BMDi TUTA

ANNUAL REPORT 2009

ABN 30 096 048 912

contents

Chairmans's Letter

TOWARD A SAFER WAY.

Thursday, 17 September 2009

Dear Fellow Shareholder,

The year ended 30 June 2009 was a difficult one for the world economy. Our Company has taken the opportunity presented by the difficult economic climate to continue to position itself for an emergence from the past, which the Board believes will result in increased revenue and growth.

In June 2009, the Company acquired Clements Medical Equipment. We welcome the previous owners as shareholders and look forward with confidence to the growth opportunity presented by this acquisition.

The year has also seen major changes in the supply chain to new and, ongoing, more efficient Chinese supply lines. The lag time due to the combined regulatory approvals resulted in downturn in sales in the second half of the year. This was disappointing but the change was necessary to, again, position the Company for the future.

I thank Gary Lewis, the Managing Director, and his team for their continued enthusiasm and efforts in ensuring the future of BMDI TUTA.

Yours faithfully,
BMDI TUTA Limited

T.J. MANN
CHAIRMAN

Operating and Financial review

managing director's report

The past twelve months has seen the continued transformation of BMDI TUTA Limited ("BMI" or "the Company") from a one-market, one-brand company, into a diversified global medical devices business with an expanding product portfolio, and a suite of established, well-known brands, with robust earnings. The original BMDI business as we knew it has all but disappeared, as a consequence of the strategic decision to move out of safety injection, into more sustainable and profitable areas within the broader medical devices market.

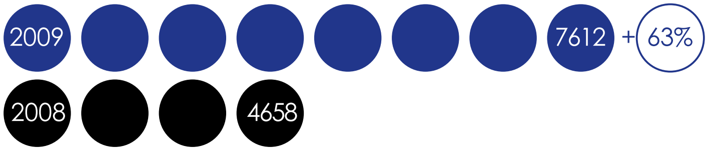
Achieving this transformation has not been easy. The ongoing restructure of the business has resulted in a reduction in staff numbers, and additional workload and pressures being transferred to those remaining in the Company. I would like to take this opportunity to publicly acknowledge the commitment, effort and personal sacrifice made by everyone at BMI, including my fellow directors, and look forward to sharing in the rewards of a promising and sustainable future.

While there has been considerable improvement in the financial and operational performance of the business over the past twelve months, the ongoing restructure has resulted in a number of one-off expenses impacting adversely on the FY2009 result. Further, the directors felt it prudent to write-down the carrying value of the TUTA Healthcare goodwill, given the impact of the Global Financial Crisis and the need to 'stress test' asset values. This too has affected the headline FY2009 result. While I will address the overall financial result in more detail below, highlights have seen revenues and gross profit well up on prior years. This is a particularly pleasing result, given the rationalisation of the BMDI and TUTA product ranges, the devaluation of the Australian dollar and significant out-of-stocks resulting from the relocation of the BMI manufacturing base.

Key Points – Financial

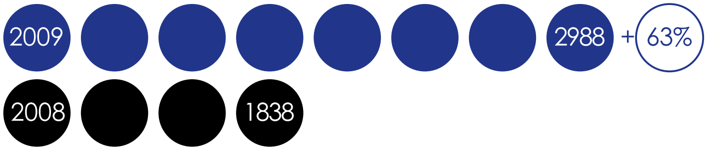
- Consolidated revenue was $7.61m for the year, up 63% compared with revenue of $4.66m in FY2008, reflecting the additional contribution from the TUTA Healthcare acquisition.

Revenue from Sale of Goods (A$'000)



- Gross profit increased by 63% to $2.99m from $1.84m in FY2008, a reflection of the more favourable product mix generated through further rationalisation of the TUTA and BMDI ranges, and ongoing efforts to drive cost savings across the Company's global supply chain.

Gross Profit (A$'000)



- EBITDA for the period, adjusted for one-off impairment and restructure costs, showed a loss of $95,000, a **turnaround of $817,000** on prior year. This improved result is reflective of not only the revenue and margin improvements outlined above, but also the significant overhead and operational savings resulting from the strategic review undertaken in 2008.

In total, $2.97 million in savings have been generated over the past twelve months, bringing the breakeven point for the business down from $9.6m to a more sustainable $6.7m. It should be noted that these savings have been facilitated through the out-sourcing of non-strategic business functions and through the maximising of operational and financial synergies brought about through the merger of the BMDI, TUTA and Clements businesses. BMI can therefore benefit from these ongoing savings, without loss of function or value.

COMPANY OVERVIEW

BMI is a medical company engaged in the manufacture, distribution and sale of a broad range of medical devices used by acute and primary healthcare facilities in Australian and global markets. The Company is a leader in Intravenous (IV) Medication Delivery Systems, Surgical Irrigation, Suction and Oxygen Therapy, Safety Sharps Collection and Reuse Prevention and specialised Diagnostic and Laboratory Equipment.

In addition to our own products, BMI is proud to have long-term associations with Hakko of Japan, and Sebra and iFlow of the USA, providing complementary products and solutions covering Anaesthesia spinal needles, Blood Banking, BioPharm and Ambulatory Infusion devices.

Our products are used in three broad areas of healthcare, Human Health; Biological Collection, Processing and Laboratory; and Animal Health.

Please go to www.bmdituta.com for a complete listing of BMI products and brands.

FINANCIAL YEAR 2009 HIGHLIGHTS

In a difficult year for global financial markets, BMI achieved a number of significant milestones in FY2009.

1 **Acquisition and Integration of Clements Medical Equipment**
While 2008 may best be remembered as the year BMI acquired the medical devices business of TUTA Healthcare, 2009 was equally successful on the acquisition front, with the Company acquiring Clements Medical Equipment ("Clements"). Clements is a highly regarded Australian manufacturer and distributor of medical suction and oxygen devices, and specialised diagnostic and laboratory equipment, and has supplied the Australian healthcare market for over 100 years.

The purchase price was $625,000, being an upfront payment of $200,000 in cash plus the issue of 10.625 million shares; with a fair market value of $446,250 plus stock on hand, to a maximum of $250,000. The purchase price represented a multiple of 2.6 times forecast financial year (FY) 2009 EBITDA.

The Clements acquisition marked another step in BMI's continued expansion and integration of leading medical device brands, and was further proof of our ability to identify and acquire quality businesses that are complementary to existing operations and generate immediate returns for shareholders.

2 **Transition and TGA Approval of New Manufacturing Facilities**
The sustained focus on Supply Chain Management over the past twelve months lead to the successful transition of manufacturing operations out of Australia and Thailand to new, low cost - high capacity facilities in China. The Therapeutic Goods Administration's (TGA) subsequent certification of these state-of-the-art contract-manufacturing facilities significantly strengthened BMI's international supply chain, and greatly enhanced the Company's capacity to deliver on a pipeline of tenders and other new business opportunities, both locally and internationally.

Subsequent to year-end, the Company has learned that it has been successful in a number of Australian state-based tenders.

BMI is building a sustainable competitive advantage through its investment in, and focus on, the supply chain function. The implementation of a range of initiatives from logistics improvements to new forecasting and demand data sharing processes has strengthened relationships across the supply chain, with increased profitability and productivity gains ensuing.

3 **Successful Completion of $1.8m Rights Issue**
On 24 April 2009, the Company announced a one-for-three non-renounceable rights issue, with an issue price of 3 cents per share to raise 1.8 million, before transaction costs. This issue was successfully completed in June, with funds being used to fund the acquisition of Clements, and provide additional capital for future growth initiatives.

Board and Corporate Restructure

Following the strategic review initiated by the BMI board in 2008, a number of organisational and board changes were implemented, including the appointment of an experienced health care professional, Dr. Geoffrey Cumming, as a Non-Executive Director; and the creation of two new senior management positions, appointing Michael Neville as Chief Operating Officer and Michael Jones as General Manager, Corporate Innovation.

Dr. Cumming brings significant healthcare sector expertise to the BMI Board. He has worked in the medical and healthcare markets for over 30 years, and has extensive M&A, government and healthcare regulatory experience. Dr. Cumming worked as Managing Director, Oceania, for Roche Diagnostic Systems and is currently Executive Director and CEO of Anteo Diagnostics Limited.

Michael Neville has a history of achievement in the healthcare industry and an in-depth knowledge of medical devices. Having held senior management positions in Datex-Ohmeda / GE Healthcare, he was most recently National Sales Manager for the medical division of Becton Dickinson, before joining BMI in 2008.

Michael Jones' appointment marks an important step in BMI's expansion. He is a qualified design engineer who has spent the past 20 years in the production and design of products in the UK and Australia and has extensive R&D and new product development experience. As GM, Corporate Innovation, Michael will work across the BMI Group, ensuring that innovation remains a critical management mandate.

Successful Revamp of Quality and Regulatory Systems

The past twelve months has been a particularly challenging time from a quality and regulatory standpoint, with changes to the underlying regulatory status of the business, and the Quality Assurance systems that support it. Some of the key challenges and achievements of the past year include:

- Acquisition of TUTA Healthcare, and more recently Clements, and the merging of three Quality Systems into one.
- Implementation of a new team to manage Quality Assurance and Regulatory Affairs global requirements within the business.
- Sourcing and relocation of the manufacturing base to China.
- Relocation of the Australian warehouse and closure of in-house manufacturing.
- Correction and closure of quality and compliance issues raised by the TGA, based on previous outsourced manufacturing arrangements.
- Recertification of the BMI business by the TGA.
- Transfer of the Notified body to TUV SUD (from TGA) and successfully gaining CE Mark certification for the sale of BMI products into UK, EU and Canada.
- Full re-write of the BMI Quality Manual and product specifications.
- Relabeling and re-branding of all products within the BMI range.

The present systems and staff are now well placed to manage the ongoing needs and ambitions of the business. Looking forward to 2010, the BMI Quality and Regulatory team can realise the potential of the implemented systems, consolidating our claim as a high class, leading medical device manufacturer and taking on new product and business opportunities as they come to hand.

OUTLOOK

While progress made to date may appear slow, I can assure my fellow shareholders that the business is continuing to move forward, and is now well positioned to build on the hard-earned gains of the past two years. The headline revenue and margin gains we were able to achieve in the face of numerous obstacles and challenges in FY2009, augers well for the future. We will continue to identify growth opportunities, both organically and through strategic acquisitions, that help us achieve scale and enhance shareholder value. May I take this opportunity to thank our shareholders, our customers, our partners and our dedicated employees for their continued loyalty and support.

GARY L. LEWIS
MANAGING DIRECTOR
17 September 2009

Statement of Corporate Governance

THIS STATEMENT OUTLINES THE MAIN CORPORATE GOVERNANCE PRACTICES THAT WERE IN PLACE THROUGHOUT THE FINANCIAL YEAR, WHICH COMPLY WITH THE AUSTRALIAN STOCK EXCHANGE ('ASX') CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS, UNLESS OTHERWISE STATED.

BOARD OF DIRECTORS

The board of directors is responsible for the overall corporate governance of the Group including its strategic direction, setting remuneration, establishing goals for management and monitoring the achievement of these goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

The composition of the board has been determined on the basis of providing the Group with the benefit of a broad range of technical, administrative and financial skills, combined with an appropriate level of experience at a senior corporate level. The names and further information regarding the skills, experience, qualifications and relevant expertise of the directors are set out in the Directors' Report. The board is composed of a minimum of three directors.

The composition of the board is monitored constantly to ensure that it provides the Group with the appropriate levels of both expertise and experience. The board comprises a majority of independent, non-executive directors including the Chairperson. The independence of directors is based on their capacity to put the best interests of the Group and its shareholders ahead of all other interests.

When a board vacancy exists, through whatever cause, or where it is considered that the board would benefit from the services of a new director with particular skills, the board identifies a panel of candidates with appropriate expertise and experience. A selection procedure is then completed and the board appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Directors, other than the Managing Director, are subject to re-election by the shareholders at least every three years.

Having regard to the current membership of the board and the size, organisational complexity and scope of operations of the entity, a Nomination Committee, a Remuneration Committee and an Audit Committee have not been established.

Each director has the right to seek independent professional advice at the Group's expense. Prior approval of the Chairman is required, but such approval is not unreasonably withheld. A copy of the advice received by the director is made available to all other members of the board.

In the event that a potential conflict of interest may arise, involved directors must withdraw from all deliberations concerning the matter.

REMUNERATION

The remuneration of the directors is determined by the board as a whole, with the director to whom a particular decision relates being absent from the meeting during the time that the remuneration level is discussed and decided upon. For details on the amount of remuneration and any amount of equity based executive remuneration payment for each director, refer to the Key Management Personnel note to the financial statements and the Remuneration Report in the Directors' Report.

INTERNAL CONTROLS

The board of directors acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The system of internal control adopted by the Group seeks to provide an appropriate division of responsibility and careful selection and training of personnel relative to the level of activities and size of the Group.

The full board takes responsibility for reviewing financial reporting procedures, internal controls and the performance of the financial management. Selected internal control mechanisms employed to support the business include:

- Investment appraisal – the Group has documented guidelines for capital expenditure and investment appraisals. These include annual budgets, expenditure review procedures and appropriate levels of authority.

- Business planning, budgeting and reporting – a comprehensive business planning process includes evaluation of strategies, objectives, and risks resulting in an annual budget approved by the board. Monthly actual performance performance is reported against budget and revised forecasts for the year are prepared regularly.

- Quality and integrity of employees – there are clearly defined accountabilities, performance measures, and reinforcement of values and ethics by management.

The CEO and CFO state in writing to the board that the Group's financial statements present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards.

EXTERNAL AUDITORS

Board nominees review the performance of the external auditors and meet with them during the half yearly review and annual audit to discuss any issues that have arisen with respect to accounting policies, any significant operational issues and the level of proposed audit fees. The auditor is requested to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Gould Ralph Assurance, the Company's auditors, were appointed on 28 November 2008.

ETHICAL STANDARDS

All directors, managers and employees are expected to act with the utmost integrity and objectivity, endeavouring at all times to enhance the performance and reputation of the Group. Every employee has direct access to a director to whom they may refer any ethical issues that may arise from their employment.

Directors, officers and employees are permitted to trade in the Company's securities only in accordance with the provisions of the Corporations Act and ASX Listing Rules. The directors are under an obligation to report any dealings by them in the Company's securities.

THE ROLE OF SHAREHOLDERS

The board ensures that the shareholders are informed of all major developments affecting the Group by the following means:

- Distribution of the annual report (Physically or via an internet link) to all shareholders which contains relevant information about the operations of the Group during the year in addition to disclosures required by the Corporations Act 2001.

- Lodgement of quarterly reports with the ASX which show summarised financial information for the quarter. Copies of these reports are available to shareholders on request.

- Lodgement of the half yearly report with the ASX which contains summarised and audit reviewed financial information. Copies of half yearly financial statements prepared in accordance with the Corporations Act are available to any shareholder on request.

- Lodgement of the annual report with the ASX which contains full audited financial information prepared in accordance with the Corporations Act. The annual report is distributed, either physically or via the Internet, to all shareholders (unless a shareholder has specifically requested not to receive the document).

- Announcements to the ASX concerning any significant development in the Company's operations, financing and administration. All announcements are immediately available to the general public.

- Disclosure of all major announcements to the ASX on the Group's website.

- The Annual General Meeting is the main opportunity for the shareholders to hear the Managing Director and Chairman provide updates on the Group's performance, ask questions of the board and to express views and vote on various matters of business on the agenda.

The shareholders are responsible for voting on the appointment of directors.

RISK MANAGEMENT

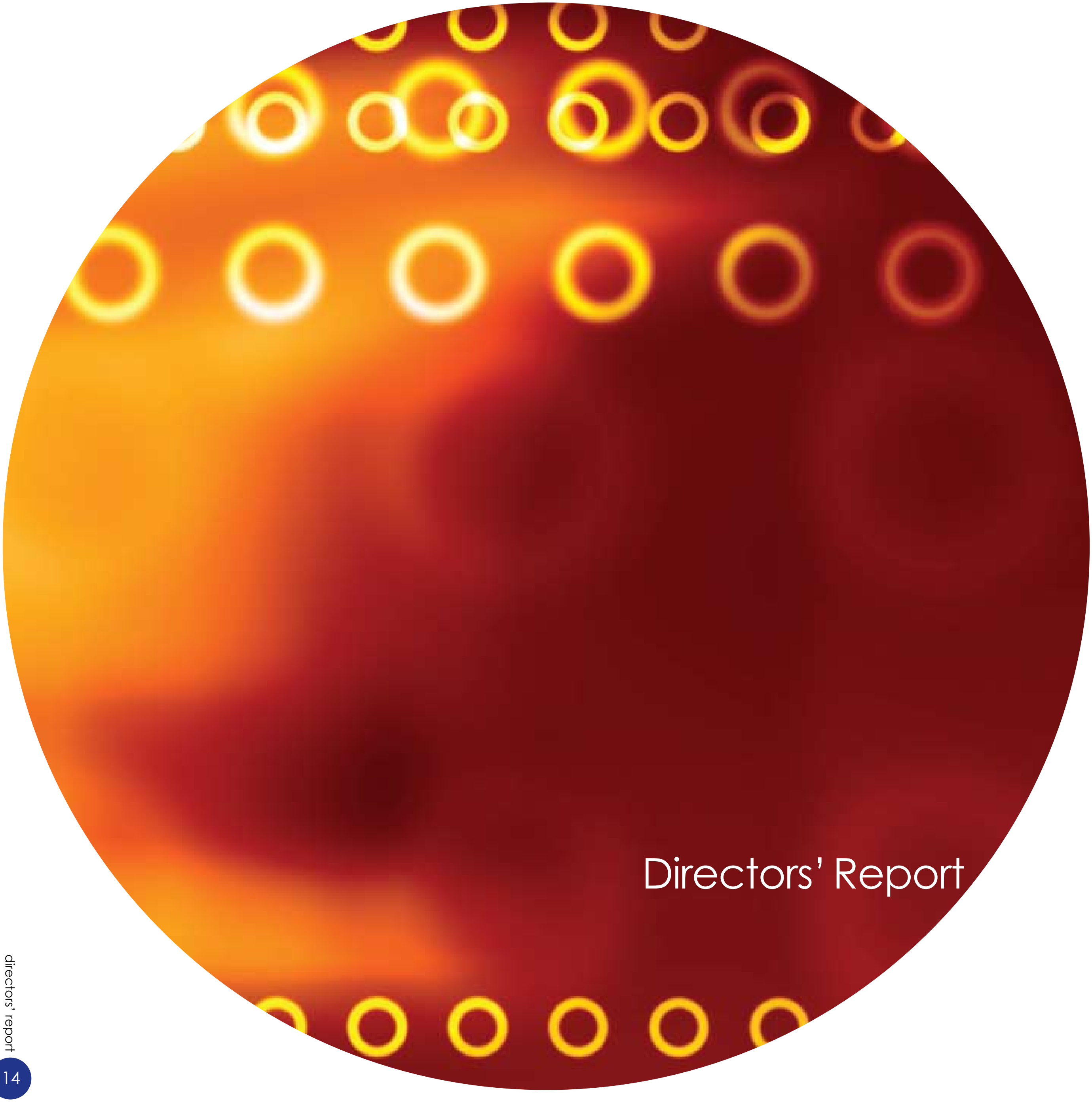
Due to the size of the Group, the number of officers and employees and the nature of the Group's business, a formal risk management policy and internal compliance and control system has not been implemented. The chief executive officer and chief financial officer declare, in writing, to the board that that the system of risk management and internal compliance and control which implements the policies adopted by the board has been assessed and found to be operating efficiently and effectively in all material respects.

Each director reviews the business risks affecting his particular area of expertise annually and reports to the board. The board then determines the appropriate actions to eliminate or minimise the identified business risks. The full board oversees the establishment, implementation and ongoing review of the Group's risk management and internal control system. The internal control system covers financial, operational and compliance risks.

Recommendations made by external auditors and other external advisers are investigated by the board and, where necessary, appropriate action is taken to ensure that the Group has the internal control environment to manage the key risks identified. Ways of enhancing existing risk management strategies, including segregation of duties, employment and training of suitably qualified and experienced personnel are investigated by the board.

PERFORMANCE EVALUATION OF THE BOARD AND KEY EXECUTIVES

Due to the size of the Group, the number of officers and employees and the nature of the Group's business, the board has adopted an informal and continuous performance evaluation process of the directors and key executives. The Group has not established formal performance review measures for the board or key executives nor has it established a nomination committee.



Directors' Report

YOUR DIRECTORS HAVE PLEASURE IN SUBMITTING THEIR ANNUAL REPORT TOGETHER WITH THE FINANCIAL REPORT OF BMDI TUTA LIMITED (THE COMPANY) AND THE CONSOLIDATED FINANCIAL REPORT OF THE GROUP, BEING THE COMPANY AND ITS CONTROLLED ENTITIES, FOR THE YEAR ENDED 30 JUNE 2009, AND THE AUDITOR'S REPORT THEREON.

DIRECTORS

The names of directors of the Company holding office at any time during or since the financial year are:

THOMAS J. MANN (CHAIRMAN)	DIRECTOR SINCE 17 FEBRUARY 2006
GARY L. LEWIS (MANAGING DIRECTOR)	DIRECTOR SINCE 24 NOVEMBER 2006
DR. MALVIN E EUTICK	DIRECTOR FROM 7 APRIL 2008 TO 6 NOVEMBER 2008
IAN MITCHELL	DIRECTOR SINCE 6 NOVEMBER 2008
DR GEOFF CUMMING	DIRECTOR SINCE 23 JANUARY 2009

Thomas J. Mann, Independent Non-Executive Chairman

Thomas Mann has over 30 years of experience in financial markets and global trade. He began his career in the financial services industry as a stockbroker working in both Sydney and London. He then began a global trading corporation with operations in the USA, Malaysia, Thailand, Indonesia and Australia. More recently Mr Mann has been involved in capital raising initiatives and strategic development programs for small to mid-sized public and private companies.

He has been a Director since 17 February 2006 and was appointed Chairman on 26 June 2008.

Gary L. Lewis, Managing Director

Gary Lewis holds a Bachelor of Commerce and Masters of Business & Technology (MBT) from the University of NSW. In addition to running his own investment and marketing services businesses, Gary has worked in senior management positions in some of Australia's largest organisations, including 15 years in the pharmaceutical industry. He has also worked with a number of Australian public listed companies over the past 11 years in advisory positions, with an emphasis on corporate strategy and business development. He is currently also a director of Robust Resources Limited.

He has been a Director since 24 November 2006 and was appointed Managing Director 1 March 2007.

Dr. Mal Eutick, OAM, Independent Non-Executive Director

Dr Eutick was a Director from 7 April 2008 to 6 November 2008. He is the former CEO of TUTA Healthcare, whose medical devices business was acquired by BMDi TUTA in March 2008

Dr Geoff Cumming, Independent Non-Executive Director

Dr Geoffrey Cumming has significant healthcare industry experience and holds a Bachelor of Science from Swinbourne and Monash University, an MBA from Macquarie University and a PhD from Monash University. He has worked in the biotechnology, medical and healthcare markets for over 30 years and has extensive M&A, government and healthcare regulatory experience. Dr Cumming worked as Managing Director, Oceania for Roche Diagnostic Systems and is currently Chairman of Sienna Cancer Diagnostics. He is currently also a director of Anteo Diagnostics Limited.

He has been a Director since 23 January 2009.

Ian Mitchell, Independent Non-Executive Director and Company Secretary

Ian is a practising solicitor of over thirty years standing. He has been a Director and Company Secretary of a number of public listed Mining and Industrial companies and his legal expertise is in commercial, contractual ASIC and ASX compliance work. His academic qualifications are BA, Dip Law (Sydney).

Ian Mitchell was appointed Company Secretary on 16 October 2008 and has been a Director since 6 November 2008.

DIRECTORS' INTERESTS

Directors' beneficial shareholdings at the date of this report are:

Specified directors	Held at1 July 2008	Purchases	Sales	Held at 30 June 2009
Thomas J. Mann	1,500,000	500,000	-	2,000,000
Gary L. Lewis	8,302,300	3,276,759	146,025	11,433,034
Dr Mal L Eutick#	12,988,889	-	-	12,988,889
Dr Geoff Cumming*	-	160,000	-	160,000
Ian Mitchell*	-	53,103	-	53,103

Number of shares held at date of ceasing as director.
* Number of shares held at date of appointment as a director.

DIRECTORS' MEETINGS

The number of directors' meetings held, including meetings held by telephone and by circulation of resolutions, and the number of those meetings attended by each of the directors of the Company, while a director, during the financial year are as follows:

	No. of meetings held whilst director	No. of meetings attended
Thomas J. Mann	11	11
Gary L. Lewis	11	11
Dr Mal Eutick	3	3
Dr Geoff Cumming	5	5
Ian Mitchell	8	6

PRINCIPAL ACTIVITIES

The principal activities of the Group in the course of the financial year are the development, manufacture and distribution of, a range of medical devices.

FINANCIAL RESULTS

The consolidated loss after income tax attributable to members of the Company for the year was $2,190,381 (2008 - $1,505,746).

DIVIDENDS

No dividends have been paid or declared during the financial year.

STATE OF AFFAIRS

In the opinion of the directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2009 were as follows:

- Acquisition and integration of Clements Medical Equipment.
- Transitioning and TGA approval of new manufacturing facilities
- Successful completion of $1.8m rights issue
- Board and corporate restructure
- Successful revamp of Quality and Regulatory systems

REVIEW OF OPERATIONS

The operating and financial review of the Group during the year is detailed on pages 5 to 9 of this Annual Report.

NON-AUDIT SERVICES

During the year ended 30 June 2009 Gould Ralph Pty Ltd, a company related to the auditor, performed registry services and rights issue assistance.

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporation Act 2001. The directors are satisfied that the services disclosed below did not comprise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and the CPA Australia's professional Statement F1: Professional Independence.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2009.

	2009	2008
Share registry services	9,390	-
Rights issue assistance	5,711	-
Total	15,101	-

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 22 and forms part of the directors' report for the year ended 30 June 2009.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

LIKELY DEVELOPMENTS

Further information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATIONS

The Company has complied with its environmental obligations. No environmental breaches have been notified by any Government agency to the date of the Directors' Report and it does not anticipate any obstacles in complying with the legislation.

INDEMNIFICATION OF OFFICER OR AUDITOR

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

REMUNERATION REPORT

The policy of remuneration of directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing its own performance. The non-executive directors are responsible for evaluating the performance of the executive directors who, in turn, evaluate the performance of all other senior executives. The evaluation process is intended to assess the Group's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives

Remuneration comprises salary, bonus and statutory superannuation. The remuneration disclosed below represent the cost to the Company for the services provided under these arrangements.

Employees are eligible to participate in a bonus scheme, which pays bonuses based on a combination of discretionary bonuses and achievement of Key Performance Indicators. Bonus percentages are variable and percentages shown in the remuneration table represent percentage for cash bonuses paid for the year ended 30 June 2009.

On 1 April 2008 the Company entered into a services contract with Act 2 Pty Ltd, a Company associated with the managing director Gary Lewis to provide consulting services to the Company. The agreement sets out that consulting fees of $250,000 per annum plus GST will be paid to Act 2 Pty Ltd from commencement to 31 March 2009, with this amount increasing to $262,500 per annum for the period 1 April 2009 to 31 March 2010. The contract provides for a bonus to be made if specified criteria are achieved. No bonus was paid to 30 June 2009.

On 1 July 2007 the Company entered into a service contract with Robert Krakowiak, the Chief Operating Officer. The contract sets out that he is to receive a base salary of $178,500 plus superannuation and a motor vehicle allowance of $2,100 per month. In July 2008, Robert Krakowiak left the company and the Company entered into a services contract with Alodote Pty Ltd, a Company associated with Robert Krakowiak to provide consulting services to the Company. The agreement sets out that consulting fees of $262,000 per annum plus GST will be paid to Alodote Pty Ltd., of which it is estimated that $12,083 per month related to Mr Krakowiack. This agreement was terminated on 2 December 2008.

The employment terms and conditions of other key management personnel and Group executives are formalised in contracts of employment. Terms of employment require that either party must give a minimum of one months notice prior to termination of contract. Termination payments are not generally made.

The following table provides employment details of persons who were, during the financial year, members of the key management personnel of the consolidated group. This group includes the five executives receiving the highest remuneration.

EMPLOYMENT DETAILS OF KEY MANAGEMENT PERSONNEL

Name	Title	Hire date	Termination Provisions	% fixed remuneration
Robert Krakowiak	VP, International	July 1 2008	Contract ceased Dec 12 2008	100%
Michael Neville	COO (Previously GM, Sales and Marketing)	July 21 2008	4 weeks	94%
Mark McEnallay	CFO (Previously Group Accountant)	June 3 2008	4 weeks	98%
Michael Jones	GM, Corporate Innovations (Previously GM , Operations)	March 1 2008	4 weeks	98%
David Thomson	GM, QA/RA	July 22 2008	4 weeks	95%

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the named executive officers of the Company and Group are:

		Short Term			Post-employment	Long term	Equity		
Key Management Personel	Year	Salary, bonus, fees and leave $	Non Monetary $	Other $	SGC benefits $	Long term LSL $	Equity Compen-sation Value of Options $	Total $	% of remuneration that is performance based
Robert Krakowiak	2009	132,090	-	-	-	-	-	132,090	-
	2008	203,700	-	-	-	-	-	203,700	-
Michael Neville	2009	178,220	1,968	5,525	28,890	2,713	-	217,316	6%
	2008	-	-	-	-	-	-	-	-
Mark McEnallay	2009	164,202	1,968	-	13,762	2,817	-	182,749	2%

	2008	-	-	-	-	-	-	-	-
Michael Jones	2009	159,545	1,968	-	13,500	8,372	-	183,385	2%
	2008	-	-	-	-	-	-	-	-
David Thomson	2009	147,110	9,189	-	12,790	2,370	-	171,459	5%
	2008	-	-	-	-	-	-	-	-
Peter Nightingale (Company Secretary)	2009	30,000	-	-	-	-	-	30,000	-
	2008	60,000	-	-	-	-	-	60,000	
Total Key Management Personnel	2009	811,167	15,093	5,525	68,942	16,272	-	916,999	-
	2008	263,700	-	-	-	-	-	263,700	-
Directors									
Gary L. Lewis (Managing Director)	2009	253,125	1,968	-	-	-	-	255,093	-
	2008	141,000	-	-	-	-	86,203	227,203	38%
Dr Mal Eutick	2009	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-	-
Thomas J. Mann	2009	50,000	-	-	-	-	-	50,000	-
	2008	-	-	-	-	-	-	-	-
Dr Geoff Cumming	2009	15,831	-	-	-		-	15,831	-
	2008	-	-	-	-		-	-	-
Ian Mitchell	2009	30,000	-	-	-		-	30,000	-
	2008	-	-	-	-		-	-	-
Total, all directors	2009	348,956	1,968	-	-		-	350,924	-
	2008	141,000	-	-	-		86,203	227,203	38%

Options granted as compensation

Details of options that were granted as compensation to each key management person:

Director	Grant Date	Number of options granted	Fair value at grant date	Option Terms (Exercise Price and Term)
Gary Lewis	30 October 2007	1,500,000	$46,334	$0.10 at any time up to 31 August 2009

The number of options that had vested as at 30 June 2009 is 1,500,000 (2008 – 3,000,000). Nil vested during the year ended 30 June 2009 (2008 – 3,000,000).

The fair value of the options at grant date was determined based on the Black-Scholes formula. The model inputs of the options issued, were the Company's share price of $0.06 at the grant date, a volatility factor of 124% based on historic share price performance and a risk free interest rate of 6.33% based on the 10 year government bond rate.

Non-executive Directors

Total compensation for all non-executive directors is determined by the board based on market conditions. Due to the cashflow constraints of the Group during the 2008 financial year non-executive directors agreed to forego any directors' fees during that year.

Options

At the date of this report, unissued ordinary shares of the Company under option are:

Number of Options	Exercise Price	Expiry Date
1,500,000	$0.10	31 August 2009

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Signed at Sydney this 17th day of September 2009.
In accordance with a resolution of the Board of Directors:

T.J. MANN
CHAIRMAN

GouldRalph
ASSURANCE

Chartered Accountants
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17 September 2009

The Directors
BMDI TUTA Limited
Level 17, 275 Alfred Street
NORTH SYDNEY NSW 2000

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of BMDI TUTA Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

(a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this audit;

(b) No contraventions of the Code of Professional Conduct in relation to this audit.

GOULD RALPH ASSURANCE
Chartered Accountants

GREGORY C RALPH, M.Com., F.C.A.
PARTNER

income statement for the year ended 30 June 2009

		Consolidated		Company	
	Notes	2009 $	2008 $	2009 $	2008 $
Sale of goods	2	7,612,308	4,657,709	-	-
Cost of goods sold		(4,624,374)	(2,819,893)	-	-
Gross profit		2,987,934	1,837,816	-	-
Government grants	2	7,616	128,710	7,616	128,710
Expenses:					
Administration and consultants	2	(1,109,455)	(1,154,720)	(438,111)	(258,698)
Depreciation and amortisation		(98,046)	(50,888)	-	-
Research expenses	2	4,386	(56,828)	-	-
Impairment write down	2	(520,000)	(371,383)	(1,309,549)	(729,803)
Write down of inventory	2	-	(92,314)	-	-
Employee expenses	2	(2,372,553)	(1,292,804)	(22,277)	(321,637)
Travel and accommodation	2	(245,605)	(179,499)	(14,780)	(10,170)
Occupancy costs		(88,413)	(32,322)	-	(9,133)
Other		(581,064)	(248,529)	11,169	(2,755)
Loss before interest and tax		(2,015,200)	(1,512,761)	(1,765,932)	(1,203,486)
Financial income	2	9,111	7,323	5,196	4,451
Financial expense	2	(225,418)	(308)	-	-
Net financing (Loss) / income		(216,307)	7,015	5,196	4,451
Loss before income tax expense		(2,231,507)	(1,505,746)	(1,760,736)	(1,199,035)
Income tax credit	3	41,126	-	-	-
Loss for the year		(2,190,381)	(1,505,746)	(1,760,736)	(1,199,035)
Basic loss per share attributable to ordinary shareholders (cents per share)	4	(1.14) cents	(1.26) cents		
Diluted loss per share attributable to ordinary shareholders (cents per share)	4	(1.14) cents	(1.26) cents		

The income statement should be read in conjunction with the accompanying notes.

balance sheet as at 30 june 2009

		Consolidated		Company	
	Notes	2009 $	2008 $	2009 $	2008 $
CURRENT ASSETS					
Cash and cash equivalents	5	699,849	292,742	511,560	65,705
Trade and other receivables	6	1,441,933	1,563,595	206,005	-
Inventories	7	1,304,162	1,246,836	-	-
TOTAL CURRENT ASSETS		3,445,944	3,103,173	717,565	65,705
NON-CURRENT ASSETS					
Plant and equipment	8	371,528	238,391	-	-
Other financial assets	9	-	-	3,815,636	3,929,564
Intangibles	10	4,368,632	3,929,564	-	-
TOTAL NON-CURRENT ASSETS		4,740,160	4,167,955	3,815,636	3,929,564
TOTAL ASSETS		8,186,104	7,271,128	4,533,201	3,995,269
CURRENT LIABILITIES					
Trade and other payables	11	2,671,003	2,235,785	219,152	60,911
Interest Bearing Liabilities	12	519,795	-	-	-
Provisions	13	69,020	201,959	-	39,083
TOTAL CURRENT LIABILITIES		3,259,818	2,437,744	219,152	99,994
NON-CURRENT LIABILITIES					
Interest bearing liabilities	12	1,108,000	1,000,000	-	-
Provisions	13	2,650	6,877	-	-
TOTAL NON-CURRENT LIABILITIES		1,110,650	1,006,877	-	-
TOTAL LIABILITIES		4,370,468	3,444,621	219,152	99,994
NET ASSETS		3,815,636	3,826,507	4,314,049	3,895,275
EQUITY					
Issued capital	14	15,029,018	12,849,508	15,029,018	12,849,508
Equity remuneration reserve	15	86,203	86,203	86,203	86,203
Accumulated losses	16	(11,299,585)	(9,109,204)	(10,801,172)	(9,040,436)
TOTAL EQUITY		3,815,636	3,826,507	4,314,049	3,895,275

The balance sheet should be read in conjunction with the accompanying notes.

statement of changes in equity for the year ended 30 June 2009

Consolidated	Issued capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2007	8,169,508	-	(7,603,458)	566,050
Loss for the year	-	-	(1,505,746)	(1,505,746)
Equity Remuneration Reserve	-	86,203	-	86,203
Equity contributions	4,680,000	-	-	4,680,000
Balance at 30 June 2008	12,849,508	86,203	(9,109,204)	3,826,507
Loss for the year	-	-	(2,190,381)	(2,190,381)
Equity contributions	2,263,884	-	-	2,263,884
Share issue costs	(84,374)	-	-	(84,374)
Balance at 30 June 2009	15,029,018	86,203	(11,299,585)	3,815,636
Company				
Balance at 1 July 2007	8,169,508	-	(7,841,401)	328,107
	-	-	-	-
Loss for the year	-	-	(1,199,035)	(1,199,035)
Equity Remuneration Reserve	-	86,203	-	86,203
Equity contributions	4,680,000	-	-	4,680,000
Balance at 30 June 2008	12,849,508	86,203	(9,040,436)	3,895,275
Loss for the Year	-	-	(1,760,736)	(1,760,736)
Equity contributions	2,263,884	-	-	2,263,884
Share issue costs	(84,374)	-	-	(84,374)
Balance at 30 June 2009	15,029,018	86,203	(10,801,172)	4,314,049

The statement of changes in equity should be read in conjunction with the accompanying notes.

statement of cash flows for the year ended 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		7,888,275	3,443,279	-	-
Cash receipts from government grants		7,616	128,710	7,616	128,710
Cash paid to suppliers and employees		(9,162,174)	(4,422,625)	(469,874)	(491,878)
Cash generated from operations		(1,266,283)	(850,636)	(462,258)	(363,168)
Interest paid		(57,255)	-	-	-
Interest received		9,111	7,015	5,196	4,451
Net cash used in operating activities	20	(1,314,427)	(843,621)	(457,062)	(358,717)
CASH FLOWS FROM INVESTING ACTIVITIES					
Loans to controlled entities		-	-	(494,473)	(1,046,800)
Payments for plant and equipment		(231,108)	(128,392)	-	-
Payments for acquisition of business	18	(251,496)	(309,112)	(251,496)	-
Payments/receipts for other assets		-	5,032	-	6,488
Net cash used in investing activities		(482,604)	(432,472)	(745,969)	(1,040,312)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1,543,517	1,200,000	1,543,517	1,200,000
Expenses of share issue		(84,374)	-	(84,374)	-
Borrowings		168,000	-	-	-
Debt to Equity conversion		189,743	-	189,743	-
Net cash provided by financing activities		1,816,886	1,200,000	1,648,886	1,200,000
Net decrease in cash held		19,855	(76,093)	445,855	(199,029)
Cash and cash equivalents – beginning of year		292,742	391,682	65,705	264,734
Effect of exchange rate adjustments on cash held		(72,543)	(22,847)	-	-
Cash and cash equivalents at the end of the financial year		240,054	292,742	511,560	65,705

The statement of cash flows should be read in conjunction with the accompanying notes.

notes to the financial statements for the year ended 30 june 2009

1. REPORTING ENTITY

BMDI TUTA Limited (the 'Company') is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2009 comprises the Company and its subsidiaries (together referred to as the 'Group').

Going concern

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

The Group has incurred significant trading losses of $2,190,381 in the year ended 30 June 2009 (2008 - Loss of $1,505,746) and has accumulated losses of $11,299,585 and a negative net tangible worth of $552,996 as at 30 June 2009. These conditions give rise to a material uncertainty that may cast significant doubt upon the Company's and the Group's ability to continue as a going concern. The ongoing operation of the Company and the Group is dependent upon:

- the Group achieving cash flow positive trading operations in the coming twelve months; and/or
- the Company raising additional funding from shareholders and/or external parties.

The directors have prepared cash flow projections that support the ability of the Company and the Group to continue as a going concern. These cashflow projections assume significant increases in revenues compared to historical levels achieved and improved international business.

In the event that the Company and the Group do not achieve cash flow positive trading operations, they will be unable to continue their operations as a going concern and therefore the Company and the Group may not be able to realise their assets and extinguish their liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

Basis of preparation

Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with the IFRSs and interpretations adopted by the International Accounting Standards Board ('IASB').

The financial report was authorised for issue by the directors on 17 September 2009.

Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency
These financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

Use of estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 1 – Going Concern
- Note 3 – Utilisation of tax losses
- Note 8 – Property, plant and equipment
- Note 9 – Other Financial Assets
- Note 10 - Intangibles

Significant Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by entities in the Group.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Inventories
The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Trade and other receivables
The fair value of trade and other receivables, excluding construction work in progress, is estimated as the book value less any identified impairments.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreement.

Share-based payment transactions
The fair value the options is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life

of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on governments bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the dater of valuation between the buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Intangible assets
Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- Revised AASB 3 Business Combinations changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

- AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its geographical segments.

- Revised AASB 101 Presentation of Financial Statements introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.

- Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. The Group has not yet determined the potential effect of the revised standard on future earnings.

- Revised AASB 127 Consolidated and Separate Financial Statements changes the accounting for investments in subsidiaries. Key changes include: the re-measurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

- AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payment: Vesting Conditions and Cancellations change the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the amending standard on the Group's financial report.

Basis of consolidation

Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation
Intragroup balances and any un-realised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

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

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The cost of inventory may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

Property plant equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

- Office Equipment is depreciated at rates between 10% and 67% per annum using the diminishing value method.
- Plant and Equipment is depreciated at rates between 10% and 33% per annum using the diminishing value method.
- Furniture and Fittings are depreciated at rates between 7.5% and 30% per annum using the diminishing value method.
- Warehouse Equipment is depreciated at 20% per annum using the diminishing value method.

Intangible assets

Goodwill
Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Acquisitions of minority interests
Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Intercompany loans

Loans made to controlled entities which are interest free, unsecured, of no fixed term, and repayable only out of potential future profits are classified as investments.

Impairment

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if any objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the profit and loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities the reversal is recognised directly in equity.

Non-financial assets
The carrying amounts of the Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. Goodwill and indefinite life intangible assets are tested for impairment annually or earlier if an impairment indicator exists.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets impairment losses recognised in prior periods are assessed at each reporting dare for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Trade and other payables

Trade and other payables are stated at their amortised cost, are non-interest bearing and are normally settled within 60 days.

Provisions

A provision is recognised in the balance sheet when the 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Taxation

Income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are temporary differences are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation
The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is BMDI TUTA Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Revenue recognition

Sales of goods
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the good, and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Financial income
Financial income comprises interest revenue is recognised on an accrual basis, using the effective interest method.

Government grants
Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Miscellaneous income
Miscellaneous income arises from re-charges of costs associated with employee costs, office rent and repairs to pumps.

Employee benefits

Wages, salaries, annual leave, sick leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at un-discounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period and, the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non Monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

Issued Capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

When the company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

NOTE 2 – LOSS FROM OPERATING ACTIVITIES AND FINANCIAL INCOME

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Loss from ordinary activities includes the following items of revenue and expense:				
Revenue and other income				
Sales of goods	7,612,308	4,657,709	-	-
Government grants	7,616	128,710	7,616	128,710
	7,619,924	4,786,419	7,616	128,710
Expenses				
Administration and consultants expenses:				
- general and administrative	864,020	637,155	100,166	35,465
- consultancy fees	245,435	517,565	337,945	223,233
	1,109,455	1,154,720	438,111	258,698
Research expenses	(4,386)	56,828	-	-
Impairment loss on intercompany loans	-	-	494,462	729,803
Impairment loss on property, plant and equipment	-	42,834	-	-
Impairment loss on receivables	58,201	308,152	-	-
Write-down of inventory	-	92,314	-	-
Impairment loss on other assets	520,000	20,397	815,087	-
Wages and Salaries	2,353,599	1,160,562	22,277	235,434
Increase in liability for annual leave	18,954	46,039	-	-
Equity settled share based payment	-	86,203	-	86,203
Travel and entertainment	245,605	179,499	14,780	-

Audit of financial reports	59,000	79,919	59,000	64,919
Foreign exchange loss on cash	72,534	22,847	-	-
Financial income				
Interest revenue	9,111	7,323	5,196	4,451
Interest expense	(225,418)	(308)	-	-
	(216,307)	7,015	5,196	4,451

At 30 June 2009, the Group had 22 employees (2008 - 33).

NOTE 3. - INCOME TAX CREDIT

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Numerical reconciliation between tax expense and pre-tax net profit				
Loss before tax – continuing operations	(2,231,507)	(1,505,746)	(1,760,736)	(1,199,035)
Income tax using the domestic corporation tax rate of 30%	(669,452)	(451,724)	(528,221)	(359,711)
Increase/ (decrease) in income tax expense due to:				
- Non-deductible expenses	32,996	840	26,959	245,641
- Non deductible impairment write down	156,000	-	392,865	-
- Effect of tax losses not brought to account	480,456	450,884	108,397	114,070
- Research and development tax offset	(41,126)	-	-	-
Income tax credit	(41,126)	-	-	-
Deferred tax assets have not been recognised in respect of the following items:				
Capital Losses	15,000	15,000	15,000	15,000
Taxable temporary differences	(1,398)	100,436	51,652	596,912
Tax losses	2,622,792	2,555,787	2,452,990	2,013,105
Net	2,636,394	2,671,223	2,519,642	2,625,117

The taxable permanent differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

NOTE 4 - LOSS PER SHARE

The calculation of basic loss per share at 30 June 2009 was based on the loss attributable to ordinary shareholders of $2,190,381 (2008 -$1,505,746) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2009 of 191,691,826 (2008- 119,923,168), calculated as follows:

	Consolidated			
	2009 $	2008 $		
Net loss for the year	2,190,381	1,505,746		
	Number	Number		
Weighted average number of ordinary shares				
Weighted average issued ordinary shares at year end	191,691,826	119,923,168		

As at 30 June 2009 there are 1,500,000 (2008 – 3,000,000) 'potential' ordinary shares on issue, but these options are not included in the calculation of diluted per share as they are not dilutive.

NOTE 5 – CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Cash at bank and on hand	590,849	274,500	511,560	47,463
Term deposits	109,000	18,242	-	18,242
	699,849	292,742	511,560	65,705
The interest rate on Term Deposits was 5.40 % (2008 – 5.00%)				
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:				
Cash and cash equivalents	699,849	292,742	511,560	65,705
Bank overdrafts	(459,795)	-	-	-
	240,054	292,742	511,560	65,705

NOTE 6 – TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Current				
Trade debtors	1,441,933	1,382,791	91,125	-
Net: GST receivable	-	180,804	114,880	-
	1,441,933	1,563,595	206,005	-

Trade debtors are based on normal terms of trade, typically 30 days from end of month. Retention of title terms exist on sales.

During the year ended 30 June 2009 the directors performed an impairment test on the carrying value of trade debtors which had a carrying value at 30 June 2009 of 1,441,933 (2008- $1,382,791) after impairment loss. The recoverable amount of trade debtors was estimated based an analysis of overdue debtors and historical debt recovery rates. The recoverable amount was estimated to be $58,201 (2008 - $308,152) lower than the carrying amount of trade debtors and an impairment against trade debtors for that amount was applied.

NOTE 7 - INVENTORIES

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Current				
Raw materials	-	106,511	-	-
Finished goods	1,304,162	1,140,325	-	-
	1,304,162	1,246,836	-	-

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Plant and equipment	249,604	153,535	-	-
Accumulated depreciation	(92,475)	(54,556)	-	-
	157,129	98,979	-	-
Furniture and fixtures	25,016	-	-	-
Accumulated depreciation	(1,093)	-	-	-
	23,923	-	-	-
Office equipment	238,261	195,331	-	-
Accumulated depreciation	(101,534)	(55,919)	-	-
	136,727	139,412	-	-
Leasehold Improvements	59,562	-	-	-
Accumulated depreciation	(5,813)	-	-	-
	53,749	-	-	-
Total plant and equipment	371,528	238,391	-	-

Movements in Carrying Amounts as follows:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Plant and equipment				
Carrying amount at beginning of year	98,979	116,206	-	-
Additions	96,069	35,065	-	-
Impairment loss	-	(28,727)	-	-
Depreciation	(37,919)	(23,565)		
Carrying amount at year end	157,129	98,979		

Furniture and fittings				
Carrying amount at beginning of year	-	13,546	-	-
Additions	25,016	3,934	-	-
Impairment loss	-	(13,546)	-	-
Depreciation	(1,093)	(3,934)	-	-
Carrying amount at year end	23,923	-	-	-
Office equipment				
Carrying amount at beginning of year	139,412	48,408		
Additions	50,461	89,393	-	-
Additions – business combination	-	25,000	-	-
Disposal	(4,658)	-	-	-
Impairment loss	(48,488)	(236)	-	-
Depreciation	-	(23,153)	-	-
Carrying amount at year end	136,727	139,412	-	-
Leasehold Improvements				
Carrying amount at beginning of year	-	561	-	-
Additions	59,562	-	-	-
Impairment loss	-	(325)	-	-
Depreciation	(5,813)	(236)	-	-
Carrying amount at year end	53,749	-	-	-
Total				
Carrying amount at beginning of year	238,391	178,721	-	-
Additions	231,108	128,392	-	-
Additions- Business combination	-	25,000	-	-
Disposal	(4,658)	-		
Impairment loss	-	(42,834)	-	-
Depreciation	(93,313)	(50,888)	-	-
Carrying amount at year end	371,528	238,391	-	-

During the year ended 30 June 2008 the directors performed an impairment test on the carrying value of property, plant and equipment which had a carrying value at 30 June 2008 of $238,391 after impairment loss. The recoverable amount of property, plant and equipment was estimated based on its value in use. The discount rate adopted was a pre-tax rate of 15% and was based on the current risk free interest rate, industry and business specific risk factors, market borrowing rates and investor expected returns. The forecast cash flows were based on historical results to 30 June 2008 and anticipated growth rates ranging from 0% to 5% based on expected growth in revenue. The recoverable amount was estimated to be $42,834 lower than the carrying amount of property, plant and equipment and an impairment against property, plant and equipment for that amount was applied.

During the year ended 30 June 2009, no impairment test was considered necessary.

NOTE 9 – OTHER FINANCIAL ASSETS

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Non-current				
Investments in controlled entities – at cost	-	-	10,656,183	9,980,560
Less cumulative impairment losses	-	-	(6,840,547)	(6,050,996)
Investment in controlled entities, at recoverable amount	-	-	3,815,636	3,929,564

The investments in controlled entities at cost include cost of shares and loans provided to controlled entities from the Company in its capacity as a shareholder. Due to the inherent uncertainty over the ultimate recovery of these investments, the Company has tested certain investments in controlled entities and recorded impairment losses to the extent that these investments exceeded the estimated recoverable amount, which was based on the expected cashflows to be generated from these investments. The recoverable amount was estimated based on its value in use using a pre-tax discount rate of 15%.

The Company's investment in TUTA Healthcare Pty Ltd of $3,929,564 was not tested for impairment at 30 June 2008 as the investment was acquired on 31 March 2008.The investment in TUTA Healthcare was tested for impairment at June 30 2009 and an amount of $520,000 was written off. A pre-tax discount rate of 15% was used, assuming future growth rates of 5%

NOTE 10 - INTANGIBLES

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Goodwill on acquisition - TUTA Healthcare – Cost (a)	3,929,564	3,929,564	-	-
Less: Impairment	(520,000)	-	-	-
TUTA Healthcare – Fair value	3,409,564	3,929,564	-	-
Product Development Costs (b)	262,650	-	-	-
Less: Accumulated amortisation	(4,733)	-	-	-
Product Development Costs- Net	257,917	-	-	-
Goodwill on acquisition- Clements Medical Equipment (c)	701,151	-	-	-
	4,368,632	3,929,564	-	-

(a) The Goodwill relating to the Cash Generating Unit TUTA Healthcare of $3,929,564 was tested for impairment at 30 June 2009 and the directors considered impairment existed in the period to 30 June 2009 of $520,000 and goodwill was written down by this amount. The impairment amount was estimated using a pre-tax discount rate of 15%, and a growth rate of 5% for future years.

(b) The Group has adopted a policy of capitalising Product Development Costs related to specific projects, in accordance with AASB 138. Intangible asset costs are amortised on a straight line basis over the useful life of the product. As at 30 June 2009, specific Product Development Costs capitalised as intangible assets had a carrying value of $257,917 (30 June 2008 – Nil).

(c) The Company paid $200,000 and issued 10,265,000 fully paid ordinary shares on 1 June 2009 as consideration of $446,250 for the acquisition of medical devices business of Clements Medical Devices Pty Ltd. Consideration was determined by reference to the share price on the date of issue. Goodwill represents the $646,250 consideration plus costs of $51,496 associated with acquisition and recognition of a long service leave liability of $3,405.The Goodwill relating to Clements Medical Equipment Pty Ltd of $701,151 was not tested for impairment at 30 June 2009 as the business was acquired on 1 June 2009 and the directors considered no impairment indicators existed in the period from date of acquisition to 30 June 2009. Goodwill represents intangible assets which could not be readily identified or separated.

NOTE 11 – TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Current				
Trade creditors	1,833,236	1,866,278	129,536	911
Payroll liabilities	288,793	98,168	18,681	-
Customer deposits	68,750	77,914	-	-
Accruals	480,224	193,425	70,935	60,000
	2,671,003	2,235,785	219,152	60,911

NOTE 12 – INTEREST BEARING LIABILITIES

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Current				
Bank Overdraft (a)	459,795	-	-	-
Loans – related parties (b)	60,000	-	-	-
Total	519,795	-	-	-
Non-current				
Loans – related party (c)	1,108,000	1,000,000	-	-

(a) This overdraft is subject to interest coverage ratios and net tangible worth targets.

(b) Short term loans of $60,000 are payable to Dr M. Eutick. Interest is calculated on the monthly balance at a fixed rate of 15% per annum from the dates the loan was advanced.

(c) A long term loan of $1,000,000 is payable to Pacific Devices Pty Ltd for stock purchased between 1 March 2008 and 30 June 2008. Interest is calculated on the monthly balance at a fixed rate of 15% per annum from 1 July 2008. The loan matures on 1 August 2010, however may be repaid earlier at the discretion of BMDi TUTA Limited.

A long term loan of $108,000 is payable to Mr A. Fay. Interest is calculated on the monthly balance at a fixed rate of 15% per annum from the dates the loan was advanced.

NOTE 13 – PROVISIONS

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Current				
Provision for employee annual leave and long service leave entitlements	69,020	201,959	-	39,083
Non-current				
Provision for employee long service leave entitlements	2,650	6,877	-	-

NOTE 14 – ISSUED CAPITAL

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Issued and paid up capital				
252,977,386 (2008 – 181,764,366) ordinary shares, fully paid	15,029,018	12,849,508	15,029,018	12,849,508
	2009 No.	2009 $	2008 No.	2008 $
Fully paid ordinary shares				
Balance at beginning of year	181,764,366	12,849,508	97,764,264	8,169,508
Issue of shares	71,213,122	2,179,510	84,000,102	4,680,000
	252,977,488	15,029,018	181,764,366	12,849,508

During the year:

- The Company issued 60,588,122 fully paid ordinary shares at 3 cents per share on May 26 2009. These shares were issued as a result of a 1:3 rights issue announced by the Company.
- The Company issued 10,625,000 fully paid ordinary shares on 1 June 2009 at 4.2 cents per share as consideration of $446,250 for the acquisition of medical devices business of Clements Medical Equipment Pty Ltd. Consideration was determined by reference to the share price on the date of issue.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

NOTE 15 – EQUITY REMUNERATION RESERVE

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Opening balance	86,203	86,203	86,203	86,203
Issue of options	-	-	-	-
Closing balance	86,203	86,203	86,203	86,203

The issue of Company options results in a credit to the option premium reserve to the fair value of the options issued.

- 1,500,000 options were issued on 30 October 2007, exercisable at 6 cents each to acquire one fully paid ordinary share at any time up to 31 August 2008. Fair value at grant date was $39,869 and the share price was $0.06.

- 1,500,000 options were issued on 30 October 2007, exercisable at 10 cents each to acquire one fully paid ordinary share at any time up to 31 August 2009. Fair value at grant date was $46,334 and the share price was $0.06.

These options were issued to the Managing Director, Gary Lewis following a special resolution at the Annual General Meeting.

The fair value of the options at grant date was determined based on the Black-Scholes formula. The model inputs were the Company's share price of $0.06 at the grant date, a volatility factor of 124% based on historic share price performance and a risk free interest rate of 6.33% based on the 10 year government bond rate.

Dividends

There were no dividends paid or declared during the year ended 30 June 2009 or 30 June 2008.

NOTE 16 - ACCUMULATED LOSSES

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Accumulated losses at beginning of year	(9,109,204)	(7,603,458)	(9,040,436)	(7,841,401)
Net loss attributable to members of the parent entity	(2,190,381)	(1,505,746)	(1,760,736)	(1,199,035)
Accumulated losses at year end	(11,299,585)	(9,109,204)	(10,801,172)	(9,040,436)

NOTE 17 - PARTICULARS IN RELATION TO CONTROLLED ENTITIES

Parent Entity

BMDI TUTA Limited is an Australian incorporated company listed on the Australian Stock Exchange.

Controlled Entities	Country of Incorporation	Ownership Interest	
		2009 %	2008 %
BMDI Pty Ltd	Australia	100	100
BMDI TUTA Healthcare Pty Ltd	Australia	100	100
Bio Medical Developments International Pty Ltd	Australia	70	70

Minority interests

Minority interests have a value of nil, as the controlled entity has incurred operating losses in excess of its capital and the parent entity has brought to account 100% of the losses beyond the capital of the controlled entity.

NOTE 18 – BUSINESS ACQUISITION

Business Combination

On June 1 2009 the Group acquired the medical devices business of Clements Medical Equipment Pty Ltd, a manufacturer and distributor of Suction Oxygen Therapy devices and scientific equipment.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Pre-acquisition Carrying amounts	Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	-		-
Long service leave liability	(3,405)		(3,405)
Net identifiable assets and liabilities	(3,405)		(3,405)
Goodwill on acquisition	701,151		701,151
Consideration paid*	697,746		697,746
Cash acquired			
Net cash outflow	251,496		251,496

Goodwill represents intangible assets which could not be readily identified or separated.

- The Company paid $200,000 and issued 10,625,000 fully paid ordinary shares on 1 June 2009 (As consideration of $446,250, determined by reference to the share price on the date of issue) for the acquisition of the suction oxygen therapy and scientific equipment business of Clements Medical Equipment. Costs associated with the acquisition were $51,496.

NOTE 19 – FINANCIAL INSTRUMENTS DISCLOSURE

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The summaries below present information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets:

	Consolidated		Company	
	Carrying amount	Carrying amount	Carrying amount	Carrying amount
	2009 $	2008 $	2009 $	2008 $
Cash and cash equivalents	590,849	274,500	511,560	47,463
Term deposits	109,000	18,242		18,242
Trade and other receivables	1,441,933	1,563,595	206,005	-
	2,141,782	1,856,337	717,565	65,705

The Group mitigates credit risk on cash and cash equivalents by dealing with regulated banks in Australia.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 21 percent of the Group's revenue is attributable to sales transactions with two customers.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The Groups maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Australia	994,848	862,250	206,005	-
Asia	180,058	404,619	-	-
Europe	195,272	160,707	-	-
USA	45,243	52,952	-	-
Other	26,512	83,067	-	-
	1,441,933	1,563,595	206,005	-

The Groups most significant customer, an Australian based organization, accounts for $162,885 of the trade receivables amount at 30 June 2009. In 2008, a US based organisation accounted for $52,952 of the balance.

The aging of the Group's trade receivables at the reporting date was:

	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
Not past due	1,224,656	-	1,500,099	71,231
Past due 30 – 60	63,201	-	82,128	-
Past due 61 – 90	222,228	68,152	100,110	47,511
	1,510,085	68,152	1,682,337	118,742

An impairment loss of $68,152 was taken up at 30 June 2009 (2008 – $96,009) against overseas customers who are either past due on payments or who are on extended payment terms. These extended terms were negotiated at the time of the sale. An impairment loss of $0 (2008 - $22,733) was taken up at 30 June 2009 against domestic customers who are past due. No collateral security was held by the Group in relation to debtors past due.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group operates an overdraft which is subject to interest coverage ratios and net tangible worth covenants. During the course of the year, these targets were breached. However, the bank has agreed not to demand payment in light of the group's positive future outlook and one-off historical income statement adjustments that affected the 30 June 2009 loss for the year.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years	Interest
CONSOLIDATED						
30 June 2009						
Trade and other payables	2,671,003	(2,671,003)	(2,671,003)	-	-	-
Interest bearing liabilities	1,627,793	(2,309,263)	(663,762)	(1,645,400)	-	(681,468)
	3,940,948	(4,980,266)	(3,334,765)	(1,645,400)	-	(681,468)

30 June 2008						
Trade and other payables	2,235,785	(2,235,785)	(2,235,785)	-	-	-
Interest bearing liabilities	1,000,000	(1,279,156)	-	(1,279,156)	-	(279,156)
	3,235,785	(3,514,941)	(2,235,785)	(1,279,156)	-	(279,156)
COMPANY						
30 June 2009						
Trade and other payables	219,152	(219,152)	(219,152)	-	-	-
	219,152	(219,152)	(219,152)	-	-	-
30 June 2008						
Trade and other payables	60,911	(60,911)	(60,911)	-	-	-
	60,911	(60,911)	(60,911)	-	-	-

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate funding and monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of expected settlement of financial assets and liabilities.

Interest rate risk

The Group's income statement is affected by changes in interest rates due to the impact of such changes on interest income from cash and cash equivalents, interest bearing security deposits and interest on the interest bearing liabilities.

At balance date, the Group had the following mix of financial assets exposed to variable interest rate risk that are not designated as cash flow hedges:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Cash and cash equivalents	590,849	274,500	511,500	47,463
Term deposits	109,000	18,242	-	18,242
Financial Assets	699,849	292,742	511,500	65,705

Overdraft	459,795	-	-	-
Borrowings	1,168,000	-	-	-
Financial Liabilities	1,627,795	-	-	-
Net Financial exposure	(927,946)	292,742	511,500	65,705

Sensitivity analysis

An increase of 100 basis points in interest rates throughout the reporting period would have increased the loss for the period by the amounts shown below, whilst a decrease would have increased the loss by the same amount. The Group's equity consists of fully paid ordinary shares. There is no effect on fully paid ordinary shares by an increase or decrease in interest rates during the period.

	Consolidated	Company
	Loss for the year $	Loss for the year $
30 June 2009	14,420	346
30 June 2008	2,927	657

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than Australian dollars, the respective functional currency of the Group's entities. During the year ended 30 June 2009 approximately 92 percent of the Group's sales were denominated in AUD with the remaining balance in USD, approximately 12% percent of the Group's purchases were in USD. Approximately 87% percent in AUD with the remainder in JPY and GBP. Each one cent increase in the average USD exchange rate would have decreased the Groups loss by $37,359.

The Group does not hedge any of its foreign currency exposure.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Group's operation. There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate their net fair values, given the short time frames to maturity and or variable interest rates.

NOTE 20 - STATEMENTS OF CASH FLOWS

Reconciliation of cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank and cash on deposit, net of bank overdrafts and excluding security deposits. Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Balance Sheets as follows:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Reconciliation of net loss from operating activities to net cash used in operating activities				
Loss from operating activities after tax	(2,190,381)	(1,505,746)	(1,760,736)	(1,199,035)
Items classified as investing/financing activities				
Non-cash items				
Depreciation and amortisation	98,046	50,888	-	-
Impairment loss on intercompany loans	-	-	494,462	729,803
Foreign exchange loss	72,543	22,848	-	-
Movements in provisions	(207,098)	354,191	(39,083)	-
Share based payment	-	86,203	-	86,203
Impairment loss on property, plant and equipment	-	42,834	-	-
Write down of inventory	-	92,314	-	-
Capitalisation of Product Development Costs	(257,917)	-	-	-
Goodwill impairment	520,000	-	520,000	-
Investment impairment	-	-	295,087	-
Changes in assets and liabilities				
Receivables	275,967	(1,154,239)	(206,005)	35,853
Inventories	(57,327)	(1,223,576)	-	-
Customer deposits	(9,164)	-	-	-
Other assets	-	90,904	-	-
Payables	440,904	2,299,758	239,213	(11,541)
Net cash used in operating activities	(1,314,427)	(843,621)	(457,062)	(358,717)

NOTE 21 – KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel

The following were key management personnel of the Company at any time during the reporting period

Directors

THOMAS J. MANN (CHAIRMAN)
GARY LEWIS (MANAGING DIRECTOR)
DR. MAL EUTICK
DR GEOFF CUMMING
IAN MITCHELL

Executives

ROBERT KRAKOWIAK
MICHAEL NEVILLE
MARK MCENALLAY
MICHAEL JONES
DAVID THOMSON
PETER NIGHTINGALE

Individual directors and executives compensation disclosures

Information regarding individual directors and executive's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report Section of the Directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving director's interests existing at year-end.

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares and terminating preference shares in the Company held directly, indirectly or beneficially, by each specified director or specified executive, including their personally-related entities, is as follows:

Directors	Held at 1 July 2008	Purchases	Sales	Held at 30 June 2009
Thomas J. Mann	1,500,000	500,000	-	2,000,000
Gary L. Lewis	8,302,300	3,276,759	146,025	11,433,034
Dr Mal L Eutick * ^	12,988,889	-	-	12,988,889
Dr Geoff Cumming ^	-	160,000	-	160,000
Ian Mitchell ^	-	53,103	-	53,103

^ Number of shares held at date of appointment as a director.
* Number of shares held at date of ceasing as a director.

Executives	Held at 1 July 2008	Purchases	Sales	Held at 30 June 2009
Robert Krakowiak *	3	-	-	3
Peter J.Nightingale *	2,500,000	833,333	-	3,333,333
Mark McEnallay	-	200,000	-	200,000

* Number of shares held at date of ceasing as a director.

Directors	Held at 1 July 2007	Purchases	Sales	Held at 30 June 2008
Keith Cadell	642,800	-	-	642,800
Gary Lewis ^	1,555,000	4,500,800	-	6,055,800
Peter E. Roberts	571,400	1,100,000	-	1,671,400
Thomas J. Mann	1,500,000	-	-	1,500,000

^ Number of shares held at date of appointment as a director.

Executives	Held at 1 July 2007	Purchases	Sales	Held at 30 June 2008
Robert Krakowiak	250,000	-	249,997	3
Peter J.Nightingale	2,500,000	-	-	2,500,000

A director of the Company until 6 November 2008, Dr. Mal Eutick is also the Chief Executive Officer of Pacific Devices Pty Ltd which the Group has a long term loan of $1 million for stock purchased between 1 March 2008 and 30 June 2008. Interest is calculated on the monthly balance at a fixed rate of 15% per annum from 1 August 2008. The loan matures on 1 August 2010.

For the period 1 July 2008 to 30 June 2009, the Group purchased $82,025 of inventory from Pacific Devices Pty Ltd on normal commercial terms.

On 1 April 2008 the Company entered into a services contract with Act 2 Pty Ltd, a Company associated with the managing director Gary Lewis to provide consulting services to the Company. The agreement sets out that consulting fees of $250,000 per annum plus GST will be paid to Act 2 Pty Ltd from commencement to 31 March 2009, with this amount increasing to $262,500 per annum for the period 1 April 2009 to 31 March 2010.

Apart from the details disclosed in this note, no director or specified executive has entered into a material contract with the Company or the Group since the end of the previous financial year.

NOTE 22 - CONTROLLED ENTITIES

At balance date, the Company had amounts receivable from BMDI Pty Limited of $4,151,437 (2008 - $4,218,649), BMDI TUTA Healthcare Pty Ltd of $719,449 (2008 - $4,087,330) and Bio Medical Developments International Pty Limited of $1,674,574 (2008 - $1,694,581). These amounts are interest free, unsecured, have no fixed term of repayment and are repayable out of future profits. This amounts receivable is classified as an investment in this financial report- note 10.

NOTE 23 - FINANCIAL REPORTING BY SEGMENTS

The Group operates wholly within the health care industry in Australia, Asia, NZ and the United States.

Geographical segments	Australia $	Asia $	NZ $	United States $	Consolidated $
30 JUNE 2009					
Revenue					
External segment income	6,656,280	484,947	371,795	32,612	7,545,634
Unallocated income					66,674
	-	-	-	-	7,612,308
Result					
Segment result	(748,254)	(147,143)	210,909	16,432	(668,056)
Unallocated corporate expenses					(1,522,325)
Net loss	-	-	-	-	(2,190,381)
Segment assets	8,186,104	-	-	-	8,186,104
Segment liabilities	4,370,468	-	-	-	4,370,468
Other					
Non – current Assets acquired during the year	231,108	-	-	-	231,108
Depreciation and Amortisation of segment assets	(93,313)	-	-	-	(93,313)

Geographical segments	Australia $	Asia $	NZ $	United States $	Consolidated $
	$	$	$	$	$
30 JUNE 2008					
Revenue					
External segment income	3,894,742	-	103,445	659,522	4,657,709
Unallocated income	-	-	-	-	135,725
					4,793,434
Result					
Segment result	(120,038)	(141,771)	(46,510)	111,105	(197,214)
Unallocated corporate expenses	-	-	-	-	(1,308,532)
Net loss					(1,505,746)
Segment assets	7,022,051	161,373	-	87,704	7,271,128
Segment liabilities	3,356,500	-	-	88,121	3,444,621
Other					
Non – current Assets acquired during the year	118,327	35,065	-	-	153,392
Depreciation and Amortisation of segment assets	(27,323)	(23,565)	-	-	(50,888)

Division of the Group's results and assets into geographical segments has been ascertained by direct identification of revenue cost centres. Asia includes China and Thailand and primarily represents sales of components to our suppliers. There are no inter-segment revenue transactions and the major products are IV systems, safety, blood banking, surgical and anaesthesia products.

NOTE 24 - COMMITMENTS

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Payable:				
Within 1 year	574,251	196,875	625,665	253,125
Between 1 and 5 years	1,043,034	-	1,244,745	196,875
More than 5 year	170,532	-	345,900	-
	1,787,817	196,875	2,216,310	450,000

Significant commitments are:

On 1 April 2008 the Company entered into a services contract with Act 2 Pty Ltd, a Company associated with the managing director Gary Lewis to provide consulting services to the Company. The agreement sets out that consulting fees of $250,000 per annum plus GST will be paid to Act 2 Pty Ltd from commencement to 31 March 2009, with this amount increasing to $262,500 per annum for the period 1 April 2009 to 31 March 2010.

Property leases for the head office and warehouse. These are of 5 years duration and provide for annual increases based on current market rent and CPI indexes.

NOTE 25 – CONTINGENT ASSET

The group is in dispute with a former supplier in Thailand regarding a claim of $390,000 for goods manufactured and supplied. This amount has been recognised in the financial statements as a trade payable. Whilst the liability has been recognised in full, the directors believe the amount owing to the supplier should be offset by product charges, travel and freight costs incurred by the group in connection with the supply. The directors believe they will be successful in claiming these offsets, however as the amount cannot be measured reliably at the date of this report and is subject to litigation, no amount has been recognised in the financial statements for this contingent asset. The Company is defending proceedings which are due to be heard in the Supreme Court of NSW in early October 2009.

Separately, the group is also claiming damages against two parties, the former supplier referred above and a competitor, with respect to breaches of confidentiality, breaches of non-compete and passing off BMDI products. The claim relates to products with the BMDi trade mark being imported and sold in Australia. The claim covers loss of market share, loss of profits and other matters. The quantum of these claims have not been recognised in the financial statements as the amount of the claim cannot be measured reliably as at the date of this financial report. The court case is not expected to be heard until the middle of 2010.

In the opinion of the Directors of BMDI TUTA Limited ('the Company'):

1. (a) the financial statements and notes set out on pages 23 to 57, and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, set out on pages 18 to 21, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards, (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

   (c) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standards AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001; and

   (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2009.

Signed at Sydney this 17th day of September 2009
in accordance with a resolution of the Board of Directors:

T.J. MANN
CHAIRMAN

GouldRalph
ASSURANCE

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BMDI TUTA LIMITED

Report on the Financial Report

We have audited the accompanying financial report of BMDI TUTA Limited (the company) and the consolidated, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration. The consolidated entity comprises both the company and the entities it controlled during that year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditors' responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report we were engaged to undertake services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditors' opinion
In our opinion:

1. the financial report of BMDI TUTA Limited is in accordance with:

    the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

    2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material uncertainty regarding continuation as a going concern
Without qualification to the opinion expressed above, we draw attention to Note 1 'Going Concern' in the financial report which identifies that the Group has incurred a net loss of $2,190,381 for the year ended 30 June 2009 and has accumulated losses of $11,299,585 as at that date. At 30 June 2009, the group had a net tangible asset deficiency of $552,996. Accordingly there is significant uncertainty as to whether the economic entity will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on Remuneration Report
We have audited the Remuneration Report included in pages 18 to 21 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion the Remuneration Report of BMDI TUTA Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

GOULD RALPH ASSURANCE
Chartered Accountants

GREGORY C RALPH, M.COM, FCA
Partner

Dated this 17th day of September 2009

ADDITIONAL INFORMATION AS AT 31 AUGUST 2009 REQUIRED BY THE AUSTRALIAN STOCK EXCHANGE LISTING RULES AND NOT DISCLOSED ELSEWHERE IN THIS REPORT.

HOME EXCHANGE

The Company is listed on the Australian Stock Exchange. The Home Exchange is Sydney.

AUDIT COMMITTEE

As at the date of the Directors' Report, there was no audit committee of the Board of Directors, because the small number of Directors comprising the Board considers all matters that otherwise would be considered by an audit committee.

SUBSTANTIAL SHAREHOLDINGS

At 31 August 2009 the Register of Substantial Shareholders showed the following:

Narelle and Andrew Fay 47,195,374

CLASS OF SHARES AND VOTING RIGHTS

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

DISTRIBUTION OF SHAREHOLDERS

At 31 August 2009, the distribution of fully paid ordinary shares was as follows:

Range	Total Holder	Fully Paid Ordinary Shares	% Issued Capital
1 - 1,000	40	386	0.0
1,001 - 5,000	9	34,542	0.02
5,001 – 10,000	51	480,957	0.26
10,001 – 100,000	182	7,690,427	4.22
100,001 and over	151	174,146,176	95.5
		182,352,488	100.0

At 31 August 2009, 100 shareholders held less than a marketable parcel of 10,417 shares.

USE OF CASH AND ASSETS

Since the Company's listing on the Australian Stock Exchange, the Company has used its cash and assets that it had at the time of listing in a way consistent with its stated business objectives.

ON MARKET BUYBACK

There is no on market buy-back.

TWENTY ONE LARGEST SHAREHOLDERS

On 31 August 2009, the twenty one largest quoted shareholders held 60.20% of the fully paid ordinary shares as follows:

	Name	Number	%
1	Mrs Narelle Fay	14,213,447	5.62
2	Mr Andrew Fay	11,559,818	4.57
3	Bridgeshelf Pty Limited	10,625,000	4.2
4	Amnicole Investments Pty Ltd	10,488,889	4.15
5	Cordato Partners (Services) Pty Limited	10,488,889	4.15
6	Three Pagodas Pty Ltd	10,488,889	4.15
7	Treplo Pty Ltd	10,488,889	4.15
8	Mr Andrew Fay	8,422,109	3.33
9	GKI Resort Pty Ltd	8,333,333	3.29
10	ACT 2 Pty Ltd	8,224,381	3.25
11	Narelle Fay	8,000,000	3.16
12	Script to Screen Pty Ltd	6,747,804	2.67
13	Mr Louis Petrin & Ms Lorraine Reddel	5,900,000	2.33
14	Auhill Investments Services Pty Ltd	5,244,444	2.07
15	Petsel Pty Limited	3,625,000	1.43
16	Bartink Pty Limited	3,350,000	1.32
17	CCG Pty Limited	3,333,334	1.32
18	Dottie Investments Pty Limited	3,333,333	1.19
19	Rosignol Pty Ltd	3,333,333	1.32
20	Andrew Fay	3,000,000	1.19
21	Praf Investments Pty Limited	3,000,000	1.19

corporate directory

DIRECTORS
Mr Thomas J. Mann (Chairman)
Mr Gary L. Lewis (Managing Director)
Mr Ian Mitchell
Dr Geoff Cumming

COMPANY SECRETARY
Mr Ian Mitchell

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