

Occupational & Medical Innovations Limited



Chairman's Report to Shareholders at Annual General Meeting

30 November 2009

Welcome Shareholders.

My remarks today will overview the 2008-09 year at a general level.

Our Chief Executive Officer Matt Austin will then follow with a presentation covering the Company's 2008-09 operations in more detail.

Firstly, I want to update you on the status of OMI's litigation with RTI.

As you know, RTI commenced fresh legal proceedings against OMI in the US, primarily alleging that OMI's auto-retractable safety syringe infringes RTI's patents. OMI remains of the view that its syringes do not infringe. The case is scheduled for trial in Texas next month, on 14 December.

Regardless of our view on non-infringement, shareholders will appreciate that the outcome of litigation is inherently uncertain. This trial carries significant risks for both OMI and RTI. Court ordered mediation took place in September this year. Settlement was not achieved, however discussions between the parties exploring possible settlement options are continuing. If an opportunity to settle the case arises, on terms that are commercially satisfactory and in the best interests of OMI shareholders, we will consider it.

Turning to the macro environment, 2008-09 was a difficult year for all businesses, and OMI was no exception. While sales growth during the period was pleasing, cost associated with the litigation in the US hampered the company's ability to move towards profitability. Accordingly, OMI needed to improve its working capital position, during a period when both debt and equity were effectively impossible to obtain – on any terms. Shareholders supported the share placement program which closed in August, but more capital was needed to enable the business to continue to go forward, and particularly to fund the ongoing litigation costs.

At the end of September 2009, the Board was confident that there were solutions available to these funding challenges, however the company's auditors did not find sufficient audit quality evidence on these issues to enable them to share this view. Our advice to market released to shareholders through the ASX on 12 October summarized and explained the situation and the resulting suspension of trading in the company's shares.

Today, we are pleased to confirm that litigation funding arrangements and an agreement for injection of other funds into OMI have now been achieved and the company is speaking with its auditors and the ASX regarding readmission of the company's shares to trading at the earliest possible opportunity.

This achievement brings me to my next news. Mr Bruce Kiehne has always advised the Board that he intended to step down as a director, so that he could focus his time, energy and inventive skills in his executive work at OMI, as soon as he felt that the Board structure and the company's future were stable, in good hands, and the opportunity of the future was assured. That time has now arrived, and Bruce has now resigned as a director. Our founder and inventor is now able to devote himself exclusively to the task of ensuring OMI continues to bring new biomedical device technology to market. I want to thank Bruce for his efforts as a director and congratulate him on this decision – I look forward to seeing Bruce's health improve (particularly once the challenge from RTI, which has been ongoing since October 2004, is overcome) and to seeing the stream of new technologies that will surely follow.

Corporate Headquarters: Unit 1/12 Booran Drive
Slacks Creek QLD Australia 4127
Postal Address: PO Box 2150
Logan City DC QLD Australia 4114

Telephone: +61 7 3451 7000
Facsimile: +61 7 3209 4765
email: info@omiltd.com

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As a result of Bruce's retirement from the Board, I would like to introduce you to Mr Mike Brooks. Through his company Chelsea Printing, Mike has injected the further funds necessary to resolve the critical current cash needs of OMI. Mike is an experienced and successful entrepreneur, is already one of OMI's Top 20 shareholders and, by reason of Bruce's retirement and move to focus his skills into the business, Mike has agreed to accept an appointment to the Board immediately following this meeting. Mike – thank you for your continuing support of OMI. I look forward to your joining the Board team and to your contribution to the success of OMI in its journey forward.

Lastly, on the topic of teams, I want to congratulate and thank our CEO, Mr Matt Austin, our COO, Mr Glenn Smith, and all of the loyal and dedicated staff at OMI for their dedication, focus and effort through a challenging year. This contribution has been a vital component of OMI's ability to remain viable and will be the platform for the company's success going forward.

I would also like to take this opportunity to thank my fellow directors for their outstanding efforts during the year and to wish our shareholders the very best for the upcoming festive season. Relax and refresh – we are sure we have a great year ahead in 2010.

I will now hand the meeting over to our CEO, Mr. Matt Austin for a more detailed report on the Company's position.

David Shirley
Chairman

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