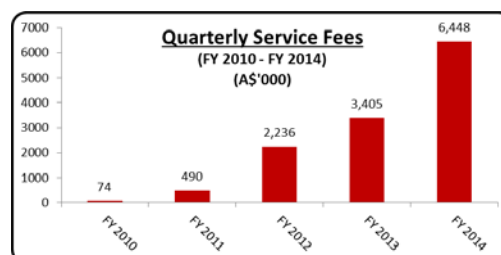
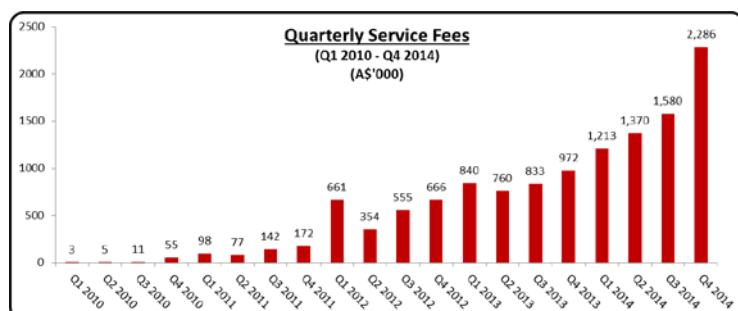


**Universal Biosensors, Inc.****Commentary on 4th Quarter of 2014**

Universal Biosensors, Inc. (ASX: UBI) has today released its quarterly cash flow report (ASX Appendix 4C) for the quarter ending 31 December 2014.

- Quarterly Service Fees increase to \$2.3 million**

Quarterly Service Fees (QSFs) generated from sales of OneTouch® Verio® blood glucose test strips were \$2,285,680 (US\$1,874,715) in the fourth quarter of 2014. This represents an increase of 135% when compared to the same period in the previous financial year, and an increase of 45% when compared to the previous quarter. Total QSFs for the year were \$6.45 million, up 89% on FY 2013.



- Siemens Xprecia Stride™ Coagulation Analyzer released**

In December 2014, Siemens initiated a limited release of the Xprecia Stride™ Coagulation Analyzer in the European market. UBI is the exclusive manufacturer of test strips for this product.

- FY 2014 operating cash outflows reduced by 67% on prior year**

The cash consumed by operations during FY 2014 was \$5.4 million, a reduction of \$11.2 million when compared to FY 2013. This improvement is due to the increased income from QSFs as well as the receipt of the R&D tax rebate in September 2014. In 2015, UBI expects to again receive the R&D tax rebate against R&D expenses incurred in FY 2014 as well as increased inflows from QSFs and Siemens strip manufacturing.

As in previous years, we obtained a loan to finance our annual insurances costs resulting in a \$499k inflow during the quarter while outflows were associated with interest and other financing costs related to the Athyrium Credit Agreement.

Our cash balance at 31 December 2014 was \$16.3 million.

For further information, please contact:

Paul Wright

Chief Executive Officer
(03) 9213 9000

Salesh Balak

Chief Financial Officer
(03) 9213 9000

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

UNIVERSAL BIOSENSORS, INC.

ABN

67 950 836 446

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$AUD	Year to date (12 months) \$AUD
1.1	Receipts from customers	2,008,710	9,311,206
1.2	Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(5,955,806)	(23,576,200)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	85,803	261,088
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material) - refer 1.26	-	8,590,037
	Net operating cash flows	(3,861,293)	(5,413,869)

+ See chapter 19 for defined terms.

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

	Current quarter \$AUD	Year to date (12 months) \$AUD
1.8 Net operating cash flows (carried forward)	(3,861,293)	(5,413,869)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(256,530)	(955,327)
(e) installment payments to acquire plant and equipment		
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	609	7,941
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (investments held to maturity now converted as cash and cash equivalents)		
Net investing cash flows	(255,921)	(947,386)
1.14 Total operating and investing cash flows	(4,117,214)	(6,361,255)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings - refer 1.26	498,890	1,051,662
1.18 Repayment of borrowings - refer 1.26	-	(552,772)
1.19 Dividends paid		
1.20 Other (provide details if material) - refer 1.26	(652,589)	(2,291,341)
Net financing cash flows	(153,699)	(1,792,451)
Net increase (decrease) in cash held	(4,270,913)	(8,153,706)
1.21 Cash at beginning of quarter/year to date	19,830,109	23,742,422
1.22 Exchange rate translation adjustments to item 1.21	770,633	741,113
1.23 Cash at end of quarter	16,329,829	16,329,829

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$AUD
1.24	Aggregate amount of payments to the parties included in item 1.2	102,726
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions	
	<p><u>1.7</u> \$8,015,037 represents an R&D cash refund for UBI's FY2013 R&D expenses and the balance represents the release of a letter of credit issued to a major supplier.</p> <p><u>1.17 & 1.18</u> UBI took out a loan of \$552,772 to prepay its annual insurances for FY 2014. All repayments of that loan have been made. UBI has taken out another loan of \$498,890 to prepay its annual insurances for FY 2015.</p> <p><u>1.20</u> Represents interest and other financing charges made to the lenders pursuant to the Athyrium Credit Agreement.</p> <p><u>1.24</u> Non-Executive directors' fees and salaries, including superannuation.</p>	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available * \$A'000	Amount used \$A'000
3.1 Loan facilities (* amount available conditional upon the Company satisfying certain conditions precedent)	US\$10,000,000	US\$15,000,000
3.2 Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

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

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$AUD	Previous quarter \$AUD
4.1	Cash on hand and at bank	16,329,829	19,830,109
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.23)		16,329,829	19,830,109

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
 (Chief Financial Officer)

Date: 20 January 2015

Print name: Salesh Balak

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.