



TOWARD A SAFER WAY.

BMDI TUTA LIMITED

ABN: 30 096 048 912

OFFER UNDER SECTION 708AA(2) OF THE CORPORATIONS ACT

A NON-RENOUNCEABLE RIGHTS ISSUE TO ALL ELIGIBLE
SHAREHOLDERS

TO RAISE APPROXIMATELY \$1.8 MILLION

FOR EVERY 3 SHARES HELD: 1 NEW SHARE AT 3 CENTS EACH

This document is important and requires your immediate attention. This document is not a prospectus. It does not contain all the information that an investor would find in a prospectus or which an investor would expect to make an informed decision as to whether or not to accept this offer. If you do not understand its content or are in doubt as to the course of action you should follow, you should consult your stockbroker or professional advisor without delay.

No person is authorised to give any information or to make any representation in connection with this offer which is not contained in this document. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with this offer.

TIMETABLE

The timetable for the issue is as follows:

| | |
|---|----------|
| Announcement of Rights Issue and Lodgement of Appendix 3B and Section 708AA Notice with ASX | 24 April |
| Notice Appendix 3B offer and entitlement despatched to shareholders | 27 April |
| “Ex” date from which shares commence trading without entitlement to participate in the Rights Issue | 29 April |
| Record Date to determine entitlement to New Shares | 5 May |
| Last day for acceptance and payment in full | 19 May |
| ASX notified of under subscriptions | 22 May |
| Holding Statements dispatched | 28 May |
| Normal trading commences | 28 May |

All dates are subject to change and accordingly are indicative only. In particular, the Company has the right to vary the dates of the offer, without prior notice. Investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible.

OFFER STATISTICS

| | |
|---|-----------------------|
| Approximate number of New Shares to be issued and offered to Shareholders | 60,588,122 |
| Issue Price | 3 cents per New Share |

HOW TO ACCEPT ENTITLEMENTS TO NEW SHARES

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Offer Document in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

This Offer Document also is available in electronic form on the Internet at www.bmdituta.com. If you wish to obtain a free copy of this Offer Document, please contact the Share Registry on 9032 3000

CONTENTS

| | |
|---|----|
| 1. Investment Summary | 5 |
| 2. Details of the Offer | 7 |
| 3. BMDI Overview | 12 |
| 4. Effects of Rights Issue on the Company | 16 |
| 5. Risk Factors | 22 |
| 6. Definitions & Glossary | 25 |
| 7. Corporate Directory | 27 |

IMPORTANT NOTICE

This document is dated 27 April 2009.

This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this document.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional advisor without delay.

This offer opens on 5 May 2009 and closes at 5:00pm EST on 19 May 2009

Valid acceptances must be received before that time.

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

The Company has not made investigation as to the regulatory requirements that may prevail in the countries, outside Australia and New Zealand, in which the Company's Shareholders may reside. The distribution of this Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe those restrictions. Any failure to comply with such restrictions might constitute a violation of applicable securities laws.

It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Acceptance. A number of terms and abbreviations used in this Offer Document have defined meanings, which are explained in the Glossary. Money as expressed in this Offer Document is in Australian dollars or else as indicated.

No person named in this Offer Document, nor any other person, guarantees the performance of BMDI the repayment of capital or the payment of a return on the New Shares.



TOWARD A SAFER WAY.

Monday 27 April 2009

Dear Shareholder,

On 24 April 2009, BMDI TUTA Limited (Company) announced a non-renounceable rights issue of fully paid ordinary shares in the capital of the Company (Shares) on the basis of one (1) Share for every three (3) Shares held at the record date of 05 May 2009 (Rights Issue).

The Rights Issue will raise approximately \$1.81 million (before costs) through the issue of 60,588,122 new fully paid ordinary shares in the Company (New Ordinary Shares). The New Ordinary Shares will be issued at a cost of 3 cents per share, which is at a 25% discount to the last sale price recorded on the ASX prior to the date of the announcement of the Rights Issue.

Proceeds from the Rights Issue will be used to acquire the business and select assets of Clements Medical Equipment (Clements), as announced on 30 March 2009, and to fund new product development and additional working capital requirements.

Full details of the Rights Issue are contained in the Offer Document dated 27 April 2009, which is attached to this letter. Key dates that shareholders should note are as follows:

| | |
|-----------------------|---|
| Tuesday 29 April 2009 | Ordinary Shares trade ex-Rights on ASX |
| Tuesday 05 May 2009 | Record Date for determining Rights entitlements |
| Tuesday 19 May 2009 | Closing date for acceptances |
| Thursday 28 May 2009 | Expected date for allotment of new shares and despatch of holding statements. |

The past twelve months has seen dramatic improvements in the operational and financial performance of your Company. The acquisition of Clements represents an exciting new phase in BMDI TUTA's development as it brings another established and highly regarded Australian medical device business under the Company's control. I commend the Rights Issue to you as it will not only facilitate the Clements acquisition, but also allow for further expansion of the Company's product portfolio and current business.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Gary Lewis', written over a horizontal line.

Gary Lewis
Managing Director

1. INVESTMENT SUMMARY

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Offer Document.

1.1 The Offer

This Offer Document is for the non-renounceable rights issue of approximately 60,588,122 New Shares at an issue price of 3 cents each, on the basis of One (1) New Share for every three (3) Shares held by Shareholders

Shareholdings are to be determined as at the Record Date of 5 May 2009

The Company has applied for listing of the New Shares on the ASX

1.2 Minimum Subscription

There is no minimum subscription to the Issue

1.3 New Share Terms

Each New Share will rank equally with all existing Shares then on issue and will have the same rights as attached to existing shares

1.4 Acceptance of Entitlement to New Shares

The number of New Shares to which each Shareholder is entitled is shown on the Entitlement and Acceptance Form accompanying this Offer Document. This Offer Document is for the information of Shareholders who are entitled and may wish to apply for the New Shares. Fractional entitlements will be rounded to the nearest whole number.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Offer Document in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

1.5 Purpose of the Issue

The Directors intend to apply the proceeds from the issue for the following purposes:

| | |
|--|-----------|
| Acquisition of the business of Clements Medical Equipment | |
| selected assets thereof funding of new product development | |
| and additional working Capital requirements | 1,675,143 |
| Corporate Advisory fee | 40,000 |
| Underwriters fees (estimated) | 50,000 |
| Sub underwriter's fees (estimated) | 50,000 |
| Printing and mail out | 2,500 |

| | |
|-------|-------------|
| Total | \$1,817,643 |
|-------|-------------|

However, in the event that circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use to maximise the benefit to Shareholders.

1.6 Underwriting

This rights issue is underwritten by Patersons Securities Limited. Pursuant to the terms of the Underwriting Agreement the Company will pay Patersons Securities Limited a Corporate Advisory Fee of \$40,000 plus an underwriting fee of 5½ % of the amount raised by the Underwriter and 3% of the amount introduced by the Company to the Underwriter by way of sub-underwriting agreements (which will attract a fee payable to such sub-underwriters of 2% of the amount sub-underwritten). The approximate amount payable to the Underwriter and sub-underwriters will be \$100,000 plus GST. A summary of the material terms of the Underwriting Agreement including rights of termination is set out in Section 4.7. Any share issue made to the underwriter as a result of any shortfall in subscription by shareholders for this rights issue must be taken up and the relevant shares issued to the underwriter within 15 business days after the close of the offer

2. DETAILS OF THE OFFER

2.1 Offer to Shareholders

The Directors of BMDI have approved a non-renounceable rights issue of approximately 60,658,122 New Shares at 3 cents per New Share to raise approximately \$1,675,143 (after expenses associated with the Issue are paid). Shareholders are entitled to subscribe for one (1) New Share for every three Shares held. Only those Shareholders shown on the share register at 7:00pm (EST) on the Record Date will be entitled to participate in the Issue.

When fractions arise in the calculation of Entitlements, they will be rounded to the nearest whole number of New Shares.

BMDI has applied to ASX for official quotation of the New Shares on the ASX. Official quotation of the New Shares is expected to occur on or about 28 May 2009. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Shares either as principal or agent until official quotation is granted.

2.2 Important Dates

| | |
|---|---------------|
| Record Date for the Offer | 5 May 2009 |
| Offer Document sent to Shareholders | 27 April 2009 |
| Opening Date of Offer | 5 May 2009 |
| Closing Date of Offer | 19 May 2009 |
| Expected date of despatch of New Share holding statements | 28 May 2009 |

2.3 What to do with your Entitlement

Sections 2.3 and 2.7 inclusive DO NOT apply to Shareholders with registered addresses outside Australia or New Zealand. Such Shareholders should refer to Section 2.13 of this Offer Document.

The number of New Shares to which you are entitled under this Offer Document (Your Entitlement) is shown on the accompanying Entitlement and Acceptance Form.

Acceptances must not exceed your maximum Entitlement (as shown on the Entitlement and Acceptance Form), although you may accept for a lesser number of New Shares should you wish to take up only part of your Entitlement. If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus application monies will be returned to you.

2.4 No Rights Trading

The rights to New Shares under the Issue are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Issue to any other party. If you do not take up your Entitlement to New Shares under the Issue by the Closing Date, the Offer to you will lapse.

2.5 If your Entitlement is not taken up

If you do nothing, any part of your Entitlement that is not taken up by 19 May 2009 will lapse and the New Shares that would otherwise have been issued pursuant to the taking up of your Entitlement will form part of the shortfall.

2.6 Payment

The number of New Shares to which Shareholders are entitled is shown on the Entitlement and Acceptance Form which accompanies this Offer Document.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Offer Document in accordance with the instructions set out in this Offer Document (refer above) and on the Entitlement and Acceptance Form and forwarding the completed Form together with your cheque or bank draft for the full amount payable so as to reach the Share Registry by no later than 5:00pm (EST) on the Closing Date.

The issue price of 3 cents per New Share is payable in full on acceptance of part or all of your Entitlement.

Cheques should be in Australian currency and made payable to “BMDI Tuta Limited – Non-Renounceable Rights Issue” and crossed “not negotiable”. Completed forms and accompanying cheques should be lodged at or forwarded to the following address:

BMDI Tuta Limited
C/- Gould Ralph Pty Ltd
Level 42, 259 George Street
SYDNEY NSW 2000

No brokerage or stamp duty is payable by Applicants in respect of their applications for New Shares under this Offer Document. The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Share Registrar on behalf of the Applicants. Any interest earned on the Acceptance Monies will be retained by the Company irrespective of whether allotment takes place.

2.7 Allotment and Allocation Policy

BMDI will proceed to allocate New Shares as soon as possible after the Closing Date. Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

In the case that there is less than full subscription by Shareholders for their Entitlements under this Offer Document, the Directors reserve the right to issue any Shortfall pursuant to the terms of the underwriting agreement or thereafter at their discretion within three months of the close of the offer at an issue price not less than that at which such shares were offered to shareholders under this rights issue.

In addition, the Directors reserve their rights to reject any Entitlement and Acceptance Form which is not complete in any particular or the processing of which would result in a contravention of any relevant law including, without limitation, any contravention of the takeover provisions set forth in the Corporations Act.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading New Shares. Applicants who sell New Shares before they receive notice of the number of securities allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Offer Document later than 13 months after the date of issue of the Offer Document.

2.8 ASX Listing

BMDI has applied for the listing and quotation of the New Shares on the ASX. IF granted, quotation and trading of the New Shares will commence as soon as practicable after allotment.

2.9 Investment Risks

Investors should carefully read Risk Factors outlined in Section 5. An investment of this kind involves a number of risks, a number of which are specific to BMDI and the industry in which it operates.

2.10 CHESS

BMDI will apply to the ASX Settlement and Transfer Corporation Pty Ltd (ASTC) to have the New Shares issued under this Offer Document participate in the Securities Clearing House Electronic Subregister System known as CHESS. After allotment of the New Shares, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful Applicant

pursuant to this Offer Document. The Statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in BMDI during a particular month.

2.11 Minimum Subscription

There is no minimum subscription to the Issue.

2.12 Optionholders

Existing Optionholders will not be entitled to participate in the Issue unless they:

- a) have become entitled to exercise their Existing Options under the terms of their issue and do so prior to the Record Date; and
- b) participate in the Issue as a result of being a holder of Shares registered on the share register at 7:00pm (EST) on the Record Date.

Due to the current BMDI share price being well below the exercise price of the Options currently on issue it is unlikely that any Optionholders will elect to exercise their Options prior to the Record Date and therefore Optionholders will be regarded as effectively not participating in the Issue.

2.13 Overseas Shareholders

This Offer Document and accompanying Entitlement and Acceptance Form does not, and is not intended to, constitute an offer of New Shares in any place outside Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document or the Entitlement and Acceptance Form. The distribution of this Offer Document and the accompanying Entitlement and Acceptance Form in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Document and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The Company has decided that it is unreasonable to make offers under this Offer Document to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the costs of complying with the legal and regulatory requirements in those places. Accordingly, the Issue is not being extended to, and does not qualify for distribution or sale, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand. This Offer Document is sent to those Shareholders for information purposes only.

2.14 Electronic Offer Document

An electronic version of this Offer Document is available on the internet at www.bmdituta.com.

The Entitlement and Acceptance Form may only be distributed accompanying a complete and unaltered copy of the Offer Document. The company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Offer Document or if it has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Issue period the electronic version of the Offer Document will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any Applicant in doubt concerning the validity or integrity of an electronic copy of the Offer Document ought to immediately request a paper copy of the Offer Document directly from the Share Registry.

3. BMDI OVERVIEW

Company Overview

BMDI TUTA Limited (BMDI) is an ASX-listed 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 international markets.

BMDI focuses on five clinical therapy areas within the broader medical devices market – intravenous (IV) and medical systems (infusion devices, equipment and administration sets); safety collection and injection devices (auto-disable syringes; retractable safety syringes, sharps collectors, needle destruction systems); blood banking; surgical products and anaesthesia.

BMDI manufactures for an international customer base comprising public and private hospitals, defence forces, non-government aid organisations and government departments (including UNICEF, WHO, Red Cross and Ministries of Health), as well as critical care services. In addition, the company's expertise in medical device sourcing and outsourced manufacturing has resulted in significant OEM sales to major international medical device companies.

On 03 March 2008, BMDI acquired the business and selected assets of TUTA Healthcare Pty Limited (TUTA). TUTA has been a manufacturer and distributor of sterile and non-sterile medical plastics to the Australian health care market for over 60 years. The TUTA product range comprises 16 product groups and over 100 listed products, concentrated mainly around intravenous plastic disposable components and sets for the gravity fed infusion market. In 2006, the portfolio was expanded through a license with Swiss-based Arcomed AG Medical Systems to include a range of active computer controlled electronic pumps to offer both active and passive Intravenous Care.

On 31 March 2009, BMDI announced that it had agreed to acquire the business and selected assets of Clements Medical Equipment (Clements). Clements is a highly regarded manufacturer and distributor of medical suction and oxygen therapy devices, diagnostic and laboratory equipment, and has been supplying the Australian market for over 100 years. The Clements acquisition may best be described as a strategic opportunity as it provides greater critical mass within three of the five clinical areas identified above, while opening up new distribution for BMDI within hospital and scientific markets, domestically and internationally.

Competitive Strengths

BMDI's acquisition of TUTA and Clements leverages the strengths of all three businesses, which are highly complementary in terms of customer base, manufacturing processes, sales, marketing and technical capability. Key areas of competitive advantage of the merged entity include:

- Expertise in design and manufacture of medical devices, with intellectual property in product formulations (i.e. proprietary medical plastics) and product form (i.e. infusion devices, safety injection and collection portfolio and medical suction and oxygen therapy).

- Broad, low cost manufacturing and sourcing capability with supply chain partners in India, China and Australia, supported by operations in Sydney and Shanghai.
- Global distribution footprint encompassing public and private hospitals; critical care services; ministries of health; government and non-government aid agencies; and multinational OEM customers (see Product-Market Grid).
- Established brands, customer base and diversified product portfolio.
- Experienced Board and senior management team.

Licenses and Accreditation

BMDI is accredited by the Australian Therapeutic Goods Administration (TGA) to manufacture non-implantable medical devices, is a holder of TGA Conformity Assessment Certificate Q00216 issued on 17 March 2009. BMDI hold similar licenses to manufacture for Europe and North America, including FDA certification on 22 safety injection products.

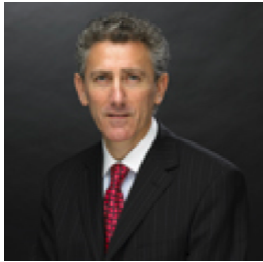
BMDI maintains a Quality Management System in compliance with the requirements as per the Therapeutic Goods (Medical Devices) Regulations 2002 and MDD 93/42EEC. It also has a current Quality System certification to ISO 13485:1996 as per Certificate Number QS 669/3.

The Opportunity

The Australian medical devices market is valued in excess of \$4.5 billion and growing at an annualised rate of 8-10%. The Australian market accounts for less than 1% of the global market, and so the potential to build a sizeable business based on sound strategic and financial management is realistic. This view is strengthened by the fact that industry consolidation at the top end has left high-margin, niche market opportunities for smaller specialist manufacturers, while the lack of scale and duplication of technologies at the bottom end creates strategic growth opportunities through IP and business acquisition.

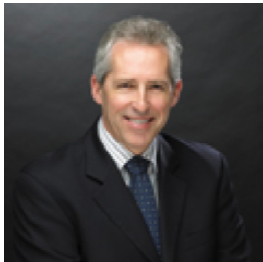
The BMDI vision is to build profitability and a \$50m business by 2012 establishing BMI as a leading Australian medical device company. BMDI has demonstrated its ability to successfully identify, acquire and integrate businesses and is looking to expand via further acquisition. The Company has a pipeline of potential M&A deals and is seeking shareholder support to back its aggressive growth plans.

BMDI Senior Management Team



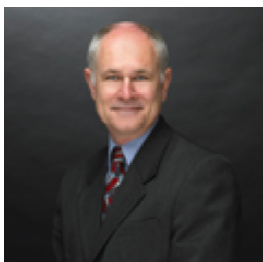
Gary Lewis
BCom MBT (UNSW)
Managing Director

Gary Lewis is the Managing Director of BMI and its subsidiaries. He has worked in senior management positions in some of Australia's largest companies, including nearly 20 years in the pharmaceutical industry, most recently with Alphapharm. Gary holds a Bachelor of Commerce and Masters of Business & Technology from UNSW.



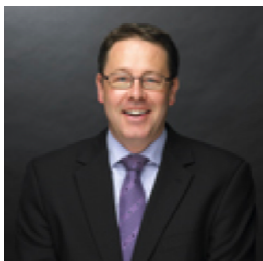
Michael Neville
MBA MAICD
Chief Operating Officer

Michael Neville is responsible for the day to day operations of BMI with a focus on Sales and Marketing. He has a controls systems background, a history of achievement in the healthcare industry and an in-depth knowledge of medical devices. Having held senior management positions in Datex-Ohmeda he was most recently National Sales Manager for the medical division of Becton Dickinson. Michael holds an MBA from AGSM (UNSW) and is a Member of the Australian Institute of Company Directors.



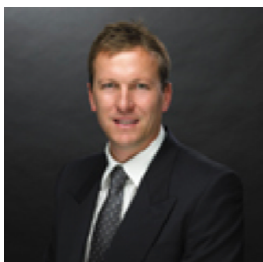
Mark McEnallay
FCPA GAICD
Chief Financial Officer

Mark McEnallay controls the finance and administrative functions within BMI. He has worked for the past 20 years in senior financial management positions in some of Australia's largest companies including Coca-Cola, Reckitt Benckiser and Hitachi Data Systems. Mark is a Fellow of CPA Australia and a Graduate Member of the Australian Institute of Company Directors.



Michael Jones
General Manager, Corporate Innovation

Michael Jones works across the BMI group ensuring that innovation remains a critical mandate. Michael is a qualified design engineer who has spent the past twenty years in the production and design of products for high volume manufacturing. He has operated within the medical devices arena since 2003, having worked as the Manufacturing Engineering Manager for ResMed before joining TUTA Healthcare in 2006.



David Thomson
General Manager, Quality Assurance Regulatory Affairs

The Quality Assurance Regulatory Affairs function within BMI is run by David Thomson. David holds an honours degree in science and a post-graduate certificate in drug development, and has extensive experience in QA/QC system implementation and improvement. David joined BMI from ResMed where he worked for 8 years, most recently as Director Regulatory Affairs.

Product-market grid

| | MEDICAL SYSTEMS | | | INJECTION / COLLECTION | | | MANUAL retractable syringes | DCAP safety syringes | DCAP needle destruction | BMDI needles and syringes | BMDI Sharps Containers | SURGICAL DEVICES | | | Medical suction and oxygen | Arthroscopy / cystoscopy | BLOOD BANKING | | Blood bank accessories | ANAESTHESIA | | Infusion devices | Spinal tap needles | ANIMAL HEALTH | | Infusion pumps and sets | Infusion administration sets | SCIENTIFIC / DIAGNOSTIC | |
|---|-----------------|--|--|------------------------|--|--|-----------------------------|----------------------|-------------------------|---------------------------|------------------------|------------------|--|--|----------------------------|--------------------------|---------------|--|------------------------|-------------|--|------------------|--------------------|---------------|--|-------------------------|------------------------------|-------------------------|--|
| Australia-NZ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| North America† | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| South America† | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| UK and Europe | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Developing Countries Aid Projects (DCAP) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| S.E and North Asia | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sub Continent and Middle East | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

4. EFFECT OF RIGHTS ISSUE ON THE COMPANY

4.1 Principal Effects

Assuming the Rights Issue is fully subscribed the principal effects are as follows:

- (a) The Company will issue 60,588,122 New Shares (excluding any Shares that may be the result of any Options that are exercised prior to the Record date), and the total number of Shares on issue will increase to 242,352,488. The New Shares will constitute approximately 25% of the expanded issued Share capital of 242,352,488 Shares. It is unlikely, given the current share price, that any of the remaining options on issue (1,500,000 at 10 cents) will be exercised.
- (b) The Rights Issue will also increase the Company's cash reserves by approximately \$1,817,643 (before expenses of the Rights Issue) to enable the Company to proceed with proposed acquisition of new businesses and costs associated therewith.

4.2 Capital Structure on Completion of the Rights Issue

The pro-forma capital structure of the Company following the Rights Issue is set out below:

| Shares | Number |
|---|--------------------|
| Existing Shares | 181,764,366 |
| Maximum number of New Shares to be issued pursuant to this Offer (assuming no existing Options are exercised) | 60,588,122 |
| Total Shares on issue after Rights Issue | 242,352,488 |

4.3 Purpose of the Offer

The purpose of the Offer is to raise \$1,817,643.

The proceeds of the Offer are planned to be used in accordance with the table set out below:

| Item | Activity/Purpose | Full subscription |
|------|---|--|
| 1 | Acquisition of the business of Clements Medical Equipment selected assets thereof funding of new product development and additional working Capital requirements | \$1,675,143 |
| 2 | Expenses of the Offer <ul style="list-style-type: none">- Corporate Advisory Fee- Underwriting fees, sub underwriting fees- Printing and Mail Out | <ul style="list-style-type: none">\$40,000\$100,000\$2,500 |
| | TOTAL | \$1,817,643 |

The amounts referred to in the above table are indicative only and are estimates based on the Company's intentions at the date of this Offer Document.

4.4 Effect of the Offer

The principal effect of the Offer, assuming no Existing Options are exercised prior to the Record Date, will be to increase the cash reserves of the Company by approximately \$1,675,143 (after deducting the expenses of the Offer) immediately after completion of the Offer.

4.5 Pro-forma Balance Sheet

Set out below is an unaudited pro-forma balance sheet of the Company after the completion of the Rights Issue prepared on the basis of the reviewed accounts of the Company as at 31 December 2008, and adjusted for the following transactions and assumptions:

- A non-renounceable rights issue of approximately 60,588,122 new BMI Shares at an issue price of 3 cents each, on the basis of one (1) New Share for every three (3) Shares held, raising \$1,817,644, before transaction costs of \$147,500.
- The acquisition by BMDI TUTA Healthcare Pty Ltd ("BMDI") of certain assets and liabilities of Clements Medical Equipment Pty Ltd ("Clements") for a consideration of \$625,000 (plus GST). The purchase price being funded via an issue of 8,500,000 BMI ordinary shares at 5 cents per share (which represents the market value at 20 April 2009), being \$425,000 and \$200,000 in cash.
- The further acquisition by BMDI of selected inventories of Clements with a fair value estimated at \$361,000, via an initial payment of \$250,000 (plus GST) and the balance to be paid 12 months from acquisition.

The Balance Sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below.

The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

| | Consolidated 31 December 2008 (Reviewed) \$ | Consolidated 31 December 2008 Pro Forma \$ |
|-----------------------------|--|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 254,670 | 1,422,990 |
| Trade and other receivables | 1,524,316 | 1,524,316 |
| Inventories | 1,754,655 | 2,115,655 |

| | | |
|---------------------------------------|-------------|-------------|
| Other Assets | 39,779 | 75,879 |
| TOTAL CURRENT ASSETS | 3,573,420 | 5,138,840 |
| NON-CURRENT ASSETS | | |
| Plant and Equipment, | 257,446 | 262,446 |
| Intangibles | 4,006,788 | 4,661,612 |
| TOTAL NON-CURRENT ASSETS | 4,264,234 | 4,924,058 |
| TOTAL ASSETS | 7,837,654 | 10,062,898 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 2,589,742 | 2,711,842 |
| Provisions | 160,322 | 168,322 |
| Interest bearing loans and borrowings | 602,172 | 602,172 |
| TOTAL CURRENT LIABILITIES | 3,352,236 | 3,482,336 |
| NON CURRENT LIABILITIES | | |
| Interest bearing loans and borrowings | 1,000,000 | 1,000,000 |
| Provisions | 6,877 | 6,877 |
| TOTAL NON-CURRENT LIABILITIES | 1,006,877 | 1,006,877 |
| TOTAL LIABILITITES | 4,359,113 | 4,489,213 |
| NET ASSETS | 3,478,541 | 5,573,685 |
| EQUITY | | |
| Issued Capital | 12,849,508 | 14,944,652 |
| Equity Remuneration Reserve | 86,203 | 86,203 |
| Accumulated losses | (9,457,170) | (9,457,170) |
| TOTAL EQUITY | 3,478,541 | 5,573,685 |

4.6 Effects of Rights Issue on control of the Company

If all shareholders take up their entitlements under the Issue then the Issue will have no effect on the control of the Company. Because the Rights Issue is non-renounceable and it cannot be known with certainty which shareholders will take up their rights entitlements the effect on the control of BMDI cannot be determined at this time.

Relevant matters which may determine any such effects are:

- (i) The percentage of issued share capital held by the largest shareholders in the Company
- (ii) The number and identity of large shareholders who take up their rights entitlements
- (iii) The equity holdings associated with directors of the Company and whether the relevant rights entitlements are taken up:
(The following directors have declared equity holdings in the Company):

| | |
|---------------|-----------|
| Tom Mann | 1,500,000 |
| Gary Lewis | 8,302,300 |
| Ian Mitchell | 39,827 |
| Geoff Cumming | Nil |
- (iv) The fact that New Shares issued pursuant to this Rights Issue will comprise 25% of the issued Share Capital of the Company after completion of the issue.
- (v) The number of New Shares taken up or placed by the Underwriter and the person/persons to whom such shares are allotted.

Depending on which shareholders take up their rights entitlements, and the distribution of the shortfall by the Underwriter the ability of certain shareholders to control the Company through their voting rights as shareholders may change.

4.7 Underwriting Agreement

Pursuant to an Underwriting Agreement dated 24 April 2009 between the Company and Patersons Securities Limited ("Underwriter"), the Underwriter has agreed to underwrite all of the Rights Issue pursuant to this Offer. Pursuant to the Underwriting Agreement, the Company will pay the Underwriter, for its role as Underwriter, a Corporate Advisory fee of \$40,000 plus an underwriting fee equal to 5½ % of the amount raised by the Underwriter and 3% of the amount introduced by the Company to the Underwriter by way of sub-underwriting agreements, it is estimated that 50% of the total monies to be raised will be raised by the Underwriter. In addition, the Company must pay, indemnify and keep indemnified the Underwriter for all costs incurred by the Underwriter in connection with the Rights Issue, including legal fees and disbursements and the reasonable costs of travel and accommodation, marketing and communication costs.

The Company has given warranties and covenants to the Underwriter which are usual in an agreement of this nature.

4.8 Termination of Underwriting Agreement

The underwriting agreement provides that the underwriter may terminate the Underwriting Agreement and its obligations thereunder at any time without

cost or liability to the Underwriter upon the occurrence of any one or more of the termination events. The termination events include that:

- (a) the Australian equity capital market conditions and/or ASX trading conditions being such that they are not, in the bona fide judgement of the Underwriter, conducive to the successful completion of the Underwriting or other events beyond the control of the Underwriter are so material and adverse as to make it impracticable or inadvisable to proceed with the proposed rights issue on the terms and in the manner contemplated herein;
- (b) BMDi ordinary fully paid shares finish trading on the ASX on any two consecutive days at a closing price that is less than the issue price of the Rights Issue shares;
- (c) The All Ordinaries Index as published by ASX is for three consecutive trading days after the date of the offer 10% or more below its level as at the close of business on the business day prior to the date of publication of the Offer;
- (d) there is a material adverse effect including any adverse change in the assets, liabilities, financial position or prospects of the Company as disclosed publicly and/or to the Underwriter, other than for the costs incurred by the Company in relation to the proposed Offer;
- (e) there is a false or misleading statement in the material or information supplied to the Underwriter or included in the presentation materials or a material omission in the material supplied to the Underwriter or included in the presentation materials;
- (f) any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, it is impracticable to market the new issue or to enforce any contract to issue and allot the new shares or that the success of the new issue is likely to be adversely affected;
- (g) there is introduced, or there is a public announcement of a proposal to introduce, into the parliament of Australia or any State of Australia, a new law, or the Reserve Bank of Australia or any Federal or State authority of Australia adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Offer), any of which does or is likely to prohibit or regulate financial institutions or credit providers, capital issues or stock markets;
- (h) ASX gives formal or informal notice that the new shares of the Company will not be admitted to trading on the official list of ASX;
- (i) ASX announces that the fully paid ordinary shares in the Company will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from trading;
- (j) default by the Company of any term of the Underwriting Agreement;
- (k) any of the warranties or representations by the Company in this offer or to the Underwriter are or become materially untrue;
- (l) a director or proposed director of the Company is charged with an indictable offence or any director or proposed director of the Company is disqualified from managing a corporation under the Corporations Act;
- (m) ASIC issues, or threatens to issue, a proceeding, hearing or investigation in relation to the Offer;

(n) any government agency (including ASIC) commences any public action, hearing or investigation against the Company or any of its directors in their capacity as a director of the Company or announces that it intends to take such action;

In the event that the Underwriter terminates the Underwriting Agreement, the Underwriter shall be entitled to retain the Corporate Advisory Fee and be reimbursed any incurred or accrued expenses up to the date of termination

4.9 Rights of Directors and their associates and shareholders to nominate as sub-underwriters to the Underwriter

The Directors of the Company and their associates may nominate to the Underwriter those shareholders and others who have indicated to the Directors their desire to become sub-underwriters to the issue. In the event that the Underwriter accepts any such offer to act as a sub-underwriter to the issue (which it is not bound to do) any such sub-underwriter will be entitled to sub-underwriting fees of 2% of the amount so sub-underwritten in the event that any such sub-underwriter(s) subscribe for a part of the shortfall in the issue as prescribed by the Underwriting Agreement.

The Directors consider that there is a possibility that up to 50% of the issue may be the subject of sub-underwriting agreements in the event that there is a shortfall in the issue.

5. RISK FACTORS

5.1 Introduction

Activities of BMDI as in any business, are subject to risks which may impact on its future performance. BMDI has appropriate actions, systems and safeguards for known risks; however some are outside its control. The principal risk factors are described below.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Offer Document before you decide whether to accept the Offer of New Shares.

5.2 General Risks

An investment in BMDI should be considered speculative due to a range of factors. The conduct and management of business operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There can be no assurance that the business objectives of BMDI will be achieved.

The New Shares do not carry any guarantee with respect to market value or the payment of dividends or return of capital. As the holding of Shares involves certain risks, persons in doubt as to the course they should follow should consult their stockbroker, solicitor, accountant or other professional advisor.

The BMDI Board emphasises that the risk factors set out in this Section may not be the only risk factors that could affect the operations of BMDI, its financial position and the value of its securities.

a) Share Price Fluctuations

There are risks associated with any stock market investment. Share prices may rise or fall and the price of shares might trade below or above an issue price. Factors which may affect the market price of shares generally include:

- Movements in Australian and international stock markets;
- Investor sentiment;
- Australian and international economic conditions and outlook;
- Changes in interest rates and the rate of inflation; and
- Changes to government regulation and policies

b) General Economic Conditions

Changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates, oil and labour costs) as well as general trends in the Australian and overseas equity markets may affect BMDI operations and particularly the trading price of the Shares on the ASX.

c) Government Policy and Taxation

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies in Australia, may have an adverse affect on the assets, operations and ultimately the financial performance of BMDI and the market price of the Shares

5.3 Specific Business Risks

An analysis of some of the specific business risks facing BMDI is provided below:

a) Management actions

The Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with management), endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities

b) Additional Funding

The future development of BMDI may require additional funds to be raised. In particular, the future acquisition of further business investments may require substantial additional funding. The timing and amount of the future capital requirements will depend on many factors. There is no guarantee that BMDI will be able to raise the capital required, or that the terms of any future raising will be favourable to existing Shareholders. In the event that BMDI fails to obtain adequate additional funding when needed, BMDI may be forced to delay or eliminate its future development activities, sell existing assets or reduce its operations.

c) Contractual Risks

BMDI must fulfil the terms and conditions of its existing contracts and management agreements. In the event that BMDI fails to perform its obligations or breaches any of the terms and conditions of such agreements, BMDI may suffer loss and expose itself to legal action. Further, under the terms of the various contracts to which BMDI or its subsidiaries are a party, there are certain rights for the other contracting parties to terminate the contracts. The performance of BMDI depends on the ability of BMDI to preserve its contractual arrangements and any failure to do so may have material adverse impact on BMDI operations and its financial position.

d) Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of BMDI is concentrated in a small management team. There

can be no assurances that there will be no detrimental impact on BMDI if one or a number of these executives cease their employment.

e) Management of Growth

BMDI business is expected to grow considerably. No assurance can be given of BMDI ability to manage future growth.

6. DEFINITIONS AND GLOSSARY

Terms and abbreviations used in this Offer Document have the following meanings:

| | |
|--|---|
| Acceptance | An acceptance of Entitlements |
| Acceptance Monies | The Issue Price multiplied by the number of New Shares accepted |
| Applicant | A person who submits an Entitlement and Acceptance form |
| ASX | ASX Limited |
| Board | The board of directors of BMDI |
| Clements | Clements Medical Equipment |
| Closing Date | The date by which valid acceptances must be received by the Share Registry being 19 May 2009 or such other date determined by the Board |
| Company or BMDI | BMDI Tuta Limited (ACN 096 048 912) |
| Corporations Act | Corporations Act 2001 (Cth) |
| Directors or Board | The board of directors of BMDI from time to time |
| Eligible Shareholder | A shareholder of the Company that holds shares in the Company on the Record Date |
| Entitlement and Acceptance Form or Form | An entitlement or acceptance form in the form attached to this Offer Document |
| Entitlements | The entitlement to accept New Shares under this Offer Document |
| EST | Eastern Standard Time |
| Existing Optionholders | The holders of Existing Options |
| Existing Options | All existing options to subscribe for Shares currently on issue as at the date of this Offer Document |
| Issue or Offer | The issue of New Shares in accordance with this Offer Document |
| Issue Price | 3 cents for each New Share for which application is made |
| Listing Rules | The official listing rules of the ASX |
| Offer | The offer to subscribe for New Shares as provided for under the Offer Document |
| Offer Document | This Offer Document dated 27 April 2009 and any electronic copy of this Offer Document |
| Official List | The official list of entities that ASX has admitted and not removed |
| Official Quotation | Quotation on the Official List |
| Opening Date | The date of commencement of Offer in respect of New Shares, (5 May 2009) |
| Option Holders | The holders of the Existing Options |
| Options | Options on issue in BMDI |
| Record Date | 5 May 2009 at 5:00pm (EST) |

| | |
|-----------------------|---|
| Securities | Has the same meaning as in section 92 of the Corporations Act |
| Share Registry | Gould Ralph Pty Ltd |
| Shares | The fully paid ordinary shares on issue in BMDI from time to time |
| Shareholders | The holders of Shares from time to time |
| Shortfall | Those New Shares for which the Entitlement lapses |
| Underwriter | Patersons Securities Limited |

7. CORPORATE DIRECTORY

Directors

Tom Mann (Chairman)
Gary Lewis (Managing Director)
Geoff Cumming (Director)
Ian Mitchell (Director)

Company Secretary

Ian Mitchell

Registered Office

Websters, Solicitors
Level 11, 37 Bligh Street
SYDNEY NSW 2000

Phone: (02) 9233 2688
Fax: (02) 9233 3828

Share Registrar

Gould Ralph Pty Limited
Level 42, 259 George Street
SYDNEY NSW 2000

Phone: +61 2 9032 3000
Fax: +61 2 9032 3088