TOWARD A SAFER WAY.

06 August 2009

Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Attention: Sarah Donnelly, Senior Adviser, Issuers (Sydney)

Dear Sarah,

I refer to your letter dated 03 August 2009 and respond to your questions, as follows:

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

   In reviewing the June 2009 Appendix 4C, it should be noted that a number of one-off costs impacted adversely on cash outflows for the quarter, including:

   i. Purchase of the Clements Medical Equipment (Clements) business, including inventory and acquisition costs - $568,000. This expenditure will result in net operating cash inflows in subsequent periods as inventory is sold down and GST recouped. As announced to the ASX on 31 March 2009, the Clements business is forecast to contribute $2 million in sales and $300,000 in EBITDA in the current financial year.

   ii. Abnormal costs associated with restructure of the BMDI TUTA business, including a final round of redundancies and recruitment costs and re-location of the office and warehouse - $192,000. 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 receipts to June 2009 up 175% on prior year. These increased inflows, coupled with a reduction in operational outflows will result in positive operating cash flows in future periods.

   iii. In September 2008, an internal audit of the Company's quality system and supply chain was undertaken, resulting in a shift of the manufacturing base out of Australia and Thailand, into China. A significant proportion of the cost of this move was borne in the June quarter - $334,000. Further, an estimated $450,000 in sales were also lost as a result of the short-term dislocation to the Company's supply chain. Benefits of this move have already started to flow through enhanced cost-competitiveness and increased capacity, both of which will have a positive impact on cash flows in future periods.

   In summary, the June 2009 quarter is not reflective of the normalised trading pattern of the business. The Clements acquisition coupled with a number of one-off costs resulted in an unusually high level of outflows (approximately $1.1m). Adding these back to the reported Net Operating Cash Flows for the quarter, results in a positive net inflow of $403,000 for the quarter.

2. The Company does not expect it will have negative operating cash flows similar to that reported in the June 2009 Appendix 4C in future periods.

   As reported above, a number of significant non-recurring abnormal expenses impacted on operating cash flows in the June quarter. 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 June 2009 quarter were marginally lower than budgeted, as a result of the supply chain disruptions outlined above. Actual expenses were higher than anticipated due to the abnormal expenses associated with the Clements acquisition, the restructure of the business and the shift in the supply chain. 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. BMDI TUTA continues to achieve robust sales growth with revenue for the year to 30 June 2009 up 65% 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 in the absence of significant abnormal expenses, the Company anticipates positive operating cash flows in future periods.

Yours sincerely,

Ian Mitchell
Company Secretary

3 August 2009

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Ian Mitchell
Company Secretary
BMDi TUTA Limited

By email only

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 30 June 2009, released to ASX Limited ("ASX") via a Company Announcement on 31 July 2009 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of $1,704,000.

2. Negative net operating cash flows for the quarter of $691,000.

3. Positive cash position at the end of quarter of $220,000.

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

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 sarah.donnelly@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.S.T) on Thursday, 6 August 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)

Sarah Donnelly

Senior Adviser, Issuers (Sydney)