Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Safe Effect Technologies Ltd

ABN	Quarter ended ("current quarter")
66 099 107 623	**31 March 2003**

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter $A'000	Year to date (9 months) $A'000
1.1 Receipts from customers	91	490
1.2 Payments for		
(a) staff costs (includes wages paid for R&D)	(117)	(378)
(b) advertising and marketing	0	(11)
(c) research and development	(98)	(339)
(d) leased assets		
(e) other working capital	(41)	(165)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	10
1.5 Interest and other costs of finance paid	(4)	(9)
1.6 Income taxes paid	0	(4)
1.7 Other (provide details if material)	(461)	(1,171)
Net operating cash flows	(630)	(1,577)

		Current quarter $A'000	Year to date (9 months) $A'000
1.8	Net operating cash flows (carried forward)	(630)	(1,577)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		(117)
	(d) physical non-current assets	(9)	(36)
	(e) other non-current assets		
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) other non-current assets		
1.11	Loans to other entities		(173)
1.12	Loans repaid by other entities		
1.13	Other (provide details if material)		
	Net investing cash flows	(9)	(325)
1.14	**Total operating and investing cash flows**	(639)	(1,902)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.		500
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings		
1.18	Repayment of borrowings	(9)	(36)
1.19	Dividends paid		
1.20	Other (provide details if material)	202	202
	Net financing cash flows	193	666
	Net increase (decrease) in cash held	(446)	(1,236)
1.21	Cash at beginning of quarter/year to date	529	1,319
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	83	83

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter $A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	48
1.25 Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

On the 31st January 2003, Safe Effect Technologies Limited (SAF) announced a fully underwritten pro-rata non-renounceable rights issue to raise approximately $5,000,000 on the basis of 1 new ordinary share of $0.15 and one free option, exercisable at $0.20 on or before 31st December 2003, for every 2.79 ordinary shares held. The offer is fully underwiritten by Hood Group Holdings Ltd.

The Rights Issue closed on 1st April 2003. Hood Group Holdings Limited lodged an application form for its allocation of shares and options offered under the rights issue on 24 April 2003, in accordance with the intended timetable.

SAF and the underwriter have agreed that the remaining funds will be delivered to SAF by close of business (Perth time) on Friday, 2 May 2003. SAF will make another announcement once all of the funds have been received from the underwriter and the final rights issue allotment takes place.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available $A'000	Amount used $A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter $A'000	Previous quarter $A'000
4.1 Cash on hand and at bank	83	279
4.2 Deposits at call	0	250
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	83	529

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Dr Dorota Kieronska
Director

Date: .... 30th April 2003

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note

2 The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

- 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
- 9.2 - itemised disclosure relating to acquisitions
- 9.4 - itemised disclosure relating to disposals
- 12.1(a) - policy for classification of cash items
- 12.3 - disclosure of restrictions on use of cash
- 13.1 - comparative information

3 **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.