



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.



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ASX Code: SFP

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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



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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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