29 January 2010

ASX and Media Announcement

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

FOR THE QUARTER ENDED 31 DECEMBER 2009

HIGHLIGHTS:

- Safety Medical Products Ltd ("SafetyMed" ASX Code SFP) continues negotiations with major Hungarian Medical Products Manufacturer, Dispomedicor Zrt. ("Dispomedicor") under which SafetyMed will have the opportunity to directly purchase up to a 40% stake in Dispomedicor.

- Dispomedicor's unaudited parent revenues amount to AUD$22million with consolidated revenues amounting to an estimated AUD$33million[1].

- Core products to include a full range of SafetyMed designed SecureTouch Retractable Syringes and Dispomedicor designed Safety Needles as well as a full range of conventional needles and syringes and other high volume medical devices.

- Significant Hungarian Government involvement expected via grants and Governmental Bank Finance.

- SafetyMed in conjunction with their corporate advisors have established a project implementation plan that includes detailed due diligence and identifying potential investors.

- Recent new marketing initiatives with the Pureste Range in Coles resulted in growth to 5.3% market share of Coles' sales over the promotion period.

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[1] Rate €1 = AUD$1.645

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

CASH AT 31 DECEMBER 2009

Cash and cash equivalents as at 31 December 2009 amounted to $199,227. The SafetyMed group currently has available finance facilities amounting to $9.6 million of which $2.6 million has been utilised.

The company is currently identifying potential investors to commence the Strategic Alliance with Dispomedicor.

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

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.

About the 'Pureste' feminine hygiene product range

SafetyMed, via its 50% owned subsidiary, Pureste Pty Ltd (**'Pureste'**) has developed the first and only range of sterilised tampons, pads and panty liners to be marketed and distributed across Australia and New Zealand through leading retail outlets and pharmacies.

Further information of the Pureste product range please visit-www.pureste.com.au

About Dispomedicor

Manufacturer and supplier of disposable medical devices such as hypodermic syringes, hypodermic needles, infusion and transfusion devices, catheters, tubes and urine collection devices. Dispomedicor also offers medical grade sterilisation services including both gamma ray and ethylene oxide processes.

Dispomedicor's website can be found at-www.dispomedicor.hu

Dispomedicor has a number of subsidiaries and divisions including:

Pharmico
Manufacturer and supplier of cotton based medical products such as surgical dressings, bandages, swabs and diapers.

Pharmico’s website can be found at-.www.pharmico.hu

Freesia
Manufacturer and supplier of cotton based feminine Hygiene products such as tampons, pads and liners.

Freesia’s website can be found at-.www.freesia.hu

Medicor
Manufacturer and supplier of medical surgical instruments such as scalpels, scissors, knives and forceps.

Medicor’s website can be found at-www.medicor.t-online.hu

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 2009

Consolidated statement of cash flows

			Current quarter	Year to date (6 months)
Cash flows related to operating activities			$A'000	$A'000
1.1	Receipts from customers		391	1,680
1.2	Payments for	(a) staff costs	(285)	(656)
		(b) advertising and marketing	(77)	(201)
		(c) research and development	-	-
		(d) leased assets	(2)	(4)
		(e) other working capital	(88)	(103)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		-	6
1.5	Interest and other costs of finance paid		(60)	(164)
1.6	Income taxes		-	-
1.7	Other (provide details if material)			
	Direct purchases		(140)	(1,047)
	Consulting & professional fees		(93)	(242)
	Net operating cash flows		**(354)**	**(731)**

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (6 months) $A'000
1.8	Net operating cash flows (carried forward)	**(354)**	**(731)**
	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	-	-
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	1,300
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	20
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other	-	-
	Net investing cash flows	**-**	**1,320**
1.14	**Total operating and investing cash flows**	**(354)**	**589**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	143	143
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	1,090	1,090
1.18	Repayment of borrowings	(1,022)	(1,125)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)		
	Share issue costs	(4)	(4)
	Repayment of Convertible Notes	-	(50)
	Net financing cash flows	**207**	**54**
	Net increase (decrease) in cash held	**(147)**	**643**
1.21	Cash at beginning of quarter/year to date	346	(444)
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**199**	**199**

+ See chapter 19 for defined terms.

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	196
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	2,195	2,195
3.2	Credit standby arrangements	7,410	409

3.1 Loan facilities included a further loan $1,090,000 that relates to an existing trade finance facility that has been reclassified as a loan in the quarter. There is no change in the total financing facilities available.

3.2 Loan facilities exclude Convertibles Notes of $700,000.

3.2 Credit standby facilities include bank overdraft facilities, trade finance facilities and the documentary letter of credit facility.

+ See chapter 19 for defined terms.

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	108	352
4.2	Deposits at call		
4.3	Bank overdraft	(409)	(506)
4.4	Other (provide details) *	500	500
	Total: cash at end of quarter (item 1.23)	**199**	**346**

*SafetyMed have renegotiated the banking security with the Company's bankers, National Australia Bank following the disposal of Bagot Press assets; the security has been replaced with a $500,000 three month term deposit that has been extended to 31 March 2010. The term deposit will be released on maturity subject to Pureste sale targets being achieved.

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	Not Applicable	Not Applicable
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.

Sign here: (Director) Date: 29 January 2010

Print name: John Riemelmoser

+ See chapter 19 for defined terms.

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.

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.