Safety Medical Products Limited

Appendix 4D

Name of entity	**Safety Medical Products Limited**
ABN	26 007 817 192
ASX listing code	SFP

Revenue / Profit	Movement	Change (%)	31 Dec 13 $	31 Dec 12 $
Revenue from ordinary activities	-	-	-	-
Profit from ordinary activities after tax attributable to members	Increase	43.8	(153,720)	(273,428)
Net profit for the period attributable to members	increase	43.8	(153,720)	(273,428)

Revenue / Profit	Amount Per Security	Franked Amount per Security
Dividends Paid in respect of prior year:		
Interim Dividend	0.0c	0.0c
Final Dividend	0.0c	0.0c
Dividends declared in respect of current year:		
Interim Dividend (*)	0.0c	0.0c
** No interim dividend was declared*		

Net Tangible Assets		31 Dec 13 Cents	31 Dec 12 Cents
Net tangible assets per share:	(2013: 495,868,074 shares) (2012: 396,455,466 shares)	0.13	0.29

Brief explanation of any figures reported above: The loss for the period related to administration expenses. Refer attached Financial Report for additional details.

SAFETY MEDICAL PRODUCTS LIMITED

ABN 26 007 817 192

HALF YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Contents

The directors present their report together with the financial report for the six months ended 31 December 2013 and the review report thereon.

Officeholders

The directors of the Company at any time during or since the end of the interim period are:

Name

Non-executive
Peter Christie (Chairman)
Simon Lill
Stephen Hewitt-Dutton

Review of operations

Overview

The Condensed Statement of Profit or Loss and Other Comprehensive Income shows a net loss attributable to members of $153,720 compared with $273,428 loss for the previous corresponding period.

Review of principal business activities

It was announced on the 18th December that Safety Medical Products Limited and Kisara Gold Pty Ltd had mutually agreed to withdraw from the Agreement for Safety Medical to acquire Kisara.

The hurdle associated with re-compliance with Chapters 1 and 2 of the ASX Listing Rule has been difficult to overcome given the changes to the Listing Rules that require a higher NTA hurdle ($2M to $3M) than was originally contemplated when the transaction was entered into, particularly given the difficult capital raising markets for resource juniors, and more so those with a gold focus.

Part of the withdrawal agreement results in Safety Medical agreeing to capitalise funds forwarded to Kisara as part of its original agreement with Kisara into equity in Kisara.

The Company retains its interest in the SecureTouch Syringe through two ongoing patent applications in the USA and Australia, as well as registered Trademarks in New Zealand and Australia.

The Patent applications are currently undergoing examination both in the US and in Australia, with Safety Medical currently preparing responses to certain queries from both the US and Australian patent offices.

SFP has recently commenced work on responses to an Office Action issued by the United States Patent and Trademark Office on United States Patent Application No 12/674422. Conjunctionally it is also in the process of responding to an Examination Report on Australian Patent Application No 2007357859. Both relate to the "Lockable Shield Assembly for a Syringe", the core of the Company's technology.

Safety Medical also notes an improved capital raising market and interest in the medical health sector. Consequently the Board is keen to pursue its options in respect of the Secure Touch syringe and the Health Care Equipment and Services sector in which it currently operates.

The Company has allowed other international patents to lapse associated with its Safety Syringe, which was considered fiscally prudent and which considered that if SFP were able to achieve an outcome on its keynote patent in the US that many of these could be regenerated and patented very quickly based on the US patent experience.

Consequent to its ongoing focus on the Health Care Equipment and Services sector the Company also announced on the 18th December 2013 its plans to raise $500,000 in two tranches at $0.002 per share. As at the date of this report, $500,000 was raised and 250,000,000 shares issued.

Events subsequent to reporting date

On 9 January 2014, Kisara Gold Pty Ltd ("Kisara") issued 66,666,667 shares to the Company. Kisara are to reconstruct their issued capital such that the Safety Medical shareholding to be distributed to Safety Medical shareholders will be 10,000,000.

A general meeting of shareholders was held on 17 February 2014 with the following resolutions approved by shareholders:

- The issued share capital of the Company be reduced, without cancelling any shares, by an amount equal to the value as per the Company's financial statements of all the fully paid ordinary shares in the capital of Kisara Gold Pty Ltd with effect on 18 February 2014. The reduction be satisfied by the distribution and transfer of all the Kisara Shares to holders of ordinary shares in the Company registered as such on 2 January 2014 in the ratio of 1 Kisara Share for every 50 ordinary shares in the Company held as at 2 January 2014;
- Clause 10.2 of the Company's Constitution is altered by adding the following sentence at the end of that clause:

  > "Subject to the Act and the Listing Rules, if the Company reduces its capital by the distribution of securities of another corporation, each Member consents to being a member of the other corporation and be bound by its constitution."The right of the Directors to participate in the public offer under the prospectus";

- The ratification of the prior issue of 74,000,000 shares to Sophisticated and Professional Investors under the Tranche 1 Placement on 3rd January 2014; and
- The approval of issue of the remaining 176,000,000 to Sophisticated and Professional Investors under the Tranche 2 Placement.

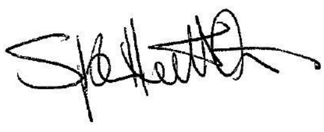
On 21 February 2014, $352,000 was received for the Tranche 2 Placement and 176,000,000 shares have now been issued.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the six months ended 31 December 2013.

Dated at Perth this 28th day of February 2014.

Signed in accordance with a resolution of the directors:



Stephen Hewitt-Dutton
Director

Bentleys Audit & Corporate (WA) Pty Ltd
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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Safety Medical Products Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

DATED at PERTH this 28th day of February 2014

Safety Medical Products Limited
Condensed Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2013

	Note	31 Dec 2013 $	31 Dec 2012 $
Revenue		-	-
Cost of sales		-	-
Gross profit		**-**	**-**
Other income		-	-
Business development, marketing and intellectual property expenses		(1,017)	(267)
Accounting and audit fees		(15,480)	(26,425)
Directors' and Company Secretarial fees		(80,000)	(80,000)
Legal fees		(275)	(38,753)
Consultancy and Corporate Advisors fees		(14,910)	(76,550)
Exploration expenses		-	(21,895)
Administrative expenses		(31,985)	(41,411)
Other expenses		(9,862)	-
Results from operating activities	2	**(153,729)**	**(285,301)**
Financial income		247	12,174
Financial expense		(438)	(301)
(Loss) before tax		**(153,720)**	**(273,428)**
Income tax expense		-	-
(Loss) for the half-year		**(153,720)**	**(273,428)**
Other comprehensive income		-	-
Total comprehensive income for the half year		**(153,720)**	**(273,428)**

Earnings per Share:

From continuing operations

Basic earnings per share (cents)	(0.04)	(0.07)

The condensed statement of profit or loss and other comprehensive income should be read in conjunction with the attached notes to the financial statements.

Safety Medical Products Limited
Condensed Statement of Financial Position
As at 31 December 2013

	Note	31 Dec 2013 $	30 Jun 2013 $
Assets			
Cash and cash equivalents		189,131	26,606
Trade and other receivables		28,905	42,900
Total current assets		**218,036**	**69,506**
Non-current assets			
Deferred acquisition cost	3	664,047	619,400
Total non-current assets		**664,047**	**619,400**
Total assets	2	**882,083**	**688,906**
Liabilities			
Trade and other payables	6	(220,227)	(195,393)
Loans and borrowings	4	-	(25,000)
Total current liabilities		**(220,227)**	**(220,393)**
Total liabilities		**(220,227)**	**(220,393)**
Net assets / (deficiency)		**661,856**	**468,513**
Equity			
Issued capital	5	3,126,691	2,779,628
Reserves		-	-
Accumulated losses		(2,464,835)	(2,311,115)
Total equity		**661,856**	**468,513**

The condensed statement of financial position should be read in conjunction with the attached notes to the financial statements.

Safety Medical Products Limited
Condensed Statement of Changes in Equity
For the half year ended 31 December 2013

2013	Note	Issued Capital $	Accumulated losses $	Total equity $
Opening balance at 1 July 2013		**2,779,628**	**(2,311,115)**	**468,513**
(Loss) / Profit for the half-year		-	(153,720)	(153,720)
Other comprehensive income		-	-	-
Transactions with owners in their capacity as owners, and other transfers				
Shares Issued	5	347,063	-	347,063
Transaction costs		-	-	-
Closing balance at 31 December 2013		**3,126,691**	**(2,464,835)**	**661,856**

2012	Note	Issued Capital $	Accumulated losses $	Total equity $
Opening balance at 1 July 2012		**2,779,628**	**(1,372,302)**	**1,407,326**
(Loss) / Profit for the half-year		-	(273,428)	(273,428)
Other comprehensive income		-	-	-
Total comprehensive income for the period		**-**	**(273,428)**	**(273,428)**
Transactions with owners in their capacity as owners, and other transfers		**-**	**-**	**-**
Shares Issued		-	-	-
Transaction costs		-	-	-
Closing balance at 31 December 2012		**2,779,628**	**(1,645,730)**	**1,133,898**

The condensed statement of changes on equity should be read in conjunction with the attached notes to the financial statements.

Safety Medical Products Limited
Condensed Statement of Cash Flows
For the half year ended 31 December 2013

	Note	31 Dec 2013 $	31 Dec 2012 $
Cash flows from operating activities			
Cash receipts from customers		-	-
Cash paid to suppliers and employees		(85,284)	(319,957)
Interest paid		(438)	(301)
Net cash used in operating activities		**(85,722)**	**(320,258)**
Cash flows from investing activities			
Interest received		247	12,174
Acquisition of exploration assets		-	(17,105)
Net cash (used in) / from investing activities		**247**	**(4,931)**
Cash flows from financing activities			
Proceeds from issue of shares		100,000	-
Advancement to third party		-	(370,000)
Proceeds on share yet to be allotted	6	148,000	-
Net cash from financing activities		**248,000**	**(370,000)**
Net increase in cash and cash equivalents		**162,525**	**(695,189)**
Cash and cash equivalents at 1 July		26,606	999,423
Cash and cash equivalents at 31 December		**189,131**	**304,234**

The condensed statement of cash flows is to be read in conjunction with the attached notes to the financial statements.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Safety Medical Products Limited (the "Company"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2013, together with any public announcements made during the half-year.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year include:

- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

The above standards have extensive disclosure requirements, however these do not effect this half year financial report, other than as disclosed in note 9 financial instruments.

The adoption of the above standards have not had a material impact on this half year financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The company incurred an operating loss of $153,720 for the period ended 31 December 2013 (31 December 2012: $273,428) and a net cash outflow from operating activities amounting to $85,722 (31 December 2012: $320,258).

The Directors have prepared a cash flow forecast which indicates that the company will have sufficient cash flow to meet all commitments and working capital requirements for the 12 months period from the date of signing this financial report. The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

1. The Company had raised $148,000 in December 2013 and is a liability as at 31 December 2013 as shares were still to be allotted. In January 2014, 74,000,000 shares were issued;
2. In February, the Company raised $352,000. 176,000,000 shares were issued as approved by Shareholders on 17 February 2014; and
3. The Company has no major commitments outstanding.

2 SEGMENT REPORTING

	Administration	Project Evaluation	Total $
(i) Segment performance			
Six months ended 31 December 2013			
Total segment revenue	-	-	-
Total segment expenses	(153,529)	-	(153,529)
Segment net profit/(loss) before tax	**(153,529)**	**-**	**(153,529)**
Reconciliation of segment result to company net loss			
Unallocated items			
Other revenue			247
Other expenses			(438)
Net loss before tax from continuing operations			**(153,720)**
Six months ended 31 December 2012			
Total segment revenue	-	-	-
Total segment expenses	(246,856)	(38,445)	(285,301)
Segment net profit/(loss) before tax	**(246,856)**	**(38,445)**	**(285,301)**
Reconciliation of segment result to company net loss			
Unallocated items			
Other revenue			12,174
Other expenses			(301)
Net loss before tax from continuing operations			**(273,428)**
(ii) Segment assets			
Opening balance 30 June 2013	69,506	619,400	688,906
Segment assets			
Additions	-	-	-
Disposals	-	-	-
Other movements in segment assets	148,530	44,647	193,177
Closing balance 31 December 2013	**218,036**	**664,047**	**882,083**

3 DEFERRED ACQUISITION COSTS

During the year, the Company advanced funds to Kisara Gold Pty Ltd ("Kisara") and has been treated as deferred acquisition costs.

In December 2013, the Company agreed to withdraw from the agreement to acquire Kisara. Part of the withdrawal agreement results in Safety Medical agreeing to capitalise funds forwarded to Kisara as part of its original agreement with Kisara into equity in Kisara. This was approved by shareholders on 17th February 2014.

4 LOANS AND BORROWINGS

At the Company's Annual General Meeting held on 30th November 2013, it was approved by shareholders to convert this debt of $25,000 into shares at an issue price of $0.005. On 18th December 2013, 5,000,000 shares were issued to IML Holdings Pty Ltd in full repayment of the loan.

5 SHARE CAPITAL

	$	$
Issued and paid-up capital		
495,868,074 (30 June 2013: 396,455,466) ordinary shares fully paid, net of capital raising cost	3,126,691	2,779,628

Ordinary shares	**No.**	**$**
Balance at 30 June 2013	396,455,466	14,084,763
Private placement on 11 September 2013 (i)	50,000,000	100,000
Debt to equity conversion on 18 December 2013 (ii)	47,738,188	238,691
Debt to equity conversion on 31 December 2013 (ii)	1,674,420	8,372
Balance at 31 December 2013	**495,868,074**	**14,431,826**

(i) 50,000,000 shares issued at $0.002 per share as a private placement to provide funds to assist the Company.

(ii) 49,412,608 shares issued at $0.005 per share in satisfaction of amounts owing by the Company. Approved by shareholders on 29 November 2013.

6 TRADE AND OTHER PAYABLES

	31 Dec 2013 $	**30 Jun 2013** $
Trade Creditors	48,486	177,393
Accrued Expenses	23,741	18,000
Monies received for shares yet to be allotted (i)	148,000	-
Balance at 31 December 2013	**220,227**	**195,393**

(i) In December 2013, the Company executed a mandate to provide capital assistance by way of new equity in Safety Medical Products with Taylor Collison, a leading Sydney based financial services. Taylor Collison has agreed to provide $500,000 through the issue of 250 million shares in Safety Medical at a price of $0.002, in two tranches, as follows:

	No. of Shares	**Amount**
Tranche One	74,000,000	$148,000
Tranche Two	176,000,000	$352,000

74,000,000 shares at a price of $0.002 per share were issued to Sophisticated and Professional Investors under the Tranche 1 Placement on 3rd January 2014.

Tranche 2 was approved by shareholders at the general meeting held on 17th February 2014. $352,000 was raised on 21st February 2014 and 176,000,000 shares issued on 24th February 2014.

7 CONTINGENT LIABILITIES

There are no contingent liabilities as at the date of this report.

8 SUBSEQUENT EVENTS

On 9 January 2014, Kisara Gold Pty Ltd ("Kisara") issued 66,666,667 shares to the Company. Kisara are to reconstruct their issued capital such that the Safety Medical shareholding to be distributed to Safety Medical shareholders will be 10,000,000.

A general meeting of shareholders was held on 17 February 2014 with the following resolutions approved by shareholders:

- The issued share capital of the Company be reduced, without cancelling any shares, by an amount equal to the value as per the Company's financial statements of all the fully paid ordinary shares in the capital of Kisara Gold Pty Ltd with effect on 18 February 2014. The reduction be satisfied by the distribution and transfer of all the Kisara Shares to holders of ordinary shares in the Company registered as such on 2 January 2014 in the ratio of 1 Kisara Share for every 50 ordinary shares in the Company held as at 2 January 2014;
- Clause 10.2 of the Company's Constitution is altered by adding the following sentence at the end of that clause:

  > "Subject to the Act and the Listing Rules, if the Company reduces its capital by the distribution of securities of another corporation, each Member consents to being a member of the other corporation and be bound by its constitution. "The right of the Directors to participate in the public offer under the prospectus";
- The ratification of the prior issue of 74,000,000 shares to Sophisticated and Professional Investors under the Tranche 1 Placement on 3rd January 2014; and
- The approval of issue of the remaining 176,000,000 to Sophisticated and Professional Investors under the Tranche 2 Placement.

On 21 February 2014, $352,000 was received for the Tranche 2 Placement and 176,000,000 shares have now been issued.

9 FINANCIAL INSTRUMENTS

The Company's financial instruments consist of trade and other receivables and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their face value.

Safety Medical Products Limited
Directors' Declaration

The Directors of the Company declare that:

a) the financial statements and notes set out on pages 6 to 13, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the six month period ended on that date; and

   (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 28th day of February 2014.

This declaration is signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*:

Stephen Hewitt-Dutton
Director

Bentleys
THINKING AHEAD

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Independent Auditor's Review Report

To the Members of Safety Medical Products Limited

We have reviewed the accompanying half-year financial report of Safety Medical Products Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other selected explanatory information and the directors' declaration.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Safety Medical Products Limited is not in accordance with the *Corporations Act 2001* including:

a. giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

DATED at PERTH this 28th day of February 2014

Safety Medical Products Limited
Corporate directory

Offices and officers

Directors

Peter Christie
Simon Lill
Stephen Hewitt-Dutton

Company Secretary

Deborah Ho

Principal registered office

Safety Medical Products Limited

c/o Trident Management Services Pty Ltd

Level 24

44 ST George's Terrace

Perth, WA 6000

Principal place of business

Safety Medical Products Limited

Level 24

44 ST George's Terrace

Perth, WA 6000

Location of Share Registry

Link Market Services Ltd

Level 2

178 St Georges Terrace

Perth, WA 6000

Stock Exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Perth.

Other Information

Safety Medical Products Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.