



Friday 27th March 2009

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

Dear Sir/Madam,

SafetyMed launches Australia's first range of sterilised feminine hygiene products

HIGHLIGHTS

- SafetyMed subsidiary, 'Pureste' launches an innovative, category-changing range of the first and only sterilised tampons, pads and panty liner products in Australia.
 - Woolworths and major pharmacy chains to anchor the product launch as cornerstone retailers.
 - Consumer feedback indicates lack of awareness of the non-sterile status of currently available products.
 - Significant product uptake expected due to price parity with market leaders, to yield SafetyMed subsidiary circa \$15 million in revenue in first 12 months.
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On 17 December 2008, Safety Medical Products Limited ('**SafetyMed**' or '**the Company**') (ASX: SFP) announced that it had secured finance totaling \$9.5 million from the National Australia Bank to fund the launch, marketing and mass national distribution of a range of innovative feminine hygiene products.

The Company is now pleased to announce the details of the products and launch.



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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.

Despite popular belief and consumer expectations, there are **no other products of this type** available in Australia and New Zealand that are sterilised.

Woolworths is the first major retailer to take on the range and it is now available through 580 of its top tier stores around Australia.

The sterilisation process is effected using medically proven and widely accepted gamma ray technology, which is calibrated to hospital operating theatre standards. After packaging and sealing, sterilisation takes place to remove all traces of bacteria.

The entire range will be at price parity to the existing market leaders even though it is the only product in the market approved to carry the "sterilised" branding.

The products are manufactured in Europe, before being imported, warehoused and distributed by SafetyMed under the 'Pureste' brand.

This unique point of differentiation offers women a level of peace of mind, hygiene and sterility that hasn't previously existed in the Australian and New Zealand markets.

Extensive market research undertaken by Pureste as part of its product development phase indicated that sterility is a key factor in the selection process for women and that the majority of women were under the misapprehension that the feminine hygiene products sold in Australia and New Zealand were sterile when in actual fact, they are not.

Research participants generally reacted with responses along the lines of "You're kidding, of course they are sterile!"

In fact, current Australian Standards for Tampons allow for a small amount of bacteria and/or fungal spores to be present. Pureste products will contain no such bacterial or fungal traces whatsoever.

Further information of the Pureste product range is included in the attached schedule. For additional details please visit: www.pureste.com.au.



Chanel to market

Woolworths is the first major retailer to take on the range and it is available now through 580 of its top tier stores around Australia.

Leading Pharmacy groups including Priceline, Chemmart, National Pharmacies, United Discount Chemists (UDC) and Chemplus have also either begun stocking the range or will phase it in shortly. This will bring the total number of retail outlets to well over 1000. Discussions with Coles and other major retailers are also well under way with expectations that they will stock the range in the near future.

Advertising and PR campaign

The official product launch will be initiated by a nationwide cross media advertising and public relations campaign commencing soon to educate the market about the attributes and availability of this new innovation.

Pureste has appointed well known Australian personality, Toni Pearen as ambassador for the range.

Toni said when she was approached by Pureste she too had assumed that the tampons she has been using were sterile. This of course prompted Toni to question other products she was using and if she really knew as much about consumer products as she had thought.

Pearen said, "When a brand like Pureste comes on the market it raises issues and concerns with women about the everyday products they are consuming...from what they eat to what we use on our skin and of course their feminine hygiene products. As women, we need to be educated about the goods we consume and make informed and accurate choices. I think this is an opportunity to encourage and inspire each other to research information more thoroughly and to be smarter consumers"



Pureste Ambassador: TONI PEAREN

Toni Pearen is one of the most recognised faces in family homes across the country. Most recently she starred on Channel Seven's *Dancing with the Stars* after a successful four years hosting the extremely popular *Australia's Funniest Home Videos*. Prior to this, Toni hosted *Red Music Television*, *Video Smash Hits* and *Coca Cola Take 40*. She also appeared in the Nine Network programs *Celebrity Circus* and *Abbamania*.

Toni's career began as an actor with her most memorable characters being Beth Armstrong in *Home and Away* and Toni Windsor in *E-Street*. She also starred in *A Country Practice* and the US production *JAG*. Toni was cast in Australian films *All Men are Liars* and *On the Dead Side* as well as the US feature *Colin Fitz Lives!*

On stage she has appeared in many theatre productions nationally including *Stories from Suburban Roads* and *Return to the Forbidden Planet* and played Cinderella in *Cinderella* and Princess Jasmine in *Aladdin*.

Toni's early music career saw her release four singles and an Album titled *Intimate* through Mushroom Records.

Sales forecasts

The feminine hygiene sector generates over \$310 million per annum in Australian retail sales <source: Data Monitor> and is virtually 'recession proof' given its non-discretionary nature.

As a result of Pureste's unique selling point, the product range is expected to rapidly gain significant share of this market and quickly become a major player in the sector.

Despite the fact that Pureste's products can be clearly differentiated from those of its competitors and are in a class of their own, they will be sold at price parity with the current market leaders, further strengthening the business's entry position.

Budget forecasts for the first year following launch will see expected sales reaching **\$15 million growing to \$42 million** by year three. With healthy margins, this opportunity has huge potential to bolster SafetyMed (as a 50% owner of the Pureste business) and will position it as a significant player within the healthcare sector.

Early take up of the product through Woolworths has been very pleasing and with significant expansions to the distribution network and launch of the marketing campaign, sales are expected to improve considerably over the coming months.

Corporate structure and funding arrangements

The Pureste business is to be run via a 50/50 incorporated joint venture between SafetyMed and a group of seven Australian women who initially approached SafetyMed with the idea of launching a product range in the feminine hygiene sector.

As previously announced, the product launch has been financed via a \$1.5 million credit facility that SafetyMed has obtained from the NAB. SafetyMed has partially drawn down on this facility and on-loaned the funds to Pureste to finance the venture's initial launch and they will be repaid to SafetyMed from Pureste's expected operating profits.

In addition, through SafetyMed, Pureste itself holds an \$8.0 million trade finance facility with the NAB to fund stock purchases and allow Pureste to comfortably meet the expected demand and gain market penetration quickly and efficiently.

SafetyMed is very excited by the Pureste product launch, particularly given the innovative nature of the product, and the potential for significant penetration of what is a relatively large and economically 'defensive' market. The project also further diversifies SafetyMed's product range and should provide SafetyMed with access to immediate recurring cash flows.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'J Riemelmoser', with a long horizontal flourish extending to the right.

John Riemelmoser
Managing Director

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or visit us online at: <http://www.pureste.com.au> or <http://www.safetymed.com.au>.

The Pureste Product Range

	<p style="text-align: center;">Pureste Tampons</p> <p>Pureste tampons are the only sterile tampons in Australia and New Zealand. They are made from cotton and viscose and are covered with a special quality of non woven layer, which makes it easy to insert and remove and ensures a high absorption capacity. The individual tampon packaging is made from airtight BOPP foil.</p> <p>The products have a shelf validity expiration date of five years, listed on packaging to ensure the quality of sterility.</p> <p style="text-align: center;">Available in packs of 16 in Mini \$4.70, Regular \$4.95 and Super \$4.99 RRP</p>
	<p style="text-align: center;">Pureste Ultra Thin Pads With Wings</p> <p>New Pureste ultra thin pads with wings are the only sterile pads in Australia and New Zealand and are designed for comfort, maximum protection and breathability. Ultra thin at 3mm with a rounded front and back side, they are perfectly reliable to wear.</p> <p>Made from cotton and viscose and individually wrapped, Pureste pads have a shelf validity expiration date of five years, listed on packaging to ensure the quality of sterility.</p> <p style="text-align: center;">Available in packs of 14 in Regular \$5.19 and packs of 12 in Super \$5.19 RRP</p>
	<p style="text-align: center;">Pureste Panty Liners</p> <p>Pureste panty liners are the only sterilised panty liners in Australia and New Zealand. Designed with a combined soft cover topsheet for maximum flexibility, comfort and breathability, they are ideal for everyday freshness and tampon back-up.</p> <p>Made from cotton and viscose, Pureste panty liners have a shelf validity expiration date of five years, listed on packaging to ensure the quality of sterility.</p> <p style="text-align: center;">Available in packs of 30 panty liners \$3.99 and packs of 26 g-string liners with wings \$3.29 RRP</p>