

5 FEBRUARY 2009

Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

RE: SUPPLEMENTARY STATEMENT TO APPENDIX 4C DATED 30 JANUARY 2009

1. The Company has sufficient cash to fund its activities for two or more quarters of operations.

In reviewing the December result, it should be noted that BMDI TUTA has just come through an intense period of restructure and reorganisation. A strategic review undertaken April – June 2008, confirmed the need for major change across the organisation, including staffing, portfolio, supply chain and quality systems. The actions taken as a result of this review resulted in significant abnormal costs being incurred by the business. The 4C is reflective of these one-off costs, as well as other seasonal

factors impacting on the December quarter. Quantifying the above, we find:

i. Abnormal costs associated with the integration of TUTA Healthcare and subsequent restructure of the business - \$232,772.

ii. Seasonal factors associated with the phasing of marketing, travel and other costs - \$216,250.

Further, there was a lag in the payment of costs associated with the restructure in the September quarter, whereby these costs were paid on approval of the company's overdraft facility, which was subsequently drawn down in the December quarter (\$484,000). This lag exacerbated the December quarter cash position as it reflected two-quarters of costs.

The final factor impacting on cash flows was the inventory-build associated with the closing down of the Company's Australian manufacturing operations on 19 December 2008. An additional \$326,770 in inventory was purchased in the December quarter, above normal operational requirements, to cover the lag in transitioning to new manufacturing partners.

In summary, the December quarter is not reflective of the normalised trading pattern of the business. A number of one-off costs coupled with seasonal factors resulted in an abnormally high level of outflows. As a result of the now-completed restructure, in excess of \$2 million of recurring, annualised costs have been taken out of the business. Further, sales have continued to grow strongly with year-on-year sales, to December 2008, up 460% on prior year. These increased inflows, coupled with a reduction in operational outflows will result in positive operating cash flows in future periods.

2. The Company does not expect it will have negative operating cash flows similar to that reported in the December 2008 Appendix 4C in future periods.

As reported above, the Company has just emerged from a major restructure, which resulted in significant non-recurring abnormal expenses. Further, sales continue to grow strongly while operating costs have been sharply reduced. The company is now operating in a normalised trading pattern and projects to be operating cash flow positive in future periods.

3. The Company's actual revenues for the quarter ended 31 December 2008 were marginally lower than budgeted. Actual expenses were higher than anticipated due to the abnormal expenses associated with the restructure of the business. After excluding these abnormal items, expenses were lower than anticipated and the Company's EBITDA was in line with budgeted levels.

4. Refer to 3. above.

5. The Company confirms that it is in compliance with the ASX Listing Rules and, in particular, ASX Listing Rule 3.1.

6. The Company is of the opinion that it remains in compliance with ASX Listing Rule 12.2.

The Company continues to achieve robust sales growth with sales revenue for the half year to 31 December 2008 up 460% for the same period year-on-year. Further, following an extensive restructure of the business, the Company has reduced operating costs by more than \$2 million per annum. As a result of these two factors, and the absence of abnormal expenses, the Company anticipates positive operating cash flows in future periods.

Yours sincerely,

Ian Mitchell
Company Secretary



3 February 2009

Ian Mitchell
Company Secretary
BMDi TUTA Limited

By email only

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Dear Mr. Mitchell

BMDi TUTA Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 December 2008, released to ASX Limited ("ASX") via a Company Announcement on 30 July 2008 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$2,649,000.
2. Negative net operating cash flows for the quarter of \$965,000.
3. Negative cash position at the end of quarter of \$260,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company will not have sufficient cash to fund its activities for a further 2 quarters. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.

5. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
6. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number (02) 9241 7620 or by email at marta.kielich@asx.com.au. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. A.E.D.T) on Friday, 6 February 2009.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

(sent electronically without signature)

Marta Kielich

Adviser, Issuers (Sydney)