

## Appendix 4D Half Year Report to the Australian Stock Exchange

<b>Name of Entity</b>	<b>Occupational &amp; Medical Innovations Limited</b>
<b>ABN</b>	<b>11 091 192 871</b>
<b>Half Year Ended</b>	<b>31 December 2006</b>
<b>Previous Corresponding Reporting Period</b>	<b>31 December 2005</b>

**Results for Announcement to the Market**

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	349,488	24%
Profit / (loss) from ordinary activities after tax attributable to members	(1,128,037)	(43%)
Net profit / (loss) for the period attributable to members	(1,128,037)	(43%)
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Final Dividend	Not applicable	-
Interim Dividend	Not applicable	-
Record date for determining entitlements to the dividends (if any)	Not applicable	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
Revenue from ordinary activities has increased by \$68k attributable mainly to an increase from sales of \$91k and reduction in interest income of \$25k.		
Net loss for period compared to corresponding period reduced by \$860k refer to director's report for significant variations		

**Dividends**

<b>Date the dividend is payable</b>	Not applicable
<b>Record date to determine entitlement to the dividend</b>	
<b>Amount per security</b>	
<b>Total dividend</b>	
<b>Amount per security of foreign sourced dividend or distribution</b>	
<b>Details of any dividend reinvestment plans in operation</b>	
<b>The last date for receipt of an election notice for participation in any dividend reinvestment plans</b>	

**NTA Backing**

	<b>Current Period</b>	<b>Previous corresponding period</b>
<b>Net tangible asset backing per ordinary security</b>	3.39 cents	7.66 cents

**Control Gained Over Entities Having Material Effect**

<b>Name of entity (or group of entities)</b>	Not applicable
<b>Date control gained</b>	
<b>Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired</b>	
<b>Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period</b>	

**Loss of Control Over Entities Having Material Effect**

<b>Name of entity (or group of entities)</b>	Not applicable
<b>Date control lost</b>	
<b>Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control</b>	
<b>Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period</b>	

**Details of Associates and Joint Venture Entities**

<b>Name of Entity</b>	<b>Percentage Held</b>		<b>Share of Net Profit</b>	
	<b>Current Period</b>	<b>Previous Period</b>	<b>Current Period</b>	<b>Previous Period</b>
Not applicable				
<b>Aggregate Share of Net Profits</b>				

**Foreign Entities Accounting Framework**

For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards)
Not applicable

**Audit/Review Status**

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
<b>If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification: Refer to auditor's report on page 16</b>			

**Attachments Forming Part of Appendix 4D**

Attachment #	Details
1	Half Year Financial Report
2	Independent Review Report
3	Auditor's Independence Declaration

**Signed**



**Print Name**

Don Mackenzie  
Company Secretary

**Date**

28 February 2007

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**OCCUPATIONAL & MEDICAL INNOVATIONS LIMITED  
AND ITS CONTROLLED ENTITIES  
ABN 11 091 192 871**

**DIRECTORS' REPORT**

The Directors present their report together with the financial report of Occupational & Medical Innovations Limited ("the Company") and its controlled entities for the half-year ended 31 December 2006 and the independent review report thereon.

**DIRECTORS**

The Directors of the Company during the half-year or since the end of the half-year to the date of this report were:

**Non- executive**

Ian Fraser	Appointed 23 November 2004 (resigned 31 January 2007)
Donald Mackenzie	Appointed 23 November 2004
Mark Rogers	Appointed 23 November 2004 (resigned 9 November 2006)
Alistair Cray	Appointed 18 May 2005 (resigned 17 October 2006)
David Shirley	Appointed 23 November 2006
Terry Skene	Appointed 17 October 2006

**Executive**

Bruce Klehne	Director since 2000
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**RESULTS OF OPERATIONS**

The consolidated loss for the half-year after providing for nil income tax (2005: nil) was \$1,128,037.

**REVIEW OF OPERATIONS**

For the 6 months under review, the consolidated entity recorded a loss of \$1,128,037. Net sales revenue of \$312,036 represented a 42% increase over the sales recorded in the corresponding period. Scalpel sales accounted for 88% of revenue and the balance is represented by syringe sales.

The major expense for the company continued to be staffing costs of \$528,189 however these were lower than the \$636,639 recorded in the corresponding period last year.

Included in the loss for the 6 months was amortisation and depreciation, a non-cash item, totaling \$67,435 (2005: \$558,375). This significant decrease results from the impairment write-down of intangible assets (patents) at 30 June 2006.

During the period under review, working capital was supplemented by \$385,000 with the issue 1,000,000 shares. A further \$1,136,000 was raised in December 2006 from a convertible note issue.

## COMMERCIALISATION OF PRODUCT

By way of update to the Chairman's address to Shareholders at the Annual General Meeting on 23 November 2006, the Directors advise the primary focus remains bringing the company to a position where it is operating cash flow positive by the earliest date reasonably possible.

To that end, while the company still plans to introduce the OMI valve to the Australian market in 2007, current investment in commercialisation activity around the valve has been temporarily scaled back to ensure maximum company resources are focused on commercialisation of the OMI retractable syringe, primarily via entry into the USA market.

Work with potential distribution partners for the USA continues and the Board is satisfied that this strategy remains on track, albeit subject to the observation made on 23 November 2006, namely that the pace of developments on this front is not within OMI's control.

In relation to the OMI scalpel, although sales volumes have increased, OMI is in discussions with its primary manufacturer and distributors aimed at achieving a more significant and predictable increase in profitable sales volumes.

## INTANGIBLE ASSETS

The Directors, to be consistent with their position at 30 June 2006, have adopted a methodology that values the patents on the basis of their fair value. The adoption of this methodology at 30 June 2006 resulted in the intangible assets being written down by \$10.956 million to \$3.8 million.

The reasons for the write down of the intangible assets at that time resulted from the mandatory adoption of International Accounting Standards by all companies which placed a more onerous burden on Directors regarding the valuation of intangible assets. In applying this new accounting standard, Directors have regard at each reporting period whether (or not) there has been any impairment in the value of assets.

While the assessment can be made in several ways, in the case of OMI, as the Company does not have (at present) sufficient cash flow to fully exploit the full value of the intangible assets (patents) and is therefore not able to rely on a valuation methodology that discounts future cash flows from the sale of patented products, it continues to value the patents on the basis of their fair value.

The Directors remain of the view that there has been no impairment in the fair value of the patents and accordingly the value of patents remains at \$3.8 million.

## SUBSEQUENT EVENT

Further working capital was raised through the issue of convertible notes with a value of \$364,000 in February 2007 which brought the total amount raised to \$1,500,000, the amount that the Directors announced at the time of the Annual General Meeting would be the target.

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**LEGAL PROCEEDINGS**

In May 2006, in an ASX announcement, the company reported that a USA based syringe company, Retractable Technologies Inc (RTI) had claimed (among other things) that OMI has "constantly and intentionally interfered with the contractual relationship between RTI and Double Dove" (Double Dove is RTI's Chinese manufacturer). OMI strongly disputes RTI's claim and advises that RTI (via its lawyers) has not produced any evidence in support of its claim despite a request from OMI's lawyers for such information. As previously advised, OMI has commenced legal proceedings in the Australia Federal Court seeking declaratory relief and injunctions restraining RTI from making further unjustified threats. These proceedings are ongoing.

**AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our auditors, PKF, to provide the Directors of Occupational & Medical Innovations Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is attached to the Review Report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



David Shirley  
Chairman

28 February 2007

OCCUPATIONAL & MEDICAL INNOVATIONS LIMITED  
AND ITS CONTROLLED ENTITIES  
ABN 11 091 192 871  
CONDENSED INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Consolidated Entity	
	Note	
	31 Dec 2006	31 Dec 2005
	\$	\$
Revenue	349,488	281,380
Finance costs	(600)	(6,091)
Other expenses	(1,476,925)	(2,263,322)
Loss before income tax expense	<u>(1,128,037)</u>	<u>(1,988,033)</u>
Income tax expense	-	-
Loss for the period	<u>(1,128,037)</u>	<u>(1,988,033)</u>
Basic earnings per share (cents per share)	<u>(3.6)</u>	<u>(5.7)</u>
Diluted earnings per share (cents per share)	<u>(3.5)</u>	<u>(5.7)</u>

*The above Income Statement is to be read in conjunction with the attached notes.*

OCCUPATIONAL & MEDICAL INNOVATIONS LIMITED  
AND ITS CONTROLLED ENTITIES  
ABN 11 091 192 871  
CONDENSED BALANCE SHEET  
AS AT 31 DECEMBER 2006

	Consolidated Entity	
	31 Dec 2006	30 June 2006
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,236,338	1,226,529
Trade and other receivables	81,937	424,039
Other assets	261,825	225,570
<b>TOTAL CURRENT ASSETS</b>	<u>2,580,100</u>	<u>1,876,138</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	288,652	374,099
Intangible assets	3,800,000	3,800,000
<b>TOTAL NON-CURRENT ASSETS</b>	<u>4,088,652</u>	<u>4,174,099</u>
<b>TOTAL ASSETS</b>	<u>6,668,752</u>	<u>6,050,237</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	453,544	128,554
Other financial liabilities	44,065	139,001
Provisions	137,006	118,592
<b>TOTAL CURRENT LIABILITIES</b>	<u>634,615</u>	<u>386,147</u>
<b>NON-CURRENT LIABILITIES</b>		
Other financial liabilities	1,136,000	26,848
Provisions	27,000	24,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>1,163,000</u>	<u>50,848</u>
<b>TOTAL LIABILITIES</b>	<u>1,797,615</u>	<u>436,995</u>
<b>NET ASSETS</b>	<u>4,871,137</u>	<u>5,613,242</u>
<b>EQUITY</b>		
Share capital	34,798,280	34,412,348
Accumulated losses	(29,927,143)	(28,799,106)
<b>TOTAL EQUITY</b>	<u>4,871,137</u>	<u>5,613,242</u>

*The above balance sheet is to be read in conjunction with the attached notes.*

OCCUPATIONAL & MEDICAL INNOVATIONS LIMITED  
AND ITS CONTROLLED ENTITIES  
ABN 11 091 192 871

CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Share Capital	Accumulated Losses	Total
	\$	\$	\$
<b>Balance at 1 July 2005</b>	<b>32,973,508</b>	<b>(14,532,588)</b>	<b>18,440,920</b>
Shares issued during the year	1,438,841	-	1,438,841
Loss for the period	-	(1,988,033)	(1,988,033)
<b>Balance at 31 December 2005</b>	<b>34,412,349</b>	<b>(16,520,621)</b>	<b>17,891,728</b>
<b>Balance at 1 July 2006</b>	<b>34,412,348</b>	<b>(28,799,106)</b>	<b>5,613,242</b>
Shares issued during the period	385,932	-	385,932
Loss for the period	-	(1,128,037)	(1,128,037)
<b>Balance at 31 December 2006</b>	<b>34,798,280</b>	<b>(29,927,143)</b>	<b>4,871,137</b>

*The above Statement of Changes in Equity is to be read in conjunction with the attached notes.*

OCCUPATIONAL & MEDICAL INNOVATIONS LIMITED  
AND ITS CONTROLLED ENTITIES  
ABN 11 091 192 871

CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Consolidated Entity	
	31 Dec 2006	31 Dec 2005
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	486,254	206,080
Payments to suppliers and employees	(1,310,077)	(1,554,456)
Interest received	35,465	60,956
Finance costs paid	(600)	(5,847)
GST recovered	74,547	43,240
Net cash used in operating activities	<u>(714,411)</u>	<u>(1,250,027)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	-	(16,838)
Proceeds from sale of property, plant and equipment	24,069	-
Other	-	(30,643)
Net cash provided by/(used in) investing activities	<u>24,069</u>	<u>(47,481)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	385,932	1,438,841
Proceeds from borrowings	300,000	-
Proceeds from issue of convertible notes	1,136,000	-
Repayment of borrowings	(121,781)	(112,877)
Net cash provided by financing activities	<u>1,700,151</u>	<u>1,325,964</u>
Net increase in cash held	1,009,809	28,456
Cash at beginning of half-year	<u>1,226,529</u>	<u>2,080,603</u>
Cash at end of half-year	<u><u>2,236,338</u></u>	<u><u>2,109,059</u></u>

*The above Statement of Cash Flows is to be read in conjunction with the attached notes.*

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**OCCUPATIONAL & MEDICAL INNOVATIONS LIMITED  
AND ITS CONTROLLED ENTITIES  
ABN 11 091 192 871**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

**NOTE 1: BASIS OF PREPARATION**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by Occupational & Medical Innovations Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Principles of Consolidation**

The consolidated financial statements combine the assets and liabilities of all entities controlled by Occupational & Medical Innovations Limited ("parent entity") as at 31 December 2006 and the results of all controlled entities for the half-year then ended. Occupational & Medical Innovations Limited and its controlled entities are together referred to in the financial report as the Consolidated Entity. The effects of all transactions between entities in the consolidated entity have been eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

**(b) Impairment of assets**

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

Fair value less costs to sell is based on the best information available to reflect the amount that could be obtained at the reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

**(c) Going Concern Basis for Accounting**

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

There is material uncertainty as to whether the Consolidated Entity will continue as a going concern (taking into account the trading history to date as outlined below) -

- The Consolidated Entity has incurred a net loss of \$1.1 million and has accumulated losses of \$29.9 million for the half-year ended 31 December 2006;
- The Consolidated Entity is not forecasting to generate sufficient operating revenue to break even before September 2007.

The Consolidated Entity has raised \$1.5 million through the issue of convertible notes (with attaching options) and, having reasonable expectations that cash flow will be generated from the commercialisation of the patents in the United States of America, the Directors believe that the going concern basis for accounting is appropriate.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

**(d) Intangibles**

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products and technologies) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including the original patent application costs, costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The directors review the carrying value of intangibles to ensure the carrying value does not exceed the recoverable amount and when an impairment in value has arisen, the intangible asset is written down.

Patent renewal costs are written off as an expense as they are incurred.

**(e) Significant accounting estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

*Recoverable amount of Intangible Assets*

The Consolidated Entity determines whether intangibles are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the intangibles are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles are discussed in Note 12 of the Annual Report for the year ended 30 June 2006.

**NOTE 3: INTANGIBLES**

	Consolidated Entity	
	31 Dec 2006	30 June 2006
	\$	\$
Patents	3,800,000	3,800,000

**NOTE 4: CONTINGENT LIABILITIES**

*Mr K Taske*

Mr K Taske, the former Joint Chief Executive, is continuing with litigation against the Company, with trial of the claim scheduled for March 2007. The total value of the amended claim is now \$508,000 plus interest and costs and is on the basis that he was entitled to reasonable notice of termination of his employment on 23 December 2004. Consistently with its legal advice, the Company continues to vigorously defend the action.

*China Medical Group*

The consolidated entity has a manufacturing agreement for the retractable syringe with the China Medical Group (CMG). Should OMI terminate the agreement before its expiry date of 28 October 2008, there is a contingent liability for the unamortised portion of manufacturing equipment acquired by CMG with a cost value of up to \$2.5 million where OMI has given written consent to CMG to purchase this equipment. The directors have no intention of terminating this agreement. The directors are not aware of any written consent given to CMG for equipment purchases.

**NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE**

Other than the matters noted below, there are no matters or circumstances that have arisen since the end of the period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

*Convertible notes*

Further working capital was raised through the issue of convertible notes with a value of \$364,000 in February 2007 which brought the total amount raised to \$1,500,000, the amount that the Directors announced at the Annual General Meeting on 23 November 2006 would be the target.

**OCCUPATIONAL & MEDICAL INNOVATIONS LIMITED  
AND ITS CONTROLLED ENTITIES  
ABN 11 091 192 871**

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Occupational & Medical Innovations Limited:

1. The accompanying financial statements and notes, set out on pages [7 to 14], are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance, as represented by the results of its operations and its cash flows for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
  
2. At the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



David Shirley  
Chairman

28 February, 2007



Chartered Accountants  
& Business Advisers

**OCCUPATIONAL & MEDICAL INNOVATIONS LIMITED  
AND ITS CONTROLLED ENTITIES  
ABN 11 091 192 871**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Occupational & Medical Innovations Limited

We have reviewed the accompanying half-year financial report of Occupational & Medical Innovations Limited, which comprises the Condensed Balance Sheet as at 31 December 2006, and the Condensed Income Statement, Condensed Statement of Changes in Equity and Condensed Cash Flow Statement for the half-year ended on that date, a Summary of Significant Accounting Policies, other selected Explanatory Notes and the Directors' Declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2006 or from time to time during the half year ended on that date.

**Directors' Responsibility for the Half-Year Financial Report**

The Directors of the Occupational & Medical Innovations Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Occupational & Medical Innovations Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Liability limited by a scheme approved under Professional Standards Legislation

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Occupational & Medical Innovations Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, we draw attention to note 2 (c) in the financial report which indicates that the consolidated entity incurred a net loss of \$1,128,037 during the half-year ended 31 December 2006. This condition, along with other matters as set forth in note 2 (c), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore 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.

PKF

PKF  
Chartered Accountants



Wayne Wessels  
Partner

Dated at Brisbane this 28<sup>th</sup> day of February 2007



Chartered Accountants  
& Business Advisers

**OCCUPATIONAL & MEDICAL INNOVATIONS LIMITED  
AND ITS CONTROLLED ENTITIES  
ABN 11 091 192 871**

**AUDITOR'S INDEPENDENCE DECLARATION**

The Directors  
Occupational & Medical Innovations Limited  
PO Box 2150  
Logan City DC QLD 4114

**AUDITOR'S INDEPENDENCE DECLARATION IN ACCORDANCE WITH SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF OCCUPATIONAL & MEDICAL  
INNOVATIONS LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2006 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF  
Chartered Accountants

**Wayne Wessels**  
Partner

Dated at Brisbane this 28<sup>th</sup> day of February 2007

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Liability limited by a scheme approved under Professional Standards Legislation