austria, Belgium, Denmark, France, Germany, Greece, Italy, Lichtenstein, Netherlands, Sweden, Spain, Switzerland, United Kingdom	98 90 7775.5		Pending	
Hong Kong Derived from EP 98 90 7775.5	103935.2		Pending	
Hong Kong Derived from CN3130618.7	4106747.9	HK 1064154	Granted 7-Apr-2006	20-Mar-2018
Israel	131980	131980	Granted 25-Sep-2003	20-Mar-2018
Israel	154066		Pending	
Japan	544532/1998	3766109	Granted 03-Feb-2006	20-Mar-2018
Korea, Republic of	10-1999-7008615	10-0526086	Granted 27-Oct-2005	20-Mar-2018
Korea, Republic of Divisional of 10-1999-7008615	10-2005-7007153	576660	Granted 27-Apr-2006	20-Mar-2018
Mexico	PA/a/1999/008659	224386	Granted 22-Nov-2004	20-Mar-2018
Mexico Divisional of PA/a/1999/008659	PA/a/2004/008716		Pending	
Russian Federation	99122339	2213345	Granted 27-Aug-2003	20-Mar-2018
Russian Federation Divisional of 99122339	2003112450		Pending	
Singapore	9904624-5	68164	Granted 26-Jan-2002	20-Mar-2018
United States of America	09/399,512	6,379,513	Granted 30-Apr-2002	20-Mar-2018
United States of America Continuation of 09/399,512	10/012,680	7,045,046	Granted 16-May-2006	4-Mar-2019
United States of America Continuation of 10/012,680	10/950,111		Pending	
United States of America Continuation of 10/950,111	11/434,442		Pending	

The inventors are Thomas William Beck, Garry Chambers, and Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/AU98/00184 filed 20 March 1998. The international application claimed priority from Australian provisional patent application no. PO5813 filed on 21 March 1997 in the name of Memtec America Corporation, who subsequently changed corporate name to USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family G – Method of Filling an Amperometric Cell and Improved Electrochemical Cell

Derived from International Patent Application No. PCT/AU98/00200

This patent family relates to disposable electrochemical sensors of the type used for quantitative analysis, for example, of glucose levels in blood, or the like. Each sensor comprises an amperometric electrochemical cell with at least one insulating substrate and the electrode carried thereon including an electromagnetic radiation transmissive portion in registration with the reservoir of the cell. A property of the electromagnetic radiation, such as visible, ultraviolet, infra-red or laser light, passing and/or reflecting through the transmissive portion can be monitored to determine when the reservoir is filled sufficiently to provide a valid electrochemical measurement.

Country	Application No.	Patent No.	Status	Expires
Australia	64895/98	723768	Granted 21-Dec-2000	25-Mar-2018
Canada	2284532		Pending	
European Patent Convention Designating: France, is intended Germany, Italy, Netherlands, United Kingdom	98 91 0522.6	1012590	Grant of the patent is intended	
Japan	543209/1998	3703854	Granted 29-Jul-2005	25-Mar-2018
United States of America	09/404,119	6,454,921	Granted 24-Sep-2002	25-Mar-2018
United States of America Continuation of 09/404,119	09/568,076	6,592,744	Granted 15-Jul-2003	15-Jul-2020
United States of America Continuation of 09/568,076	10/387,212	7,041,210	Granted 9-May-2006	16-May-2019
United States of America Continuation of 10/387,212	11/392,201		Pending	

The inventors are Thomas William Beck, Alastair McIndoe Hodges and Ian Andrew Maxwell.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/AU98/00200 filed 25 March 1998. The international application claimed priority from Australian provisional patent application no. PO5857 filed on 25 March 1997 in the name of Memtec America Corporation, who subsequently changed corporate name to USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

The European Patent Office gave notice of intention to grant European patent application No. 98 91 0522.6 on 10 March 2006 however at the time of this notice the European application was in the name of USF Filtration and Separations Group Inc. due to a delay in requesting and processing the change of ownership to LifeScan, Inc. Grant fees for this application were not paid on time and a Notice of Loss of Rights issued on 24 August 2006. The notice of loss of rights allows two months to request further processing of the application to avoid the application lapsing irrevocably. Further processing of the application was requested on 6 October 2006 and the request for further processing accepted on 18 October 2006. The application should proceed to grant in the name of LifeScan, Inc.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family H – Method and Apparatus for Automatic Analysis

Derived from International Patent Application No. PCT/AU98/00642

This patent family relates to a method for analysing the concentration of an analyte in a sample and to an automatic analysing apparatus. The invention is particularly suitable for measuring the concentration of glucose or other analytes in blood.

Country	Application No.	Patent No.	Status	Expires
Australia	87203/98	758963	Granted 14-Aug-2003	13-Aug-2018
Australia Divisional of 87203/98	44461/02	781184	Granted 25-Aug-2005 Lapsed 25-Mar-2004 Failure to pay renewal fees due 13-Aug-2003 Reinstated 23-Aug-2004	13-Aug-2018
Australia Divisional of 44461/02	2005200832		Pending	
Canada	2300406		Pending	
European Patent Convention Designating: France, Germany, Ireland, Italy, Netherlands, Spain, United Kingdom	98 93 8521.6		Pending	
Japan	2000-510018	3691760	Granted 24-Jun-2005	13-Aug-2018
United States of America	09/502,907	6,325,917	Granted 4-Dec-2001	13-Aug-2018
United States of America Continuation of 09/502,907	09/970,461	6,852,212	Granted 8-Feb-2005	13-Aug-2018
United States of America Continuation of 09/970,461	11/047,859		Pending	

The inventors are Thomas William Beck, Alastair McIndoe Hodges and Ian Andrew Maxwell.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/AU98/00642 filed 13 August 1998. The international application claimed priority from Australian provisional patent application no. PO8558 filed on 13 August 1997 in the name of Memtec America Corporation, who subsequently changed corporate name to USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

Australian patent no. 781184 lapsed on 25 March 2004 due to failure to pay renewal fees due 13 August 2003. An extension of time to pay the renewal fees was requested on 30 April 2004. The extension of time was allowed and the patent reinstated on 23 August 2004. The implication of the lapse of Australian patent no 781184 is that Australian legislation provides protection to any party who took advantage of the invention during the period between the patent lapsing and its restoration. Anyone taking advantage of the invention during this time cannot be sued for any infringing activity during this period and may be able to obtain a licence to use the invention from the Australian Commissioner of Patents.

From the information we have available all patents and applications in this family are currently in good standing with all maintenance fees and annuity fees timely paid.

Patent Family I – Heated Electrochemical Cell

Derived from International Patent Application No. PCT/AU99/00152

This patent family relates to a method and apparatus for determining the concentration of an analyte in a sample by heating the sample and measuring the concentration of the analyte or the concentration of a species representative thereof in the sample at a predetermined point on a reaction profile by means that are substantially independent of temperature. For example, for the measurement of the concentration of glucose in blood, the temperature of the blood is raised when it is in contact with the sensor which facilitates reaction of the glucose with the enzyme and enables an accurate assessment of glucose concentration to be made in a much shorter time than would otherwise be possible.

Country	Application No.	Patent No.	Status	Expires
Australia	29124/99	743852	Granted 23-May-2002	11-Mar-2019
Australia Divisional of 29124/99	37073/02	779350	Granted 26-May-2002	11-Mar-2019
Canada	2,322,757		Pending	
European Patent Convention Designating: France, Germany, Italy, Netherlands, Spain, United Kingdom	99 91 0001.9		Pending	
Hong Kong Derived from EP 99 91 0001.9	1103634.5		Pending	
Japan	535917/2000		Published	
Taiwan	88103765	I240071	Granted 21-Sep-2005	11-Mar-2019
United States of America	09/659,470	6,475,360	Granted 5-Nov-2002	11-Mar-2019
United States of America Continuation of 09/659,470	10/079,063	6,878,251	Granted 12-Apr-2005	26-Jun-2023

The inventor is Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/AU99/00152 filed 11 March 1999. The international application claimed priority from Australian provisional patent application no. PP2388 filed on 12 March 1998 in the name of USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family J – Sensor with Improved Shelf Life

Derived from International Patent Application No. PCT/AU99/00166

This patent family relates to extending the shelf life of apparatus, such electrochemical cells, sensor elements and the like, comprising one or more metal electrodes by stabilizing the metal electrodes using a coating which includes a sulphur containing moiety in its molecular structure. In an electrochemical sensor element the stability of the electrode is critical to the stability of the sensor as a whole and it has been found that typically electrodes become unstable when stored for long periods of time. Using the coating of the present invention the electrode behaviour can be significantly stabilised in comparison with uncoated metal electrodes without loss of the desirable sensing characteristics of the electrodes

Country	Application No.	Patent No.	Status	Expires
Australia	29136/99	745414	Granted 4-Jul-2002	16-Mar-2019
Canada	2322454		Pending	
European Patent Convention Designating: France, Germany, Italy, Netherlands, Spain, United Kingdom	99 91 0013.4		Pending	
Hong Kong Derived from EP 99 91 0013.4	1104929.7		Pending	
Japan	2000-538226		Pending	
Taiwan	88104370	201390	Granted 3-Sep-2004	19-Mar-2019
United States of America	09/664,688	6,652,734	Granted 25-Nov-2003	16-Mar-2019
United States of America Continuation of 09/664,688	10/630,441		Pending	

The inventors are Ronald Chatelier and Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/AU99/00166 filed 16 March 1999. The international application claimed priority from Australian provisional patent application no. PP2503 filed on 20 March 1998 in the name of USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family K – Electrochemical Methods and Devices for Use in the Determination of Haematocrit corrected Analyte Concentrations

Derived from International Patent Application No. PCT/US01/02465

This patent family relates to analyte determination, particularly the electrochemical determination of blood analytes. Where the physiological sample being assayed is whole blood or a derivative thereof, the haematocrit of the sample can be a source of analytical error in the ultimate analyte concentration measurement. The invention provides methods for electrochemically measuring the concentration of an analyte in a physiological sample, where the method minimizes the analytical error which originates with the haematocrit of the sample.

Country	Application No.	Patent No.	Status	Expires
Australia	32974/01	783311	Granted 2-Feb-2006	25-Jan-2021
Australia Divisional of 783311	2006200073		Pending	
Canada	2,398,203		Pending	
China (Peoples Republic)	18,034,373	ZL01803437.3	Granted 16-Mar-2005	25-Jan-2021
Czech Republic	PV 2002-1298		Pending	

Country	Application No.	Patent No.	Status	Expires
European Patent Convention	01 90 5055.8	1252514	Granted 21-Dec-2005	
Austria	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Belgium	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Czech Republic	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Denmark	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Estonia	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Finland	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
France	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Germany	01 90 5055.8	60114056.8	Granted 21-Dec-2005	25-Jan-2021
Greece	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Ireland	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Italy	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Luxembourg	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Netherlands	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Portugal	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Spain	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Sweden	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Switzerland	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
Turkey	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
United Kingdom	01 90 5055.8	1252514	Granted 21-Dec-2005	25-Jan-2021
European Patent Convention Divisional of 01 90 5055.8 Designating: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lichtenstein, Luxemburg, Monaco, Netherlands, Portugal, Sweden, Spain, Switzerland, Turkey, United Kingdom	05 07 7347.2		Pending	
Hong Kong Derived from EP 01 90 5055.8	3101950.3		Pending	
Hong Kong Derived from EP 05 07 7347.2	6108720.4		Pending	
India	IN/PCT/02/00833		Pending	
Israel	149662	149662	Granted 26-Oct-2005	25-Jan-2021
Israel Divisional of 149662	167301		Pending	
Japan	556308/2001		Pending	
Korea, Republic of	10-2002-7009882		Pending	
Malaysia	PI 20010425		Pending	
Mexico	PA/A/2002/005797	225996	Granted 2-Feb-2005	10-Jun-2022

Country	Application No.	Patent No.	Status	Expires
Philippines	1-2001-00208		Pending	
Poland	P-358492		Pending	
Russian Federation	2002116217	2262890	Granted 27-Oct-2005	25-Jan-2021
Russian Federation Divisional of 2002116217	2005123794		Pending	
Singapore	200202236-6		Pending	
Taiwan	90102109	173024	Granted 11-Feb-2003	2-Feb-2020
Thailand	63304		Pending	
United States of America	09/497,304	6,475,372	Granted 5-Nov-2002	2-Feb-2020
United States of America Continuation of 09/497,304	10/144,095	6,890,421	Granted 10-May-2005	7-Jul-2020
United States of America Continuation of 10/144,095	10/979,054		Pending	

The inventors are Alastair McIndoe Hodges, Mahyar Z Kermani and Timothy J O'Hara.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/US01/02465 filed 25 January 2001. The international application claimed priority from United States of America patent application no. 09/497,304 filed on 2 February 2000 in the name of the inventors. The rights to the invention were assigned to LifeScan, Inc by the inventors and the International patent application was filed in the name of LifeScan, Inc.

Alastair Hodges was originally not listed as an inventor for this patent family. All members of the patent family, with the exception of the Russian Federation patent number 2262890 have subsequently been amended to include Alastair Hodges as an inventor. The request to amend Russian Federation patent number 2262890 to include Alastair Hodges as an inventor has been refused and a decision as to whether an appeal will be lodged is pending.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family L – Method and Device for Sampling and Analyzing Interstitial Fluid and Whole Blood Samples

Derived from International Patent Application No. PCT/US01/09673

This patent family relates to a method and device for combining the sampling and analyzing of sub-dermal fluid samples, such as interstitial fluid or whole blood, in a device suitable for hospital bedside and home use. The device includes a dermal layer penetration probe in fluid communication with an analysis chamber. It is applicable to any analyte that exists in a usefully representative concentration in the fluid, and is especially suited to the monitoring of glucose.

Country	Application No.	Patent No.	Status	Expires
Australia	2001249467	2001249467	Granted 7-Jul-2005	26-Mar-2021
Australia Divisional of AU 2001249467	2005202586		Pending	
Canada	2403759		Pending	
China (Peoples Republic)	1810247.6	ZL01810247.6	Granted 5-Jul-2006	26-Mar-2021
Czech Republic	PV 2002-3521		Pending	
European Patent Convention	01 92 2697.6	1276412	Granted 28-Dec-2005	
Austria	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Belgium	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021

Country	Application No.	Patent No.	Status	Expires
Denmark	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Finland	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
France	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Germany	01 92 2697.6	60114281.1	Granted 28-Dec-2005	26-Mar-2021
Greece	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Ireland	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Italy	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Luxembourg	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Netherlands	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Portugal	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Spain	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Sweden	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Switzerland	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
Turkey	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
United Kingdom	01 92 2697.6	1276412	Granted 28-Dec-2005	26-Mar-2021
European Patent Convention Divisional of 1276412 Designating: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lichtenstein, Luxemburg, Netherlands, Portugal, Sweden, Spain, Switzerland, Turkey, United Kingdom	05 07 7129.4		Pending	
Hong Kong Derived from EP 01 92 2697.6	3105076.3	1054310	Granted 4-Aug-2006	25-Mar-2021
Hong Kong Derived from EP 05 07 7129.4	6107807.2		Pending	
India	IN/PCT/2002/01183		Pending	
Israel	151894		Pending	
Japan	570184/2001		Pending	
Korea, Republic of	10-2002-7012697		Pending	
Mexico	PA/a/2002/009563		Pending	
Poland	P-358 181		Pending	
Russian Federation	2002128734	225639	Granted 20-Jul-2005	26-Mar-2021
Russian Federation Divisional of RU 2002128734	2005111767		Pending	
Singapore	200205820-4	92054	Granted 29-Oct-2004	26-Mar-2021
Taiwan	90108732	206376	Granted 21-Jun-2004	12-Apr-2021
United States of America	09/536,235	6,612,111	Granted 2-Sep-2003	27-Mar-2020
United States of America Continuation of 09/536,235	10/166,487	6,939,312	Granted 6-Sep-2005	22-May-2020

Country	Application No.	Patent No.	Status	Expires
United States of America Continuation of 10/166,487	10/914,818		Pending	
United States of America Continuation of 10/166,487	10/369,120		Pending	
United States of America Continuation of 10/369,120	11/480,587		Pending	

The inventors are Garry Chambers, Ron Chatelier, and Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/US01/09673 filed 26 March 2001. The international application claimed priority from United States of America patent application no. 09/536,235 filed on 27 March 2000 in the name of the inventors. The rights to the invention were assigned to LifeScan, Inc by the inventors and the International patent application was filed in the name of LifeScan, Inc.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family M – Method of Preventing Short Sampling of a Capillary or Wicking Fill Device

Derived from International Patent Application No. PCT/US01/09675

This patent family relates to a device, and a method for using the device, for ensuring that a capillary or wicking fill device, such as a capillary or wicking action filled electrochemical sensors suitable for use in analyzing blood or interstitial fluids, is fully filled. The device includes a pre-chamber and a sensing chamber in fluid communication with the pre-chamber, wherein the differential between the capillary forces between the two chambers causes the flow of fluid from the pre-chamber to the sensing chamber.

Country	Application No.	Patent No.	Status	Expires
Australia	2001249468	2001249468	Granted 13-Jan-2006	26-Mar-2021
Canada	2403660		Pending	
China (Peoples Republic)	1810245	1431933	Granted 10-Aug-2005	26-Mar-2021
Czech Republic	PV 2002-3516		Pending	
European Patent Convention Designating: France, Germany, Italy, Netherlands, United Kingdom	01 92 2698.4		Published	
Hong Kong Derived from EP 01 92 2698.4	3104489.7		Pending	
India	IN/PCT/2002/01182		Pending	
India – Divisional of IN/PCT/2002/0118	1311/KOLNP/05		Pending	
Israel	151893		Pending	
Japan	571069/2001		Pending	
Korea, Republic of	10-2002-7012696		Pending	
Mexico	PA/A/2002/009562	231515	Granted 21-Oct-2005	26-Mar-2021
Mexico – Divisional of PA/A/200200956	PA/A/2005/006316		Pending	
Poland	P-359493		Pending	
Russian Federation	2002128735		Published	

Country	Application No.	Patent No.	Status	Expires
Russian Federation Divisional of 2002128735	2005117613		Pending	
Singapore	200205970-7	92164	Granted 30-Sep-2005	26-Mar-2021
Singapore Divisional of 200205970-7	200405363-3		Pending	
Taiwan	90108733	160272	Granted 20-Nov-2002	12-Apr-2021
Taiwan Divisional of 90108733	92132513		Pending	
United States of America	09/536,234	6,571,651	Granted 3-Jun-2003	27-Mar-2020
United States of America Continuation of 09/536,234	10/408,836	6,823,750	Granted 30-Nov-2004	4-Apr-2023
United States of America Divisional of 09/536,234	10/408,150	7,043,821	Granted 16-May-2006	13-May-2024
United States of America Divisional of 09/536,234	10/408,189		Allowed 23-Jun-2006	

The inventor is Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/US01/09675 filed 26 March 2001. The international application claimed priority from United States of America patent application no. 09/536,234 filed on 27 March 2000 in the name of the inventors. The rights to the invention were assigned to LifeScan, Inc by the inventors and the International patent application was filed in the name of LifeScan, Inc.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family N

Patent families N1 to N4 are grouped under Patent family N because they all stem from four United States of America patent applications:

09/615,691
09/616,433
09/616,512
09/616,556

which formed the basis for International Patent Applications No:

PCT/US01/21314 filed 6 July 2001
PCT/US01/21961 filed 12 July 2001
PCT/US01/21964 filed 12 July 2001
PCT/US01/22202 filed 13 July 2001

Patent Family N1 – Electrochemical Method for Measuring Chemical Reaction Rates

Derived from International Patent Applications No. PCT/US01/21314

This patent family relates to the measurement of the progress of a chemical reaction that generates an electroactive reaction product that is subsequently detected at an electrode amperometrically or coulometrically. The method is useful in applications where it is desirable to follow the progress of a chemical reaction, particularly in sensor applications where the progress of the reaction of an analyte can be useful in determining the analyte concentration.

Country	Application No.	Patent No.	Status	Expires
Australia	2001273197	2001273197	Granted 7-Sep-2006	6-Jul-2021
Australia Divisional of 2001273197	2006203606		Pending	
Canada	2416207		Pending	
China (Peoples Republic)	18126901		Pending	
Czech Republic	PV 2003-409		Pending	
European Patent Convention Designating: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lichtenstein, Luxemburg, Netherlands, Portugal, Sweden, Spain, Switzerland, Turkey, United Kingdom	01 95 2446.1		Published	
Hong Kong Derived from EP 01 95 2446.1	3105470.5		Pending	
India	IN/PCT/2002/01569		Pending	
Israel	153585		Pending	
Japan	512649/2003		Pending	
Korea, Republic of	10-2003-7000489		Pending	
Mexico	PA/a/2003/000382	238490	Granted 7-Jul-2006	6-Jul-2021
Norway	20030027		Pending	
Poland	P-359335		Pending	
Russian Federation	2003104355	2267120	Granted 27-Dec-2005	6-Jul-2021
Russian Federation Divisional of 2003104355	2005127537		Pending	
Singapore	200300631-9	94951	Granted 29-Jul-2005	6-Jul-2021
Singapore Divisional of 200300631-9	200500406-4		Pending	
United States of America	09/616,556	6,44,115	Granted 3-Sep-2002	14-Jul-2020
United States of America Continuation of 09/616,556	10/196,064	7,022,217	Granted 4-Apr-2006	1-Jan-2022

The inventors are Ron Chatelier and Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/US01/21314 filed 6 July 2001. The international application claimed priority from United States of America patent applications no. 09/615,691, 09/616,433, 09/616,512 and 90/616,556 filed on 14 July 2000 in the name of the inventors. The rights to the invention were assigned to USF Filtration and Separations Group Inc by the inventors and the International patent application was filed in the name of USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family N2 – Antioxidant Sensor

Derived from International Patent Applications No. PCT/US01/21961

This patent family relates to a device and method for measuring oxidant and antioxidant analytes in a fluid sample. The method and device use a disposable sensing element, suitable for a single use, that can be combined with a meter to give a robust, fast, and easy to use test that is amenable to field as well as laboratory use. In particular, a method of using an electrochemical sensor is provided that utilizes a redox agent that reacts with the analyte of interest to produce an electrochemically detectable signal.

Country	Application No.	Patent No.	Status	Expires
Argentina	PO10103342		Pending	
Australia	2001276888	2001276888	Granted 29-June-2006	12-Jul-2021
Canada	2416249		Pending	
Czech Republic	PV 2003-416		Pending	
European Patent Convention Designating: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lichtenstein, Luxemburg, Monaco, Netherlands, Portugal, Sweden, Spain, Switzerland, Turkey, United Kingdom	01 95 4660.5		Pending	
India	IN/PCT/2002/01568		Pending	
Israel	153584		Pending	
Japan	512667/2003		Pending	
Korea, Republic of	10-2003-7000495		Pending	
Malaysia	PI 20013295		Pending	
Mexico	PA/A/2003/000383		Pending	
Norway	20030017		Pending	
Poland	P-359860		Pending	
Russian Federation	2003104354	2263904	Granted 10-Nov-2005	12-Jul-2021
Singapore	200300639-2	94958	Granted 31-May-2005	12-Jul-2021
Singapore Divisional of 200300639-2	200500452-8		Pending	
Taiwan	90117040	I238890	Granted 1-Sep-2005	12-Jul-2021
Thailand	66874		Pending	
United States of America Continuation in part of 09/314,251	09/615,691	6,638,415	Granted 28-Oct-2003	15-Nov-2016
United States of America Continuation of 09/615,691	10/632,947		Pending	

The inventors are Ron Chatelier and Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/US01/21961 filed 12 July 2001. The international application claimed priority from United States of America patent applications no. 09/615,691, 09/616,433, 09/616,512 and 90/616,556 filed on 14 July 2000 in the name of the inventors. The rights to the invention were assigned to USF Filtration and Separations Group Inc by the inventors and the International patent application was filed in the name of USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family N3 – Haemoglobin Sensor

Derived from International Patent Applications No. PCT/US01/21964

This patent family relates to relates to a device and method for measuring haemoglobin in a fluid sample, such as whole blood. The device comprises a disposable electrochemical cell, such as a thin layer electrochemical cell, containing a reagent capable of being reduced by haemoglobin. If the haemoglobin to be analyzed is present in red blood cells, a lysing agent may be added to the sample to release the hemoglobin prior to analysis.

Country	Application No.	Patent No.	Status	Expires
Canada	2415342		Pending	
China (Peoples Republic)	1812830		Pending	
European Patent Convention Designating: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lichtenstein, Luxemburg, Monaco, Netherlands, Portugal, Sweden, Spain, Switzerland, Turkey, United Kingdom	01 95 3454.4		Pending	
Hong Kong Derived from EP 01 95 3454.4	3108516.5		Pending	
India	IN/PCT/2002/01570		Pending	
Israel	153582		Pending	
Japan	512686/2003		Pending	
Korea, Republic of	10-2003-7000585		Pending	
Russian Federation	2003104357	2271536	Granted 10-Mar-2006	12-Jul-2021
Russian Federation Divisional of 2003104357	2005136646		Pending	
Singapore	200300640-0	94959	Granted 29-Jul-2005	12-Jul-2021
Singapore Divisional of 200300640-0	200500405-6		Pending	
United States of America Continuation in part of 09/314,251	09/616,512	6,632,349	Granted 14-Oct-2003	15-Nov-2016
United States of America Continuation of 09/616,512	10/443,269		Pending	

The inventors are Thomas Beck, Ron Chatelier, and Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/US01/21964 filed 12 July 2001. The international application claimed priority from United States of America patent applications no. 09/615,691, 09/616,433, 09/616,512 and 90/616,556 filed on 14 July 2000 in the name of the inventors. The rights to the invention were assigned to USF Filtration and Separations Group Inc by the inventors and the International patent application was filed in the name of USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family N4 – Immunosensor

Derived from International Patent Applications No. PCT/US01/22202

This patent family relates to a device and method for performing immunoassays. The device is a quantitative, inexpensive, disposable immunosensor that requires no wash steps and thus generates no liquid waste. Further a sensor can be provided which does not require timing by the user. The sensor can be readily adapted to antigen-antibody interactions over a wide kinetic range.

Country	Application No.	Patent No.	Status	Expires
Canada	2,415,602		Pending	
China (Peoples Republic)	1812804.1	ZL01812804.1	Granted 19-Apr-2006	13-Jul-2021
European Patent Convention Designating: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lichtenstein, Luxemburg, Monaco, Netherlands, Portugal, Sweden, Spain, Switzerland, Turkey, United Kingdom	01 96 1641.6		Pending	
Hong Kong Derived from EP 01 96 1641.6	3108831.3		Pending	
India	IN/PCT/2002/01567		Pending	
Israel	153583		Pending	
Japan	514406/2003		Pending	
Korea, Republic of	10-2003-7000514		Pending	
Russian Federation	2003104361		Pending	
Singapore Divisional of 200300642-6	200500407-2		Pending	
United States of America Continuation of 09/616,433	10/830,841		Pending	
United States of America Continuation in part of 10/830,841	11/284,097		Pending	

The inventors are Ronald Chatelier, and Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/US01/22202 filed 13 July 2001. The international application claimed priority from United States of America patent applications no. 09/615,691, 09/616,433, 09/616,512 and 90/616,556 filed on 14 July 2000 in the name of the inventors. The rights to the invention were assigned to USF Filtration and Separations Group Inc by the inventors and the International patent application was filed in the name of USF Filtration and Separations Group Inc. The family was assigned by USF Filtration and Separations Group Inc. to LifeScan, Inc. on 16 January 2002.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family O – Electrochemical Cell

Derived from International Patent Application No. PCT/US02/31289

This patent family relates to electrochemical cells including two working and counter electrodes for determining the concentration of a reduced or oxidized form of a redox species with greater accuracy than can be obtained using an electrochemical cell having a single working and counter electrode.

Country	Application No.	Patent No.	Status	Expires
Canada	2429360		Pending	
China (Peoples Republic)	2803637.9	ZL02803637.9	Granted 21-Dec-2005	1-Oct-2022
China (Peoples Republic) Divisional of 2803637.9	200510075449.5		Pending	
China (Peoples Republic) Divisional of 2803637.9	200610100214.1		Pending	
European Patent Convention Designating: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Lichtenstein, Luxemburg, Monaco, Netherlands, Portugal, Sweden, Spain, Slovakia, Switzerland, Turkey, United Kingdom	02 77 8416.4		Pending	
Hong Kong Derived from EP 02 77 8416.4	5100481.1		Pending	
Hong Kong Derived from CN 2803637.9	4109007.8	1066062	Granted 25-Aug-2006	1-Oct-2022
India	645/KOLNP/03		Pending	
Israel	156007		Pending	
Japan	535271/2003		Pending	
Korea, Republic of	10-2003-7008531		Pending	
Russian Federation	2003118328		Pending	
Singapore	200303140-8	97412	Granted 30-Jun-2006	1-Oct-2022
Taiwan	91123143	I227066	Granted 21-Jan-2005	7-Oct-2022
United States of America	10/416,437		Pending	

The inventor is Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. and stems from International patent application PCT/US02/31289 filed 1 October 2002. The international application claimed priority from United States of America provisional patent application no. 60/328,846 filed on 10 October 2001 in the name of the inventors. The rights to the invention were assigned to LifeScan, Inc by the inventors and the International patent application was filed in the name of LifeScan Inc.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family P – Electrochemical Cell Connector

Derived from United States of America Provisional Patent Application No. 60/345,743.

This patent family relates to a connector to provide electrical connection between an electrochemical cell of a strip type sensor and meter circuitry. The method of forming the electrochemical cell connectors requires no down-web registration steps prior to lamination of the layers, enabling continuous web manufacturing techniques to be used reliably and efficiently.

Country	Application No.	Patent No.	Status	Expires
Canada	2,414,922		Pending	
China (Peoples Republic)	3100219.6		Pending	
European Patent Convention Designating: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lichtenstein, Luxemburg, Monaco, Netherlands, Portugal, Sweden, Spain, Slovenia, Slovakia, Switzerland, Turkey, United Kingdom	03 25 0047.2		Pending	
Hong Kong Derived from EP 03 25 0047.2	3106655		Pending	
India	694/Cal/2002		Pending	
Israel	153469		Pending	
Japan	381908/2002		Pending	
Korea, Republic of	10-2003-0000194		Pending	
Russian Federation	2002135792		Pending	
Singapore	200207895-4		Published	
Singapore Divisional of 200207895-4	200604524-9		Pending	
Taiwan	92100072		Pending	
United States of America	10/317,036	6,946,067	Granted 20-Sep-2005	9-Dec-2022
United States of America Continuation of 10/317,036	11/204,877		Published	

The inventors are Garry Chambers and Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. Each of the patents and applications in this family claim priority from United States of America provisional patent application no. 60/345,743 filed on 4 January 2002 in the name of the inventors. The rights to the invention were assigned to LifeScan, Inc. by the inventors.

From the information we have available all patents and applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family Q – Direct Immunosensor Assay

Derived from United States of America Patent Application No. 10/105,050.

This patent family relates to relates to a disposable immunosensor and method for performing immunoassays. The sensors have the advantages of requiring no washing or timing steps and

can be readily adapted to antigen-antibody interactions over a wide kinetic range. The sensors are simpler to fabricate, as reagents may be deposited in a single step and/or on only one portion of the reaction chamber or a support contained therein.

Country	Application No.	Patent No.	Status	Expires
Australia	2003200891		Pending	
Canada	2421466		Pending	
China (Peoples Republic)	3108248.3		Pending	
European Patent Convention Designating: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lichtenstein, Luxemburg, Monaco, Netherlands, Portugal, Sweden, Spain, Slovenia, Slovakia, Switzerland, Turkey, United Kingdom	03 25 1762.5		Published	
Hong Kong Derived from EP 03 25 1762.5	3108465.6		Pending	
India	111/KOL/03		Pending	
Israel	154639		Pending	
Japan	78391/2003		Pending	
Korea, Republic of	10-2003-0017417		Pending	
Mexico	PA/A/2003/002454		Pending	
Norway	20031284		Pending	
Poland	P-359282		Pending	
Russian Federation	2003107664		Pending	
Singapore	200301434-7		Pending	
Taiwan	92106116		Pending	
United States of America	10/105,050		Pending	
United States of America Continuation in part of 10/105,050	11/284,097		Pending	

The inventors are Ronald Chatelier and Alastair McIndoe Hodges.

This patent family is held in the name of LifeScan, Inc. Each of the patents and applications in this family claim priority from United States of America patent application no. 10/105,050 filed on 21 March 2002 in the name of the inventors. The rights to the invention were assigned to LifeScan, Inc. by the inventors.

From the information we have available all applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family R – Mediator Stabilized Reagent Compositions and Methods for Their Use in Electrochemical Analyte Detection Assays

Derived from United States of America Patent Application No. 10/242951.

This patent family relates to electrochemical reagent formulations in which the mediator is storage stabilized. The electrochemical reagent formulations enable an extended storage life for test strips for analyte determination, such as determination of blood glucose concentration. The reagent compositions include an enzyme, a redox mediator and a mediator-stabilizing buffer and can optionally include one or more of a wetting agent, detergent, enzyme cofactor and combinations thereof. This patent family also related to the electrochemical strips, kits, and methods for electrochemical analyte detection assays using the reagent formulations.

Country	Application No.	Patent No.	Status	Expires
Canada	2440550		Pending	
China (Peoples Republic)	3159728.9		Pending	
European Patent Convention Designating: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lichtenstein, Luxemburg, Monaco, Netherlands, Portugal, Romania, Sweden, Spain, Slovenia, Slovakia, Switzerland, Turkey, United Kingdom	3255680.5		Pending	
Hong Kong	4105104.8		Pending	
Israel	157380		Pending	
Japan	320076/2003		Pending	
Korea, Republic of	10-2003-0062730		Pending	
Singapore	200304688-5		Pending	
Taiwan	92124953		Pending	
United States of America	10/242,951		Pending	

The inventors are Ronald Chatelier, Remy Dato, Alastair Hodges, Timothy O'Hara and Maria Teodorczyk.

This patent family is held in the name of LifeScan, Inc. Each of the patents and applications in this family claim priority from United States of America patent application no. 10/242,951 filed on 12 September 2002 in the name of the inventors. The rights to the invention were assigned to LifeScan, Inc. by the inventors.

From the information we have available all applications in this family are in good standing with all maintenance fees and annuity fees timely paid.

Patent Family S – Method and Apparatus for Electrochemical Analysis

Derived from United States of America Patent Application No. 11/138,080.

Country	Application No.	Patent No.	Status	Expires
United States of America	11/138,080		Pending Filed 25-May-2005	
United States of America Continuation in part of 11/138,080	11/284,136		Pending Filed 21-Nov-2005	

The inventors are Garry Chambers, Alastair McIndoe Hodges, and Jerry T Pugh.These two unpublished patent applications originate with United States of America patent application no. 11/138,080 filed on 25 May 2005 in the name of the inventors. The rights to the invention have been assigned to LifeScan, Inc. by the inventors.

At this time no further applications have been filed in other countries claiming priority from United States of America patent application no. 11/138,080 and the prescribed time period in which additional applications may be filed claiming benefit of this priority date has expired. The United States of America application can still be pursued. Further applications in foreign countries claiming priority from United States of America patent application no. 11/284,136 may be filed until 21 November 2006 provided they relate to subject matter added in the continuation-in-part application.

From the information we have available all applications in this family are in good standing and maintenance fees are not yet payable for these applications.

Unpublished Patent Applications assigned to LifeScan, Inc.

T – Unpublished United States of America Patent Application No. 11/204,797 Entitled – Method and Apparatus for Rapid Electrochemical Analysis

This patent application relates to an improved method and apparatus for electrochemical analysis.

The inventors are Ronald Christopher Chatelier, Sherry Guo, Alastair McIndoe Hodges, and Bin Zhang.

Unpublished United States Patent Application No. 11/240,797 was filed on 30 September 2005 in the names of the inventors. The rights to the invention have been assigned to LifeScan, Inc. by the inventors.

Further patent applications based on the subject matter disclosed in this patent application could be filed claiming the benefit of the priority date of United States Patent Application No. 11/240,797 until 30 September 2006. We have been informed that instructions to file patent applications in China, Europe and Japan claiming priority from United States Patent Application No. 11/240,797 were sent to attorneys in these jurisdictions on 29 August 2006. However, at the time of writing this report, application numbers and filing details were not available.

U – Unpublished United States of America Patent Application No. 11/278,341 Entitled – Methods and Apparatus for Analyzing a Sample in the Presence of Interferents.

This patent application relates to methods and apparatus for determining analyte concentrations in a rapid and accurate manner.

The inventors are Ronald Christopher Chatelier, Alastair McIndoe Hodges, and Bruce Verity.

Unpublished United States Patent Application No. 11/278,341 was filed on 31 March 2006 in the names of the inventors. The rights to the invention have been assigned to LifeScan, Inc. by the inventors.

Further patent applications based on the subject matter disclosed in this patent application may be filed claiming the benefit of the priority date of United States Patent Application No. 11/278,341 until 31 March 2007.

V – Unpublished United States of America Patent Application No. 11/278,333 Entitled – Systems and Methods for Discriminating Control Solution from a Physiological Sample

This patent application relates to systems and methods for discriminating between a control solution and a blood sample.

The inventors are Ronald Christopher Chatelier, Remedios Dato, Alastair McIndoe Hodges, and Maria Teodorczyk.

Unpublished United States Patent Application No. 11/278,333 was filed on 31 March 2006 in the names of the inventors. The rights to the invention have been assigned to LifeScan, Inc. by the inventors.

Further patent applications based on the subject matter disclosed in this patent application may be filed claiming the benefit of the priority date of United States Patent Application No. 11/278,333 until 31 March 2007.

Yours faithfully
GRIFFITH HACK

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Principal
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11

Capital Structure and Rights Attaching to Securities

11.1 Capital Structure

On the issue and allotment of Shares under this Prospectus and the US Private Placement, the capital structure will be as set out below.

Securities	Pre Offer & US Private Placement Number	Pre Offer & US Private Placement %	Post Offer & US Private Placement Number	Post Offer & US Private Placement %
Existing Shares	83,999,976	95.6%	83,999,976	63.7%
Existing Options	3,911,123	4.4%	3,911,123	3.0%
New Shares to be issued under this Offer			36,000,000	27.3%
New shares to be issued under the US Private Placement			8,000,000	6.0%
Total number of securities	**87,911,099**	**100%**	**131,911,099**	**100%**

Note: The figures in this table are adjusted to take into account the Capital Reorganisation summarised in section 11.2 and further in section 8.5.1.

11.2 Share Capital

At the date of this Prospectus Universal Biosensors has shares of common stock and preferred shares on issue. Immediately prior to the issue and allotment of Shares under this Prospectus, all preferred shares currently on issue in the capital of the Company will convert into Shares and the Company's share capital will be subdivided by 3,624.7518771 ('Capital Reorganisation').

The Shares issued pursuant to the Offer that will underlie the CDIs will rank equally in all respects with the Shares on issue at the time of closing of the Offer, and the Shares to be issued under the US Private Placement.

Immediately prior to the issue and allotment of Shares after the Offer, Universal Biosensors' authorised share capital will consist of 301 million shares comprising:

- 300 million Shares, each with a par value of US$0.0001; and
- one million preferred shares, each with a par value of US$0.01. The Board will be authorised, subject to any limitations prescribed by law and the Listing Rules, without Shareholder (or CDI Holder) approval, to issue up to an aggregate of one million preferred shares in one or more series and to fix the rights, preferences, privileges and restrictions granted to or imposed upon the preferred shares, including voting rights, dividend rights, conversion rights, redemption privileges, liquidation preferences and the number of shares constituting any series of preferred shares. **The rights of Shareholders will be subject to, and may be adversely affected by, the rights of holders of any preferred shares that may be issued in the future.**

The issuance of preferred shares, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying, deferring or preventing a change in control of Universal Biosensors. In addition, the issuance of preferred shares with voting and conversion rights may also adversely affect the voting power of Shareholders. The Directors have no present plans to issue any preferred shares.

11.3 Rights Attaching to Shares

The rights attaching to the Shares are derived through a combination of the By-laws, the Certificate of Incorporation, the Delaware General Corporation Law and other applicable laws.

Shareholder meetings and quorum – Each Shareholder is entitled to notice of and to be present at and to vote at Shareholder meetings. One third of the issued Shares outstanding and entitled to vote at a meeting, present in person or represented by proxy, constitute a quorum at all meetings of Shareholders. Special meetings of Shareholders may be called only by the Board, the Chairman of the Board or certain executive officers. There is no ability for Shareholders to call a special meeting.

Voting rights – At a meeting of Shareholders, subject to any special restrictions, each Shareholder is entitled to one vote for each Share on all matters submitted to a vote of Shareholders. Resolutions brought before any meeting of Shareholders must be decided by the vote of the holders of a majority of the total number of votes of the capital stock represented and entitled to vote at such meeting, voting as a single class (excluding the removal of Directors and certain amendments to the Company's Certificate of Incorporation and By-laws described below which require 70% of the total number of votes). Each Shareholder entitled to vote at a meeting of Shareholders may authorise another person or persons to act for such Shareholder as proxy.

Dividends – Subject to any special rights or restrictions attaching to a Share and the Delaware General Corporation Law, Shareholders are entitled to receive dividends declared by the Board pro rata according to the number of Shares held.

Rights on liquidation or winding up – In the event of the Company's liquidation, dissolution or winding up, Shareholders will be entitled to share pro rata in the net assets legally available for distribution to Shareholders after the payment of all of the Company's debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred shares.

Impact of preferred shares – The rights attaching to the Shares are subject to, and may be adversely affected by, the rights of the Shareholders of any series of preferred shares which Universal Biosensors may designate in the future.

Transfer of Shares – Transfers of Shares will be subject to the US Securities Act, Listing Rules and the ASTC Settlement Rules. In addition, Regulation S precludes the transfer of Shares to US Persons except in certain limited circumstances. Subject to applicable law and following admission of Universal Biosensors to the Official List, beneficial ownership of Shares will be transferable on ASX using CDIs.

Amendment of Certificate of Incorporation and By-laws – The affirmative vote of Shareholders representing more than 50% of the then outstanding Shares is required in order to amend the Certificate of Incorporation of the Company. However, the vote required is increased to 70% of the then outstanding Shares for amendments inconsistent with the provisions relating to (i) the staggered Board, (ii) the prohibition against Shareholder action by written consent, (iii) the reservation of the exclusive right of the Board and certain executive officers to call a special meeting of Shareholders, (iv) changing the 70% Shareholder vote required to amend the By-laws, (v) certain provisions relating to the ASX and (iv) the provision increasing the vote to 70% on the foregoing matters. The By-laws may be amended by the Board or the Shareholders representing 70% of the then outstanding Shares.

Removal of and nomination of Directors – any or all of the Directors of the Company may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 70% of the then outstanding Shares. A Shareholder may nominate a person as a director of the Company by giving notice to the Company in accordance with the strict requirements of the By-laws. Such notice must be delivered to the Company not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of Shareholders, unless the annual meeting is called for a date that is not within 30 days before or after such anniversary date, in which case notice by the Shareholder must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting is provided by the Company.

By-laws – the By-laws of the Company are available on the Company's website and may be inspected at the registered office of the Company in Australia.

11.4 Options

At the date of this Prospectus, Universal Biosensors has granted 1,079 Options under the Company's employee option plan. On the issue and allotment of Shares under this Prospectus and the US Private Placement, these Options will be subdivided into 3,911,123 Options, the details of which are summarised below.

Numbers of Options	Grant Date	Exercise Price US$	Expiry Date
1,729,011	31 December 2003	0.29	31 December 2013
115,993	12 October 2004	0.29	31 December 2013
1,884,881	1 January 2006	0.33	31 December 2015
181,238	19 September 2006	0.33	18 September 2016

Note: The figures in this table, including the number and exercise price of the Options, have been adjusted to take into account the Capital Reorganisation summarised in section 11.2.

11.5 CHESS Depositary Interests or 'CDIs'

The Clearing House Electronic Subregister System or 'CHESS' is an electronic system which manages the settlement of transactions executed on ASX and facilitates the paperless transfer of legal title to ASX quoted securities. However, CHESS cannot be used directly for the transfer of securities of companies, such a Universal Biosensors, that are domiciled in countries whose laws do not recognise uncertificated holdings or electronic transfer of legal title. To overcome this difficulty, ASX developed CHESS Depositary Interests or 'CDIs' as a method of holding and transferring the beneficial ownership of these securities in CHESS.

The main difference between holding CDIs and holding the underlying securities (in this case the Shares) is that a CDI Holder has beneficial ownership of the equivalent number of securities of the foreign company instead of legal title. Legal title is held by CHESS Depositary Nominees Pty Ltd or 'CDN' and the Shares are registered in the name of CDN and held by CDN on behalf of and for the benefit of CDI Holders. CDN is a wholly owned subsidiary of ASX.

The Offer the subject of this Prospectus is an offer of Shares. However, Universal Biosensors will issue CDIs (and corresponding holding statements for such CDIs) to successful Applicants rather than Shares. By completing an Application Form, an Applicant will be applying for Shares to be issued to, and held by, CDN on behalf of and for the benefit of the Applicant. The underlying Shares will be quoted and traded on ASX and, subject to applicable law, the beneficial interest in the Shares is transferable by the CDI Holder electronically in CHESS using the CDIs.

CDI Holders who do not wish to have their trades settled in CDIs may request that their CDIs be converted into Shares, in which case legal title to the Shares will be transferred to the CDI Holder (now a Shareholder) and Share certificates representing the Shares will be issued. ASX does not provide any settlement system for certificated Shares which will make it more difficult and can lead to delay and expense for Shareholders wishing to trade their Shares.

Likewise, Shareholders who wish to be able to trade their Shares on ASX can do so by requesting that their Shares be converted into CDIs and by lodging their Share certificate with the Share Registry and signing a Share transfer form. The Share Registry will then transfer the Shares from the Shareholder to CDN and establish a CDI holding in the name of the Shareholder (now a CDI Holder).

Investors may choose either to leave their holdings in the form of CDIs or convert their CDIs into Shares.

11.6 Rights Attaching to CDIs

The relationship between Universal Biosensors, CDN and the CDI Holders is governed in part by the ASTC Settlement Rules in combination with the By-laws of the Company. **The ASTC Settlement Rules contain provisions to ensure that CDI Holders have the direct economic and other benefits of holding Shares. CDI Holders will be entitled to all the economic benefits of the Shares, such as dividends (if any), bonus issues or rights issues as though they were holders of the legal title.**

Title – Legal title to the Shares underlying CDIs vests in CDN. The beneficial title to the Shares underlying the CDIs vests in the CDI Holders. CDI Holders are to receive all direct economic benefits of the Shares together with any other entitlements with respect to the Shares. CDN is not to dispose of any of the Shares unless it is authorised by the ASTC Settlement Rules, and is not able to create any interest that is inconsistent with the title held by CDI Holders.

Ratio – Each CDI will represent one Share. On conversion of each CDI, an investor will receive one Share (and vice versa on conversion of Shares to CDIs).

Conversion – A CDI Holder may choose to either leave their holdings in the form of CDIs (so that legal title remains in the name of CDN) or convert the CDIs into Shares and hold legal title in their own right. Unless permitted by law, the Listing Rules or the ASTC Settlement Rules, Universal Biosensors must not refuse nor fail to register, nor give effect to, nor otherwise interfere with the processing and registration of a conversion of CDI into Shares or Shares into CDIs.

Shareholder Meetings, CDI Holders and Quorum – CDN as a Shareholder on record will receive notice of Shareholder meetings and be entitled to attend and vote at Shareholder meetings. CDI Holders will likewise be sent notices of Shareholder meetings to the address recorded in the relevent CDI sub-register and are entitled to attend Shareholder meetings. CDN as the holder of legal title to the Shares is entitled to vote at Shareholder meetings. CDI Holders will not be permitted to vote other than by giving directions on how to vote to CDN or as a proxy holder for CDN. CDN and any other Shareholders would form part of a quorum at a Shareholder meeting

If it is necessary or appropriate that a meeting of CDI Holders be convened for any purpose, the meeting must be held in accordance with the By-law requirements which would apply to Shareholders.

Voting – CDI Holders have the right to direct CDN on how CDN should vote. Following the time and day by which CDI Holders must provide their direction to CDN, CDN will calculate the number of votes in favour of the resolution, the number of votes against the resolution and the number of votes abstaining. CDN must then appoint not less than two proxies who must indicate the number of CDIs in favour of the resolution described in the proxy and the other the number of CDIs against the resolution.

Dividends – Any dividend declared in respect of Shares underlying CDIs will be distributed to the CDI Holders. CDN is taken to have directed Universal Biosensors to distribute any dividend that would otherwise be payable to it under Universal Biosensors' By-laws to the relevant CDI Holders. Any obligation to transfer a quantity of Shares shall be made by initiating a transfer of the corresponding quantity of CDIs in respect of the Shares.

Rights on liquidation or winding up – In the event of the Company's liquidation, dissolution or winding up, CDI Holders will be entitled to the same economic benefits on their CDIs as Shareholders.

Registers – Universal Biosensors must ensure that at all times the total number of CDIs on the issuer sponsored sub-register of CDIs and CHESS sub-register of CDIs reconciles with the number of Shares registered in the name of CDN on the Share register. Universal Biosensors must make available for inspection the Share register and the CDI register as if that register were a register of securities of an Australian listed public company.

Universal Biosensors will operate three registers; (i) a certificated register of Shares, (ii) an uncertificated issuer-sponsored sub-register of CDIs, and (iii) an uncertificated CHESS sub-register of CDIs. The certificated register will be the register of legal title.

Transfer – Unless permitted by law, the Listing Rules or the ASTC Settlement Rules, Universal Biosensors or CDN must not refuse nor fail to register, nor give effect to, nor otherwise interfere with the processing and registration of a transfer of CDIs. Any obligation to transfer a quantity of Shares shall be made by initiating a transfer of the corresponding quantity of CDIs in respect of the Shares.

Bonus issues, rights issues and reconstructions – Universal Biosensors must administer all bonus issues, rights issues, reconstructions and mergers that result in the issue of additional or replacement Shares so that the benefits are distributed to CDI Holders on the same terms as would otherwise have applied if CDI Holders were the Shareholders.

12

Additional Information

12.1 Incorporation and Local Agent

Universal Biosensors was incorporated in the US State of Delaware pursuant to the Delaware General Corporation Law on 14 September 2001. On 4 September 2006, Universal Biosensors registered as a foreign company in Australia under the Corporations Act.

Universal Biosensors Australia is a wholly owned subsidiary of Universal Biosensors that was incorporated under the Corporations Act on 21 September 2001. Universal Biosensors Australia has been appointed as the local agent of Universal Biosensors pursuant to the Corporations Act.

12.2 Year End Date

The end of the financial year of the Universal Biosensors Group is 31 December each year.

12.3 Dividends

Universal Biosensors has neither declared nor paid any dividends to date. Whilst Universal Biosensors is in the development and early commercialisation phase, Universal Biosensors is unlikely to pay a dividend.

12.4 Litigation

So far as the Company is aware, there are no legal or arbitration proceedings, active or threatened against, or being brought by, the Universal Biosensors Group which may have a material effect on the Universal Biosensors Group.

12.5 US Periodic Reporting Requirements

Section 12(g) of the US Exchange Act requires that an issuer must register a security by filing a registration statement under Form 10 with the SEC within 120 days after the end of its first fiscal year on which the issuer has total assets in excess of US$10 million and a class of equity securities 'held of record' by at least 500 persons. After this initial filing, the issuer is required to file periodic reports with the SEC, including quarterly reports on Form 10-Q and annual reports on Form 10-K.

Universal Biosensors is expected to become subject to the registration and reporting requirements of the US Exchange Act even though its Shares will not be traded on a US securities exchange. The legal and accounting costs and management time required to comply with these periodic reporting requirements are expected to be substantial.

12.6 The US Securities Act and its Exemptions From Registration

As a US incorporated company, the US Securities Act governs the offers or sales of securities of Universal Biosensors. Generally, any offer or sale of securities of a company incorporated in the US is required to be registered pursuant to the US Securities Act. The US Securities Act together with the rules and regulations promulgated thereunder contains certain exemptions from registration. Universal Biosensors proposes to issue Shares under the Offer in reliance on an exemption set out in Regulation S. The Shares offered in the US Private Placement will be issued pursuant to an exemption from registration contained in Regulation D.

12.7 Regulation S – Offers of Securities Made Outside the US

The US Securities Act governs offers and sales of securities of US domiciled companies such as Universal Biosensors. The SEC has promulgated Regulation S governing offshore offerings. Generally, an offer or sale made in accordance with Regulation S will not be subject to US registration requirements. However, the antifraud provisions of the US Securities Act may still apply.

Generally, the Offer must comply with the requirements of Regulation S, as modified by the January 7, 2000 No Action Letter issued by the SEC to address certain practical obstacles to strict compliance posed by CHESS ('No Action Letter'). The requirements are as follows:

- *Offshore Transaction:* offers and sales must be made in an 'offshore transaction' (as defined in Regulation S) which means generally that no offers or sales of securities may be made to US Persons;

- *No Directed Selling Efforts:* there must be no 'directed selling efforts' in the US by Universal Biosensors or the Underwriter, which generally prohibits activities such as publications or advertisements in the US, which could have the effect of conditioning the market. The US Private Placement would not be considered a 'directed selling effort';
- *Offering Restrictions*: the Underwriter must agree in writing to a range of restrictions to ensure compliance with Regulation S;
- *Distribution Compliance Period:* offers and sales may not be made to US Persons or for the account or benefit of US Persons for one year after the Offer; and
- *Compliance with No Action Letter:* Universal Biosensors and brokers must comply with a range of obligations under the No Action Letter to ensure compliance with Regulation S, including:
  - restricting the ability for brokers to execute a transaction involving US Persons;
  - including restrictive legends on any certificated securities issued to Shareholders;
  - identifying the Shares and CDIs as restricted securities;
  - sending confirmations to purchasers of Shares in either the Offer or in the secondary market trading that their Shares are subject to Regulation S; and
  - restricting the ability to transfer Shares if not in compliance with Regulation S.

Representations and Agreement of each Applicant in the Offer

As required by Regulation S, each Applicant will be deemed to have represented and agreed as follows:

- the purchaser is not a US Person and is not acting for the account or benefit of a US Person;
- the purchaser understands and agrees that, if in the future it decides to resell, pledge or otherwise transfer any Shares or CDIs, it will do so only: (i) outside the US in an offshore transaction in compliance with Regulation S; (ii) pursuant to an effective registration statement under the US Securities Act; or (iii) pursuant to an available exemption from the registration requirements of the US Securities Act, and in each case, in accordance with all applicable securities laws;
- the purchaser agrees not to engage in hedging transactions with regard to Shares unless in compliance with the US Securities Act;
- the purchaser acknowledges that Universal Biosensors and the Underwriter and others will rely upon the truth and accuracy of these acknowledgements, representations and agreements and agrees that if any such acknowledgements, representations or warranties deemed to have been made by virtue of its purchase or Shares are no longer accurate, they must promptly notify Universal Biosensors and the Underwriter; and
- the purchaser acknowledges that certificates representing the Shares and all holding statements in respect of CDIs will bear a restrictive legend, unless Universal Biosensors determines otherwise in compliance with applicable law. Similarly, the trading symbol that identifies the Shares on ASX trading screens and elsewhere will be modified by adding a common identifier to indicate that the Shares are restricted.

As required by Regulation S and the No Action Letter, any purchaser of Shares or CDIs in the secondary market makes similar certifications and agreements to the ones that Applicants make regarding their status as non US Persons. The confirmation sent to each purchaser of Shares in either the Offer or in the secondary market trading will include a notice that the Shares are subject to the restrictions of Regulation S.

Universal Biosensors must provide notification of the Regulation S status of its Shares in all Shareholder communications such as annual reports, periodic interim reports, and its notices of Shareholder meetings. To the extent applicable, Shareholders in Universal Biosensors are also required to comply with the above requirements.

12.8 Regulation D and the Concurrent US Private Placement

Concurrently with the Offer, Johnson & Johnson Development Corporation and CIBC Australia VC Fund LLC in its capacity as general partner of the Australian Venture Capital Fund, L.P. ('CIBC'), among other US 'accredited investors', have entered into a stock purchase agreement with the Company to acquire 8 million Shares for a total subscription of A$4 million at the Offer Price ('US Private Placement'). Johnson & Johnson Development Corporation have agreed to subscribe for 5,150,000 Shares and CIBC have agreed to subscribe for 1,500,000 Shares. The Company has agreed to reimburse Johnson & Johnson Development Corporation with their legal costs relating to the US Private Placement up to US$26,000.

All investors in the US Private Placement are subscribing for Shares pursuant to an exemption from registration contained in Regulation D. The Shares to be offered in the US Private Placement will not be registered in the US under the US Securities Act.

Shares purchased pursuant to Regulation D are 'restricted securities' that can only be re-sold in the US if such Shares are sold pursuant to an exemption from registration or are registered under the US Securities Act. Subject to other applicable laws, US Persons may resell their Shares pursuant to Regulation S (sales outside the US). A transaction by a US Person on ASX would equally be considered to be offshore if not made to a US Person and there are no directed selling efforts in the US.

The closing of the US Private Placement is contingent upon and will occur concurrently with the closing of the Offer. The obligation to subscribe for Shares under the stock purchase agreement will cease if the Offer has not been concluded within three months from the date of this Prospectus.

12.9 Material Contracts

Underwriting Agreement between Universal Biosensors and Wilson HTM Corporate Finance Ltd

Universal Biosensors and the Underwriter have entered into an agreement dated 6 November 2006 for the underwriting of 36 million Shares under the Offer ('Underwriting Agreement'). Pursuant to the Underwriting Agreement, Universal Biosensors has agreed to pay the Underwriter:

- a non-refundable retainer of A$20,000 (exclusive of GST);
- a management fee equal to 1% of the underwritten amount of the Offer being A$180,000 (exclusive of GST);
- an underwriting commission equal to 5% of the underwritten amount of the Offer being A$900,000 (exclusive of GST);
- reimbursement of outgoings, costs and expenses reasonably incurred by the Underwriter in connection with the Offer.

The Underwriter must pay all sub-underwriting fees, brokerage or other fees payable to sub-underwriters, brokers, licensed dealers in securities and investment advisors arising as a result of the issue of Shares under the Offer.

Termination

The Underwriter may terminate the Underwriting Agreement at any time as a result of any one or more of the following events:

- in relation to the Prospectus:
  - a statement contained in the Prospectus is misleading or deceptive, or a matter required by the Corporations Act is omitted from the Prospectus (having regard to sections 710, 711 and 716 of the Corporations Act) or the Prospectus contains an untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading (having regard to the provisions of the US Securities Act and the rules and regulations thereunder);
  - ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act;
  - an application is made by ASIC for an order under section 1324B of the Corporations Act in relation to the Prospectus which is not dismissed or withdrawn by the Closing Date;
  - any person gives notice under section 733(3) of the Corporations Act, or any person who consented to being named in the Prospectus withdraws that consent; or
  - any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus.
- Universal Biosensors is required under the Corporations Act to lodge a supplementary or replacement prospectus and does not do so within a reasonable period of becoming required to do so;
- a new circumstance occurs or arises after the Prospectus is lodged that would, under the Corporations Act, prohibit Universal Biosensors from offering the Shares under the Prospectus;
- the results of the due diligence investigation performed in relation to the Prospectus, the Offer or the US Private Placement are false, misleading or deceptive;
- any adverse change occurs in the assets, liabilities, financial position or performance, or prospects of the Universal Biosensors Group;

- either Universal Biosensors or Universal Biosensors Australia is or becomes unable to pay its debts as and when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;
- a Director is charged with an indictable offence;
- a contravention by the Universal Biosensors Group of the Corporations Act, its Certificate of Incorporation, By-laws or constitution (as the case may be), or the Listing Rules;
- the Prospectus or any aspect of the Offer or the US Private Placement does not comply with the Corporations Act, the US Securities Act, the US Exchange Act, the Certificate of Incorporation, the By-laws, the Listing Rules or any other applicable law or regulation;
- hostilities not presently existing commence (whether war has been declared or not) or a major act of terrorism or escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, Indonesia, the US, the United Kingdom, the European Union, Japan, Russia or the Peoples Republic of China;
- the S&P/ASX 200 Index or the NASDAQ Biotechnology Index is on any two consecutive ASX trading days prior to the date of allotment of Shares 12.5% or more below the level of the relevant index at the close of normal trading on the date of the Underwriting Agreement;
- there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia, or any State or Territory of Australia, or any federal or state legislative body in the US, a new law, or the Reserve Bank of Australia, or any Commonwealth, State or Territory authority, or any federal or state authority in the US, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this Prospectus);
- there is a general moratorium on commercial banking activities in Australia, the US or the United Kingdom, or there is suspension or material limitation of trading in all securities quoted or listed on ASX, the New York Stock Exchange or the London Stock Exchange or quoted on the NASDAQ National Market for two consecutive days on which that exchange would otherwise be open for trading;
- unconditional approval, or approval which is conditional only on customary listing conditions, is not granted by ASX to Universal Biosensors' admission to the Official List or the official quotation of the Shares on ASX, by the Closing Date, or if granted, the approval is subsequently withdrawn, qualified or withheld;
- a default by Universal Biosensors in the performance of any of its undertakings or obligations under the Underwriting Agreement;
- a representation or warranty in the Underwriting Agreement on the part of Universal Biosensors is not true or correct;
- Universal Biosensors withdraws the Prospectus or the Offer or the US Private Placement;
- an event specified in the Offer timetable is delayed for more than three business days other than as the direct result of actions taken by the Underwriter (unless Universal Biosensors requests those actions) or the actions of Universal Biosensors (where those actions are taken with the Underwriter's prior consent);
- any circumstance arises after lodgement of the Prospectus that results in Universal Biosensors either repaying the money received from Applicants or offering Applicants an opportunity to withdraw their Application Forms and be repaid their Application Money; or
- Johnson & Johnson Development Corporation fails to enter into a stock purchase agreement or equivalent obligation with Universal Biosensors to acquire approximately 5.15 million shares in the US Private Placement.

In respect of the majority of the bases for termination, the Underwriter may not terminate unless it reasonably believes that the event has or is likely to have a materially adverse effect on the outcome of the Offer or could give rise to liability for the Underwriter under any law or regulation.

Indemnities

Universal Biosensors has indemnified the Underwriter, its related corporations, and their respective directors, officers, employees and agents and agrees to hold them harmless and not make any claims against them in respect of any claims, actions, damages, losses, liabilities, costs of expenses suffered or incurred relating to the Offer, the Prospectus, the US Private Placement and any publicity relating to the foregoing. The indemnity provided by Universal Biosensors does not extend to any losses to the extent those losses result from any fraud, wilful misconduct, gross negligence or breach of contract of by an indemnified party.

License Agreement with LifeScan

On 1 April 2002, Universal Biosensors and LifeScan entered into a license agreement ('License Agreement'), pursuant to which LifeScan granted to Universal Biosensors a worldwide, royalty free, exclusive license, with a limited right to sub-license, to make, have made, use, and sell under and exploit in any way a range of key patents, patent applications and know-how owned by LifeScan, relating to electrochemical sensor technologies in all fields excluding the fields of measurement of analytes for the purposes of diagnosing, managing and monitoring diabetes and the measurement of glucose in humans ('LifeScan Fields'), the rights to which are retained by LifeScan. The exclusive license is subject to LifeScan having retained the right to make, have made, use, and sell under and exploit in any way the key patents, patent applications and know-how owned by LifeScan in all fields including in the fields of Universal Biosensors' own point-of-care tests.

As consideration for the grant of the licence by LifeScan, Universal Biosensors has granted to LifeScan a worldwide, royalty free, irrevocable, non-exclusive license to make, have made, use, and sell under and exploit in any way in the LifeScan Fields, any improvements to the licensed electrochemical sensor technologies made by Universal Biosensors. Universal Biosensors must use its best efforts to exploit the licensed intellectual property outside the LifeScan Fields. Universal Biosensors must provide LifeScan with regular reports in relation its exploitation plans and any improvements made on LifeScan's intellectual property.

LifeScan has assumed responsibility for the cost of maintaining the licensed patents and patent applications. In the event that LifeScan elects not to proceed with the prosecution of any patent application, Universal Biosensors may assume responsibility for those patents. Pursuant to the License Agreement, if Universal Biosensors receives a lump sum, actual or minimum royalties payment from any sub-licence, 50% of such lump sum or royalties is payable to LifeScan.

The License Agreement may be terminated by LifeScan in the event that Universal Biosensors fails to exploit the licensed patents and patent applications or if Universal Biosensors is liquidated or wound up or if Universal Biosensors commits a persistent and material breach of its obligations under the License Agreement and fails to rectify the breach within 90 days of written notice from LifeScan requiring it to do so. The License Agreement otherwise continues on a perpetual basis until the expiration of the last licensed LifeScan patent or patent application. LifeScan may also convert the license from an exclusive license to a non-exclusive license in certain limited circumstances where Universal Biosensors fails to comply with the requirements of the License Agreement.

On 19 December 2002, Universal Biosensors entered into a sub-license agreement with Universal Biosensors Australia pursuant to which Universal Biosensors sub-licensed the licensed patents and patent applications to Universal Biosensors Australia.

Development and Research Agreement with LifeScan

On 1 April 2002, Universal Biosensors and LifeScan entered into a development and research agreement ('Development and Research Agreement') pursuant to which Universal Biosensors agreed to perform certain development and research activities for LifeScan in the area of diabetes management to extend and develop the glucose sensor technology owned by LifeScan. The development and research activities are supervised by a steering committee comprised of representatives from both LifeScan and Universal Biosensors.

Any know-how created jointly by Universal Biosensors and LifeScan during the course of the glucose development project will remain the property of LifeScan. LifeScan has granted to Universal Biosensors a perpetual, royalty free, paid up, exclusive right and license to such know-how in fields other than the LifeScan Fields. Any know-how developed solely by Universal Biosensors under the development and research program is owned by Universal Biosensors. Universal Biosensors has granted to LifeScan a perpetual, royalty free, paid up, exclusive, worldwide right and license to such Universal Biosensors know-how. In the event that Universal Biosensors makes a development of its own (i.e. that is not related to the LifeScan Fields) during the term of the Development and Research Agreement and desires to license it to a third party, LifeScan must be notified of the development and has a first right of refusal.

In consideration of Universal Biosensors undertaking the development and research, LifeScan makes quarterly payments to Universal Biosensors. Since April 2002, Universal Biosensors has received contract research funding from LifeScan of approximately US$7.2 million. The quantum of the payments over this period has varied and may continue to vary over time.

The initial term of the Development and Research Agreement was for 2 years which has been subsequently extended by written amendment for a further term to 31 December 2006, following which, the Development and Research Agreement will automatically renew for successive one year periods on the same terms and conditions unless either party has given to the other party prior written notice of termination not less than 9 months prior to the end of the relevant one year period, in which case the Development and Research Agreement will terminate at the end of the relevant one year period. The Development and Research Agreement may also be terminated if a party materially defaults or materially breaches the terms of the agreement and fails to remedy that breach within 30 days after the notice of termination has been received. At the end of the term of the agreement, Universal Biosensors is required to transfer to LifeScan all joint know-how existing at the time.

On 19 December 2002, Universal Biosensors entered into a sub-contract and sub-licence with Universal Biosensors Australia pursuant to which the research program under the Development and Research Agreement is to be carried out by Universal Biosensors Australia.

Lease of Premises

Universal Biosensors Australia has recently entered into a lease with respect to premises at 1 Corporate Avenue, Rowville Victoria ('Premises') which commences on 1 April 2007 for an initial period of seven years and five months, with two options to renew the lease for successive five year periods. The lease is on usual commercial terms and the Universal Biosensors Group may use the Premises for office, warehouse, and manufacturing and laboratory purposes. The Group has been granted immediate access for the purposes of design and documenting proposed works.

The rent payable under the lease commencing on 1 April 2007 is A$460,000 (plus GST) per annum, which increases by 3.5% per annum. Universal Biosensors Australia is also required to pay all outgoings incurred on the Premises. Universal Biosensors Australia has provided a bank guarantee to the lessor in the amount of A$250,000.

R&D Start Grant

On 1 October 2004, Universal Biosensors Australia entered into a grant agreement with the Commonwealth of Australia under the research and development Start Grant Program. The Commonwealth of Australia has provided Universal Biosensors with a grant of 50% of the eligible expenditure on a project for the development of a single step, disposable immunosensor platform up to a maximum grant amount of A$2,366,064 payable over the period to 30 September 2007. At the date of this Prospectus, Universal Biosensors had received A$1.2 million under the grant. The grant formally terminates on 30 September 2007, however, Universal Biosensors Australia has submitted an application for the grant to be extended to 31 December 2007. The Universal Biosensors Group has ongoing obligations beyond the project completion date, including continuing to use its best endeavours to commercialise the immunosensor platform on normal commercial terms within a reasonable time of completion of the project.

Grant payments are made in accordance with an agreed schedule and are subject to the satisfaction by Universal Biosensors Australia of certain specified technical milestones and conditions and the Commonwealth of Australia having sufficient funding available. In addition, Universal Biosensors is required to commit the necessary eligible expenditure, submit all progress reports due and demonstrate satisfactory progress and expenditure on the project.

The Commonwealth of Australia may terminate the grant agreement for breach of the agreement by Universal Biosensors Australia, for failure to undertake the required research, if there is a change in control of Universal Biosensors Australia, or on the grounds of insolvency. In certain limited circumstances where Universal Biosensors Australia fails to use its best endeavours to commercialise the project within a reasonable time of completion or upon termination of the grant due to breach or insolvency, the Commonwealth of Australia may require Universal Biosensors Australia to repay some or all of the grant.

Victorian State Government Grant

On 28 October 2006, Universal Biosensors Australia entered into an agreement with the State of Victoria acting through its Department of Innovation, Industry and Regional Development. The State of Victoria has agreed to grant payments to support the establishment of a medical diagnostic manufacturing facility in Victoria for the manufacture of new technologies for disease monitoring and to increase support of local and export markets. These payments are subject to the achievement of milestones which include capital expenditure by Universal Biosensors Australia of predetermined minimum amounts.

The State of Victoria may require Universal Biosensors Australia to refund any amounts paid under the grant together with interest should Universal Biosensors Australia commit a breach of its obligations under the grant agreement. The State of Victoria may also withhold, suspend, cancel or terminate any payment or payments upon a failure to comply with obligations or if Universal Biosensors Australia chooses not to proceed with these initiatives or it becomes insolvent.

Universal Biosensors Australia is required to submit written reports on or before 31 March each year from 2007 until 2013 inclusive in respect of each financial year. Other requirements include the provision of an audit report and director's certificate and an undertaking to maintain and operate its facility in Victoria for a period of at least five years from the date the facility is commissioned.

12.10 Assigned Intellectual Property

Following approval by the Board in April 2006, the Company assigned certain early stage intellectual property relating to solar panel concentration technology developed by Universal Biosensors Australia, to a new company formed for the purpose of researching and developing that technology. The assigned technology is unrelated to the business of the Universal Biosensors Group and the Board had resolved that it would not provide the necessary funding to conduct research in relation to the solar panel technology. Messrs Hanley and Denver act as directors of the new company and, following on from a proposed initial capital raising, the Company, Dr Hodges and Mr Chambers will hold minority interests in the share capital of the newly formed company.

12.11 Employee Option Plan

The Company has an employee option plan ('Plan'). The purpose of the Plan is to assist in the recruitment, reward, retention and motivation of officers and employees of the Company. Options may be granted to any person considered by the Board to be employed by the Universal Biosensors Group on a permanent basis (whether full time, part time or on a long term casual basis) and includes all executive and non-executive Directors ('Eligible Persons'). Each Option gives the holder the right to subscribe for one Share. All Shares issued on exercise of an Option rank equally from the date of issue in all respects with the existing Shares. The exercise price and any exercise conditions are determined by the Board at the time of grant of the Options. Any exercise conditions must be satisfied before the Options vest and become capable of exercise. The Options lapse on such date determined by the Board at the time of grant or earlier in accordance with the Plan.

An optionholder is not permitted to participate in a bonus issue or new issue of securities in respect of an Option held prior to the issue of Shares to the optionholder pursuant to the exercise of an Option. If Universal Biosensors changes the number of issued Shares through or as a result of any consolidation, subdivision, or similar reconstruction of the issued capital of the Company, the total number of Options and the exercise price of the Options (as applicable) will likewise be adjusted in accordance with the Listing Rules. Except by transmission on death or with the prior written consent of the Board, employee Options may not be transferred, encumbered, assigned or otherwise disposed of.

12.12 Restriction Agreements

ASX may, as a condition of granting Universal Biosensors' official quotation of the Shares, classify certain existing Shares and Options or both as restricted securities. If so, the holders of restricted securities will be required to enter into a restriction agreement. The Directors expect that the escrow arrangements will prohibit the transfer of effective ownership or control of some or all of the Shares and Options held by existing Shareholders and optionholders of Universal Biosensors for a period of up to 24 months from the date of quotation of Universal Biosensors without the holders of those Shares and Options first obtaining written consent of ASX to the transfer.

In addition to the escrow arrangements required by the Listing Rules, Shareholders and CDI Holders have entered into voluntary restriction agreements with the Underwriters agreeing not to transfer effective ownership or control of any of their Shares and/or CDIs held prior to the Offer (or if the Listing Rules escrow requirements apply to that Shareholder, to the balance of their securities that are not subject to the Listing Rule escrow requirements) for a period of 12 months from the date of quotation of the Shares and/or CDIs on ASX. The Company anticipates that the cumulative affect of the mandatory and voluntary escrow requirements is that approximately 53% of the Company's securities will be subject to some form of escrow.

Except as required by the Listing Rules, the restrictions do not otherwise restrict the rights attaching to the Shares or the CDIs. The restrictions will not preclude the relevant Shareholders from accepting a takeover offer where holders of at least 50% of the bid class of securities (that are not subject to escrow) have accepted the offer and also to enable the Shares to be transferred or cancelled as part of a merger by way of scheme of arrangement or share buy-back. In relation to a takeover offer, the release from escrow would be conditional on the restrictions continuing if the takeover bid does not become unconditional.

12.13 Employment Agreements with Key Employees

Universal Biosensors Australia has entered into employment agreements with each of its key management personnel. Each of the employment agreements are on substantially the same terms, a summary of which is set out below:

- the employee must devote their time and attention exclusively to the business and affairs of the Universal Biosensors Group;
- the employee is bound by usual confidentiality, intellectual property assignments and non competition clauses;
- each party has the right to terminate the agreement by giving three months notice to the other party;
- Universal Biosensors Australia may also terminate the agreement, at any time with reasonable notice, if the employee is mentally or physically unfit to perform the employee's duties for a total of two months in any 12 month period or, with immediate effect for cause, for default by the employee in the performance of the employee's responsibilities or the discharge of the employee's duties, for fraudulent or dishonest conduct by the employee or intemperate use of alcohol or drugs by the employee or conviction of the employee for the commission of a felony or wilful or intentional injury to Universal Biosensors' business or affairs; and
- each agreement will terminate automatically on the expiration of the date three years from the date of commencement of their respective agreements or as extended by Universal Biosensors Australia from time to time. If the parties do not expressly extend the agreement, the key manager's employment will automatically extend for a further 12 months on the same terms.

Subject to applicable law, no additional payments are payable on termination.

Key Employee	Role	Annual Salary[1]	Commencement Date	Securities Held Immediately Prior to issue of Shares under Offer and US Private Placement
Mark Morrisson	Chief Executive Officer	A$262,500[2]	1 July 2005	960,560 Options[5]
Alastair Hodges	Chief Scientist	A$220,138	1 April 2002[3]	3,048,416 Shares 768,448 Options[4] 36,248 Options[6]
Garry Chambers	Vice President of Operations	A$190,000	1 April 2002[3]	1,750,755 Shares 576,336 Options[4] 36,248 Options[6]
Salesh Balak	Chief Financial Officer	A$150,000	27 November 2006	Nil

Notes:

1. Annual salary is exclusive of statutory superannuation and is reviewed on 1 February of each year.
2. Mr Morrisson is entitled to participate in an annual bonus program and is eligible for a cash bonus payment of A$60,000 payable as to 50% upon the satisfaction by Mr Morrisson of certain formal objectives and the remaining 50% upon the satisfaction of formal objectives by Mr Morrisson's direct reporting employees. The formal objectives and annual bonus payable are set annually by the board of Universal Biosensors Australia and are only payable in the event Mr Morrisson continues to be employed by Universal Biosensors Australia at each salary review date.
3. On 28 July 2006 each of Dr Hodges and Mr Chambers entered into a new employment agreement with Universal Biosensors Australia continuing their service with Universal Biosensors Australia from 1 April 2006 for a further three years on substantially the same terms as those set out above in respect of each key employee.
4. Options were granted on 31 December 2003 and, following the Capital Reorganisation, are exercisable at US$0.29 per Option. Each grant of Options vests in equal proportions over a period of three years from the date of grant and lapses on 31 December 2013.
5. Options were granted on 1 January 2006 and, following the Capital Reorganisation, are exercisable at US$0.33 per Option. Each grant of Options vests in equal proportions over a period of three years from the date of commencement of employment with Universal Biosensors Australia and lapses on 31 December 2015.

6. Options were granted on 1 January 2006 and, following the Capital Reorganisation, are exercisable at US$0.33 per Option. Each grant of Option vests in equal proportions over a period of three years from the date of grant and lapses on 31 December 2015.

Universal Biosensors has engaged PFM Legal Pty Ltd to provide company secretarial and general counsel services to the Universal Biosensors Group. An employee of PFM Legal Pty Ltd, Katherine Chapman, will act as company secretary of the Universal Biosensors Group and PFM Legal Pty Ltd will be paid at usual hourly rates which is likely to be in the order of A$90,000 per annum. The engagement can be terminated at any time.

PFM Legal Pty Ltd has also provided some accounting services to the Group in connection with the preparation of the Offer and the US Private Placement at a cost to the Group of approximately A$28,000. It is anticipated that the provision of these accounting services will terminate upon the commencement of the Group's Chief Financial Officer, Mr Salesh Balak, on 27 November 2006.

12.14 Non Executive Directors Fees

The Shareholders have approved an aggregate remuneration pool available to non executive Directors of A$500,000 per annum. The amount of aggregate remuneration payable to non executive Directors and the manner in which it is apportioned is determined by the Remuneration and Nomination Committee and the Board of Directors of the Company and reviewed annually.

Effective from the issue and allotment of Shares under the Offer, the remuneration payable to non executive Directors currently comprises of:

- a base fee for serving as a Director is currently A$100,000 per annum for the chairman and A$50,000 for other non executive Directors;
- a fee for Directors serving on sub-committees, currently A$5,000 per annum and an additional A$5,000 for each chairperson of such sub-committees; and
- statutory superannuation for the independent non executive Directors, currently 9% of the base fee.

Termination and cash bonus payments do not apply to non executive Directors.

A Director may be paid all travelling and other expenses properly incurred by them in attending meetings of Directors of committees of Universal Biosensors or Shareholder meetings of Universal Biosensors or otherwise in connection with the execution of their duties as Directors.

The remuneration of executive Directors will be fixed by the Board from time to time. No Directors' fees are payable to executive Directors in addition to their remuneration. Mark Morrisson is payable the remuneration described in section 12.13.

12.15 Directors Indemnities

The Certificate of Incorporation provides that no Director or former director shall be personally liable to the Company or any of its Shareholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation is not permitted under the Delaware General Corporation Law and in such case, that the Company shall indemnify its Directors and officers to the fullest extent authorized or permitted by law. Except for proceedings to enforce rights to indemnification, the Company is not obligated to indemnify any Director or any former director for proceedings initiated by the Director or former director unless such proceeding was authorised or consented to by the Board.

In addition to the indemnity provided for in the Certificate of Incorporation of the Company, Universal Biosensors has entered into agreements to indemnify its Directors, subject to the relevant limitations imposed by Delaware law. These agreements, among other things, provide for indemnification of its Directors for certain expenses (including attorney's fees), judgments, fines and settlement amounts incurred by them in any action or proceeding, including any action by or in the right of Universal Biosensors, arising out of their services as a Director or executive officer of Universal Biosensors, Universal Biosensors Australia or any other company or enterprise to which the person provided the services at the Company's request. Universal Biosensors believes that these provisions and agreements are necessary to retain and attract capable persons as Directors and executive officers.

12.16 Interests of Directors

Other than as set out below or elsewhere in this Prospectus:

(a) no Director or proposed Director has, or has had in the two years before the date of this Prospectus, any interests in:

- the formation or promotion of Universal Biosensors;
- property acquired or proposed to be acquired by Universal Biosensors in connection with:
  - its formation or promotion;
  - the Offer; or
- the Offer; and

(b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to:

- any Director or proposed Director to induce him or her to become, or to qualify as, a Director of Universal Biosensors; or
- any Director or proposed Director for services which he or she has provided in connection with the formation or promotion of Universal Biosensors or the Offer.

12.17 Directors' Holdings of Securities in Universal Biosensors

The Directors and their associated entities will have the following interests in Universal Biosensors' Shares and Options on the issue and allotment of Shares under this Prospectus. Certain Shareholders and Directors have entered into firm commitments to subscribe for Shares under the Offer as set out in the notes to the table.

Director	Shares	Options
Andrew Denver[1, 8]	7,660,005	Nil
Mark Morrisson[2]	Nil	960,560
Colin Adam[3, 8]	6,626,951 Shares	Nil
Denis Hanley[4, 8]	8,055,105 Shares	Nil
Andrew Jane[5]	9,061,879 Shares	Nil
Charles Kiefel[6, 8]	5,844,005 Shares	Nil
Jane Wilson[7]	Nil	Nil

Notes:

1. Andrew Denver holds 1,087,425 Shares. A trust of which Andrew Denver is a potential beneficiary holds 909,812 Shares. The Principals Cornerstone Fund Pty Limited holds 5,662,768 Shares on trust for Andrew Denver. In addition to the amount set out in the table, Andrew Denver has given a firm commitment to subscribe for a further 400,000 Shares under the Offer.
2. Mark Morrisson holds 960,560 employee Options with an exercise price of US$0.33 and an expiry date of 31 December 2015. The Options which vest in three tranches with the first tranche having vested on 1 July 2006, the second tranche vesting on 1 July 2007 and the third tranche vesting on 1 July 2008.
3. Two trusts of which Colin Adam is a potential beneficiary hold 964,183 Shares. The Principals Cornerstone Fund Pty Limited holds 5,662,768 Shares on trust for Colin Adam.
4. Denis Hanley holds 2,113,230 Shares directly. A trust of which Denis Hanley is a potential beneficiary holds 279,105 Shares. The Principals Cornerstone Fund Pty Limited holds 5,662,770 Shares on trust for Denis Hanley. Denis Hanley has given a firm commitment to subscribe for a further 200,000 Shares under the Offer.
5. Andrew Jane is a Partner of CM Capital Investments Pty Ltd and is taken to be associated with CM Capital Investments Pty Ltd, CM Capital Venture Trust No. 3, CIBC Australia VC Fund LLC and Australia Venture Capital Fund LP. CM Capital Investments Pty Ltd as manager of CM Capital Venture Trust No. 3 holds 7,053,767 Shares and has given the Underwriter a firm commitment to subscribe for a further 4,500,000 Shares under the Offer and as a result will receive a firm commitment fee which will be satisfied by the Underwriter transferring an additional 135,000 Shares to them. CIBC Australia VC Fund LLC in its capacity as general partner of the Australia Venture Capital Fund LP holds 2,008,112 Shares and will subscribe for 1,500,000 Shares in the US Private Placement.

6. Charles Kiefel holds 181,237 Shares. The Principals Cornerstone Fund Pty Limited holds 5,662,768 Shares on trust for Charles Kiefel.
7. Jane Wilson has given a firm commitment to subscribe for 1 million Shares under the Offer. Jane Wilson is the spouse of Mr Steven Wilson who is a substantial shareholder and officer of the parent company of the Underwriter. The fees payable to the Underwriter are set out in section 12.9 of this Prospectus. In connection with the Underwriting Agreement or otherwise, the Underwriter and certain of its related bodies corporate, related parties and clients may subscribe for Shares under the Offer.
8. The Principals Cornerstone Fund Pty Limited of which Messrs Denver, Adam, Hanley and Kiefel are shareholders and directors holds 22,651,074 Shares with 5,662,768 on trust for each of Andrew Denver, Colin Adam and Charles Kiefel and 5,662,770 on trust for Denis Hanley.

12.18 Other interests of Directors

Denis Hanley, Andrew Denver, Colin Adam and Charles Kiefel are shareholders and directors of The Principals Funds Management Pty Ltd, which was paid a total of US$325,000 in 2006 from the Company in connection with capital raising services. The Principals Funds Management Pty Ltd will be paid a firm commitment fee of A$105,000 by the Underwriter in connection with firm commitments to subscribe for Shares given in connection with the Offer.

Andrew Jane is a Partner of CM Capital Investments Pty Ltd and is taken to be associated with CM Capital Investments Pty Ltd and CM Capital Venture Trust No. 3. CM Capital Investments Pty Ltd as manager of CM Capital Investment Trust No. 3 and CIBC Australia VC Fund LLC in its capacity as general partner of the Australia Venture Fund LP will be paid the firm commitment fees by the Underwriter described in section 12.17 (note 5) of this Prospectus in connection with firm commitments given in connection with the Offer.

12.19 Interests of experts

Other than as set out below or elsewhere in this Prospectus:

(a) no promoter of Universal Biosensors or person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or has in the two years before the date of this Prospectus had, any interest:

- in the formation or promotion of Universal Biosensors;
- in property acquired or proposed to be acquired by Universal Biosensors in connection:
  - with its formation or promotion;
  - the Offer; or
- in the Offer; and

(b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any promoter of Universal Biosensors, stockbroker or underwriter to the Offer or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or provided in connection with the formation or promotion of Universal Biosensors or the Offer.

12.20 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in Shares. Taxation consequences will depend on particular circumstances. Neither Universal Biosensors nor any of its officers, employees, agents and advisers accepts any liability or responsibility in respect of the taxation consequences connected with an investment in Shares in Universal Biosensors.

Australian Taxation

The following summary provides a brief and general overview of the potential Australian income tax, GST and stamp duty consequences for potential investors of Shares in Universal Biosensors. Although Universal Biosensors is incorporated in the US and resident in the US for US tax purposes, it is also resident in Australia for Australian tax purposes.

The comments made in this section only extend to individuals, companies (other than life insurance companies) and complying superannuation funds that are residents for Australian income tax purposes and acquire and hold their Shares on capital account. This summary does not consider the consequences for Shareholders who hold their Shares on revenue account or as trading stock or who are exempt from Australian income tax.

Universal Biosensors has not sought any ruling from the Australian Tax Office ('ATO') with respect to the statements made and the conclusions reached in the following summary and there can be no assurance that the ATO will agree with such statements and conclusions.

Shareholders should obtain, and only rely upon, their own independent taxation advice about the consequences of acquiring or disposing of Shares in Universal Biosensors and receiving distributions on the Shares having regard to their own specific circumstances.

The following summary is based on the relevant taxation laws in the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997, the Income Tax Rates Act 1986, A New Tax System (Goods and Services Tax) Act 1999 and the Taxation Administration Act 1953 (referred to collectively herein as 'the Tax Act') as at the date of this Prospectus, except where otherwise indicated.

Receipt of Dividends on Shares

Universal Biosensors has not made any distributions on its Shares and it does not plan to make any distributions for the foreseeable future. However, should Universal Biosensors pay dividends, the dividends should be capable of being franked on the basis that an investment by an investor in a Share in Universal Biosensors should be classified as an equity interest for income tax purposes under the Tax Act. The consequences for particular types of Shareholders are outlined below:

Individual Shareholders

Dividends paid by Universal Biosensors to Australian resident individual Shareholders should be included in the Shareholder's assessable income in the year the dividend is paid. If the dividend is franked (because income tax has been paid on the profits out of which the dividend is paid), then the amount of the associated franking credit will also be included in the Shareholder's assessable income. In these circumstances, the Shareholder will generally be entitled to a tax offset equal to the amount of the franking credit (subject to the holding period rule). Should this tax offset exceed the resident Shareholder's tax payable as assessed, the Shareholder may be entitled to a refund of the excess credit.

Corporate Shareholders

Corporate Shareholders are also required to include both the dividend and associated franking credit in their assessable income. They are then allowed a tax offset up to the amount of the franking credit on the dividend (subject to the holding period rule). A corporate Shareholder should be entitled to credit its own franking account to the extent of the franking credit on the dividend received. A corporate Shareholder may be able to pass on the benefit of the franking credits to its own shareholder(s) on the payment of dividends.

Complying Superannuation Fund Shareholders

Broadly, the tax treatment of dividends received by resident complying superannuation fund Shareholders will be the same as for individuals. Complying superannuation fund Shareholders must include in their assessable income the dividend received as well as any franking credits attaching to the dividend. Income tax will be payable at the income tax rate applicable to the fund. The Shareholder is then entitled to a franking offset equal to the franking credit attaching to the dividend (subject to the holding period rule) or to a refund of an excess tax offset amount in the same way as an individual.

Holding period rule

For shares acquired after 1 July 1997, a Shareholder is required to hold shares 'at risk' for more than 45 days in order to qualify for franking benefits, including franking credits and a tax offset. This 'holding period rule' is subject to certain exceptions, including where the total franking rebates of an individual in a year of income do not exceed $5,000. Special rules apply to trusts and beneficiaries. The Government has indicated that in the future it may reduce the holding period. It is important that Shareholders comply with this rule in order to qualify for franking benefits.

Disposal of Universal Biosensors Shares

The disposal of Shares by a Shareholder will trigger an Australian capital gains tax ('CGT') event for the Shareholder. A Shareholder will derive a capital gain to the extent the proceeds received from the disposal exceed the cost base of their Shares. A capital loss will arise to the extent the reduced cost base of the Shares exceeds the proceeds received on disposal. In general terms, the cost base in the Shares will be the monies paid to acquire them. The amount of capital gain or loss arising may differ for a Shareholder who does not deal at arm's length in relation to the acquisition or the disposal of their Shares.

The Shareholder will be required to include in their assessable income the net capital gain arising from the disposal. A net capital loss may be used to offset capital gains. Net capital losses can be carried forward and are available to offset capital gains derived in subsequent years, subject in some cases to the Shareholder satisfying certain rules relating to the recoupment of carried forward losses.

Concessional CGT treatment for individuals and superannuation funds who hold Shares in Universal Biosensors

An individual Shareholder or complying superannuation fund Shareholder may be entitled to discount a taxable capital gain arising from the disposal. The capital gain may be reduced by 50% for individual Shareholders and 33.3% for complying superannuation fund Shareholders. The availability of the CGT discount is subject to the holder disposing of the Shares at least 12 months after the date of acquisition as well as certain other legislative requirements. The CGT discount is not available to corporate Shareholders.

GST

The acquisition, redemption or disposal within Australia of the Shares by an Australian resident are input taxed financial supplies, and therefore are not subject to GST. GST may however be payable on brokerage fees.

Tax File Number and Australian Business Number

An Australian Shareholder may quote its Tax File Number ('TFN') or, where relevant, Australian Business Number ('ABN') to Universal Biosensors. If a TFN or ABN is not quoted, and no exemption is applicable, tax may be deducted by Universal Biosensors from the unfranked portion of any dividends distributed to Shareholders. The rate of withholding is the highest marginal tax rate plus Medicare levy of 46.5 per cent. Shareholders that hold their Shares as part of an enterprise may quote their ABN instead of their TFN.

Stamp duty

No stamp duty should be payable by Shareholders on the issue of Shares in Universal Biosensors.

Interaction between Australian and US tax consequences

As outlined further below in relation to US tax consequences, the receipt of dividends by Australian tax resident Shareholders and any subsequent disposal of Universal Biosensors' Shares by Australian tax resident Shareholders may have both US and Australian tax consequences depending upon their individual circumstances. This may result in a Shareholder being subject to tax in both jurisdictions and a tax credit may or may not be available in one jurisdiction to offset the tax paid in the other jurisdiction depending upon the Shareholder's individual circumstances. Shareholders should obtain, and only rely upon, their own independent taxation advice about the Australian and US consequences of receiving distributions on the Shares and disposing of Shares having regard to their own specific circumstances.

US Taxation

The following is a summary of the material US federal income tax consequences of the ownership and disposition of Universal Biosensors Shares to non-US holders (as defined below), but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is directed only to prospective purchasers of such Shares, is of a general nature only, and is not intended to be legal or tax advice to any prospective purchaser of such Shares. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code ('Code'), Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in US federal income tax consequences different from those set forth below.

Universal Biosensors has not sought any ruling from the US Internal Revenue Service ('IRS') with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions. This summary also does not address the tax considerations arising under the laws of any non-US jurisdiction or any US state or local jurisdiction, or the application of the US federal estate or gift tax laws applicable to the ownership or disposition of Shares. In addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies, or other financial institutions;
- persons subject to the alternative minimum tax;
- tax-exempt organisations;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own under certain constructive ownership rules, more than five percent of the Shares of Universal Biosensors (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the US;
- persons who hold the Shares as a position in a hedging transaction, 'straddle,' 'conversion transaction' or other risk reduction transaction;
- persons deemed to sell the Shares under the constructive sale provisions of the Code; or
- a person whose ownership of Shares is effectively connected with the conduct of a trade or business in the US.

In addition, if a partnership holds the Shares, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships which hold the Shares, and partners in such partnerships, should consult their tax advisors.

You are urged to consult your tax advisor with respect to the application of the US federal income tax laws to your particular situation, as well as any tax consequences of the purchase, ownership and disposition of the Shares arising under the US federal estate or gift tax rules or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable tax treaty.

In accordance with IRS Circular 230, any tax statement made herein regarding any US federal tax is not intended or written to be used, and cannot be used, by any taxpayer for purposes of avoiding any penalties. Any such statement herein is written in connection with the marketing or promotion of the transactions to which the statement relates. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Federal Estate Taxes

An individual non-US holder who is treated as the owner of, or has made certain lifetime transfers of, an interest in Shares will be required to include the value thereof in his or her gross estate for US federal estates tax purposes, and may be subject to US federal estate tax unless an applicable estate tax treaty provides otherwise.

Non-US Holder Defined

For purposes of this tax discussion, you are a non-US holder if you are a holder that, for US federal income tax purposes, is not a US person. Under this definition, you are a US person if you are (under Internal Revenue Code Section 7701(a)(30)):

- an individual citizen or resident of the US;
- a corporation or other entity taxable as a corporation, or a partnership or entity taxable as a partnership, created or organised in the US or under the laws of the US or any political subdivision thereof;

- an estate whose income is subject to US federal income tax regardless of its source; or
- a trust (1) whose administration is subject to the primary supervision of a US court and which has one or more US persons who have the authority to control all substantial decisions of the trust or (2) which meets certain requirements and has made an election to be treated as a US person.

Distributions

Universal Biosensors has not made any distributions on its Shares, and it does not plan to make any distributions for the foreseeable future. However, if Universal Biosensors does make distributions on its Shares, those payments will constitute dividends for US tax purposes to the extent paid from Universal Biosensors' current or accumulated earnings and profits, as determined under US federal income tax principles. To the extent those distributions exceed both Universal Biosensors' current and accumulated earnings and profits, they will constitute a return of capital to the extent of the investor's US income tax basis in the Shares, but not below zero, and then will be treated as a gain from the sale of Shares.

Any dividend paid to an investor generally will be subject to US withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. Under many US tax treaties, including the US-Australia Tax Treaty, the specified lower withholding tax rate is generally 15% for qualified residents of the treaty country. In order to receive a reduced treaty rate, an investor must provide Universal Biosensors with an IRS Form W-8BEN or other appropriate version of IRS Form W-8 certifying qualification for the reduced rate.

Dividends received by a Shareholder that are effectively connected with the conduct of a US trade or business are exempt from such withholding tax. In order to obtain this exemption, the Shareholder must provide Universal Biosensors with an IRS Form W-8ECI properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated rates applicable to US persons, net of certain deductions and credits. In addition, if a Shareholder is a corporate non-US holder, dividends received that are effectively connected with a Shareholder's conduct of a US trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

If a Shareholder is eligible for a reduced rate of withholding tax pursuant to a tax treaty, it may obtain a refund of any excess amounts currently withheld if the Shareholder files an appropriate claim for refund with the IRS. If ownership of the Shares is not effectively connected with the Shareholder's conduct of a US trade or business, it will generally not be required to file any US federal tax returns on account of ownership or disposition of Shares, or the Shareholder's receipt of dividends with respect to such Shares.

Gain on disposition of Shares

Shareholders generally will not be required to pay US federal income tax on any gain realised upon the sale or other disposition of Shares unless:

- the gain is effectively connected with the Shareholder's conduct of a US trade or business;
- the Shareholder is an individual who holds the Shares as a capital asset (generally, an asset held for investment purposes) and who is present in the US for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- the Shares constitute a US real property interest by reason of Universal Biosensors' status as a 'US real property holding corporation' for US federal income tax purposes ('USRPHC') at any time within the shorter of the five-year period preceding the disposition of the Shareholder's holding period for the shares.

Universal Biosensors believes that it is not currently and will not become a USRPHC.

If the Shareholder is a non-US holder described in the first bullet point above, it will be required to pay tax on the net gain derived from the sale under regular graduated US federal income tax rates, and corporate non-US holders described in the first bullet point above may be subject to the branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

If the Shareholder is a non-US holder described in the second bullet point above, it will be required to pay a flat 30% tax on the gain derived from the sale, which tax may be offset by US source capital losses (even though the Shareholder is not considered a resident of the US). The holder should consult any applicable income tax treaties that may provide for different rules.

Backup withholding and information reporting

Generally, Universal Biosensors must report annually to the IRS the amount of dividends paid to each Shareholder, the Shareholder's name and address, and the amount of tax withheld, if any. A similar report is sent to such a Shareholder. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in the holder's country of residence.

Payments of dividends or of proceeds on the disposition of Shares made to each Shareholder may be subject to information reporting and backup withholding unless you establish an exemption, for example by properly certifying a Shareholder's non-US status on a Form W-8BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either Universal Biosensors or its paying agent has actual knowledge, or reason to know, that such a Shareholder is a US person.

Backup withholding is not an additional tax; rather, the US income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may be obtained, provided that the required information is furnished to the IRS in a timely manner.

12.21 Expenses of the Offer

The expenses of the Offer and the US Private Placement are estimated to be A$2.0 million, covering fees payable to the Underwriter, Australian and US legal advisors, the Investigating Accountant, patent attorneys, the Share Registrar and design and printing costs of the Offer, ASX costs and other related expenses. These expenses have been paid or will be payable by Universal Biosensors. The interests and the amounts payable to experts and advisors are as follows:

- Wilson HTM Corporate Finance Ltd acted as underwriter in respect of the Offer and has or will be paid approximately A$1.1 million (exclusive of GST) and will be reimbursed disbursements.
- PFM Legal Pty Ltd acted as Australian legal counsel to Universal Biosensors and has or will be paid approximately A$220,000 (exclusive of GST) in connection with the Offer and the US Private Placement and will be reimbursed disbursements, with further amounts payable for additional services relating to this Prospectus and the Offer, if any, to be paid in accordance with its usual rates. The principal of PFM Legal Pty Ltd, Mr Cameron Billingsley, is a director but not a shareholder of The Principals Funds Management Pty Ltd which has been paid fees by the Company and will be paid fees by the Underwriter as set out in section 12.18. As an ancillary matter to the Offer and the US Private Placement, PFM Legal Pty Ltd provided some accounting services and has or will be paid the fees referred to at the end of section 12.13 of this Prospectus.
- Venable LLP acted as US legal counsel to Universal Biosensors and has or will be paid approximately A$78,000 (exclusive of GST) in connection with the Offer and the US Private Placement and will be reimbursed disbursements, with further amounts payable for additional services relating to this Prospectus, the Offer and the US Private Placement, if any, to be paid in accordance with its usual rates.
- Griffith Hack has prepared the intellectual property report set out in section 10 of this Prospectus and has or will be paid approximately A$24,000 (exclusive of GST) for preparing the intellectual property report and will be reimbursed disbursements, with further amounts payable for additional services relating to this Prospectus and the Offer, if any, to be paid in accordance with its usual rates.
- PricewaterhouseCoopers Securities Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report. Universal Biosensors has paid, or agreed to pay approximately A$200,000 (exclusive of GST) to PricewaterhouseCoopers Securities Ltd for the above services. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with its normal time based charges.
- Registries Limited acts as registrar to Universal Biosensors and has or will be paid approximately A$10,000 (exclusive of GST) in connection with the Offer and will be reimbursed disbursements, with further amounts payable for additional services relating to this Prospectus and the Offer, to be paid in accordance with its usual rates.

12.22 Consents and disclaimers of responsibility

Wilson HTM Corporate Finance Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to being named in this Prospectus as underwriter to the Offer in the form and context in which it is named. Wilson HTM Corporate Finance Ltd has made no statement included in this Prospectus, nor any statement on which a statement in this Prospectus is based.

PFM Legal Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to being named in this Prospectus as Australian legal counsel to the Universal Biosensors Group in the form and context in which it is named. PFM Legal Pty Ltd has made no statement included in this Prospectus, nor any statement on which a statement in this Prospectus is based.

Venable LLP has given and has not before lodgement of the Prospectus withdrawn its written consent to being named in the Prospectus as US legal counsel to Universal Biosensors in the form and context in which it is named. Venable LLP has made no statement included in this Prospectus, nor any statement on which a statement in this Prospectus is based.

Griffith Hack has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as Australian patent attorney to the Universal Biosensors Group in the form and context in which it is named and to the inclusion of the intellectual property report set out in section 10 of this Prospectus and to the references to section 2 and 5 of this Prospectus in the form and context in which they appear. Griffith Hack has made no statement included in this Prospectus, nor any statement on which a statement in this Prospectus is based, other than the intellectual property report and statements in this Prospectus based on the intellectual property report and consents to those statements being included in this Prospectus in the form and context in which they appear in this Prospectus.

PricewaterhouseCoopers Securities Ltd has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Investigating Accountant in the form and content in which it is named and to the inclusion of the Investigating Accountant's report in the form and context in which it is included. PricewaterhouseCoopers Securities Limited has not authorised or caused the issue of this Prospectus and has not made, nor purports to have made, any statement other than the Investigating Accountant's Report.

PricewaterhouseCoopers has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as auditors of Universal Biosensors in the form and content in which it is named.

Registries Limited has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in the Prospectus as share registrar to Universal Biosensors in the form and context in which it is named. Registries Limited has made no statement included in this Prospectus, nor any statement upon which a statement in this Prospectus is based.

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Authorisation

This Prospectus is dated 6 November 2006 and is issued by Universal Biosensors, Inc.

The lodgement of this Prospectus with ASIC was consented to by every Director and proposed Director of Universal Biosensors, Inc.

Andrew Denver
Chairman

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Glossary

A$ or Dollars	means dollars in Australian currency.
AIFRS	means Australian equivalent to International Financial Reporting Standards.
analyte	means the substance being measured in an analytical procedure.
antibody	a defence protein produced by the immune system in the body that travels in the blood and helps the body to fight infection. The protein typically originates in response to an antigen and is characterized by a specific reactivity to this complementary antigen.
antibody-antigen reaction	the immunoassay test involves the interaction between an antibody and an antigen. An antigen can be a molecule such as C-reactive protein. The antibody binds specifically to the antigen's binding site where there must be an exact match for an antibody-antigen reaction to take place, much like a lock and key.
anticoagulant	means a class of medications that causes the blood to take a longer time to form a blood clot.
antigen	means a molecule, frequently a protein, which stimulates antibody formation by the immune system of the body.
Applicant	means an applicant for Shares under this Prospectus who duly completes an Application Form and pays the applicable Application Money.
Application Form	means an application for Shares in the form accompanying this Prospectus.
Application Money	means the aggregate amount of money payable for Shares applied for in the Application Form.
ASIC	means the Australian Securities and Investments Commission.
ASTC	means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.
ASTC Settlement Rules	means the settlement rules of the ASTC.
ASX	means Australian Stock Exchange Limited ACN 008 624 691.
biomarker	a substance used as an indicator of a biologic state (for example, the presence of C-reactive protein in the blood may indicate inflammation).
biosensor	a sensor that collects data about a biological or physiological process or reaction.
Board	means the board of Directors of Universal Biosensors.
By-laws	means the amended and restated by-laws of the Company, as amended from time to time.
Capital Reorganisation	means the reorganisation of the capital structure of the Company as set out in section 11.2 of this Prospectus.
cardiac marker	a protein or enzyme released in response to a cardiac event, e.g. a heart attack or heart failure. Testing for elevated levels can diagnose the occurrence of such a cardiac event.
CDI	means a CHESS Depositary Interest, a unit of beneficial ownership of Shares, the rights of which are summarised in section 11.6.
CDI Holder	means a holder of CDIs.
CDN	means CHESS Depositary Nominees Pty Ltd ACN 071 346 506.
Certificate of Incorporation	means the amended and restated certificate of incorporation of the Company from time to time.

CHESS	means the Clearing House Electronic Sub-register System of ASTC.
Closing Date	means 5 December 2006 or such other date as may be determined by the Directors.
coagulation	means the process of forming a blood.
Company or Universal Biosensors	means Universal Biosensors, Inc. ARBN 121 559 993, a company incorporated in the State of Delaware in the US.
Corporations Act	means the Corporations Act 2001 (Cth).
C-reactive protein	a protein that increases in concentration in the blood in response to activation of the acute phase of the immune response. It is indicative of the presence of inflammation.
Delaware General Corporation Law	means the General Corporation Law of the State of Delaware.
Development and Research Agreement	means the development and research agreement between the Company and LifeScan, summarised in section 12.9.
Directors	means the directors of Universal Biosensors.
Dollars or A$	means dollars in Australian currency (unless otherwise stated).
electrochemical	means a process that uses chemical reactions to drive electricity or vice versa.
GMP	Good Manufacturing Practice, a set of regulations and guidelines for the manufacture of drugs, medical devices, diagnostic products, food products and active pharmaceutical ingredients.
Group or Universal Biosensors Group	means the Company and Universal Biosensors Australia.
GST	has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
immunoassay	means a test process that measures and identifies a specific biological substance using an antigen or antibody.
Johnson & Johnson	means Johnson & Johnson, a corporation incorporated in the State of New Jersey in the US.
Johnson & Johnson Development Corporation	means Johnson & Johnson Development Corporation, a wholly owned affiliate of Johnson & Johnson, incorporated in the State of New Jersey in the US.
License Agreement	means the license agreement between LifeScan and the Company, summarised in section 12.9
LifeScan	means LifeScan, Inc., a wholly owned affiliate of Johnson & Johnson, incorporated in the State of California in the US.
Listing Rules	means the official listing rules of ASX, as amended from time to time.
Notified Body	means an independent testing laboratory and/or certification body recognised in the European Union to perform tests, audit quality systems and issue reports and certificates of conformity. Test reports and certificates issued by official/competent bodies attest to a product or system's conformity to the relevant standards/directives.
Offer	means the offer of Shares under this Prospectus.
Offer Price	means the offer price of A$0.50 for each new Share being offered under this Prospectus.
Official List	means the official list of entities that ASX has admitted and not removed.
Opening Date	means 14 November 2006 or such other date as may be determined by the Directors.
Option	means an unlisted option to subscribe for a Share.

prothrombin time	means a blood clotting test commonly used to monitor the therapeutic range of the anticoagulant warfarin.
Prospectus	means this prospectus dated 6 November 2006 for the issue of 36 million new Shares and includes a hardcopy or electronic version of this Prospectus.
reagent	means a substance used to produce a chemical reaction so as to detect, measure or produce other substances.
Regulation D	means Regulation D promulgated under the US Securities Act.
Regulation S	means Regulation S promulgated under the US Securities Act.
SEC	means the US Securities Exchange Commission.
Share	means a share of common stock in the capital of Universal Biosensors.
Shareholder	means a shareholder of Universal Biosensors.
Share Registry	means Registries Limited ACN 003 209 836.
statin	a class of agents, used as pharmaceuticals to lower cholesterol levels in people at risk for cardiovascular disease.
thrombosis	the formation or presence of a blood clot in a blood vessel, which may occur in any vein or artery.
Universal Biosensors Australia	means Universal Biosensors Pty Ltd ACN 098 234 309.
Universal Biosensors Group or Group	means the Company and Universal Biosensors Australia.
Underwriter or Wilson HTM	means Wilson HTM Corporate Finance Ltd ACN 057 547 323.
Underwriting Agreement	means the underwriting agreement dated 6 November 2006 entered into between Universal Biosensors and the Underwriter in respect of the Offer which is summarised in section 12.9 of this Prospectus.
Universal Biosensors or Company	means Universal Biosensors, Inc. ARBN 121 559 993, a company incorporated in the State of Delaware in the US.
US	means the United States of America.
US$ or US Dollars	means dollars in US currency.
US Exchange Act	means the US Securities and Exchange Act of 1934.
USGAAP	means US generally accepted accounting principles.
US Person	means, among other things and subject to certain exceptions: (i) any natural person resident in the US, (ii) any partnership, corporation or other entity organised or incorporated in the US, (iii) any trust of which any trustee is a US person, (iv) any agency or branch of a foreign entity located in the US, (v) any account held by a dealer or other fiduciary that either is organised, incorporated or resident in the US or holds for the benefit or account of a US Person, or (vi) any partnership or corporation that is organised or incorporated in a foreign jurisdiction by a US person principally for the purpose of investing in securities not registered under the US Securities Act.
US Private Placement	means the concurrent, separate offer of Shares in the US to certain US Persons, in reliance on an exemption from registration of securities with Regulation D under the US Securities Act, the details of which are set out in section 12.8.
US Securities Act	means the US Securities Act of 1933, as amended.
warfarin	an anticoagulant medication that is administered orally used to prevent blood clots from forming or growing larger and which is often prescribed for patients with certain types of irregular heartbeat, after a heart attack or heart valve replacement surgery.

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Corporate Directory

Board of Directors (on quotation)

Mr Andrew Denver
Mr Mark Morrisson
Dr Colin Adam
Mr Denis Hanley
Mr Andrew Jane
Mr Charles Kiefel
Dr Elizabeth (Jane) Wilson

Registered Office in Australia

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Web: www.universalbiosensors.com

Registered Agent in the US

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Delaware, Unites States of America

Underwriter and Lead Manager

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Web: www.registriesltd.com.au

Auditor

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Investigating Accountant

PricewaterhouseCoopers Securities Ltd
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Southbank VIC 3006
Australia

Australian Legal Adviser

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Australia

US Legal Adviser and US Patent Attorneys

Venable LLP
575 7th Street, NW
Washington DC 20004
United States of America

Australian Patent Attorneys

Griffith Hack
509 St Kilda Road
Melbourne VIC 3004
Australia

Proposed ASX code (on quotation)

UBI

Home Stock Exchange (on quotation)

Sydney

Prospectus

Universal Biosensors