



30 January 2009

ASX and Media Announcement

**APPENDIX 4C - Quarterly Report for entities admitted
on the basis of commitments**

FOR THE QUARTER ENDED 31 December 2008

Highlights:

- Major new joint venture in the feminine hygiene sector
- New product range to be launched early 2009 with \$15m sales projected for CY2009
- \$9.5m financing facility secured via NAB against forward product orders
- SecureTouch and Pen Needle Aids to be used throughout RDNS Victoria

New Product Launch

As announced previously on December 17th, Safety Medical Products Limited (ASX: SFP) (SafetyMed or SMP) has secured bank funding totalling \$9.5 million to allow for the introduction, nationwide marketing and mass distribution of an exciting fast moving consumer line into the Australian and New Zealand Retail Health Care Markets.

SafetyMed's range of Feminine Hygiene products will be launched nationwide in early 2009.

Further details can be found in the attached copy of the December announcement.

RDNS Victoria

SafetyMed is pleased to announce that it has begun supplying the Royal District Nursing Service (RDNS) Victoria with SecureTouch Retractable Syringes and Insulin Pen Needle Aids throughout the 22 centres in Victoria.

The products were chosen because of the ability to provide a much greater level of safety for both employees and patients.

These recent developments along with the continued growth in sales of the Company's products through the National Diabetes Services Scheme and other market opportunities will be a great launching pad for SafetyMed into 2009.

Cash at 31 December 2008

Cash and cash equivalents as at 31 December 2008 amounted to \$288,575.

Appendix 4C
Quarterly report for entities
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About Safety Medical Products Limited

SafetyMed is a company focused on developing and marketing a unique range of innovative Safety Products led by its flagship SecureTouch Retractable Syringe. With sales volumes of its product range increasing significantly throughout 2008 as well as the introduction of the new Feminine Hygiene Range to the retail consumer market in early 2009, the company expects to become a major supplier to the Health Industry Sector in the near future.

For further information please contact:

Mr. John Riemelmoser
Managing Director
Safety Medical Products Limited
Ph (08) 8285 5226
Fax (08) 8285 3228
Email info@safetymed.com.au

Mr. Duncan Gordon
Investor Relations
Adelaide Equity Partners Ltd
Ph (08) 8232 8800
Fax (08) 8232 8811
Email dgordon@adelaideequity.com.au

+ See chapter 19 for defined terms.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Safety Medical Products Limited

ABN

26 007 817 192

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1.1 Receipts from customers	1,466	2,837
1.2 Payments for		
(a) staff costs	(653)	(1,233)
(b) advertising and marketing	(88)	(97)
(c) research and development	-	-
(d) leased assets	-	(2)
(e) other working capital	(527)	(432)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	3
1.5 Interest and other costs of finance paid	(55)	(86)
1.6 Income taxes	53	30
1.7 Other (provide details if material)		
Direct purchases	(587)	(1,239)
Accounting & auditing	(26)	(52)
Patent & Trade Mark expenses	-	(10)
Property rental & outgoings	(56)	(108)
Consulting fees	(43)	(88)
Travel	(10)	(24)
Share Registry & ASX expenses	(12)	(31)
Net operating cash flows	(537)	(532)

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Appendix 4C
Quarterly report for entities
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	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(537)	(532)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(59)
(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	23	23
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (Stamp Duty paid following acquisition of Bagot Press. Acquisition closed 1 May 2007)	-	-
Net investing cash flows	23	(36)
1.14 Total operating and investing cash flows	(514)	(568)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	225	225
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	458	458
1.18 Repayment of borrowings	(22)	(81)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	(28)	(28)
Net financing cash flows	633	574
Net increase (decrease) in cash held	119	6
1.21 Cash at beginning of quarter/year to date	170	283
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	289	289

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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	144
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Consists of director fees, salaries and superannuation to directors, and consulting fees paid to director-related entities.

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

Not Applicable

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

Not Applicable

Financing facilities available

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	1,765	1,171
3.2	Credit standby arrangements	40	-

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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	289	170
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	289	170

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Pureste Pty Ltd	Not Applicable
5.2 Place of incorporation or registration	Sydney NSW	
5.3 Consideration for acquisition or disposal	\$700	
5.4 Total net assets	Nil	
5.5 Nature of business	Feminine Hygiene product distributor	

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.

Sign here:



(Director)

Date: 30 January 2009

Print name: John Riemelmoser

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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 or notes attached to this report. SafetyMed continues to evaluate its cash position to ensure capital adequacy and is investigating a number of initiatives to ensure it is able to meet its commitments during the SecureTouch commercialisation process.
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.

+ See chapter 19 for defined terms.



Wednesday, 17th December 2008

General Manager
The Company Announcements Office
Australian Securities Exchange Limited
Australia Square
Sydney NSW 1215

Dear Sir/Madam

Major product launch and funding secured

Highlights

- **Major new joint venture in the feminine hygiene sector**
- **Product range to be launched early 2009 with \$15m sales expected CY2009**
- **\$9.5m financing facility secured via NAB**

NEW PRODUCT LAUNCH

Safety Medical Products Limited (ASX: SFP) ("**SafetyMed**") is pleased to announce that it has secured funding totalling \$9.5 million to allow for the introduction, nationwide marketing and mass distribution of an exciting fast moving consumer line into the Australian and New Zealand Retail Health Care Markets.

SafetyMed has been working on this project for the past 12 months in conjunction with a joint venture partner to assist in commercialising an exciting opportunity in the feminine hygiene sector. This new feminine hygiene product range of Tampons, Pads and Liners represents an entry into a mature market segment with an innovative selling proposition that has been identified which will change the landscape of the category. The application of this exciting innovation could be readily expanded to encompass other absorbency based products within the healthcare sector in the future.

SafetyMed is a 50% owner of the new company that will trade under the same name as the brand of the new range. It will operate out of SafetyMed's Salisbury Plain facility in Adelaide, utilising its warehouse and logistics capabilities.



Safety Medical Products Limited
25 Fenden Road, Salisbury Plain, South Australia
Australia, 5109
ACN 007 817 192

Phone: (08) 8285 5226 Fax: (08) 8285 3228
Email: info@safetymed.com.au Website: www.safetymed.com.au
ASX Code: SFP

SafetyMed® is a registered trademark of Safety Medical Products Ltd



The company has secured arrangements with a respected European manufacturer in this sector for production of the new range and has already had a great deal of interest from major retailers with an initial planned roll out across Australia in the first calendar quarter of 2009 through more than 1000 retail outlets. It is anticipated that this will be followed by its introduction into New Zealand during the second quarter 2009.

The feminine hygiene sector generates over \$310* million per annum in Australian retail sales, is virtually 'recession proof' and with the very unique selling point that the new range possesses, is expected to rapidly gain significant market share and quickly become a major player in this sector. Even with this new innovation, the product will be at price parity with the current market leaders in this category further strengthening the launch position. A nationwide Advertising and Public Relations campaign will coincide with the launch to highlight and educate the target market about the availability of this new innovation.

Independent research carried out by a major NSW based agency of more than 1100 consumers who purchase in this category confirmed the company's initial predictions as to the extent of the expected demand for the range that incorporates this new feature.

FUNDING SECURED

SafetyMed is pleased to report that the Company's bankers, National Australia Bank, have shown strong support for this joint venture, particularly in light of the current world economic climate by providing the finance to cover working capital requirements for the product launch. Financing of \$1.5 million for initial working capital, advertising and launch, coupled with access to a further \$8.0 million in trade finance will see the company comfortably meet the expected demand and gain market penetration quickly and efficiently.

SALES PROJECTIONS

Budget forecasts for the first year following launch will see expected sales reaching \$15 million growing to \$42 million by year three. With good margins available, this opportunity has huge potential to strengthen SafetyMed and will position it as a recognised and major player within the healthcare sector. The range is in the enviable position of being virtually recession proof due to the regular purchasing cycle within this category and is not exposed to the discretionary spend fluctuations that most other products are.

At this stage due to the commercial sensitivity of keeping the precise nature of the new innovation secret thus maximising the first to market advantage the exact specifics of the innovation as well as details of the branding and new company will not be revealed until closer to launch date.

*Data monitor



Safety Medical Products Limited
25 Fenden Road, Salisbury Plain, South Australia
Australia, 5109

ACN 007 817 192

Phone: (08) 8285 5226 Fax: (08) 8285 3228

Email: info@safetymed.com.au Website: www.safetymed.com.au

ASX Code: SFP

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OUTLOOK

SafetyMed is extremely excited with the opportunity that this new product range brings and the Company is very confident that it will realise its sales projections.

The benefits to SafetyMed and its shareholders with such an opportunity are enormous and will place the company in a strong position going into the future sitting alongside existing sales and continued market penetration from its current range of products.

Further details will be made available in the forthcoming weeks as the product range launch approaches.

Yours faithfully

John Riemelmoser
Managing Director

For further information please contact:

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