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Universal Biosensors

12 May 2011

Dear Security holders

At the beginning of the 2010 financial year, the Company highlighted three core strategies to create security holder value. These were:

- creating a sustainable operating business;
- advancing our platform technologies; and
- capitalising on emerging market trends in point of care.

Our partnership with LifeScan, Inc., one of the world leaders in blood glucose point of care testing, has moved us closer to our goal of creating a sustainable operating business. With the OneTouch Verio® blood glucose product, we paired UBI's ability to develop world class technologies with LifeScan's commercial strengths. During 2010, the OneTouch Verio® product was launched by LifeScan in the Netherlands and Australia. More recently, the product has been launched in Italy, France, Germany, the United Kingdom, Ireland, Spain and Portugal. We achieved operating revenues of A\$18 million during 2010.

We continued our development of other point of care tests and during 2010 began discussions with partners who could provide access to the target market segments. This process resulted in our internal development efforts being focused on our PT/INR blood coagulation test to be our lead non-glucose product development for our next partnership. The worldwide market for point of care PT/INR testing has been valued in excess of US\$400 million and is forecast to reach over US\$1 billion by 2020. This form of testing is used to rapidly evaluate patients who are taking the anticoagulant ("blood thinner") warfarin enabling immediate dose adjustments. Warfarin is a mainstay of long-term anticoagulant therapy and is a common treatment for patients at risk of stroke and other coagulation ailments, including deep vein thrombosis. In the US alone, some 30 million warfarin prescriptions are filled every year and patient self testing has become the fastest growing segment within the point of care PT/INR market.

In November 2010, UBI released positive results in a US clinical study of UBI's PT/INR strip and meter system. The system prototype showed excellent correlation with the current market leader and bodes well for the next phase of the test's development, clinical testing and ultimately, commercialization.

UBI's PT/INR test is based on its existing technology platform used to successfully produce blood glucose sensors. We believe UBI's PT/INR test will have substantial advantages relative to systems currently in the market and will be attractive to a partner.

I am pleased with the success we have had in our lead developments, and believe our platform will be further leveraged into other growth segments such as:

1. point-of-care immunoassays (where we have developments underway with C-reactive protein and D-Dimer tests),

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2. companion diagnostics, and
3. other segments where evidence based medicine is practiced and in the emerging area of personalized medicine.

Looking ahead, in blood glucose, we will continue to work in partnership with LifeScan who continues to roll out the OneTouch Verio® product.

As many of you know, after 5 years with UBI, Mr. Mark Morrisson retired in September 2010 to pursue other interests. I would like to acknowledge Mark's contribution to the development of UBI and wish him success in his future endeavors. In February 2011, we announced the appointment of Mr. Paul Wright to the role of CEO. Paul has experience as Chief Executive Officer with two global technology companies and extensive experience in international strategy consulting and commercial development with a focus on manufacturing industries. As UBI transitions to a substantial operating business, Paul's skills will greatly enhance our ability to achieve our goals.

Finally, I would like to acknowledge the Board and the entire UBI team for their efforts during the 2010 financial year and thank you, our security holders for your continued support of UBI.

Andrew Denver
Chairman



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ARBN 121 559 993

General Meeting

12 May 2011

Paul Wright CEO

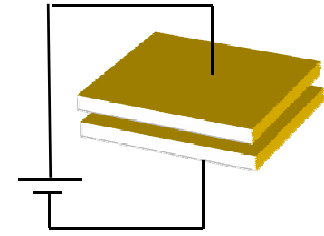
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- This presentation is intended to provide a general outline only and is not intended to be a definitive statement on the subject matter. This presentation is not financial advice and has been prepared without taking into account the objectives, financial situation or needs of a particular person.
- Neither the Company, nor its officers or advisors or any other person warrants the accuracy of the analysis herein or guarantees the investment performance of the Company. Investors must make their own independent assessment of the Company and undertake such additional enquiries as they deem necessary or appropriate for their own investment purposes.
- Under applicable United States securities laws all of the shares of our common stock are “restricted securities” as that term is defined in Rule 144 under the Securities Act of 1933, as amended (**Securities Act**). Restricted securities may be resold in the public market to United States persons as defined in Regulation S only if registered for resale or if they qualify for an exemption from registration under the Securities Act. We have not agreed to register any of our common stock for resale by security holders.
- The statements contained in this presentation that are not purely historical are forward-looking statements within the meaning of the Exchange Act. Forward-looking statements in this presentation include statements regarding our expectations, beliefs, hopes, intentions or strategies regarding the proposed offering. All forward-looking statements included in this presentation are based upon information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statement as a result of new information, future events or otherwise. Our actual results could differ materially from our current expectations.
- The Company is subject to a number of risks. For a summary of key risks, refer to the Company’s most recent Form10-K filed with the United States Securities and Exchange Commission.



Company overview

- Medical diagnostics company focused on the research, development and manufacturing of whole blood diagnostic test systems for point-of-care (POC) and home use
- Building on core strengths:
 - ✓ Patent-protected electrochemical sensor technology that supports accurate, easy to use, low cost diagnostics
 - ✓ World class research & development team
 - ✓ High volume, low cost manufacturing plant supporting multiple products
 - ✓ ISO13485 certified R&D & manufacturing facilities
- First UBI-developed product, OneTouch Verio launched internationally by LifeScan
- Core technology being applied to coagulation assays, immunoassay, and potentially molecular assays



Key Achievements: Last 12 Months

Blood Glucose product

- OneTouch Verio launched in Europe & Australia
- US FDA Clearance received in February 2011
- Significant growth in manufacturing revenues
- LifeScan and UBI teams continuing to operate productively at all levels



Future products

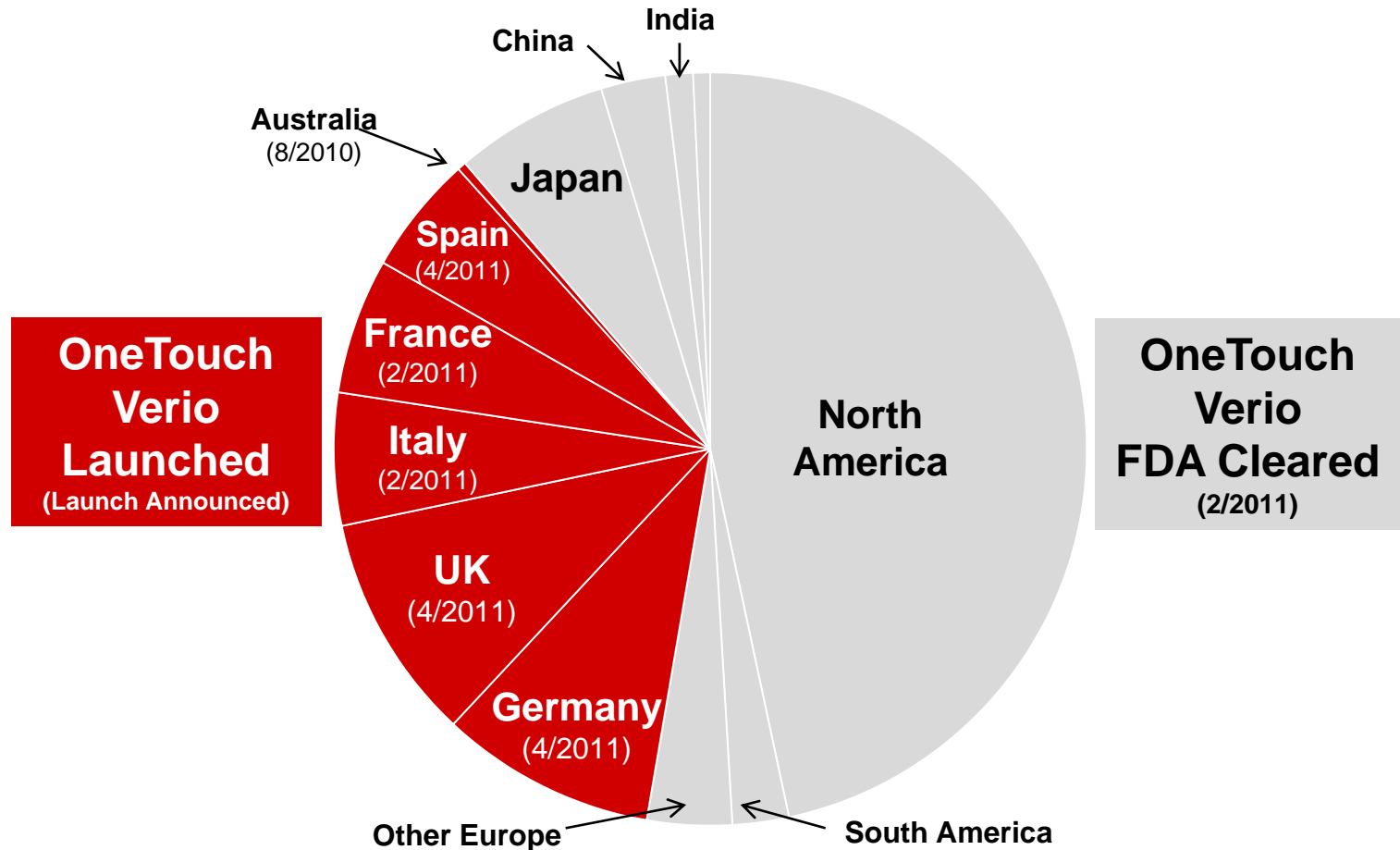
- Development efforts refocused on coagulation product (PT-INR) based on market attractiveness and feedback from prospective partners
- PT-INR trial completed showing good correlation to leading Roche CoaguChek-XS product
- PT-INR production line installed and being qualified
- Partnering discussions underway with multiple parties for PT-INR





Product roll-out will drive UBI revenues

Self Monitored Blood Glucose Market (2015 estimate*)



Source: Global Data, SMBG Market Study Nov 2009

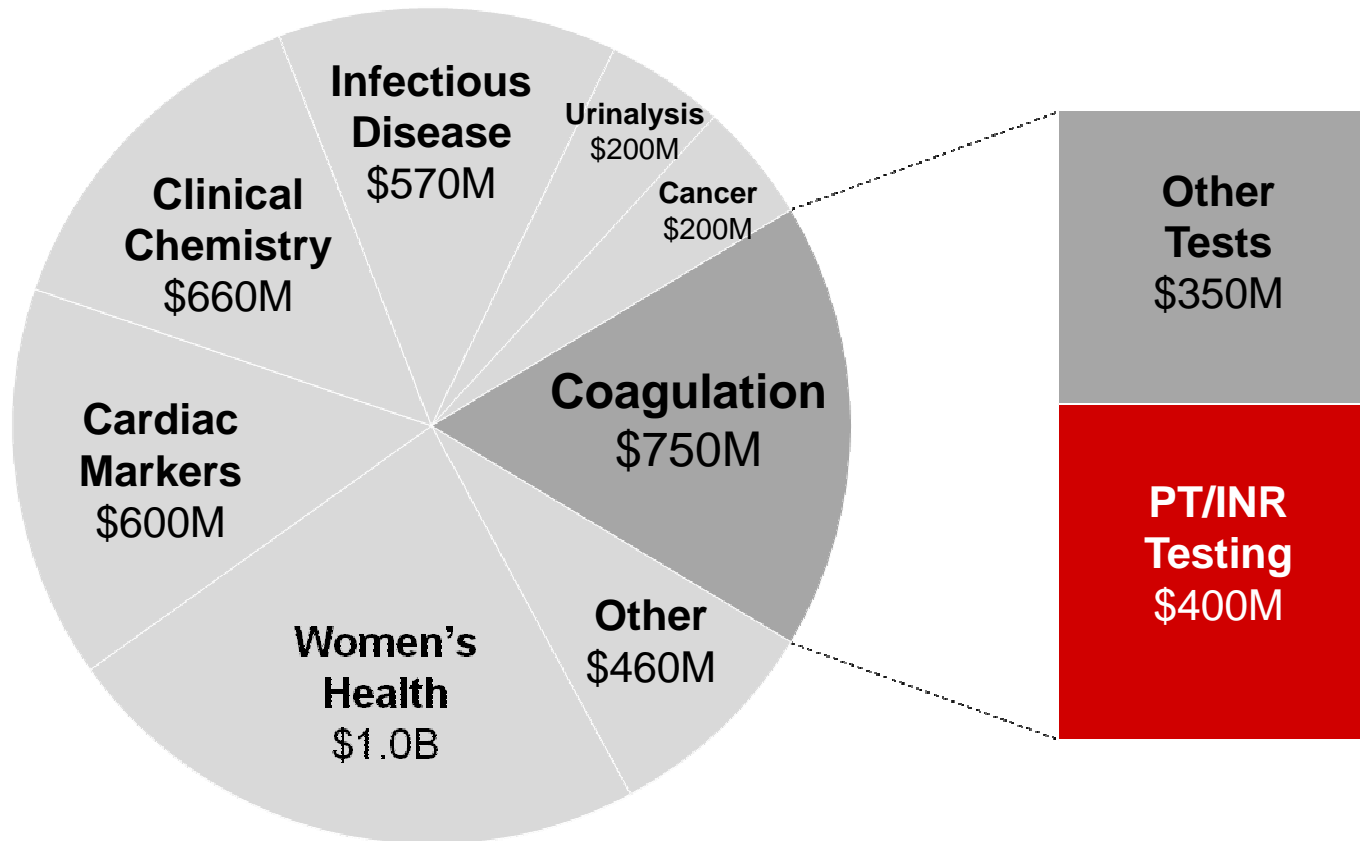
LifeScan is committed to the roll out

“In 2010, LifeScan began a global rollout of the OneTouch Verio Blood Glucose Monitoring System....The system was test-marketed in The Netherlands with patients on insulin therapy and launched in Australia and Europe. Other markets will follow in 2011.”

Johnson & Johnson Annual Report 2010

Our next opportunity: PT-INR Testing

**Point-Of-Care Diagnostics Markets
(2008)**



* Kalorama, The Worldwide Market for In Vitro Diagnostic Tests, 6th Ed., 2008.

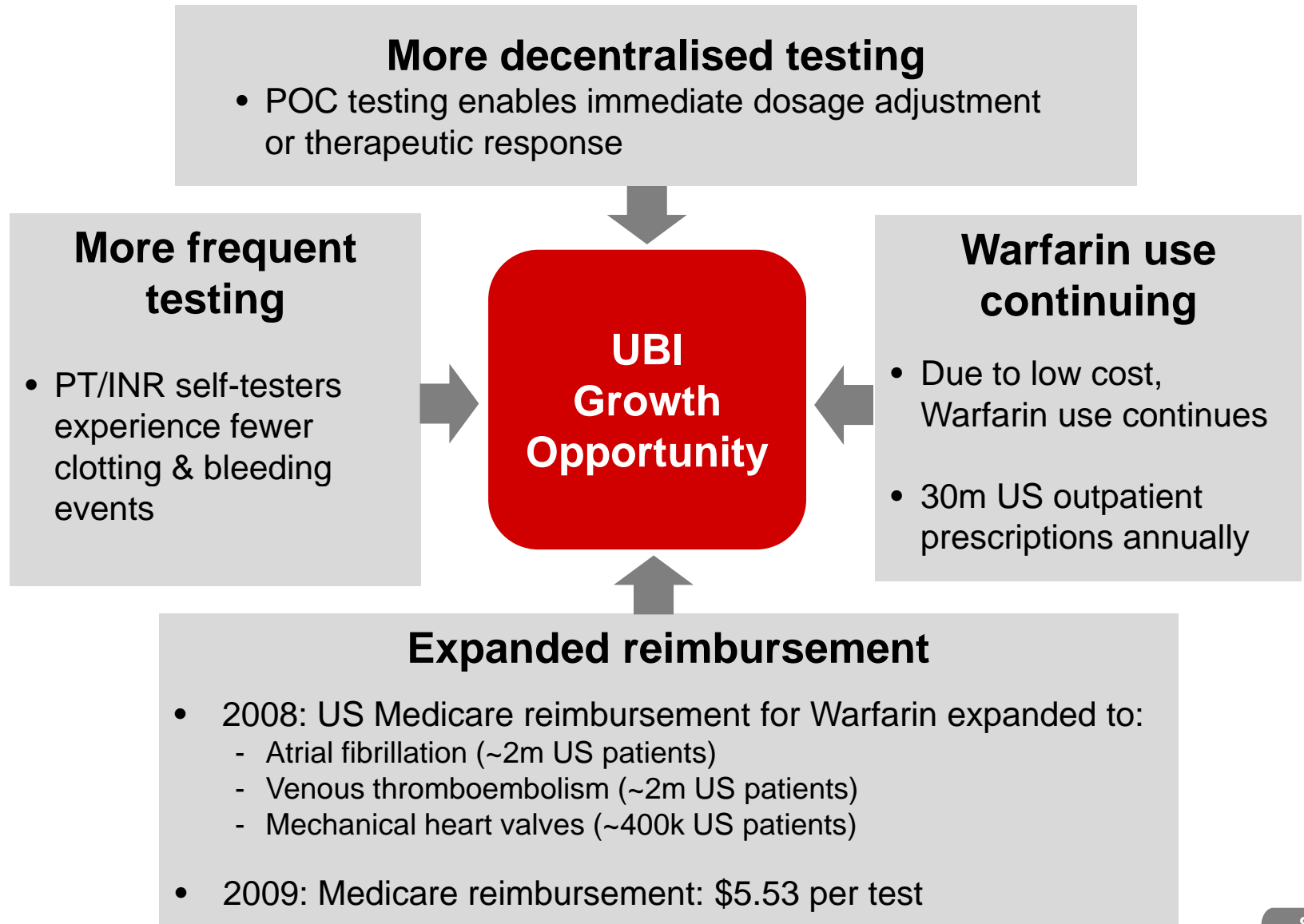
* Boston Biomedical Consultants, The Worldwide In Vitro Diagnostic Test Product Market Segment Discussions 2006, 2007 and 2012 Estimate, August 21, 2008.

• Trimark, "Point of Care Diagnostic Testing World Markets", June 2009

• Espicom, POC Diagnostics – Nov 2009



POC PT/INR has strong drivers for growth



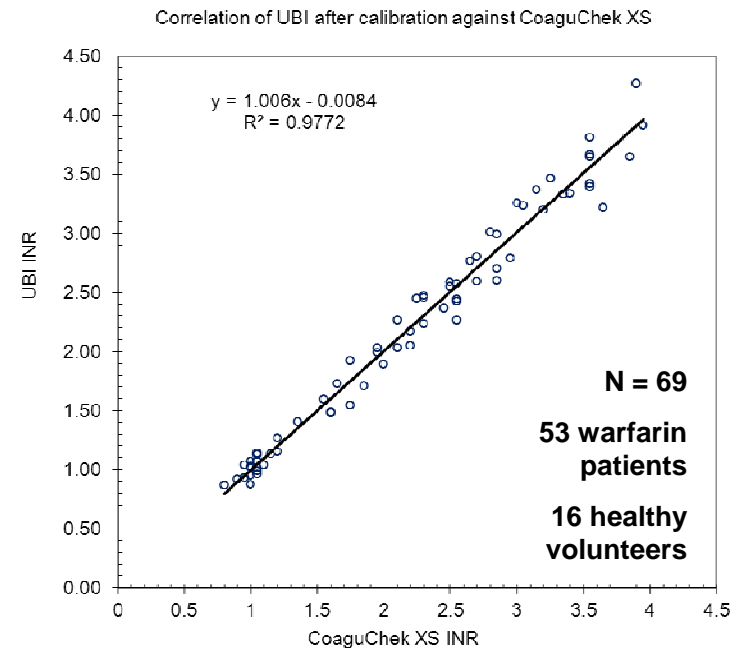


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UBI's PT/INR system can address the need



Correlation: UBI & CoaguChek XS®



- One major player in POC PT-INR testing market today
- UBI can offer competitive features: cost, accuracy, ease-of-use
- Demonstrated performance in preliminary clinical study



PT/INR partnering is underway

- Attractive opportunity for a Partner
 - Attractive market opportunity
 - Product & manufacturing in final development
 - Robust Intellectual Property position
 - Proven innovation & partnering capability
- Seeking a business model similar to Blood Glucose
 - Shared R&D risk
 - Shared success
- Competitive process underway
 - Looking to partner prior to regulatory submission (early 2012)



Product revenues are starting to grow

	Years Ended December 31,			
	2010	2009	2008	2007
	A\$	A\$	A\$	A\$
Revenue				
Revenue from products	\$ 11,760,009	\$ 132,733	\$ -	\$ -
Revenue from services	6,420,027	4,187,196	4,291,944	1,192,015
Milestone payment	-	17,722,641	-	-
Total revenue	18,180,036	22,042,570	4,291,944	1,192,015
Operating costs & expenses				
Cost of goods sold and services	12,282,736	627,403	3,121,754	-
Research and development	6,482,150	14,898,072	11,585,258	7,157,216
General and administrative	7,185,550	5,635,569	5,510,127	4,226,757
Total operating costs & expenses	25,950,436	21,161,044	20,217,139	11,383,973
Profit/(loss) from operations	(7,770,400)	881,526	(15,925,195)	(10,191,958)
Other income	1,159,875	548,937	3,929,103	1,229,720
Net profit/(loss) before tax	(6,610,525)	1,430,463	(11,996,092)	(8,962,238)
Income tax benefit	-	-	206	145,000
Net profit/(loss)	(6,610,525)	1,430,463	(11,995,886)	(8,817,238)



And the Balance Sheet remains strong

Balance Sheet as at 31 December 2010

	A\$
Current Assets (excluding cash)	7,439,268
Cash	23,271,766
Property, Plant & Equipment (net)	23,126,915
Total Assets	<u>53,837,949</u>
Current Liabilities	4,460,135
Non-Current Liabilities	2,158,735
Stockholders' Equity	47,219,079
Total Liabilities & Stockholders' Equity	<u>53,837,949</u>

Looking Ahead: Our Immediate Focus

- Support anticipated growth in sales of OneTouch Verio
- Complete a partnership deal for PT-INR product
- Complete development of PT-INR product in collaboration with market partner (regulatory submission in early 2012)
- Begin to generate a non-Glucose revenue stream
- Reach sustainable positive cash-flows