OMI HOLDINGS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)
AND ITS CONTROLLED ENTITIES
ABN 11 091 192 871

DIRECTOR'S REPORT

The Directors present their report together with the financial report of OMI Holdings Limited (Subject to Deed of Company Arrangement) (formerly Occupational & Medical Innovations Limited) and of its consolidated entities for the year ended 30 June 2010 and the Auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Terry Cuthbertson *Independent Non-Executive Chairperson*
Appointed 26 July 2010

Terry is currently Chairman of Sun Biomedical Limited, Montec International Limited, Austpac Resources N.L., My Net Fone Limited, S2 Net Limited, South American Iron & Steel Corporation Limited and Mint Wireless Limited. He was formerly a partner of KPMG Corporate Finance and New South Wales Partner in charge of Mergers and Acquisitions where he coordinated government privatisation, mergers, acquisitions and divesture activities and public offerings on the ASX for the New South Wales practice. Prior to this Terry was a Director of Tech Pacific Holding Limited, Tech Pacific Limited and Healthzone Limited.

Gary Stewart *Independent Non-Executive*
Appointed 26 July 2010

Garry is currently a Non-Executive Director of Sun Biomedical Limited, company secretary of Mint Wireless Limited and has been Director of public listed companies both in Australia and the United States of America. Gary is also a solicitor of the Supreme Court of New South Wales and practices as a Corporate Lawyer with Churchill Lawyers in Sydney, where he advises and works for a number of public listed companies in Australia.

Michael Doery *Independent Non-Executive*
Appointed 26 July 2010

Michael was most recently Chief Executive Officer and Managing Director of ASX listed Service Stream Limited, Chairman of the Australian Drug Foundation and President of Point Lonsdale Surf Lifesaving Club. His other engagements have included Directorship roles at Bill Express Limited and Star Services International Pty Ltd. Prior to this, Michael has 24 years experience at KPMG, including 14 years as a Partner. His experience includes capital raisings, mergers and acquisitions, risk management, change management, corporate governance and general management.

Michael Brooks
Appointed 30 November 2009

Mike was appointed as a Director of the Company on 30 November 2009. Through an associated company, Chelsea Printing, Mike injected the further funds necessary to relieve the then critical current cash needs of OMI. Mike is an experienced and successful entrepreneur, and prior to a proposed capital raising by the Company, is one of OMI's top ten shareholders. Mike controls Chelsea Medical Pty Ltd, a company engaged by OMI to assist in the process of commercialising OMI SharpsafeTM .

David Shirley, Chairperson *Independent Non-Executive Chairperson*
Removed as Director 26 July 2010

Mr. David Shirley, who was appointed a Director on 23 November 2006, assumed the role of Non-Executive Chairman on 22 January 2007. David had a successful career providing strategic, business planning and governance advice in executive management positions with Microsoft Business Solutions and Navision. He was a non-executive board and audit committee member with Steel Foundations Limited from April 2006 to December 2008, and was a non-executive board and audit committee member with GBST Holdings Limited from April 2005 to April 2008. David also serves as an advisory board member for a number of privately owned companies and was a partner with Gadens Lawyers. David is a member of OMI's Audit & Risk Management Committee.

DIRECTORS (continued)

Bruce Kiehne *Executive Director – Research & Development*
Resigned 30 November 2009

Bruce Kiehne has been a Director since OMI listed on the ASX in 2000. He has a business background in the heavy machinery and vehicle maintenance industry. In 1989, Bruce was commissioned to design and construct a Brisbane manufacturing plant to produce automotive products, including the design of tooling and equipment used for product manufacture. Since OMI's listing, Bruce has been involved in the design and development of products for the medical and workplace industries with OMI and as founder and inventor led OMI's Research and Development team.

Donald Mackenzie *Independent Non-Executive Chairperson and Company Secretary*
Resigned 26 July 2010

Don was appointed as Director and Company Secretary in November 2004. Don is a Chartered Accountant and has held senior positions with public companies involved in the rural and manufacturing industries. In 1993 he began providing corporate services predominantly to public companies involved in the manufacturing, rural, mining and information technology sectors. Don is the Chairperson of OMI's Audit & Risk Management Committee. Mr Mackenzie is a Director of Forest Place Group Limited (appointed March 2004), and an alternate Director of Silver Chef Limited (appointed March 2005).

Terry Skene *Independent Non-Executive Director*
Resigned 30 December 2009

Terry Skene was appointed a Director in October 2006. Terry has been instrumental in the start up and strategic planning of a number of successful enterprises and specializes in commercialization of products to market. He is currently the Managing Director of Kingston Park Raceway which since its creation in 1997 has received 9 Business and Management awards including Telstra Business and Queensland Tourism Awards. Terry is past President of the Logan Chamber of commerce (2000 to 2003) and is a non executive Director of Jacaranda Finance. In 2005 Terry was accepted as a Fellow of the Australian Institute of Company Directors.

Elaine Brooks
Appointed 30 November 2009, Resigned 26 July 2010

Elaine was appointed on 30 December 2009. Elaine has a beneficial interest in Chelsea Medical Pty Ltd, one of OMI's top ten shareholders. Chelsea Medical Pty Ltd is to be engaged by OMI to assist in the process of commercialising OMI SharpsafeTM.

COMPANY SECRETARY

David Woodford
Appointed 26 July 2010

David is a Commercial Lawyer with TressCox Lawyers and advises a number of ASX listed companies in relation to various aspects of commercial law, company meeting practice, corporate governance procedures, fundraising and fundraising documentation, ASX Listing Rules and mergers and acquisitions.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the company during the financial year are:

Director	Board Meetings		Audit and Risk Management Meetings	
	A	B	A	B
David Shirley	12	12	1	1
Terry Skene	11	11	-	-
Donald Mackenzie	12	12	1	1
Bruce Kiehne	7	7	-	-
Michael Brooks	4	4	-	-
Elaine Brooks	1	1	-	-

A – Number of meetings attended
B – Number of meetings held during the time the Director held office during the year

There is no Remuneration and Nominations Committee and the whole Board considers all matters relating to remuneration and Board nomination.

DIRECTORS' AND EXECUTIVES' SHAREHOLDINGS

Movements during the reporting period and to date in the number of shares of the Company held directly or indirectly or beneficially by each Director and key executive are as follows:

	Held at 30 June 2009	Exercise of options /conversion of notes	Net purchased/ (sold)	Other (note 1)	Held at 30 June 2010
Directors					
B Kiehne	4,245,073	-	-	(4,245,073)	-
D Shirley	-	-	-	-	-
T Skene	761,986	-	-	(761,986)	-
D Mackenzie	-	-	-	-	-
Michael Brooks (note 2)	-	-	700,000	-	700,000
Elaine Brooks (note 2)	-	-	700,000	-	700,000
Executives					
M Austin	166,667	-	-	(166,667)	-

Notes
1. Other change on resignation as director/executive.
2. Beneficially held as Directors in Chelsea Printing Pty Ltd.

DIRECTORS' AND EXECUTIVES' OPTION HOLDINGS

Movements during the reporting period in the number of options of the Company held directly or indirectly or beneficially by each Director and key executive are as follows:

	Held at 30 June 2009	Issued	Lapsed	Held at 30 June 2010
Directors				
B Kiehne	-	-	-	-
D Shirley	-	-	-	-
T Skene	714,286	-	(714,286)	-
D Mackenzie	-	-	-	-
Michael Brooks	-	-	-	-
Elaine Brooks	-	-	-	-
Executives				
M Austin	333,334	-	(333,334)	-

DIVIDENDS

There has been no dividend paid or recommended during or since the financial year.

OPERATIONS AND PRINCIPAL ACTIVITIES

The principal operations and activities of the Consolidated Entity during the year were the development and marketing of safety engineered medical devices used in the medical industry.

EMPLOYEES

The Consolidated Entity employed nil employees as at 30 June 2010 (2009: 8).

RESULTS OF OPERATIONS

For the year ended 30 June 2010, the consolidated entity incurred a loss of $707,169 (2009: $4,499,283), had net cash outflows from operating activities of $1,534,806 (2009: $1,785,187) and has net assets of nil (2009: net assets $98,369).

Included in the loss was impairment of impairment of receivables totaling $645,991 and impairment of patents totaling $2,548,578 and a gain on the transfer of operations to Creditor Trust of $6,284,833.

REVIEW OF OPERATIONS

Background

Since the mid to late 1990's, the US based Retractable Technologies Inc ("RTI") has been designing, making and selling auto-retractable syringes, primarily in the US.

In October 2004 and again in March 2006 RTI wrote to OMI making various threats by virtue of which, in essence, RTI challenged OMI's right to market the OMI Auto-Retractable Safety Syringe.

OMI defended itself against this attack on the quality and value of its syringe IP by commencing action against RTI in the Federal Court of Australia seeking, in essence, to clarify its IP rights.

In August 2007, the Federal Court of Australia ruled the RTI's threats were unjustified and, following a separate hearing on 1 April 2008, by its judgement in July 2008 the Federal Court of Australia made a declaration that the OMI Auto-Retractable Safety Syringe device (AU Pat. No. 775427) did not infringe RTI's patent (AU Pat. No. 701878).

RTI did not appeal against this judgement – in fact RTI did not even wait to see what the decision of the Federal Court of Australia was going to be.

REVIEW OF OPERATIONS (continued)

Instead, on 1 April 2008 (the same day that the issue of non-infringement was being argued in the Federal Court of Australia) RTI again sought to attack OMI's ability to market its Auto-Retractable Safety Syringe, by commencing a new separate court action in the US against OMI, primarily claiming that OMI's Auto-Retractable Safety Syringe (which was being sold in the US, RTI's major market, by that time) infringed RTI's United States Patent No. 6,572,584 B1 (granted 3 June 2003) ("the '584 patent") and United States Patent No. 7,351,224 B1 (granted I April 2008) ("the '224 patent").

RTI's '584 patent and '224 patent embody central claims equivalent to RTI's AU Pat. No. 701878 and OMI has US patent protection for its Auto-Retractable Safety Syringe covered by AU Pat. No. 775427 however, notwithstanding the Australian Federal Court non-infringement judgement in July 2008, RTI continued with its new US court action.

Specifically, in the new US court proceedings, RTI made the following claims against OMI:

1. That OMI's Auto-Retractable Safety Syringe infringed 8 claims in RTI's '584 patent;
2. That these infringements were totally without justification, wilful, intentional and in deliberate disregard of RTI's rights under the '584 patent;
3. That OMI's Auto-Retractable Safety Syringe infringed 24 claims in RTI's '224 patent;
4. That these infringements were totally without justification, wilful, intentional and in deliberate disregard of RTI's rights under the '224 patent;
5. That OMI misappropriated RTI's trade secrets;
6. That OMI misappropriated RTI's confidential information;
7. That OMI converted RTI's confidential information;
8. That OMI intentionally interfered with RTI's contractual relations with the Chinese manufacturer of its syringes; and
9. That OMI was engaged in unfair competition, wrongful disparagement and false advertising.

In response, OMI denied all patent infringement claims, all non-patent claims, and claimed against RTI that its '584 and '224 patents were invalid.

Court ordered mediation facilitated by an expert independent mediator, to explore the possibility of settlement of the matter, took place in Tyler (Texas) in September 2009 and again, following further communications between RTI and OMI's representatives, in Dallas (Texas) during the first week of December 2009.

The parties were unable to agree mutually acceptable terms upon which RTI's claims against OMI could be resolved.

US Court Case

The US court case brought by Retractable Technologies Inc ("RTI") against OMI came on for trial before a Judge and jury in the US District Court for the Eastern District of Texas on 14 December 2009.

RTI was claiming against OMI that:

1. OMI had misappropriated certain information (alleged to be trade secret) from RTI; and
2. OMI's current Auto-Retractable Safety Syringe product infringed 7 claims under RTI's United States Patent No. 6,572,584 B1 (granted 3 June 2003) ("the '584 patent").

OMI defended the matter on the basis that:

1. OMI denied the claim of misappropriation of trade secret information; and
2. OMI denied all 7 claimed infringements of the '584 patent.

REVIEW OF OPERATIONS (continued)

Additionally to its defence, OMI made the following claims against RTI:

1. That RTI was barred from claiming misappropriation of trade secrets for a number of reasons;
2. That RTI's '584 patent was unenforceable due to its having been granted by the US Patent's Office by reason of inequitable conduct; and
3. That, in any case, RTI's '584 patent was invalid for a number of reasons.

After 4 days of evidence from both sides, closing arguments were made on Friday 18 December 2009, following which the jury retired to consider its verdict.

The jury verdict was delivered to the Court and the parties later that day. The jury decided as follows:

1. That RTI was not statute barred from claiming misappropriation of trade secrets;
2. That OMI had misappropriated certain trade secret information from RTI;
3. That OMI should pay damages to RTI in the sum of USD$2,240,640 on account of that misappropriation;
4. That RTI's '584 patent was valid and enforceable;
5. That OMI's current Auto-Retractable Safety Syringe product infringed all the asserted claims under RTI's '584 patent; and
6. That OMI should pay damages to RTI in the sum of USD$1,571,103 on account of that infringement.

Working Capital and Funding

On 1 October 2009, trading in OMI shares was suspended following failure to lodge Full Year Accounts for the period ending 30 June 2009 in accordance with ASX listing rules.

OMI's Full Year Accounts for the period had been prepared on a "going concern" basis. On 30 September 2009 and, following discussions between the company and its Auditors, again on 7 October 2009, OMI's Board formed the view that there were sufficient reasons to enable the Board to reasonably resolve that the company remained a going concern. The Board therefore accepted OMI's Full Year Accounts as properly prepared on that basis.

The Full Year Accounts and OMI's Annual Report were subsequently filed on 7 October 2009 and released to the market on 8 October 2009. The ASX decided that it was not appropriate to re-admit OMI shares to trading given the adverse audit opinion regarding the Full Year Accounts.

This audit opinion resulted from the auditors deciding there was "insufficient appropriate audit evidence" to support the Board's decision to accept that the Full Year Accounts be prepared on a "going concern" basis.

Specifically, both the Board and the auditors noted that the company's ability to continue as a going concern in the near term was significantly dependent upon its ability to obtain further working capital and to attract funding support for its current US litigation.

On 30 November 2009, OMI confirmed that agreement for injection of other funds into OMI and litigation funding arrangements had been achieved and that OMI would speak with its auditors and the ASX regarding re-admission of the company's shares to trading.

OMI entered into loan agreements with Chelsea Printing (a company associated with Board member Mr Mike Brooks) and with other parties who are existing shareholders of OMI.

Chelsea Printing advanced approximately $1,283,000 to OMI. OMI granted security to Chelsea Printing in relation this loan.

Other existing shareholders also advanced funds totaling $115,000 to OMI.

OMI obtained litigation funding support from its US lawyers, Howrey LLP. in relation to accounts for fees and expenses already rendered but not yet paid and in relation to accounts for fees and expenses to be rendered going forward in the litigation.

REVIEW OF OPERATIONS (Continued)

Appointment of Administrators

On 31 December 2009, David Stimpson and Terrence Rose of SV Partners were appointed as joint and several voluntary administrators of OMI by resolution of the board.

The Administrators issued a letter to shareholders dated 25 January 2010 indicating that the Consolidated Entity had an estimated deficiency of assets of approximately $9.5m at that time.

At the Second Creditors' Meeting the Deed Creditors resolved that the Company execute a deed of company arrangement and enter into a creditor's trust deed to enable the Company to be recapitalised and relisted on the ASX.

On 6 May 2010, the Company and the Deed Administrators executed the Creditors' Trust Deed. The Deed Administrators are the Trustees of the OMI Creditors' Trust created under the Creditors' Trust Deed.

The Deed Creditors have agreed that the Company is released and completely discharged from all claims and all claims are extinguished from when the Creditors' Trust Deed becomes operative.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company changed its name from Occupational & Medical Innovations Limited to OMI Holdings Limited on 26 July 2010.

On 31 December 2009, David Stimpson and Terrence Rose of SV Partners were appointed as joint and several voluntary administrators of OMI by resolution of the board.

On 6 May 2010, the Company and the Deed Administrators executed the Creditors' Trust Deed. The Deed Administrators are the Trustees of the OMI Creditors' Trust created under the Creditors' Trust Deed.

The Deed Creditors have agreed that the Company is released and completely discharged from all claims and all claims are extinguished from when the Creditors' Trust Deed becomes operative.

FUTURE DEVELOPMENTS, BUSINESS STRATEGIES AND PROSPECTS

Refer to the Review of Operations section of this report for details.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Consolidated Entity's operations are not subject to significant Governmental environmental regulations.

EVENTS SUBSEQUENT TO REPORTING DATE

On 31 December 2009, David Stimpson and Terrence Rose of SV Partners were appointed as joint and several voluntary administrators of OMI Holdings Limited by resolution of the board.

At the second meeting of creditors, the Deed Creditors resolved that the Company execute a Deed of Company Arrangement and enter into a creditor's trust deed to enable the Company to be recapitalised and relisted on the ASX. On 6 May 2010, the Directors of Sun Biomedical Limited (ASX Code: SBN) announced that it proposed to make an investment in OMI Holdings Limited. SBN signed a Deed of Company Arrangement (DOCA) with OMI with a view to participating in the recapitalisation of OMI. The Deed of Company Arrangement was executed on 6 May 2010.

The Deed Administrators are the Trustees of the Creditors' Trust created under the Creditors' Trust Deed. The Deed Creditors have agreed that the Company be released and completely discharged from all claims and all claims are extinguished from when the Creditors' Trust Deed becomes operative. Under the DOCA, the Deed Administrators are to be advanced $130,000 (of which $15,000 has been advanced by SBN), for contribution to the Creditors Trust to settle outstanding claims made by creditors of the Company upon completion of a proposed capital raising to raise up to $1.8 million.

EVENTS SUBSEQUENT TO REPORTING DATE (continued)

At a meeting of Shareholders held on 26 July 2010, Shareholders approved the following:

- recapitalisation of the Company (including consolidation of the Company's issued securities on a one for five basis and undertaking two capital raisings in total of $1,800,000, plus a facility to receive oversubscriptions of up to an additional $750,000. Refer below for details of recapitalisation;
- change of the Company's name to OMI Holdings Limited;
- appointment of new Directors, Mr Terry Cuthbertson, Mr Gary Stewart and Mr Michael Doery as nominees of Sun Biomedical Limited; and
- Mr David Shirley was removed as a Director of the Company.

In addition, Mrs Elaine Brooks and Mr Donald Mackenzie resigned as directors as of 26 July 2010.

Proposed Recapitalisation

1. Proposed Capital Structure

The following table sets out the proposed capital structure of the Company prior to and following the completion of the Proposal:

	Shares	Options
Pre-consolidation	45,752,493	-
Post 1:5 share consolidation (actual)	9,150,628	-
Tranche 1 Placement	60,000,000	60,000,000
Tranche 2 Placement [1]	330,000,000	-
Total	**399,150,628**	**60,000,000**

[1] The Tranche 2 Placement calculations assume that the Tranche 2 Placement is fully subscribed but there are no oversubscriptions. Oversubscriptions of a further 150,000,000 Shares to raise an additional $750,000 may be accepted under the Tranche 2 Placement resulting in additional Shares being issued.

2. Use of Funds

The Company's present plans are based on the best information available to the Company at this time. Shareholders should note that the proposed use of funds may alter depending on the emerging circumstances, opportunities and results that affect the Company. If under the Proposal the full amount of $1,800,000 is raised (assuming the placements are fully subscribed but not over-subscribed), the Company intends to use the funds raised as follows:

	Year 1	Year 2	Total
Funds raised from Proposal	1,800,000	-	1,800,000
Payments to Creditors Trust	(130,000)	-	(130,000)
Costs of reconstruction	(115,000)	-	(115,000)
Costs of new issue	(208,000)	-	(208,000)
Development of existing projects	(162,000)	(150,000)	(312,000)
Review and evaluation of new projects	(200,000)	(200,000)	(400,000)
Working capital	(335,000)	(300,000)	(635,000)
	650,000	**(650,000)**	-

EVENTS SUBSEQUENT TO REPORTING DATE (continued)

3. Pro-forma Balance Sheet

The assets of the Company have been written down to nil as a result of the external administration event. The pro-forma Balance sheet below reflects the impact of the DOCA, the capital raising, including repayment of the Sun Biomedical loan funds and the costs of the capital raising.

	Pro-Forma $
CURRENT ASSETS	
Cash and cash equivalents	1,357,000
TOTAL CURRENT ASSETS	1,357,000
TOTAL ASSETS	1,357,000
TOTAL LIABILITIES	-
NET ASSETS/(LIABILITIES)	1,357,000
EQUITY	
Share capital	40,486,903
Accumulated losses	(39,129,903)
TOTAL EQUITY	1,357,000

The Company will be making an application to ASX to enable the suspension of its securities to be removed upon lodgement of its outstanding financial reports.

Other than the above or elsewhere stated in this report, there has not been any matter of circumstance that has arisen since the end of the year, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the Company in future financial years.

AUDITOR INDEPENDENCE

The Auditor's independence declaration under Section 307C of the Corporations Act 2001 is included in this financial report on page 11.

SHARE OPTIONS

No share options were issued during the year. There were no share options outstanding at the end of the year.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Consolidated Entity has not, during the financial year, in respect of any person who is or has been an officer or auditor of the Consolidated Entity or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

During the financial year, the Consolidated Entity paid insurance premiums of $14,960 (exclusive of statutory charges) to insure the Directors and officers of the consolidated entity for costs and expenses which may be incurred in defending civil or criminal proceedings that may be brought against the Directors and officers in their capacity as Directors and officers of entities in the group.

NON-AUDIT SERVICES

During the year, PKF Chartered Accountants East Coast Practice, the Company's Auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the Auditor and is satisfied that the provision of those non-audit services during the year by the Auditor is compatible with, and did not compromise, the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the Auditor;
- the non-audit services do not undermine the general principles relating to auditor independence;
- as set out in APES110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the Auditor's own work, acting in management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The following amounts were paid or are payable by the Consolidated Entity for non-audit services provided during the year:

	2010 $	2009 $
Non audit services		
Tax compliance services	7,000*	6,596

* Amount was transferred into the Creditor Trust

Signed by the Deed Administrators.

David Michael Stimpson & Terrence John Rose
Joint & Several Deed Administrators
6th September 2010

PKF

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of OMI Holdings Limited (Subject to Deed of Company Arrangement) for the year ended 30 June 2010, I declare that to the best of my knowledge and belief there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of OMI Holdings Limited (Subject to Deed of Company Arrangement) and the entities it controlled during the year.

KColyer

Kim Colyer
Partner

Dated at Brisbane this 7th day of September, 2010.

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REMUNERATION REPORT

Directors' and executive officers' (key management personnel) emoluments

Remuneration levels for Directors and executives are determined as part of an annual performance review, having regard to market factors, a performance evaluation process and independent remuneration advice. Remuneration packages comprise only a fixed salary component. The remuneration structures in place are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account the following:

- The capability and experience of the Directors and executives; and
- The Directors and executives ability to control the financial performance of the Company's operations.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT payable related to employee benefits), as well as employer contributions to superannuation funds. In addition, external consultants provide analysis, and when requested, advice to ensure the Directors' and senior executives' remuneration is competitive in the market place.

Service agreements

Executives have service agreements that are capable of termination within three months. In the event of termination or resignation, employees are entitled to their statutory entitlements to annual leave and long service leave, if applicable. There are no service agreements with any of the Directors.

Non-executive Directors

Total aggregate remuneration for all non-executive Directors approved by shareholders at an annual general meeting totalled $500,000 (plus statutory superannuation). Director fees to non-executive Directors currently total $170,040 which is inclusive of superannuation, where applicable, at the current rate of 9%.

Directors' fees cover all main Board activities. Directors who perform additional duties (e.g. extended business related travel overseas, special projects relating to preparation of half year and annual reports) over and above that of normal Director's duties are remunerated on commercial terms and conditions. At the Board's request and with its approval, Mr. Shirley has assumed certain management responsibilities associated with litigation involving the Company and other Company matters. Details of the nature and amount of each major element of remuneration for each Director of the Consolidated Entity and each of the most highly remunerated officers are as follows:

Details of remuneration

Total remuneration paid or payable to the Directors for the year ended 30 June 2010 is set out below:

	Short-term benefits			*Post employment benefits*	*Share based payments*	
Director	**Director's Fee**	**Salary/ Other**	**Non-cash benefits**	**Superannuation**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Non Executives						
D Shirley	45,417*	101,540[(a)]	-	-	-	146,957
T Skene	21,500**	-	-	1,935	-	23,435
D Mackenzie	21,500**	13,000[(b)]	-	1,935	-	36,435
M Brooks	-	-	-	-	-	-
E Brooks	-	-	-	-	-	-
Sub Total	88,417	114,540	-	3,870	-	206,827
Executives						
B Kiehne [(c)]	17,917**	75,005	1,500	6,750	-	101,172
Total	106,334	189,545	1,500	10,620	-	307,999

REMUNERATION REPORT

* Directors fees for December 2009 remain unpaid.

** July 2009 and August 2009 directors fees were paid. Amounts expensed from September 2009 to December 2009 remain unpaid.

a) Managerial and other services provided by Mr. D Shirley totaling $101,540 ($11,700 unpaid)
b) Secretarial and other services provided by Mr. D Mackenzie totaling $13,000 ($13,000 unpaid)
c) Includes amounts unpaid that were transferred to the Creditor Trust.

Total remuneration of Directors for the year ended 30 June 2009 is set out below:

	Short-term benefits			*Post employment benefits*	*Share based payments*	
Director	**Director's Fee**	**Salary/ Other**	**Non-cash benefits**	**Superannuation**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Non Executives						
D Shirley (a)	76,300	24,000	-	-	-	100,300
T Skene	44,290	-	-	2,580	-	46,870
D Mackenzie (b)	43,000	13,000	-	3,870	-	59,870
Sub Total	163,590	37,000	-	6,450	-	207,040
Executives						
B Kiehne	31,917	159,079	26,740	16,373	-	234,109
Total	195,507	196,079	26,740	22,823	-	441,149

Included in salary/other are payments made to Directors:

a) Managerial and other services provided by Mr. D Shirley totaling $24,000
b) Secretarial and other services provided by Mr. D Mackenzie totaling $13,000

Total remuneration paid or payable to key executives for the year ended 30 June 2010 is set out below:

	Short-term benefits		*Post employment benefits*	*Share based payments*	
Key Executive	**Salary**	**Non-Cash Benefits**	**Superannuation**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**
M Austin – Chief Executive Officer	106,157	3,470	3,343	-	115,970
Total	106,157	3,470	3,343	-	115,970

The percentage of M Austin's remuneration comprising share based payments was nil.

Total remuneration of the key executives for the year ended 30 June 2009.

	Short-term benefits		*Post employment benefits*	*Share based payments*	
Key Executive	**Salary**	**Non-Cash Benefits**	**Superannuation**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**
M Austin	219,584	8,738	12,686	-	241,008
Total	219,584	8,738	12,686	-	241,008

The remuneration disclosures for the year ended 30 June 2010 contained in this report are based on available company remuneration records which may not be complete or accurate.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to operating the Company's business ethically and in a manner consistent with high standards of corporate governance.

Revised Principles

In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations: 2nd Edition (Revised Principles) (*the Principles*), the Corporate Governance Statement must contain specific information and also report on the Company's adoption of the Council's best practice recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted by the Company and why. The Company's corporate governance principles and policies are therefore structured with reference to the Principles, which are as follows:

1: Lay solid foundations for management and oversight.
2: Structure the board to add value.
3: Promote ethical and responsible decision making.
4: Safeguard integrity in financial reporting.
5: Make timely and balanced disclosure.
6: Respect the rights of shareholders.
7: Recognise and manage risk.
8: Remunerate fairly and responsibly.

2010 Financial Year

On 1 October 2009, the Company was suspended from ASX for failing to lodge its full year accounts for the period ended 30 June 2009 in accordance with the ASX Listing Rules. The Company lodged its 30 June 2009 annual report on 8 October 2009 but was not reinstated to quotation. From suspension until the date of this statement there were a number of changes to the Company's Board which are discussed in this statement.

On 31 December 2009, the Company appointed Terrance John Rose and David Michael Stimpson as Joint Deed Administrators to assume control of the business, property and affairs of the Company. Subsequently on 6 January 2010 the Company's wholly owned subsidiaries, OMI Manufacturing Pty Ltd and OMI Research Pty Ltd, were placed into liquidation.

On 6 May 2010, the Company, Sun Biomedical Limited (ASX Code: SBN) (*Sun Biomedical*) and the Deed Administrators entered into a Deed of Company Arrangement (*DOCA*). The full terms of the DOCA were released to ASX on 8 June 2010. The DOCA proposes the restructure and recapitalisation of the Company with a view to reinstating the Company's Shares to official quotation on the ASX (*Proposal*).

The Proposal was approved by shareholders on 26 July 2010 and involved the following:

(a) the Consolidation of the Company's issued securities on a one for five basis, following which the Company will have approximately 9,057 394 Shares on issue;

(b) the Company undertaking a capital raising (which is currently proposed to occur in August and September 2010);

(c) the appointment of new Directors nominated by Sun Biomedical, being Mr Terry Cuthbertson, Mr Gary Stewart and Mr Michael Doery, and the removal of Mr David Shirley as a Director; and

(d) the change of the Company's name to 'OMI Holdings Limited (Subject to Deed of Company Arrangement)'.

As a result of the above, since 1 July 2009 the Company has undergone a number of changes to its operations, Board structure and application of the Company's corporate governance policies which are discussed in this statement. A number of the Recommendations under the Principles recommend that certain governance documents should be made publicly available, ideally by posting such information of the company's website. As the Company currently does not have a website, all corporate governance principles and policies regarding the Company as required by the Principles are set out in this statement.

CORPORATE GOVERNANCE STATEMENT

Principle 1: Lay solid foundations for management and oversight

Changes to Board members

Since 1 July 2009 there have been the following changes to the Company's Board:

- on 30 November 2009:
    - Mr Bruce Kiehne resigned as a Director; and
    - Mr Michael Brooks was appointed as a Non-Executive Director;
- on 30 December 2009:
    - Mr Terence Skene resigned as a Director; and
    - Mrs Elaine Brooks was appointed as a Non-Executive Director;
- on 26 July 2010:
    - Mr Terry Cuthbertson, Mr Gary Stewart and Mr Michael Doery were appointed as Directors;
    - Mr Donald MacKenzie and Mrs Elaine Brooks resigned as Directors; and
    - Mr David Shirley was removed as a Director.

Roles and responsibilities of the Board and Management

The Board has adopted a formal Board charter which outlines the main corporate governance practices in place for the Company and to which both the Board and each Director are committed. The conduct of the Board is also governed by the Constitution, and where there is inconsistency with that document, the Constitution prevails to the extent of the inconsistency.

The Board has an overriding responsibility to act honestly, conscientiously and fairly, in accordance with the law, in the interests of shareholders (with a view to building sustainable value for them); employees of the Group; and other people or entities with whom the Group deals.

The Board's broad function is to chart strategy and set financial targets for the Group; monitor the implementation and execution of strategy and performance against financial targets; and appoint and oversee the performance of executive management, and generally to take an effective leadership role in relation to the Group.

Each Director is aware of both actual and potential conflicts of interest and observes that the law requires that a Director with a conflict of interest should refrain from voting, or entering into any discussion, at, or even being present during relevant Board discussions. A Director who has any material personal interest in a matter must not be present at a meeting while the matter is being considered and must not vote on the matter. A personal interest may be either direct or indirect and either pecuniary or otherwise. Papers relevant to any matter on which there is a known conflict of interest, or in relation to which there is a material personal interest, will not be provided to any Director concerned.

Guide to Reporting on Principle 1

In accordance with the 'Guide to Reporting on Principle 1', the Company provides the following information:

(a) as at the date of this statement, the Company is of the view that it has complied with Recommendation 1.1; and

(b) the Company did not undertake a performance evaluation for its executives and Directors during the financial year in accordance with the process set out in Recommendation 1.2. As a consequence of the level of the Company's operations and the Company being placed into voluntary administration during the financial year, the Company did not undertake a formal evaluation of the performance of the Board, individual Directors and key executives.

Principle 2: Structure the Board to add value

Board composition – independence, experience and expertise

During the 2010 financial year, while the policy of the Company is that the majority of the Board should be independent Directors, due to the scale of operations and only a four member Board, there was not at all times a majority of independent Directors.

During the 2010 financial year, the independent Non-Executive Chairman, Mr David Shirley, was responsible for leadership of the Board and for the efficient organisation and conduct of the Board. He facilitated the contribution by all Directors and promoted constructive and respectful relations between Directors, and between the Board and the Senior Executives.

The current Chairman, Mr Terry Cuthbertson, is considered by the Board to be an independent Non-Executive Director. From his appointment on 26 July 2010, he will be responsible for those duties set out above. Mr Cuthbertson is also Chairman of Sun Biomedical (who is a party to the DOCA) that has, as at the date of this statement, paid or accrued $130,000 on behalf of the Company, but does not currently have a shareholding in the Company. The Board will assess Mr Cuthbertson independence should Sun Biomedical's loan funds or shareholding in the Company increase.

The Board has other responsibilities imposed by law. These include responsibility for the composition of the Board including appointment and retirement or removal of Directors; oversight of the Group including control and accountability systems; appointing and removing the Chief Executive Officer or equivalent; where appropriate, ratifying the appointment and the removal of Senior Executives; reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance; monitoring Senior Executive's implementation of strategy, and ensuring appropriate resources are available; approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and sales; approving and monitoring financial and other reporting; performance of investment and treasury functions; monitoring industry developments relevant to the Group and its business; developing suitable key indicators of financial performance for the Group and its business; having input in and granting final approval of corporate strategy and performance objectives developed by management; the overall corporate governance of the Group including its strategic direction and goals for management, and monitoring the achievement of these goals; and oversight of Committees.

Access to information and Independent Professional Advice

Each Director may seek independent legal or other professional advice at the Company's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

Committees of the Board

The Board has the authority to establish and delegate powers to committees to assist the Board on audit matters, finance and business risks, remuneration, and nominations, and to establish a framework for the effective and efficient management of the Company and the Group.

During the 2010 financial year, the only Board committee established was that for Audit & Risk Management and in respect of other committees, the Board as a whole attended to the usual functions of such committees. Given the size and operations of the Company it has been determined that issues falling ordinarily within the scope of a Nominations Committee are considered by the full Board and there is no Nominations Committee. The Company has however, established charter rules for the Nominations Committee as a guide for the Board in its deliberations, and in the event that a Committee is established at some time in the future if and when considered appropriate by the Board.

On 26 July 2010 the Board resolved to establish an Audit, Risk and Remuneration (*ARR*) Committee to assist the Board on audit matters, finance and business risks, remuneration, and nomination matters. The ARR Committee has not yet met as at the date of this statement.

Board Assessments

The performance of the Directors was not formally reviewed and assessed by the Board during the 2010 financial year.

Guide to Reporting on Principle 2

In accordance with the 'Guide to Reporting on Principle 2', the Company provides the following information:

(a) The skills, experience, expertise relevant to the position of Director and the term of office held by each Director as at 30 June 2010 and as at the date of this statement is detailed in the Director's Report;

(b) In assessing whether a Director is independent, the Board has regard to the standards it has adopted that reflect the independence requirements of applicable laws, rules and regulations, including the Principles;

(c) Until the restructure of the Board on 26 July 2010, Mr Shirley, Mr Skene and Mr Mackenzie were considered by the Board to constitute independent Directors;

(d) All four Directors as at the date of this statement constitute independent Directors;

(e) The Company currently does not have a chief executive officer;

(f) From 1 July 2009 to the date of this statement, the role of chair and chief executive officer have not been exercised by the same person;

(g) Whenever necessary, individual members of the Board may seek independent professional advice at the expense of the Company in relation to fulfilling their duties as Directors. All Directors are encouraged to actively participate in all decision making processes and are given every opportunity to have their opinion heard and respected on all matters;

(h) Due to the small size of the Board and the level of the Company's operations, during the 2010 financial year the Company did not have a separate nomination committee;

(i) The performance of the Board, individual Directors and the executives has not taken place during the reporting period due to the level of the Company's operations and as the Company was suspended since 1 October 2009 and has been in voluntary administration since 31 December 2009; and

(j) As at the date of this statement, the Company is of the view that it has complied with Recommendations 2.1, 2.2 and 2.3, but has not complied with Recommendations 2.4 and 2.5. An explanation for the departures from these Recommendations is set out above.

Principle 3: Promote ethical and responsible decision making

Ethical standards and values

The Board has adopted a Code of Conduct that provides a framework in which the Company and its representatives conduct their business and activities in a fiscally efficient and socially responsible manner whilst seeking to maximise shareholder returns. All Directors and all officers of the Company and each other company in the Group are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company and the Group and, where possible, act in accordance with the interests of shareholders, staff, clients and all other stakeholders in the Company.

Share trading policy

The Constitution permits Directors to acquire securities. Company policy prohibits any dealing in, or procuring the dealing in securities, except where the trading is permitted. Trading is permitted in securities during a four week period starting immediately after the announcement to the ASX and ASIC of the half-yearly and annual results and after the conclusion of the AGM if:

(a) the trader is not in possession of price sensitive information; and

(b) the trading is not for short term or speculative gain.

No trader can sell more than $100,000 worth of securities to any party unless, before entering into discussions for the potential sale of those securities, approval from the Chairman is obtained, covering the form of and timing of the sale, and the management of its public disclosure.

Guide to Reporting on Principle 3

The 'Guide to Reporting on Principle 3' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available. The Company notes that it has not made the Code of Conduct or Trading Policy publicly available as the Company currently does not have a website.

Principle 4: Safeguard integrity in financial reporting

Audit & Risk Committee

The Company has previously established an Audit & Risk Management (ARM) Committee to assist and to report to the Board. The role of the ARM Committee was to:

(a) advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the Group;

(b) assist the Board with policy on the quality and reliability of financial information prepared for use by the Board; and

(c) review the risk management framework and policies within the Company and monitor their implementation.

During the 2010 financial year the ARM Committee comprised of only two independent Directors, being Mr Don Mackenzie (as Chairman) and Mr David Shirley. The ARM Committee has its own Charter. However the Company did not hold an ARM Committee meeting during the 2010 financial year. During this period audit and compliance matters were considered by the Board as appropriate.

On 26 July 2010 the Board resolved to establish an ARR Committee to assist the Board on, amongst other matters, the matters that were previously considered by the ARM Committee. The ARR Committee has not yet met as at the date of this statement.

It is proposed that the ARR Committee will be responsible for putting in place appropriate Board and committee structure to facilitate a proper review function by the Board; monitoring the establishment of an appropriate internal control framework, including information systems, and its operation and considering enhancements; assessing corporate risk and ensuring compliance with internal controls; overseeing business continuity planning and risk mitigation arrangements; assessing the objectivity and performance and of the internal audit function and considering enhancements; reviewing reports on any material misappropriation, frauds and thefts from the Group; reviewing reports on the adequacy of insurance coverage; monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Secretary in relation to those requirements; reviewing material transactions which are not a normal part of the Group's business; reviewing the nomination, performance and independence of the external auditors, including recommendations to the Board for the appointment or removal of any external auditor; liaising with the external auditors and ensuring that the annual audit is conducted in an effective manner that is consistent with ARR Committee members' information and knowledge and is adequate for shareholder needs; reviewing management processes supporting external reporting; reviewing financial statements and other financial information distributed externally; preparing and recommending for approval by the Board the corporate governance statement for inclusion in the annual report or any other public document; reviewing external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management; and reviewing and monitoring compliance with the Code of Conduct.

Guide to Reporting on Principle 4

The 'Guide to Reporting on Principle 4' provides that certain information should be included in the corporate governance section of the Company's Annual Report. In accordance with the 'Guide to Reporting on Principle 4', the Company provides the following information:

(a) The qualifications of the ARM Committee members during the 2010 financial year (Mr Don Mackenzie (as Chairman) and Mr David Shirley), and the ARR Committee members as at the date of this statement (Mr Michael Doery (as Chairman), Mr Terry Cuthbertson, Mr Gary Stewart and Mr Michael Brooks) are detailed in the Directors report; and

(b) No meeting of the ARM Committee took place during the 2010 financial year as a result of the level of the Company's operations and the Company being placed into voluntary administration during the financial year. During the 2010 financial year, audit and compliance matters were considered during Board meetings as appropriate.

Principle 5: Make timely and balanced disclosure

Continuous disclosure

The Company's continuous disclosure obligations are reviewed as a standing item on the agenda for each regular meeting of the Board. Directors are required at every meeting to provide details of any matter within their knowledge that might require disclosure to the market.

The Chairman is primarily responsible for making decisions about whether a matter must be disclosed under the Company's continuous disclosure obligations; ensuring that the Company complies with those obligations; notifying the Board of such matters; monitoring and promoting an understanding within the Company of compliance; acting as the contact for media and comment, including analyst briefings and responses to shareholder questions; and keeping the Board informed of other relevant matters.

Guide to Reporting on Principle 5

The 'Guide to Reporting on Principle 5' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available. The Company notes that it has not made the Code of Conduct publicly available as the Company currently does not have a website.

Principle 6: Respect the rights of shareholders

Communications policy

The Board must inform Shareholders of all major developments affecting the Group's state of affairs. The annual report is distributed to all Shareholders (where requested to do so) and will include all relevant information about the operations of the Group during the year, changes in the state of affairs of the Group, and details of future developments in addition to the other disclosures required by the Corporations Act.

The Board notes that as the Company has been in administration since 31 December 2009, it has not lodged its December 2009, March 2010 and June 2010 quarterly reports and its December 2009 half-yearly report in accordance with the ASX Listing Rules. However the Company proposes to lodge these reports shortly after lodgment of its 2010 financial accounts which will be available from the ASX and ASIC, and sent to any Shareholder who requests it from the Company.

Company announcements are made in a factual, timely, clear, and objective manner, and include any information material to decisions of Shareholders and potential investors in the Company. Information concerning the Company and the Group, including copies of announcements made through the ASX, ASIC and the annual report and half-yearly report, is made available to Shareholders and prospective investors by the Company. The Company has a continuing commitment to electronic communication with Shareholders and stakeholders generally including through the ASX website.

Directors must recognise that their primary responsibility is to Shareholders as a whole however, the Company must function within, and operate with a sense of responsibility to, the wider community as well as to Shareholders. It is the Company's belief that this sense of responsibility to stakeholders generally is an essential part of its role within the broad community and represents not only sound ethics but also good business sense and commercial practice.

General Meetings

The Shareholders in General Meeting vote on proposed major changes in the Group which may impact on share ownership rights and the removal and appointment of Directors.
The Board encourages the full participation of Shareholders at General Meetings to ensure a high level of accountability and identification with the Group's strategy and goals. As part of this broad responsibility the Company welcomes constructive feedback on its contribution to and role within the community at General Meetings and through the ASX website.

Guide to Reporting on Principle 6

The 'Guide to Reporting on Principle 6' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available. The Company notes that it has not made the Code of Conduct publicly available as the Company currently does not have a website.

Principle 7: Recognise and manage risk

Risk Management

The Board has established strategies including the identification of material risks. This responsibility is fulfilled by the ARM Committee which reviews the material risks affecting each business segment, develops strategies to mitigate these risks, and regularly reports to the Board for their review.

Once a risk is identified, an action plan is proposed by management and submitted to the ARM Committee and, through it, the Board is informed of the action plan. The ARM Committee must approve the action plan. Corrective action must be taken as soon as practicable. Material business risks arise from such matters as actions by competitors, changes in government policy and use of information systems.

Statement by Chief Executive Officer and Chief Financial Officer

The Company currently does not have a Chief Executive Officer or Chief Financial Officer and as the current Directors (other than Michael Brooks who was appointed as a Director on 30 November 2009) were appointed after 30 June 2010, the Board is unable to provide any declaration as to the operation of the Company's risk management and internal control processes during the 2010 financial year.

Once the DOCA is effected, the Board anticipates that the Company's risk management and internal control processes will be founded on a sound system of risk management and internal control and that the system will operate effectively in all material respects in relation to financial reporting risks.

External audit

External auditors are selected according to criteria set by the Committee which include the lack of any current or past relationship with the Company or with any member of senior management that could impair, or risk impairing, the independent external view they are required to take in relation to the Company and the Group; their general reputation for independence, probity and professional standing within the business community; and their knowledge of the industry in which the Company and the Group operate.

All employees of the external audit partner (including the partner or other principal with overall responsibility for the engagement), must be rotated periodically (at least every five years) to avoid any risk of impairing the independent external view that the external auditors are required to take in relation to the Company and the Group.

Guide to Reporting on Principle 7

In accordance with the 'Guide to Reporting on Principle 7', the Company provides the following information:

(a) the Company has not departed from Recommendation 7.1; and

(b) the Company has not complied with Recommendations 7.2 and 7.3 as the majority of the current Board has only been in office since 26 July 2010. In addition, the Company also does not have a chief executive officer or chief financial officer.

Principle 8: Remunerate fairly and responsibly

Remuneration

During the 2010 financial year, given the size and operations of the Company it was determined that issues falling ordinarily within the scope of a Remuneration Committee are considered by the full Board and there is no Remuneration Committee. The Company has however, established charter rules for the Remuneration Committee as a guide for the Board in its deliberations, and in the event that a Committee is established at some time in the future if and when considered appropriate by the Board.

The Board considers issues relevant to remuneration policies and practices, including those for senior executives and non-executive Directors. The Board clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives and in doing so, reviews and evaluates market practices and trends for all remuneration relevant to the Group.

Remuneration for the Executive Director and senior executives includes not only monetary payments (salary and wages) but all other monetary and non monetary compensation for services and benefits including fringe benefits; directors' and officers' and other insurance arrangements; retirement benefits; superannuation; and equity participation, and other incentive programs. Non – executive Directors remuneration is determined in accordance with the aggregate fees determined from time to time by shareholders.

On 26 July 2010 the Board resolved to establish an ARR Committee to assist the Board on, amongst other matters, the matters that are generally considered by a Remuneration Committee. The ARR Committee has not yet met as at the date of this statement.

Guide to Reporting on Principle 8

In accordance with the 'Guide to Reporting on Principle 8', the Company provides the following information:

(a) there are no schemes for retirement benefits, other than statutory superannuation, in existence for the Non-Executive Directors;

(b) due to size of the Company and its current level of operations, during the 2010 financial year the Company did not have a separate Remuneration Committee; and

(c) as at the date of this statement, the Company is of the view that it has complied with each of the Recommendations under Principle 8, except for Recommendation 8.1. An explanation for the departure from Recommendation 8.1 is set out above.

OMI HOLDINGS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)
AND ITS CONTROLLED ENTITIES
ABN 11 091 192 871

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	CONSOLIDATED ENTITY	
		2010 $	2009 $
Discontinued Operations[1]			
Revenue			
Sales revenue		794,200	2,224,245
Interest revenue		-	13,182
Gain on foreign exchange		795,950	431,809
Other revenue		50,000	94,555
		1,640,150	2,763,791
Expenses			
Cost of sales		(520,992)	(1,029,504)
Employee benefits expenses		(440,402)	(1,218,945)
Depreciation		(24,651)	(77,748)
Legal fees		(3,107,123)	(3,433,881)
General expenses		(503,370)	(1,670,925)
Impairment of trade and other receivables		(645,991)	-
Impairment of patents		(2,548,578)	-
Administrator costs		(95,551)	-
Finance costs		(37,325)	(87,588)
		(7,924,983)	(7,518,591)
Loss before transfer of operations to Creditor Trust		(6,284,833)	(4,754,800)
Gain on transfer of discontinued operations to Creditor Trust	23	5,366,250	-
Loss before income tax expense		(918,583)	(4,754,800)
Income tax benefit / (expense)	3	211,414	255,517
Loss for the period		(707,169)	(4,499,283)
Other comprehensive income		-	-
Total comprehensive income		(707,169)	(4,499,283)
Basic earnings/(loss) per share (cents per share)	13	(1.65)	(10.96)
Diluted earnings/(loss) per share (cents per share)	13	(1.65)	(10.96)

[1] Refer to note 21 for details surrounding the cessation of operations.

The above Statement of Comprehensive Income is to be read in conjunction with the attached notes

OMI HOLDINGS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)
AND ITS CONTROLLED ENTITIES
ABN 11 091 192 871

BALANCE SHEET

AS AT 30 JUNE 2010

		CONSOLIDATED ENTITY	
	Note	2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents	4	-	153,344
Trade and other receivables	5	-	954,955
Other assets	6	-	6,332
TOTAL CURRENT ASSETS		-	1,114,631
NON-CURRENT ASSETS			
Property, plant and equipment	7	-	139,332
Intangible assets	8	-	3,800,000
TOTAL NON-CURRENT ASSETS		-	3,939,332
TOTAL ASSETS		-	5,053,963
CURRENT LIABILITIES			
Trade and other payables	9	-	3,191,555
Other financial liabilities	10	-	754,017
Provisions	11	-	159,571
TOTAL CURRENT LIABILITIES		-	4,105,143
NON-CURRENT LIABILITIES			
Other financial liabilities	10	-	816,888
Provisions	11	-	33,563
TOTAL NON-CURRENT LIABILITIES		-	850,451
TOTAL LIABILITIES		-	4,955,594
NET ASSETS/(LIABILITIES)		-	98,369
EQUITY			
Share capital	12	39,024,903	38,416,103
Accumulated losses		(39,024,903)	(38,317,734)
TOTAL EQUITY		-	98,369

The above Balance Sheet is to be read in conjunction with the attached notes.

OMI HOLDINGS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) AND ITS CONTROLLED ENTITIES
ABN 11 091 192 871

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Share Capital $	Accumulated Losses $	Total $
Balance at 1 July 2009	38,416,103	(38,317,734)	98,369
Transactions with owners in their capacity as owners			
Shares issued during the year	608,800	-	608,800
Comprehensive income			
Loss for the period	-	(707,169)	(707,169)
Other comprehensive income	-	-	-
Balance at 30 June 2010	**39,024,903**	**(39,024,903)**	**-**
Balance at 1 July 2008	**37,912,853**	**(33,818,451)**	**4,094,402**
Transactions with owners in their capacity as owners			
Shares issued during the year	503,250	-	503,250
Comprehensive income			
Loss for the period	-	(4,499,283)	(4,499,283)
Other comprehensive income	-	-	-
Balance at 30 June 2009	**38,416,103**	**(38,317,734)**	**98,369**

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

OMI HOLDINGS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)
AND ITS CONTROLLED ENTITIES
ABN 11 091 192 871

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Note	CONSOLIDATED ENTITY 2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,152,526	1,774,756
Payments to suppliers and employees		(2,855,421)	(3,758,502)
Interest received		-	12,561
Finance costs paid		(37,325)	(69,519)
Income tax received		211,414	255,517
Net cash used in operating activities	18	(1,534,806)	(1,785,187)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(3,476)	(42,473)
Net cash (used in)/provided by investing activities		(3,476)	(42,473)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	12	608,800	503,250
Proceeds from borrowings		776,138	263,271
Net cash provided by financing activities		1,384,938	766,971
Net (decrease)/increase in cash and cash equivalents held		(153,344)	(1,060,689)
Cash at beginning of half-year		153,344	1,214,033
Cash at end of half-year	4	-	153,334

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

1. INTRODUCTION

OMI Holdings Limited (Subject to Deed of Company Arrangement) ("the Company") is a Company domiciled in Australia. The address of the Company's registered office is c/- TressCox Lawyers, Level 9, 469 La Trobe Street, Melbourne VIC 3000. The consolidated financial statements of the Company as at and for the year ended 30 June 2010 comprise the Company and its' subsidiaries ("the Group" or "the Consolidated Entity"). The Group was primarily involved in the development and marketing of safety engineered medical devices used in the medical industry.

The Company changed its name from Occupational & Medical Innovations Limited to OMI Holdings Limited (Subject to Deed of Company Arrangement) on 26 July 2010.

Currency

The financial report is presented in Australian dollars rounded to the nearest dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Consolidated Entity in preparing the financial statements have been consistently applied.

(a) Statement of compliance

The consolidated financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial report complies with International Financial Reporting Standards and the interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Deed Administrators and the Directors on 6 September 2010.

(b) Principles of Consolidation

The consolidated financial report includes the financial statements of OMI Holdings Limited (Subject to Deed of Company Arrangement) ("Parent Entity") and its' controlled entities. OMI Holdings Limited (Subject to Deed of Company Arrangement) and its' controlled entities are together referred to in the financial report as the "Consolidated Entity" or "The Group".

A controlled entity is any entity the Parent Entity has the power to control the financial and operating policies so as to obtain benefits from its activities. A list of controlled entities is contained in Note 22 to the financial statements. All controlled entities have a June financial year-end.

The effects of all transactions between entities in the Group have been eliminated in full and the consolidated financial report has been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(c) Going Concern Basis of Accounting

For the year ended 30 June 2010, the consolidated entity incurred a loss before transfer of operations to Creditor Trust of $6,284,833 (2009: $4,499,283), had net cash outflows from operating activities of $1,534,806 (2009: $1,785,187) and has net assets of nil (2009: net assets $98,369).

On 31 December 2009, David Stimpson and Terrence Rose of SV Partners were appointed as joint and several voluntary administrators of the Company by resolution of the board.

This position indicates a material uncertainty that may cast significant doubt about the consolidated entity's

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Going Concern Basis of Accounting

On 6 May 2010, the Company, Sun Biomedical Limited (ASX code: SBN) and the Deed Administrators entered into and executed a Deed of Company Arrangement (DOCA) and a creditor's trust deed to enable the Company to be recapitalised and relisted on the ASX. The Deed Creditors have agreed that the Company is released and completely discharged from all claims and all claims are extinguished from when the Creditors' Trust Deed becomes operative.

With the transfer of all liabilities to the Creditors' Trust, and the approval by shareholders of the recapitalisation proposal by raisings of $1,800,000 before the payment to the Deed Administrators of $130,000, the Directors believe that the consolidated entity will be able to raise sufficient cash from the planned capital raising to fund ongoing working capital needs for at least a period of twelve months from the date of this financial report. Accordingly, the financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Refer to Note 21 – Subsequent Events for further information on the proposed re-capitalisation and use of funds raised.

(d) Income Tax

Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Tax Consolidation

OMI Holdings Limited (Subject to Deed of Company Arrangement) is the head entity in a tax consolidated group and intended to enter into a tax sharing agreement with its' controlled entities. The tax consolidated legislation was first applied for in the year ended 30 June 2004.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognized by the head entity in the tax-consolidated group. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the consolidated entity's balance sheet and their tax values applying under tax consolidation.

The head entity, in conjunction with other members of the tax-consolidated group, was entering into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/receivable assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognizing an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed . The inter-entity receivable (payable) are at call. Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group was also entering into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its' tax payment obligations

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, Plant and Equipment

Plant and equipment is stated at cost. All plant and equipment are depreciated over their estimated useful lives using either the straight line method or diminishing value method commencing from the time the assets are held ready for use. The depreciation rates per class of asset are as follows:

Class of asset	**%**
Motor vehicles	22.5 (diminishing value)
Computer equipment	33.3 to 50.0 (straight line)
Office equipment	7.5-40 (diminishing value)
Manufacturing equipment	20-40 (diminishing value)

(f) 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. 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.

(g) Employee Benefits

The following liabilities arising in respect of employee entitlements are measured at their nominal amounts. Wages and salaries and annual leave regardless of whether they are expected to be settled within twelve months of balance date and other employee benefits which are expected to be settled within twelve months of balance date.

All other employee entitlements, including long service leave, are measured at the present value of estimated future cash outflows in respect of services provided up to balance date. Liabilities are determined after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures. Related on costs are included.

(h) Revenue Recognition

(i) Sales Revenue

Revenue from the sale of goods in Australia is recognised when all significant risks and rewards of ownership have been transferred to the buyer. In most cases this coincides with the transfer of legal title or the passing of possession to the buyer. Transfer of the risk and rewards of ownership from the sale of goods to distributors in the United States of America, occurs upon loading the goods onto the relevant carrier.

(ii) Interest Revenue

Interest revenue is recognised using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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.

Intangible assets are not amortised as they have an indefinite life. The Directors review the carrying value of intangibles to ensure the carrying value does not exceed the recoverable amount and when impairment in value has arisen, the intangible asset is written down. Patent renewal costs are written off as an expense as they are incurred.

(j) Trade and Other Payables

Trade and other payables represent the principle amounts outstanding at balance date. Accounts payable are normally settled on 30 day terms with the exception of current liabilities/payables recorded in the company's books of account in relation to US legal costs and Chinese manufacturing costs, each of which are subject to payment arrangements with the respective trade creditors. All accounts payable are non-interest bearing.

(k) Trade and Other Receivables

Trade accounts receivable and other receivables represent the principal amounts due at balance date, less provisions for doubtful debts.

(l) Financial Liabilities

Borrowings are recognised in the financial statements at amortised cost using the effective interest rate method.

(m) Borrowing Costs

Borrowing costs are recognised as an expense in the period which they are incurred.

(n) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and in banks and investments in money market instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property, without transferring the legal ownership, and operating leases under which the lessor effectively retains substantially all the risks and benefits.

Where assets are acquired by means of finance leases, the present value of future minimum lease payments is established as an asset at the beginning of the lease term and amortised on a straight line basis over the expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

(p) Translation of Foreign Currency Items

Transactions in foreign currencies are initially measured and brought to account at the rate of exchange in effect at the date of each transaction.

Foreign currency monetary items outstanding at balance date have been translated at the spot rates current at balance date.

Exchange differences relating to monetary items have been brought to account in the Income Statement in the financial year in which the exchange rates change as exchange gains or losses.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets (other than receivables) are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(r) 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:

<u>Recoverable amount of Intangible Assets</u>

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 8.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Government Grants

The Consolidated Entity is currently eligible to apply for an annual export market development grant from the government. Grant monies are recognised at the time of receipt.

(t) Investments and other financial assets

The Consolidated Entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends upon the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Such assets are carried at amortised cost using the effective rate interest method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(u) Accounting standards not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below:

AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. Amendments are made to AASB 5, 8, 101, 107, 117, 118, 136 & 139.' These standards are applicable to annual reporting periods beginning on or after 1 January 2010. Future adoption of this standard is not expected to materially affect the Consolidated Entity.

AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions'. This standard is applicable to annual reporting periods beginning on or after 1 January 2010. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments. Future adoption of this standard is not expected to materially affect the Consolidated Entity.

AASB 9 'Financial Instruments'. This standard is applicable to annual reporting periods beginning on or after 1 January 2013. Simplifies the classifications into two categories; those carried at amortised cost, and those carried at fair value. This standard simplifies requirements related to embedded derivatives that exist in financial assets that are carried at amortised cost, such that there is no longer a requirement to account for the embedded derivative separately. The standard also removes the tainting rules associated with held-to-maturity asset. Investments in equity instruments that are not held for trade can be designated at fair value through other comprehensive income, with only dividends being recognised in profit and loss. Investments in unquoted equity instruments (and contracts on those investments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. Future adoption of this standard is not expected to materially affect the Consolidated Entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Accounting standards not early adopted

AASB 2009-10 'Amendments to Australian Accounting Standards - Classification of Rights Issues'. This standard is applicable to annual reporting periods beginning on or after 1 February 2010. Clarifies that rights options or warrants to acquire a fixed number of an entities own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments. Future adoption of this standard is not expected to materially affect the Consolidated Entity.

AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]'. This standard is applicable to annual reporting periods beginning on or after 1 January 2013. This standard gives effect to the consequential changes arising from the issuance of AASB 9: Financial Instruments. Future adoption of this standard is not expected to materially affect the Consolidated Entity.

Revised AASB 124: Related Party Disclosures (December 2009): Related Party Disclosures (December 2009). This standard is applicable to annual reporting periods beginning on or after 1 January 2011. Simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition of a related party. Future adoption of this standard is not expected to materially affect the Consolidated Entity.

AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]. *AASB 2009-12* makes amendments to a number of Standards and Interpretations. These standards are applicable to annual reporting periods beginning on or after 1 January 2011. In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Consolidated Entity has yet to determine the potential effect of these standards.

Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments. This standard is applicable to annual reporting periods beginning on or after 1 July 2010. Requires the extinguishment of a financial liability by the issue of equity instruments to be measured at fair value (preferably using the fair value of the equity instrument issued) with the difference between the fair value of the instrument and the carrying value of the liability extinguished being recognised in profit or loss. The Interpretation does not apply where the conversion terms were included in the original contract (such as in the case of a convertible debt) or to common control transactions. Future adoption of this standard is not expected to materially affect the Consolidated Entity.

The Consolidated Entity has no plans to adopt accounting policy options with effect from 1 July 2009. Application of the amending standards will not affect any of the amounts recognised in the Financial Statements and is expected to only impact disclosures contained within the Financial Report.

(v) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) New Accounting Standards and Interpretations

When the adoption of the Standard or Interpretation is deemed to have a material impact on the financial statements or performance of the Consolidated Entity, its impact is described below:

AASB 3 'Business Combinations (revised 2008)' and AASB 127 'Consolidated and Separate Financial Statements (revised 2008)'
AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

AASB 101 'Presentation of Financial Statements'
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Consolidated Entity has elected to present one statement.

AASB 123' Borrowing Costs'
The revised AASB 123 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard does not affect the Consolidated Entity as all borrowings costs are capitalised with regard to qualifying assets.

AASB 2008-7 'Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'
The amendments delete the reference to the "cost method" making the distinction between pre and post acquisition profits no longer relevant. All dividends received are now recognised in profit or loss rather than having to be split between a reduction in the investment and profit and loss. However the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary.

The amendments further clarify cases or reorganisations where a new parent is inserted above an existing parent of the Consolidated Entity. It states that the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. The adoption of these amendments did not have any impact on the financial position or the performance of the Consolidated Entity.

	CONSOLIDATED ENTITY	
	2010 $	2009 $

NOTE 3 INCOME TAX EXPENSE

The current tax benefit differs from the prima facie tax benefit on the loss before income tax. The difference is reconciled as follows:

	2010 $	2009 $
Prima facie tax benefit on loss before tax calculated at 30%	(275,575)	(1,426,440)
Non-deductible items:		
Depreciation	-	(1,414)
Other	4,130	68,381
Deferred tax asset not brought to account	687,776	1,359,473
Recoupment of tax losses	(416,331)	-
R&D concession refund	211,414	255,517
	211,414	255,517

Where applicable, grants and tax concessions are accrued in the year in which they are receivable.

Potential deferred tax assets at 30% (2009: 30%) attributable to unused tax losses and unrecognised temporary differences carried forward, amounting to $4,485,383 (2009: $6,009,997) have not been brought to account because Directors do not believe it is appropriate to regard realisation of the deferred tax as probable. These benefits will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction of the loss to be realised;
(b) the Company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

It is unlikely that the unused tax losses will be available for recoupment in the future. It is estimated that the potential deferred tax assets attributable to unused tax losses and temporary differences will no longer be available to the company given that the company has appointed administrators and the continuity of ownership test may no longer be satisfied as a result of the proposed capital raising.

Dividend imputation

The balance of the franking account of the Company at the end of the year was nil. No dividends were paid during the year.

NOTE 4 CASH AND CASH EQUIVALENTS

	2010 $	2009 $
Cash on hand	-	839
Cash at bank	-	152,505
	-	153,344

NOTE 5 TRADE AND OTHER RECEIVABLES

	2010 $	2009 $
Trade receivables	-	912,602
Other	-	42,353
	-	954,955

Trade and other receivables ageing at 30 June 2009 was 0-30 days $780,669 and 31-60 days $174,286.

	CONSOLIDATED ENTITY	
	2010 $	2009 $
NOTE 6 OTHER ASSETS		
Prepayments	-	6,332
NOTE 7 PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment at cost	-	934,508
Accumulated depreciation	-	(795,176)
	-	139,332
Movements during the year		
Balance at beginning of year	139,332	197,196
Additions	3,476	19,884
Disposals	-	-
Depreciation	(24,651)	(77,748)
Transfer to Creditor Trust	(118,157)	-
Balance at beginning of year	-	139,332
NOTE 8 INTANGIBLES		
Patents at cost	-	19,685,603
Accumulated impairment	-	(15,885,603)
	-	3,800,000
Movements during the year		
Balance at beginning of year	3,800,000	3,800,000
Impairment	(2,548,578)	-
Transfer to Creditor Trust	(1,251,422)	-
Balance at beginning of year	-	3,800,000

Carrying value - 30 June 2009
The recoverable carrying value of the intangible assets (patents) that can, in the Directors opinion, be supported is $3.8 million. The recoverable amount has been determined based on "value in use" calculations by estimating the future discounted cash flows of the Consolidated Entity's products.

The carrying value of the intangible assets comprises both the value of the scalpels and the value of the syringes. Cash flows based on financial forecasts approved by the Directors have been projected over 5 years. The key assumptions used to determine the value reflect past experience and are consistent with external sources of information. The recoverable amount of the intangibles was calculated using a pre-tax WACC of 14.75% for the scalpels and 29.75% for the syringes.

Impairment 30 June 2010
On 31 December 2009, David Stimpson and Terrence Rose of SV Partners were appointed as joint and several voluntary administrators of OMI by resolution of the board.

On this date the value of the patents was impaired to its recoverable amounts, which was represented by a purchase contract.

	CONSOLIDATED ENTITY	
	2010 $	2009 $
NOTE 9 TRADE AND OTHER CREDITORS		
Trade accounts payable and accruals (unsecured)	-	3,191,555
Amounts payable in US dollars	-	2,764,872
Trade accounts payable ageing		
0 – 30 days	-	1,213,058
31 – 60 days	-	539,579
61 – 90 days	-	644,210
90 + days	-	794,708
	-	3,191,555
NOTE 10 OTHER FINANCIAL LIABILITIES		
Current		
Westpac Export Market loan facility (secured)	-	735,175
Hire purchase (secured)	-	18,842
	-	754,017
Non-Current		
Director's loan (unsecured)	-	329,917
Other loans (unsecured)	-	450,000
Hire purchase (secured)	-	36,971
	-	816,888

Terms and details 2010

All facilities were extinguished upon the implementation of the Deed of Company Arrangement. There are no undrawn facilities at 30 June 2010.

During the prior year the Consolidated Entity established an export trade facility with the Westpac Bank. Under the facility the Company was permitted to draw down against outstanding invoices to Cardinal Healthcare up to a limit of US$800,000.

Terms and details 2009

Hire purchase liabilities were fully secured by applicable hire purchase assets.

On 2 November 2006 a Director, B Kiehne lent the Consolidated Entity $300,000 interest free for a twelve month period. The terms of the loan have been extended and at 30 June 2009, remained unpaid. On 30 June 2009 the company agreed to pay Mr. Kiehne interest on the loan for the period following the initial 12 month period until the loan is repaid.

As announced to the market on 6 January 2009, Chelsea Printing Pty Ltd made an unsecured loan to the Consolidated Entity. The key terms of the Loan Agreement are: $450,000; Interest: 10% p.a. (payable quarterly in arrears); Term: 24 months (expiring 18 December 2010); Early Repayment: May be repaid in cash by OMI before the expiry of the Term; Repayment in Shares: At the lender's request (or with the lender's prior approval) OMI may repay the loan and/or interest thereon (in whole or in part) by issuing ordinary shares in OMI at an agreed value of $0.25 per share, subject to prior shareholder approval in compliance with the Listing Rules.

	CONSOLIDATED ENTITY	
	2010 $	2009 $
NOTE 11 PROVISIONS		
Current		
Employee benefits	-	159,571
Non-Current		
Employee benefits	-	33,563
NOTE 12 SHARE CAPITAL		
Issued shares:		
45,752,493 (30 June 2009: 41,947,493) ordinary shares	39,024,903	38,416,103
Shares issued during the period		
Opening balance	38,416,103	37,912,853
2,013,000 share placement at $0.25 per share	-	503,250
3,805,000 share placement at $0.16 per share	608,800	-
Closing balance	39,024,903	38,416,103

Ordinary shares participate in dividends and the proceeds on winding up of the Consolidated Entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	2010	2009
NOTE 13 EARININGS PER SHARE		
Basic loss per share (cents)	(1.65)	(10.96)
Diluted loss per share (cents)	(1.65)	(10.96)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	42,752,471	41,061,185
Net loss used in calculating basic and diluted loss per share	($707,169)	($4,499,283)

	CONSOLIDATED ENTITY	
	2010 $	2009 $
NOTE 14 AUDITOR'S REMUNERATION		
Audit Services		
Audit and review of financial reports	30,000	57,136
Non audit Services		
Tax compliance services	7,000	6,596
	37,000	63,732

NOTE 15 KEY MANAGEMENT PERSONNEL

The names and position held by each person holding a position of key management personnel in the Consolidated Entity during the year to 30 June 2010 were:

Name	**Title**
D Shirley	Non-executive Chairman
B Kiehne	Executive Director *(Resigned 30 November 2009)*
T Skene	Non-executive Director *(Resigned 30 November 2009)*
D Mackenzie	Non-executive Director
M Brooks	Non-executive Director
E Brooks	Non-executive Director *(Appointed 30 November 2009)*
M Austin	Chief Executive Officer *(Appointed 30 November 2009)*

Key management personnel compensation
Remuneration levels for Directors and Executives of the Consolidated Entity are determined as part of an annual performance review, having regard to market factors, a performance evaluation process and independent remuneration advice. Remuneration packages comprise only a fixed salary component. The remuneration structures in place in the Consolidated Entity are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account The capability and experience of the Directors and senior executives, and the Directors and senior executives' ability to control the financial performance of the consolidated Entities operations.

Fixed remuneration
Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits, if applicable), as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Board through a process that considers the overall performance of the Consolidated Entity. In addition, external consultants provide analysis, and when requested, advice to ensure the Directors' and senior executives' remuneration is competitive in the market place.

Service agreements
Executives have service agreements that are capable of termination within three months. In the event of termination or resignation, employees are entitled to their statutory entitlements to annual leave and long service leave, if applicable. There are no service agreements with the any of the Directors. The remuneration agreement for the Chief Executive Officer is $225,000 per annum inclusive of superannuation and motor vehicle allowance plus incentive options. Refer to Note 29 for details on the option plan.

Non-executive Directors
Total remuneration for all non-executive Directors, which is periodically voted upon by shareholders at the annual general meeting, is not to exceed $500,000 in aggregate plus statutory superannuation. Director fees to non-executive Directors currently total $170,040 (2009: $170,040), which is inclusive of superannuation, where applicable, at the current rate of 9%.

Directors' fees cover all main Board activities. Directors who perform additional duties (e.g. extended business related travel overseas, special projects relating to preparation of half year and annual reports) over and above that of normal Director's duties are remunerated on commercial terms and conditions.

Summary of key management personnel remuneration	**2010**	**2009**
	$	**$**
Short term benefits	407,006	708,310
Post employment benefits	16,963	34,351
Share based payments	-	19,000
	423,969	761,661

NOTE 15 KEY MANAGEMENT PERSONNEL (continued)

Directors' And Executives' Shareholdings

Movements during the reporting period and to date in the number of shares of the Company held directly or indirectly or beneficially by each Director and key executive are as follows:

	Held at 30 June 2009	Exercise of options /conversion of notes	Net purchased/ (sold)	Other (note 1)	Held at 30 June 2010
Directors					
B Kiehne	4,245,073	-	-	(4,245,073)	-
D Shirley	-	-	-	-	-
T Skene	761,986	-	-	(761,986)	-
D Mackenzie	-	-	-	-	-
Michael Brooks (note 2)	-	-	700,000	-	700,000
Elaine Brooks (note 2)	-	-	700,000	-	700,000
Executives					
M Austin	166,667	-	-	(166,667)	-

Notes
1. Other change on resignation as director/executive.
2. Beneficially held as Directors in Chelsea Printing Pty Ltd.

Directors' and Executives' Option Holdings

Movements during the reporting period in the number of options of the Company held directly or indirectly or beneficially by each Director and key executive are as follows:

	Held at 30 June 2009	Issued	Lapsed	Held at 30 June 2010
Directors				
B Kiehne	-	-	-	-
D Shirley	-	-	-	-
T Skene	714,286	-	(714,286)	-
D Mackenzie	-	-	-	-
Michael Brooks	-	-	-	-
Elaine Brooks	-	-	-	-
Executives				
M Austin	333,334	-	(333,334)	-

On 21 April 2010 the Administrator entered into a contract with Just Innovative Layouts Pty Ltd (an entity associated with Michael and Elaine Brooks) for the sale of assets from the Company's formerly controlled subsidiaries. Just Innovative Layouts Pty Ltd purchased equipment, inventory and intellectual property. In consideration, the Administrator received $1,000,000.

At the time of this transaction the subsidiaries were in liquidation.

There were no other transactions with directors or key management personnel at 30 June 2010 (2009: nil).

NOTE 16 SEGMENT INFORMATION

The Consolidated Entity operates predominantly in one operating segment being the development and distribution of safety medical devices.

NOTE 17 FINANCIAL INSTRUMENTS

Overview:

The Consolidated Entity had exposure to the following risks from their use of financial instruments:

Credit risk
Liquidity risk
Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit & Risk Management Committee, which is responsible for developing and managing risk management policies. The committee reports to the Board of Directors on its' activities.

Risk management policy is to identify and analyse risks faced by the Consolidated Entity, set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Consolidated Entity's activities. The Consolidated Entity aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Consolidated Entity held the following financial instruments:

	2010 $	2009 $
Financial Assets		
Cash and cash equivalents	-	153,344
Trade and other receivables	-	954,955
	-	1,108,299
Financial Liabilities		
Trade accounts payable and accruals	-	3,191,555
Loans	-	1,515,092
Hire purchase (secured)	-	55,813
	-	4,762,460

Credit risk exposure
Credit risk is the risk of financial loss to the Group/Parent if a customer or counterparty to a financial instrument fails to meet its' contractual obligations. Credit risk arises principally from cash and cash equivalents and receivables from. Management determines concentrations of credit risk through ongoing credit evaluation of the financial condition of assets.

Cash and Cash equivalents
The Group limits its' risk exposure on cash and cash equivalents by investing these funds with major banking institutions and the board does not expect any counterparty to fail to meet its' obligations.

Trade Receivables
The Consolidated Entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The majority of the Consolidated Entity's revenue is attributable to sales transactions with a single customer for the year ended 30 June 2009. Sale and credit terms agreed upon with this customer are contained within a legally binding contract which contained a take or pay clause.

NOTE 17 FINANCIAL INSTRUMENTS (continued)

The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2010 $	2009 $
Australia		40,358
USA	-	740,311
Canada	-	174,286
	-	954,955

The Group's most significant customer, based in the USA, accounts for $740,311 of the trade receivables carrying amount at 30 June 2009, of which approximately $308,000 was received early July 2009.

The ageing of trade receivables at the reporting dates were:

Trade accounts receivable ageing		
Not past due	-	432,107
0 – 30 days	-	348,562
31 – 60 days	-	174,286
60+ days	-	-
	-	954,955

Impairment losses
Where applicable, an allowance for impairment is made that represents the estimate of incurred losses in respect of trade and other receivables. The Consolidated Entity recorded an impairment loss of $645,991 during the year.

Liquidity risk
Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. This process involves the continuous monitoring of actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

2009: The Company had an export trade facility with the Westpac Bank under which it can draw down against outstanding invoices to Cardinal Healthcare up to a limit of US$800,000 (should the Company need to take further steps to improve its working capital position. At 30 June 2009 the export trade facility was drawn to US$723,968.

Liquidity risk maturity analysis
The maturities of the financial liabilities as at 30 June are:

0 - 12 months	-	3,945,572
1 – 2 years	-	816,888
	-	4,762,460

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

NOTE 17 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk
Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Consolidated Entity was exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in US dollars.

The Consolidated Entity manages the foreign exchange risk through the use of natural hedges to the maximum extent possible. This was achieved by maintaining US$ bank accounts to fund US$ purchases and borrowings. The Consolidated Entity did not enter into any derivative instruments for the purposes of managing foreign exchange risk and does not currently hedge projected foreign currency transactions.

The Consolidated Entity's exposure to foreign currency risk at the reporting date, in Australian dollars, (converted at the spot rate at balance date) was as follows:

	2010 $	2009 $
Cash and cash equivalents	-	106,272
Trade receivables	-	914,597
Trade payables	-	(2,764,872)
Borrowings	-	(735,175)
	-	(2,479,178)

Based on the financial instruments held at balance date, had the Australian dollar weakened/strengthened against the US dollar by 10%, with all other variables held constant, the Consolidated Entity's post tax loss for the year would have been affected as follows:

Weakened by 10% - loss increased by $AU	-	157,766
Strengthened by 10% - loss decreased by $AU	-	192,825

These changes are mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial assets and liabilities as detailed above.

Interest rate risk
Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposures of the Consolidated and Parent Entities to interest rate risk on financial instruments are summarized below:

Historical interest rates were analysed and a sensitivity determined to show the effect on profit and equity after tax if the interest rates at reporting date had been 50 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates.

At 30 June 2009, if interest rates had changed by plus or minus 50 basis points from the year end rates with all other variables held constant, post tax loss for the year would have altered by less than +/- $5,500 for the Consolidated Entity.

Fair values of financial assets and liabilities
All financial assets and liabilities have been recognised at the balance date at their carrying values which are not materially different from their fair values.

Capital Management

The Board endeavours to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

	CONSOLIDATED ENTITY	
	2010 $	2009 $

NOTE 18 CASH FLOW INFORMATION

(i) For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(ii) Reconciliation of net cash provided by operating activities to profit/(loss) after tax

	2010 $	2009 $
Net loss after income tax	(707,169)	(4,499,283)
Non-cash transactions included in loss		
Unrealised foreign exchange gains & losses	-	73,985
Depreciation	24,651	77,748
Impairment of receivables	645,991	-
Impairment of patents	2,548,578	-
Gain on transfer of discontinued operations to Creditor Trust	(5,366,250)	-
Movements of asset and liabilities		
Trade and other receivables	270,594	(444,244)
Other assets	(7,352)	82,745
Trade and other payables	1,209,866	2,918,042
Employee benefits	(153,715)	5,820
Net cash used in operating activities	(1,534,806)	(1,785,187)

NOTE 19 COMMITMENTS

	2010 $	2009 $
Hire purchase liabilities		
Minimum payments under hire purchase agreements due:		
Not later than one year	-	23,262
Later than one year not later than five years	-	38,908
	-	62,170
Future finance charges:		
Not later than one year	-	(4,420)
Later than one year not later than five years	-	(1,937)
Hire purchase liability	-	55,813
Hire purchase (secured) – current	-	18,842
Hire purchase (secured) – non-current	-	36,971
	-	55,813

NOTE 20 CONTINGENT LIABILITIES

The Consolidated Entity did not have any contingent liabilities at 30 June 2010.

NOTE 21 EVENTS SUBSEQUENT TO REPORTING DATE

On 31 December 2009, David Stimpson and Terrence Rose of SV Partners were appointed as joint and several voluntary administrators of OMI Holdings Limited by resolution of the board.

At the second meeting of creditors, the Deed Creditors resolved that the Company execute a Deed of Company Arrangement and enter into a creditor's trust deed to enable the Company to be recapitalised and relisted on the ASX. On 6 May 2010, the Directors of Sun Biomedical Limited (ASX Code: SBN) announced that it proposed to make an investment in OMI Holdings Limited. SBN signed a Deed of Company Arrangement (DOCA) with OMI with a view to participating in the recapitalisation of OMI. The Deed of Company Arrangement was executed on 6 May 2010.

The Deed Administrators are the Trustees of the Creditors' Trust created under the Creditors' Trust Deed. The Deed Creditors have agreed that the Company be released and completely discharged from all claims and all claims are extinguished from when the Creditors' Trust Deed becomes operative. Under the DOCA, the Deed Administrators are to be advanced $130,000 (of which $15,000 has been advanced by SBN), for contribution to the Creditors Trust to settle outstanding claims made by creditors of the Company upon completion of a proposed capital raising to raise up to $1.8 million.

At a meeting of Shareholders held on 26 July 2010, Shareholders approved the following:

- recapitalisation of the Company (including consolidation of the Company's issued securities on a one for five basis and undertaking two capital raisings in total of $1,800,000, plus a facility to receive oversubscriptions of up to an additional $750,000. Refer below for details of recapitalisation;
- change of the Company's name to OMI Holdings Limited;
- appointment of new Directors, Mr Terry Cuthbertson, Mr Gary Stewart and Mr Michael Doery as nominees of Sun Biomedical Limited; and
- Mr David Shirley was removed as a Director of the Company..

In addition, Mrs Elaine Brooks and Mr Donald Mackenzie resigned as directors as of 26 July 2010.

Proposed Recapitalisation

1. Proposed Capital Structure

The following table sets out the proposed capital structure of the Company prior to and following the completion of the Proposal:

	Shares	Options
Pre-consolidation	45,752,493	-
Post 1:5 share consolidation (actual)	9,150,628	-
Tranche 1 Placement	60,000,000	60,000,000
Tranche 2 Placement [1]	330,000,000	-
Total	**399,150,628**	**60,000,000**

[1] The Tranche 2 Placement calculations assume that the Tranche 2 Placement is fully subscribed but there are no oversubscriptions. Oversubscriptions of a further 150,000,000 Shares to raise an additional $750,000 may be accepted under the Tranche 2 Placement resulting in additional Shares being issued.

NOTE 21 EVENTS SUBSEQUENT TO REPORTING DATE (continued)

2. Use of Funds

The Company's present plans are based on the best information available to the Company at this time. Shareholders should note that the proposed use of funds may alter depending on the emerging circumstances, opportunities and results that affect the Company. If under the Proposal the full amount of $1,800,000 is raised (assuming the placements are fully subscribed but not over-subscribed), the Company intends to use the funds raised as follows:

	Year 1	Year 2	Total
Funds raised from Proposal	1,800,000	-	1,800,000
Payments to Creditors Trust	(130,000)	-	(130,000)
Costs of reconstruction	(115,000)	-	(115,000)
Costs of new issue	(208,000)	-	(208,000)
Development of existing projects	(162,000)	(150,000)	(312,000)
Review and evaluation of new projects	(200,000)	(200,000)	(400,000)
Working capital	(335,000)	(300,000)	(635,000)
	650,000	**(650,000)**	**-**

3. Pro-forma Balance Sheet

The assets of the Company have been written down to nil as a result of the external administration event. The pro-forma Balance sheet below reflects the impact of the DOCA, the capital raising, including repayment of the Sun Biomedical loan funds and the costs of the capital raising.

	Pro-Forma $
CURRENT ASSETS	
Cash and cash equivalents	1,357,000
TOTAL CURRENT ASSETS	1,357,000
TOTAL ASSETS	1,357,000
TOTAL LIABILITIES	-
NET ASSETS/(LIABILITIES)	1,347,000
EQUITY	
Share capital	40,486,903
Accumulated losses	(39,129,903)
TOTAL EQUITY	1,357,000

The Company will be making an application to ASX to enable the suspension of its securities to be removed upon lodgement of its outstanding financial reports.

Other than the above or elsewhere stated in this report, there has not been any matter of circumstance that has arisen since the end of the year, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 22 PARENT ENTITY INFORMATION

The ultimate parent entity is OMI Holdings Limited (Subject to Deed of Company Arrangement). All subsidiaries of the Parent Entity were liquidated during the period. All balance as at 30 June 2010 are those of the Parent Entity.

	2010 $	2009 $
Parent Entity Financial Information		
Current assets	-	1,114,631
Non-current assets	-	3,939,332
Total assets	-	5,053,963
Current liabilities	-	4,105,143
Non-current liabilities	-	850,451
Total liabilities	-	4,955,594
Net assets	-	98,369
Issued Capital	39,024,903	38,416,103
Accumulated losses	(39,024,093)	(38,317,734)
Total Equity	-	98,369
Loss after income tax	(707,169)	(4,499,283)
Other comprehensive income	-	-
Total comprehensive income	(707,169)	(4,499,283)

Controlled Entities

Controlled Entity	Country of Incorporation	Percentage of Shares Held [1] 2010 [2]	2009
OMI Research Pty Ltd	Australia	-%	100%
Jireh Tech Pty Ltd	Australia	100%	100%
OMI Inc	USA	100%	100%
OMI Manufacturing Pty Ltd	Australia	-%	100%
OMI Properties Pty Ltd	Australia	100%	100%

1 percentage of voting power is in proportion to ownership
2 OMI Research Pty Ltd and OMI Manufacturing Pty Ltd were liquidated during the period.

NOTE 23 GAIN ON TRANSFER OF DISCONTINUED OPERATIONS TO CREDITOR TRUST

On 31 December 2009, David Stimpson and Terrence Rose of SV Partners were appointed as joint and several voluntary administrators of OMI Holdings Limited (Subject to Deed of Company Arrangement) by resolution of the board.

At the second meeting of creditors, the Deed Creditors resolved that the Company execute a Deed of Company Arrangement and enter into a creditor's trust deed.

All of the assets and liabilities of the Company were transferred to the Creditor Trust on 6 May 2010.

Immediately prior to the transfer, the Company had the following assets and liabilities:

	2010 $
Assets	1,412,667
Liabilities	(6,778,917)
Gain on assignment of net liabilities to Creditor Trust	5,366,250

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2010

Directors' Declaration

In the opinion of the Directors of OMI Holdings Limited (Subject to Deed of Company Arrangement):

(a) the accompanying financial statements and notes on pages 23 to 48, are in accordance with the Corporations Act 2001, including;

(i) complying with Australian Accounting Standards and the Corporations Act 2001; and

(ii) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

(b) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, set out on pages 12 to 13 are not in accordance with the Corporations Act 2001.

(c) as 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; and

(d) the financial report also complies with International Financial Reporting Standards as disclosed in note 2 (a).

Signed by the Deed Administrators.

D Stimpson

David Michael Stimpson & Terrence John Rose
Joint & Several Deed Administrators
6th September 2010

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of OMI Holdings Limited (Subject to Deed of Company Arrangement)

Report on the Financial Report

We have audited the accompanying financial report of OMI Holdings Limited (Subject to Deed of Company Arrangement), which comprises the balance sheet as at 30 June 2010, and the Statement of Comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of OMI Holdings Limited (Subject to Deed of Company Arrangement) (the consolidated entity). The consolidated entity comprises OMI Holdings Limited (Subject to Deed of Company Arrangement) and the entities it controlled at 30 June 2010 or from time to time during the year ended on that date.

Directors' Responsibility for the Financial Report

The directors of OMI Holdings Limited (Subject to Deed of Company Arrangement) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001.* This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Accounting Standards ensures that the financial report comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Chartered Accountants
& Business Advisers

Auditor's Opinion

In our opinion:

(a) the financial report of OMI Holdings Limited (Subject to Deed of Company Arrangement) is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion expressed above, we draw attention to Note 2c in the financial report which indicates the consolidated entity incurred a loss before transfer of operations to the Creditor Trust of $6,284,833, had net cash outflows from operating activities of $1,534,806 and has net assets of nil. These conditions, along with other matters set out in Note 2c, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern and therefore, whether the consolidated entity will realise its assets and discharge its liabilities in the normal course of business and at amounts stated in the financial report.

Report on the Remuneration Report

We are required to audit the Remuneration Report included on pages 12 to 13 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Basis for Disclaimer of Auditor's Opinion on the Remuneration Report

As referred to in the Directors' Report, the directors of the company, have qualified on the completeness and accuracy of the remuneration disclosures, consequently we are unable to determine whether any adjustments to the amounts of individual directors remuneration, and to the total amounts disclosed are necessary. Therefore in relation to the remuneration report, contrary to the requirements of Section 310 of the Corporations Acts 2001, we have not been provided with all information, explanation and assistance necessary for the conduct of the audit.

Disclaimer of Auditor's Opinion on the Remuneration Report

Because of the matter referred to under Basis for Disclaimer of Auditor's Opinion, we are unable to form an opinion on whether or not the Remuneration Report of OMI Holdings Limited (Subject to Deed of Company Arrangement) for the year ended 30 June 2010, complies with section 300A of the Corporations Acts 2001.

PKF

PKF

K Colyer

Kim Colyer
Partner

Dated at Brisbane this 7th day of September 2010.