



FULL STEAM AHEAD FOR SAFETYMED

Safety Medical Products Ltd (SafetyMed, ASX code SFP) is pleased to announce the sign off by Exelint (Exel) of the USA on the final prototype model delivered to them on Friday 16th June 2006.

Exel's Mr. Jatin Rajani and Mr. Armand Hamid are extremely pleased with the final model and excited at the huge potential it presents to both companies.

Although a modification to the cap of the original Exel standard 1ml insulin syringe caused a four month delay, the modification is a true sign of their faith in the project as it better suited the Company's syringe conversion process.

SafetyMed has now ordered the tooling required to enter the full production phase, which will consist primarily of two 64 cavity moulds each capable of producing 64 parts every 10 seconds, or the equivalent syringe production of more than 3.2 million units per week.

During this tool build exercise, expected to take 6-10 weeks, Exel will undertake the FDA and CE Mark Certification process as well as marketing and trialing the product throughout its' existing client network using 10,000 samples built at SafetyMed's facility in Salisbury, South Australia.

The simplicity of the SafetyMed Technology which involves converting standard syringes into safety retractable syringes by retrofitting two simple plastic parts to a standard syringe easily lends itself to mass production at Exel's South Korean facility.

This means that SFP will not be required to outlay significant capital in the design and manufacture of an automated line, as against the usual business model presented in this sector.

This will result in an expected manufacture cost for the SecureTouch Safety Syringe of a mere 2 cents more than that of a standard traditional syringe including all assembly and parts costs, thus removing the major concern to date of retractable use worldwide being cost factor.

SafetyMed have made rapid progress since listing on the ASX in late November 2005 and are expecting significant revenues to commence by September 2006 based on Exel's own estimations.

Exel have committed to sales of 25 million units in the first twelve months of production, growing to 50 million units for year two, and a minimum 10% increase per annum thereafter.

Exel currently supplies disposable medical products to 44 countries throughout the world and believes the extremely low cost of the SafetyMed model will allow for direct replacement of traditional standard syringes with the SecureTouch Safety Syringe in the majority of these countries.

SMP will soon expand the available range to include 0.5, 2-3, 5 and 10ml syringe models, so as to fully cater for most sectors of the medical and healthcare markets worldwide.

Yours faithfully



John Riemelmoser
Managing Director
Safety Medical Products Limited



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