



BUY

HOLD

SELL

ACTION & RECOMMENDATION

LifeScan's OneTouch Verio recall appears to have had a relatively benign impact on UBI in Q2. Service Fees returned to their growth trend in June after a weaker April-May. We have made no changes to our self-monitoring blood glucose (SMBG) earnings forecasts. The first product in UBI/Siemens' coagulation franchise also approaches, which adds another dimension to the investment. One imagines a swifter, more motivated partner in Siemens, being new to the point-of-care category and not facing the multidimensional difficulties that LifeScan confronts in global SMBG. A different launch dynamic, entirely. We maintain a BUY rating. Price target \$1.48 per share.

Q2FY13 – Verio recall impact benign

What's Changed

- LifeScan's OneTouch Verio recall impacted UBI's manufacturing volumes modestly in Q4. Service fees also missed our forecasts by c.\$140K in Q4; balanced on a HY basis by the stronger than expected (pre-recall) performance in Q1. Net-net: no changes to our self-monitoring blood glucose (SMBG) forecasts at all from last time. We have removed some forecast R&D revenue from our FY14-15 estimates, but this change is not material to our investment view. We have UBI closing calendar and FY 2013 with c.A\$17M in cash (c.\$18M at June 30th).
- We expect Siemens to launch xPrecia Stride (PT/INR system) around September. UBI management confirmed an expectation of receiving a first order of commercial product lots (test strips) in the near term. Clinical and regulatory announcements by Siemens are probably unlikely until after the product launch, for competitive reasons.

Risks & Catalysts

- Upside catalysts** - a) the continued development of Verio Service Fee earnings; b) progress announcements relating to xPrecia stride commercialisation (milestone payments, strip sales); c) progress on immunoassay development about due; d) progress with patient self test coagulation product suite and distribution arrangements expected this half.
- Downside risks** – a) lower manufacturing demand reducing gross profit; b) slower than expected global roll-out of OneTouch Verio; c) regulatory setbacks (product recalls, negative approval decisions, etc); slower technology development (immuno/molecular).

Year-end December (AUD)	FY11A	FY12A	FY13E	FY14E	FY15E
NPAT Rep (\$m)	-14.7	-9.1	-8.1	8.2	21.6
NPAT Norm (\$m)	-14.7	-9.1	-8.1	8.2	21.6
Consensus NPAT (\$m)			-7.9	9.5	22.9
EPS Norm (cps)	-8.9	-5.5	-4.7	4.8	12.5
EPS Growth (%)	-120	39	13	201	163
P/E Norm (x)	-8.2	-13.4	-15.5	15.3	5.8
EV / EBITDA (x)	-9.5	-16.5	-18.4	11.4	5.0
FCF Yield (%)	-5.5	-2.5	-5.7	9.3	17.2
DPS (cps)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Franking (%)	0	0	0	0	0

Mkt Cap: \$131m

Enterprise Value: \$114m

Shares: 175m

Sold Short: %

12m Target Price (AUD)	\$1.48
Share Price @ 01-Aug-13 (AUD)	\$0.73
Fcst 12m Capital Return	102.6%
Fcst 12m Dividend Yield	0.0%
12m Total S'holder Return	102.6%

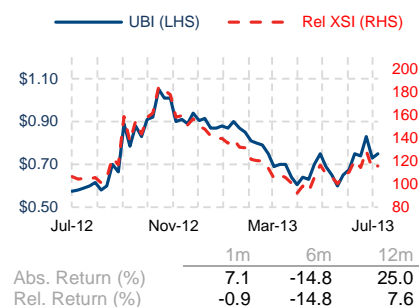
Shane Storey

shane.storey@wilsonhtm.com.au
Tel. +61 7 3212 1351

Daniel Sciberras

daniel.sciberras@wilsonhtm.com.au
Tel. +61 7 3212 1022

12m Share Price Performance



WHTM Return Re-investment Matrix

Return	Re-Investment	
	Low	High
High	Cash Generator	Champion
Low	Challenged	Potential

WHTM Risk Assessment

Risk	Share Price Risk			
	Low	Med	High	Spec
Share Price Risk				
Business Risk				

Key Changes	25-Jul	After	Var %
NPAT: FY13	-7.7	-8.1	N/A
Norm FY14	9.3	8.2	-11.9%
(\$m) FY15	22.5	21.6	-3.7%
EPS: FY13	-4.5	-4.7	N/A
Norm FY14	5.4	4.8	-11.9%
(cps) FY15	13.0	12.5	-3.7%
DPS: FY13	0.0	0.0	0.0%
(cps) FY14	0.0	0.0	0.0%
FY15	0.0	0.0	0.0%
Price Target:	1.50	1.48	-1.3%
Rec:	BUY	BUY	

ASX 300 wgt: n/a

Median T'over/Day: \$0.0m

Wilson HTM Equities Research – Universal Biosensors Inc.

Issued by Wilson HTM Ltd ABN 68 010 529 665 - Australian Financial Services Licence No 238375, a participant of ASX Group and should be read in conjunction with the disclosures and disclaimer in this report. Wilson HTM Corporate Finance Ltd acted as Joint Lead Manager to Universal Biosensors Inc's capital raising in December 2012 for which fees were received. Important disclosures regarding companies that are subject of this report and an explanation of recommendations can be found at the end of this document.



PRICE TARGET

	Valuation	Price Target
WACC (%)		14
Blood glucose		174.0
Coagulation (Siemens),		98.5
Valuation, A\$M		272.5
Fully diluted shares		184.2

TOTAL (A\$ / Share) 1.48

INTERIMS (\$m)

Half Yr (AUD)	Jun 12 1H A	Dec 12 2H A	Jun 13 1H E	Dec 13 2H E
Sales	14.7	14.9	9.6	15.6
EBITDA	-2.4	-4.5	-6.7	0.5
EBIT	-3.6	-5.9	-8.0	-0.8
Net Profit	-3.4	-5.7	-7.7	-0.4
Norm. EPS	-2.0	-3.4	-4.5	-0.2
EBIT/Sales	-24.7	-39.8	-83.2	-5.4
Dividend (c)	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0

FINANCIAL STABILITY

Year-end December	FY12A	FY13E	FY14E
Net Debt	-23.6	-16.5	-27.7
Net Debt / Equity (%)	<0	<0	<0
Net Debt / EV (%)	<0	<0	<0
Current Ratio (x)	7.8	5.4	5.6
Interest Cover (x)	21.3	12.0	<0
Adj. Cash Int. Cover (x)	8.3	11.2	<0
Debt / CashFlow (x)	0.0	0.0	0.0
Net Debt (cash) / share	<0	<0	<0
NTA / share (\$)	0.2	0.2	0.2
Book Value / share (\$)	0.3	0.2	0.2
Payout Ratio (%)	0	0	0
Adj. Payout Ratio (%)	0	0	0

EPS RECONCILIATION (\$m)

	FY12A		FY13E	
	Rep.	Norm.	Rep.	Norm.
Sales Revenue	30	30	25	25
EBIT	-9.6	-9.6	-8.8	-8.8
Net Profit	-9.1	-9.1	-8.1	-8.1
Notional Earn.	0.0	0.0	0.0	0.0
Pref./Conv. Div.	0.0	0.0	0.0	0.0
Profit for EPS	-9.1	-9.1	-8.1	-8.1
Diluted Shrs(m)	167	167	171	171
Diluted EPS (c)	-5.5	-5.5	-4.7	-4.7

RETURNS

	FY12A	FY13E	FY14E	FY15E
ROE (%)	-24.5	-22.7	22.9	42.6
ROIC (%)	-37.6	-39.8	37.1	113.6
Incremental ROE	-141.7	-64.5	5,364.8	89.9
Incremental ROIC	-98.6	-23.1	-656.4	-616.8

KEY ASSUMPTIONS

Year-end December (AUD)	FY08A	FY09A	FY10A	FY11A	FY12A	FY13E	FY14E	FY15E
Revenue Growth (%)			8,759.9	25.0	101.7	-15.0	70.9	36.2
EBIT Growth (%)	47.2	17.5	-53.5	93.6	-37.7	-8.0	-182.9	173.9
NPAT Growth (%)	43.5	35.8	-59.4	122.3	-37.8	-11.5	-201.7	163.3
EPS Growth (%)	23.1	35.8	-59.9	119.9	-38.8	-13.5	-200.9	163.3
EBIT / Sales (%)		12,863.7	-67.5	-104.6	-32.3	-35.0	17.0	34.1
Tax Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA (%)	-24.3	-32.4	-14.6	-32.0	-19.5	-20.3	13.8	26.6
ROE (%)	-21.8	-34.4	-13.5	-36.0	-23.2	-25.4	20.6	35.1

PROFIT & LOSS (\$m)

Year-end December (AUD)	FY08A	FY09A	FY10A	FY11A	FY12A	FY13E	FY14E	FY15E
Sales Revenue	0.0	0.1	11.8	14.7	29.6	25.2	43.1	58.7
EBITDA	-12.3	-14.2	-5.0	-12.1	-6.9	-6.2	10.1	22.9
Depn & Amort	2.3	2.9	3.0	3.3	2.6	2.6	2.7	2.9
EBIT	-14.5	-17.1	-7.9	-15.4	-9.6	-8.8	7.3	20.0
Net Interest Expense	-2.5	-0.8	-1.2	-0.7	-0.4	-0.7	-0.9	-1.6
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities / pref divs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity accounted NPAT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit pre Sig. Items	-12.0	-16.3	-6.6	-14.7	-9.1	-8.1	8.2	21.6
Abn's / Ext's / Signif.	0.0	17.7	0.0	0.0	0.0	0.0	0.0	0.0
Reported Net Profit	-12.0	1.4	-6.6	-14.7	-9.1	-8.1	8.2	21.6

CASHFLOW (\$m)

Year-end December (AUD)	FY08A	FY09A	FY10A	FY11A	FY12A	FY13E	FY14E	FY15E
EBITDA	-12.3	-14.2	-5.0	-12.1	-6.9	-6.2	10.1	22.9
Interest & Tax	2.5	0.8	1.2	0.7	0.5	0.7	0.9	1.6
Working Cap / Other	2.6	15.1	-2.7	4.2	3.2	-2.0	1.2	-2.1
Operating Cash Flow	-7.1	1.6	-6.4	-7.2	-3.3	-7.5	12.1	22.5
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	-7.1	1.6	-6.4	-7.2	-3.3	-7.5	12.1	22.5
Dividends Paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Growth Capex	-9.6	-3.0	-2.3	-1.1	-0.7	-0.5	-0.9	-1.0
Invest. / Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Inv. Flows	0.0	0.0	0.0	0.0	-0.6	0.0	0.0	0.0
Cash Flow Pre Financing	-16.8	-1.3	-8.7	-8.3	-4.6	-8.0	11.2	21.5
Funded by Equity	3.1	0.1	0.7	0.1	13.2	0.2	0.0	0.0
Funded by Debt	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0
Funded by Cash	13.6	1.3	8.0	8.2	-8.6	7.4	-11.2	-21.5

BALANCE SHEET SUMMARY (\$m)

Year-end December (AUD)	FY08A	FY09A	FY10A	FY11A	FY12A	FY13E	FY14E	FY15E
Cash	28.3	31.3	23.3	15.1	23.6	16.9	28.1	49.6
Current Receivables	0.1	0.4	3.6	4.9	2.3	3.3	3.4	4.5
Current Inventories	0.0	0.3	3.2	3.6	3.6	4.6	4.7	6.2
Net PPE	21.9	21.3	23.1	20.3	18.3	16.2	14.4	12.5
Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangibles / Capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	4.3	2.8	0.7	1.3	1.3	2.3	2.4	2.5
Total Assets	54.7	56.1	53.8	45.2	49.1	43.3	52.9	75.2
Current Payables	0.6	0.4	1.8	0.6	2.5	2.7	3.4	3.4
Total Debt	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4
Other Liabilities	5.4	4.3	4.9	9.6	7.2	8.5	9.1	9.8
Total Liabilities	6.0	4.8	6.6	10.2	9.7	11.6	12.9	13.6
Minorities / Convertibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholder Equity	48.7	51.3	47.2	35.0	39.4	31.8	40.0	61.6
Total Funds Employed	48.7	51.3	47.2	35.0	39.4	32.1	40.4	62.0

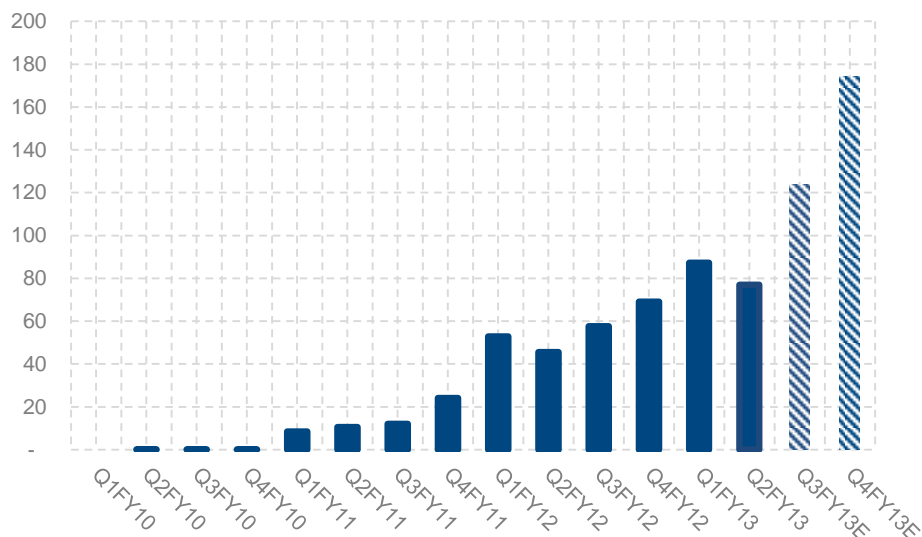


Universal Biosensors Inc – 1HFY13 Update

CHANGES TO FORECASTS

Although UBI's manufacturing volumes appeared to be down 8-9% in Q2 v Q1 (having operated under the very marginally profitable 'interim costing' arrangements) we attribute the transitory slowing to LifeScan's OneTouch Verio recall and leave our medium term volume forecast (c.200M strips per year) unchanged. The meter recall also caused a c.\$140,000 miss on Q4 service fees, UBI reporting A\$761,000 in fees for Q4 (our forecast was c.A\$900,000). The Q4 shortfall was actually balanced by the stronger than expected strip fees we noted in Q1. UBI also observed that the sharpest impact occurred in April and May, followed by an encouraging rebound in June to above the average fee levels in Q1. Our expectation is that the recall impact has probably been seen now, so we have left our strip fee forecasts for 2HFY13 onwards unchanged.

FIGURE 1: ESTIMATED QUARTERLY LIFESCAN ONETOUCH VERIO STRIP SALES IN MILLIONS, FY10-13E



Source: WHTM Research

R&D revenue was stronger than forecast on account of a surprising US\$500,000 payment from Siemens as reimbursement for meter development work undertaken on their behalf. We understand that this payment is not one of the development milestones anticipated under the Siemens collaboration agreement. No further R&D revenue from LifeScan was recorded in Q2. We had c.\$2M R&D revenues forecast for FY14 (anticipation of follow-up product development following the successful research program in 2012) but we have removed those revenues from our estimates. SMBG revenues in line with forecasts, overall.

TABLE 1: 1HFY13 REVENUE MIX VERSUS OUR FORECASTS

	Q1FY13	Q2 FY13	1HFY13	WHTMe	%var
Revenue from products	3.75	3.46	7.20	7.35	-2%
Service fees	0.84	0.76	1.60	1.63	-2%
Other revenue	0.22	0.55	0.78	0.50	56%
Total revenue	4.81	4.77	9.58	9.48	1%

Source: WHTM Research



UBI's net loss of A\$7.7M in 1HFY13 was ~A\$0.6M more than we had forecast. Key sources of variation between UBI's actuals and WHTM forecasts were lower gross profitability on SMBG (interim costing arrangements), a higher cost of services and lower interest income. UBI remains relatively well funded with \$18M in cash at end of 1HFY13.

TABLE 2: COMPARISON OF 1HFY13 RESULT WITH WHTME

	1HFY12	1HFY13	WHTMe	%var
Revenue	14.7	9.6	9.5	1%
COGS (products)	9.3	6.9	6.0	15%
R&D	5.4	7.9	8.0	-1%
Other expenses	3.5	3.4	3.2	7%
Loss from operations	(3.5)	(8.7)	(7.7)	12%
Net interest, other	0.1	1.0	0.6	65%
NPAT	(3.4)	(7.7)	(7.1)	8%

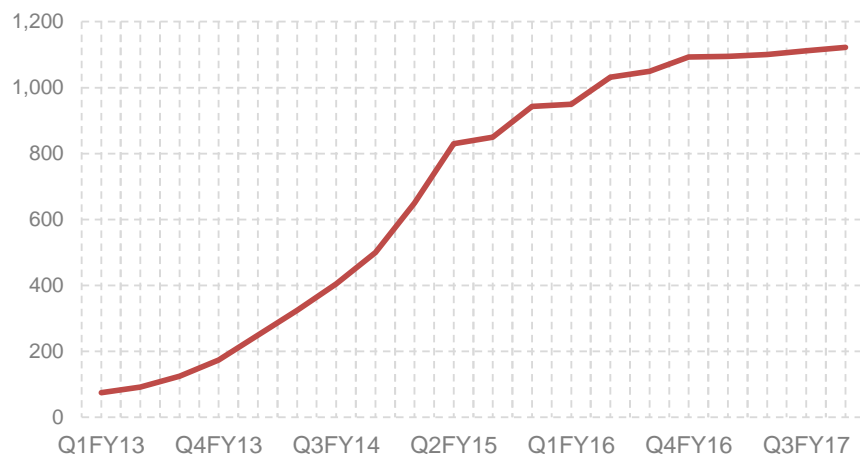
Source: UBI, WHTM Research

OUTLOOK

We are positive on the outlook for UBI, heading into the 2H of 2013 and into 2014 for two reasons:

OneTouch Verio service fees appear durable now, with good growth ahead of them in our view – although LifeScan's launch of this product has not been without incident, the OneTouch Verio is likely the best strip on the market in terms of features. Although LifeScan's recent financial results have undoubtedly contributed to the poor showings from JNJ's Diabetes Care franchise, those problems are limited to the OneTouch Ultra – an old strip whose features are ordinary by any measure. We understand that Verio is actually a well received product; particularly within the insulin-dependent Type I diabetic patient group. While Verio sales were impacted by the recent recall, growth is plainly evident. Our forecasts are based on analogy – our launch profile mimics what we know about the 2002-2007 roll-out of OneTouch Ultra, but delayed by c.12 months. If the OneTouch Verio launch continues to follow that pattern, then investors could expect a near doubling of service fees in 2HFY13, relative to 1H. History may not prove to be a reliable guide – and there is no visibility at all on LifeScan's intentions, progress or strategy with OneTouch Verio. These are clear risks to our forecasts, which we try and account for in our valuation with risk-factors and a relatively high discount rate.

FIGURE 2: OUR FORECASTS PROPOSE FY13-15 AS THE KEY INFLECTION PERIOD FOR GLOBAL ONETOUCH VERIO COMMERCIALISATION. UNITS: MILLIONS OF STRIPS PER QUARTER.



Source: WHTM Research



Siemens xPrecia PT/INR system launch – the launch of this product is widely expected to occur during or around September 2013. On yesterday's conference call, UBI management confirmed an expectation of receiving a first order of commercial product lots in the near term. Clinical and regulatory progress announcements by Siemens are probably unlikely until after the product launch, for competitive reasons. We are expecting an initial launch in Europe. As xPrecia is a relatively low risk medical device, UBI/Siemens may self-certify for CE Mark without the intervention of a Notified Body.

VALUATION, RECOMMENDATION AND RISKS

Our Buy rating is based on our view that the stock's valuation does not fully reflect the improving/positive fundamentals including the cost-free self-monitoring blood glucose (SMBG) service fee growth potential, the new Siemens point of care coagulation franchise and pipeline, nor the prospects for self-advancement into the patient home coagulation testing market. The latter might be particularly profitable given the extraordinarily low cost distribution model available, particularly in the USA.

The glucose story is playing out, in our view; albeit against a backdrop of product recalls and JNJ's sliding diabetes results, neither of which are helping the stock. Unfortunately, the outlook for JNJ's Diabetes Care franchise will continue to be challenging for the most part, as lower CMS pricing spreads across the US market between now and 2016; and whilst FDA does little to tighten accuracy tolerance limits for cheaper alternative SMBG systems. Although OneTouch Verio offers a partial remedy, at least at the LifeScan gross profit level, this is unlikely to arrest/reverse the 15-20% slides in revenue JNJ is experiencing within its broader diabetes device division. JNJ/LifeScan's present difficulties may continue to be a drag on sentiment towards UBI.

In very sharp contrast, Siemens is a new entrant to the point of care coagulation monitoring marketplace. We see this as adding a new dimension to the UBI investment; not least because of the additional earnings. Whilst the additional earnings from this franchise (PT/INR plus undisclosed products #2 and #3) may come to rival those expected from the LifeScan/SMBG business; one imagines a more motivated partner in Siemens, being new and not facing the multidimensional difficulties that LifeScan is encountering. Swapping in a new product for an ageing flagship is particularly difficult whilst the core business is under such pressure.

Siemens of course is not without its problems, with some commentators even suggesting a spin off of its diagnostics business under its new CEO.

A sharp and frank step-up in SMBG Service Fees remains the most available catalyst for the stock to achieve our target price over the next 12 months – which is for a doubling in market value. Target price \$1.48 per share.



RETURN RE-INVESTMENT MATRIX

Return	High	Cash Generator	Champion
	Low	Challenged	Potential
		Low	High
		Re-investment	

We rate UBI technology highly, noting multiple high-value diagnostic opportunities which can be accessed on modest R&D investment.

RISK MEASURES

	Low	Med	High	Spec
Share Price Risk				
Business Risk				

UBI stock is relatively illiquid. Business risks mitigated by involvement of multinational partners with established presence in UBI's product areas.

BUSINESS DESCRIPTION

Universal Biosensors is a developer and manufacturer of molecular diagnostics equipment for point-of-care (PoC) medical settings. They have developed electrochemical cell and manufacturing technologies to produce 'strip and meter' diagnostic tools for diabetes care (partnered with JNJ subsidiary LifeScan) and blood coagulation monitoring (partnered with Siemens). They are also growing into new, high value PoC applications such as genetic typing and immunoassay.

INVESTMENT THESIS

Our thesis on UBI is that we see the company becoming a multiple royalty house, continuing to partner new diagnostic products with groups who are ranked either 1 or 2 in their fields. In our view, their partnering success to date has been a function of delivering new product features at low cost of goods, thanks to their proprietary, high yielding 'reel-to-reel' manufacturing capabilities. Demonstrating immunoassay capabilities in 2012 a major catalyst.

REVENUE DRIVERS

- LifeScan conducting global launch of UBI's OneTouch Verio glucose monitoring strip for diabetes care - could grow to 4.5Bn strips/year;
- Siemens to launch UBI coagulation monitoring product in 2013;
- Prospect of further partnering deals based on product pipeline.

MARGIN DRIVERS

- Make a modest (c.15%) gross margin on OneTouch Verio strips supplied to LifeScan
- Make a zero cost US1 cent/strip 'service fee' on all OneTouch Verio strips, sold globally
- We estimate 70% gross margin on coagulation strips sold to Siemens

KEY ISSUES / CATALYSTS

Upside risks

- Quarterly cash-flow and SEC filings indicate LifeScan's progress on OneTouch Verio strip sales;
- Product launches by Siemens;
- New partnering transactions on other products;
- New technology innovation, pipeline development.

RISK TO VIEW

Downside risks

- Large partners like LifeScan are slow to move - provide low visibility
- Medical device risks: difficulties with competitors, product recalls.

BALANCE SHEET

- We estimate that UBI will have c.\$16.9M cash as at end-FY13.
- Negligible debt.

BOARD

- Mr Andrew Denver (Chairman, Director)
- Mr Paul Wright (Managing Director, CEO)
- Dr Colin Adam (Director)
- Mr Denis Hanley (Director)
- Mr Marshall Heinberg (Director)
- Mr Andrew Jane (Director)
- Dr Elizabeth (Jane) Wilson (Director)

MANAGEMENT

- Mr Paul Wright (Managing Director, CEO)
- Mr Satesh Balak (CFO)

CONTACT DETAILS

Address : 1 Corporate Avenue, Rowville VIC 3178
 Phone : +61 3 9213 9000
 Website : www.universalsensors.com



Head of Research

Jacqueline Fernley (02) 8247 6661

Industrials

James Ferrier (03) 9640 3827

Ivor Ries (03) 9640 3863

Andrew Dalziel (07) 3212 1946

Stewart Oldfield (03) 9640 3818

Chris Gibson (03) 9640 3828

Daniel Wan (02) 8247 6694

Healthcare and Biotechnology

Shane Storey (07) 3212 1351

Daniel Sciberras (07) 3212 1022

Resources

Cameron Judd (03) 9640 3864

Phillip Chippindale (02) 8247 3149

Liam Schofield (07) 3212 1313

Nathan Szeitli (03) 9640 3806

Quantitative Strategy/TAA

Damien Klassen (02) 8247 3101

Head of Institutional Sales

Duncan Gamble (02) 8247 6629

Sydney

Jonathan Scales (02) 8247 6613

Richard Moulder (02) 8247 6603

Michael Pegum (02) 8247 6602

Anthony Wilson (02) 8247 3113

Melbourne

David Permezel (03) 9640 3885

Adam Dellaway (03) 9640 3824

Wealth Management Research

Peter McManus (02) 8247 3186

John Lockton (02) 8247 3118

Email: firstname.lastname@wilsonhtm.com.au

National Offices

Brisbane Ph: (07) 3212 1333

Sydney Ph: (02) 8247 6600

Melbourne Ph: (03) 9640 3888

Gold Coast Ph: (07) 5509 5500

Dalby Ph: (07) 4660 8000

Hervey Bay Ph: (07) 4197 1600

Our web site: www.wilsonhtm.com.au

Return Reinvestment Matrix and Risk Measures

Definitions at <http://www.wilsonhtm.com.au/Disclosures>

Recommendation Structure and Other Definitions

Definitions at <http://www.wilsonhtm.com.au/Disclosures>

Disclaimer

Whilst Wilson HTM Ltd believes the information contained in this communication is based on reliable information, no warranty is given as to its accuracy and persons relying on this information do so at their own risk. To the extent permitted by law Wilson HTM Ltd disclaims all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage) however caused, which may be suffered or arise directly or indirectly in respect of such information. Any projections contained in this communication are estimates only. Such projections are subject to market influences and contingent upon matters outside the control of Wilson HTM Ltd and therefore may not be realised in the future.

The advice contained in this document is general advice. It has been prepared without taking account of any person's objectives, financial situation or needs and because of that, any person should, before acting on the advice, consider the appropriateness of the advice, having regard to the client's objectives, financial situation and needs. Those acting upon such information without first consulting one of Wilson HTM Ltd investment advisors do so entirely at their own risk. This report does not constitute an offer or invitation to purchase any securities and should not be relied upon in connection with any contract or commitment whatsoever. If the advice relates to the acquisition, or possible acquisition, of a particular financial product – the client should obtain a Product Disclosure Statement relating to the product and consider the Statement before making any decision about whether to acquire the product. This communication is not to be disclosed in whole or part or used by any other party without Wilson HTM Ltd's prior written consent.

Disclosure of Interest. Universal Biosensors Inc.

The Directors of Wilson HTM Ltd advise that at the date of this report they and their associates have relevant interests in Universal Biosensors Inc.. They also advise that Wilson HTM Ltd and Wilson HTM Corporate Finance Ltd A.B.N. 65 057 547 323 and their associates have received and may receive commissions or fees from Universal Biosensors Inc. in relation to advice or dealings in securities. Some or all of Wilson HTM Ltd authorised representatives may be remunerated wholly or partly by way of commission.

In producing research reports, members of Wilson HTM Ltd Research may attend site visits and other meetings hosted by the issuers the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Wilson HTM Ltd considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting.

Please see disclosures at <http://www.wilsonhtm.com.au/Disclosures>. Disclosures applicable to companies included in this report can be found in the latest relevant published research.

Wilson HTM Investment Group Ltd is a substantial securities holder of Universal Biosensors Inc. (UBI.ASX).



Regulatory Disclosures

Wilson HTM Corporate Finance Ltd acted as Joint Lead Manager to Universal Biosensors Inc's capital raising in December 2012 for which fees were received. Wilson HTM Investment Group Ltd and its related bodies corporate trades or may trade as principal in the securities that are subject of the research report. Wilson HTM Corporate Finance Ltd has received compensation for corporate advisory services from this company, its subsidiaries or affiliates during the previous 12 months.