



**SAFETY MEDICAL PRODUCTS LIMITED**

**ABN 26 007 817 192**

**2014  
ANNUAL FINANCIAL REPORT**

Safety Medical Products Limited  
Directors' report  
For the year ended 30 June 2014

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The Directors present their report together with the financial report of Safety Medical Products Limited (the Company) for the year ended 30 June 2014 and the auditor's report thereon.

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## 1. Directors

The directors of the Company during or since the end of the financial year are:

<b>Name and qualifications</b>	<b>Experience and special responsibilities</b>
<b>Peter Christie</b> Chairman Aged 52	Non-Executive Director and Chairman appointed 6 October 2010. Mr Christie graduated from Curtin University with a Bachelor of Business in 1983 and is a qualified Accountant and Tax Agent. He has 20 years experience and has developed extensive hospitality and property interests.
<b>Stephen Hewitt-Dutton</b> Director Aged 44	Non-Executive Director appointed 6 October 2010. Mr. Hewitt-Dutton has over 20 years of experience in accounting, company secretarial and corporate finance matters. He holds a Bachelor of Business from Curtin University and an affiliate of the Institute of Chartered Accountants.
<b>Simon Jenkins</b> Director Aged 44	Non-Executive Director appointed 20 <sup>th</sup> May 2014. Mr Jenkins has been a director of Price Sierakowski Pty Ltd since 2005. He has a Bachelor of Laws from the University of Western Australia and is a recommended lawyer for mergers and acquisitions in the 2011 edition of Doyle's Guide to the Australian Legal Profession.  Mr Jenkins has experience in a broad range of corporate transactions including takeovers, mergers and capital raisings both in Australia and overseas. He has extensive experience in a range of industries including the resource, energy and telecommunications sectors. He has also acted for Australian and internationally listed companies as well as for a number of large private enterprises. Mr Jenkins has held directorships in both ASX listed and client owned private companies. He is a member of AMPLA and the Petroleum Club of WA.
<b>Simon Lill</b> <b>Director</b> Aged 52	Non-Executive Director appointed 6 October 2010 and resigned 20 <sup>th</sup> May 2014. Mr Lill has a BSc (Pharmacol.) and a Masters of Business Administration, both from The University of Western Australia. He has a background of over 25 years of stockbroking, capital raising, management, business development and analysis for a range of small and start-up companies, both in the manufacturing and resources industries.
<b>Deborah Ho</b> Company Secretary Aged 26	Company Secretary appointed 7 <sup>th</sup> November 2012. Miss Ho worked for over two years in an international accounting practice, principally in their audit department. Miss Ho commenced with Trident Capital in April 2011 and has since gained experience in company secretarial matters, corporate compliance and financial accounting areas including the preparation of financial statements.  Miss Ho acts as company secretary and performs financial accounting roles for a number of Australian listed public companies. She holds a Bachelor of Commerce from Curtin University and is an associate of Governance Institute of Australia Ltd.

# Safety Medical Products Limited

## Directors' report

### For the year ended 30 June 2014

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#### Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Peter Christie	Carnavale Resources Limited	28 April 2006 – current
	Narhex Life Sciences Limited	13 January 2011 – 20 December 2013
Simon Lill	Natural Fuel Limited	18 May 2010 – current
	Narhex Life Sciences Limited	13 January 2011 – 20 December 2013
	First Growth Funds Limited	16 July 2012 – 16 May 2014
	De Grey Mining Limited	2 October 2013 – current
	Water Resources Group Limited	2 September 2013 – current
Stephen Hewitt-Dutton	Reclaim Industries Limited	13 March 2012 – current

## 2. Directors' meetings

The number of directors' meetings and the number attended by each of the directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held
Mr P Christie	1	1	-	-	-	-
Mr S Lill	1	1	-	-	-	-
Mr S Hewitt Dutton	1	1	-	-	-	-
Mr S Jenkins	-	-	-	-	-	-

The Board of Directors also approved four (4) circular resolution during the year ended 30 June 2014 which was signed by all Directors of the Company.

## 3. Corporate Governance Statement

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council.

The Company's Corporate Governance policy is available on the Company's website. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration. All these practices, unless otherwise stated, were in place for the entire year.

#### *Principle 1 – Lay solid foundations for management and oversight*

The Board and management have agreed on their respective roles and responsibilities and the functions reserved to the Board and management. The Board has established and adopted a Board Charter for this purpose.

The Board is responsible for oversight of the management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising company performance and the protection and enhancement of long-term shareholder value.

### **3. Corporate Governance Statement (continued)**

#### *Principle 1 – Lay solid foundations for management and oversight (continued)*

The Board has also established a Nomination and Remuneration Committee Charter which, amongst other functions, guides the Board in its evaluation of the performance of senior executives and encourages an appropriate mix of skills, experience, expertise and diversity on the Board.

The role of management is the efficient and effective operation of the activities of the Company in accordance with the objectives, strategies and policies determined by the Board. The performance of senior management is reviewed annually in a formal process with the executive's performance assessed against the company and personal benchmarks. Benchmarks are agreed with the executives and reviews are based upon the degree of achievement against those benchmarks.

#### *Principle 2 – Structure the Board to add value*

The Board ultimately takes responsibility for corporate governance, and will be accountable to the Shareholders for the performance of the Company. The functions and responsibilities of the Board are set out in the Company's Constitution and the Corporations Act.

The Company has adopted a Nomination and Remuneration Committee Charter which encourages a transparent Board selection process in searching for and selecting new directors to the Board and having regard to any gaps in the skills and experience of the directors of the Board and ensuring that a diverse range of candidates is considered. The Board composition is reviewed on an ongoing basis with regard to the activities of the Company and the skills sets required to support those activities.

A separate nomination committee has not been formed. The role of the nomination committee is carried out by the full Board in accordance with the Nomination and Remuneration Committee Charter. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate committee.

The composition of the Board is determined using the following principles:

- A minimum of three directors, with a broad range of expertise
- Directors should bring characteristics which allow a mix of qualifications, skills, experience, expertise and diversity to the Board

The skills, experience, expertise and tenure of each director are disclosed in the Directors' Report within this Annual Report.

In assessing the independence of directors, the Board follows the ASX guidelines and will consider whether the director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- Is employed, or has previously been employed in executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving the on board
- Has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided
- Is a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- Has a material contractual relationship with the Company or another group member other than as director of the Company

### **3. Corporate Governance Statement (continued)**

#### *Principle 2 – Structure the Board to add value (continued)*

The Board does not currently have a majority of independent directors. It is comprised of one independent director and two non-independent directors. The existing structure is considered appropriate given the small scale of the Company's enterprise and the associated economic restrictions this places on the Company. The existing structure is aimed at maximising the financial position of the Company by keeping its operating costs to a minimum.

Where additional skills are considered necessary for specific purposes, access is made to independent professional advice at the expense of the Company.

#### *Principle 3 – Promote ethical and responsible decision making*

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board has established a Code of Conduct to guide the Directors, managers, employees and officers of the Company with respect to matters relevant to the Company's legal and ethical obligations and the expectations of stakeholders.

The Code of Conduct requires officers and employees to avoid or ensure proper management of conflicts of interest, to not use confidential information for personal gain and to act in fair, honest and respectful manner. The Board has procedures in place for reporting any matters that give rise to unethical practices or conflicts between the interests of a director or senior executive and those of the Company.

#### *Diversity Policy*

The Board has also established a Diversity Policy which affirms the Company's commitment to promoting a corporate culture that is supportive of diversity and outlines strategies that the Board can undertake to encourage and promote a diverse working environment.

The Company does not select candidates based on gender or ethnicity, rather the recruitment process chooses candidates from a diverse group after widely canvassing the market and by selecting the most appropriate candidate based on merit and suitability for the role.

Currently the Company has no employees as the operations are managed by the Board. Operations are carried out through the engagement of independent consultants and the administration is outsourced to a management company. There are currently no women on the Board of the Company or employed by the Company.

Given the Company's size and that it currently has no employees the Board does not consider it appropriate to set objectives regarding gender diversity at this time. As the operations grow, the Board will give consideration to the setting of such objectives and their achievement through the appointment of appropriate candidates to the Board and senior executive positions as they become available.

#### *Securities Trading Policy*

The Board encourages directors and employees to hold shares in the Company to align their interest with the interests of all Shareholders. The Company has adopted a Securities Trading Policy which guides directors, employees or contractors in trading the Company's securities in accordance with ASX Listing Rules. Trading the Company's shares is prohibited under certain circumstances and a director, employee or contractor must not deal in the Company's securities at any time when he or she is in possession of information which, if generally available, may affect the price of the Company's shares.

### **3. Corporate Governance Statement (continued)**

#### *Principle 3 – Promote ethical and responsible decision making (continued)*

##### *Securities Trading Policy (continued)*

The Policy sets out the following information:

- (a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;
- (b) trading in the Company's securities which is not subject to the Company's Trading Policy; and
- (c) the procedures for obtaining written clearance for trading in exceptional circumstances.

#### *Principle 4 – Safeguard integrity in financial reporting*

The Directors require the Chief Financial Officer and Chief Executive Officer and external company auditors to state in writing to the Board that the Company's financial condition and operational results are in accordance with relevant accounting standards.

A separate audit committee has not been formed. However, the Company has adopted an Audit Committee Charter. The role of the audit committee is carried out by the full Board in accordance with the Audit Committee Charter. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate audit committee.

#### *Principle 5 – Make timely and balanced disclosure*

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the ASX Listing Rules and the Corporations Act. The Directors have established a written policy and procedure to ensure compliance with the disclosure requirements of the ASX Listing Rules. At each meeting of the directors, consideration is given as to whether notice of material information concerning the Company, including its financial position, performance, ownership and governance has been made to all investors.

Under the policy the Company's employees and contractors must disclose any relevant information which comes to their attention and is believed to potentially be material to the Company Secretary or Executive Director.

#### *Principle 6 – Respect the rights of Shareholders*

The Directors have established a communications strategy to promote effective communication with Shareholders and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to the ASX, the Company will also ensure that all relevant documents are released on the Company's website.

Communication with Shareholders is achieved through the distribution of the following information:

- The Annual Report is distributed to Shareholders;
- The Half Yearly Report is available on the Company's website
- Regular reports and announcements are released through the ASX
- The Annual General Meeting and other meetings called by the Company to obtain Shareholder approval as appropriate
- Investor information released through the Company's website

### **3. Corporate Governance Statement (continued)**

#### *Principle 7 – Recognise and manage risk*

The Board is responsible for overseeing the risk management function and ensuring that risks and opportunities are identified on a timely basis. The Directors have established a Risk Management Policy regarding the oversight and management of material business risks.

Responsibility for the control and risk management is delegated to the appropriate level of management within the Company, with the Executive Director having ultimate responsibility to the Board for monitoring the risk management and control framework. Risk analysis and evaluation occurs on an ongoing basis in the course of the activities of the Company. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies.

#### *Principle 8 – Remunerate fairly and responsibly*

A separate remuneration committee has not been formed. However, the Company has adopted a Nomination and Remuneration Committee Charter. The role of the remuneration committee is carried out by the full Board in accordance with the Nomination and Remuneration Committee charter. The charter details how the Board fulfils its duties in regards to the Company's remuneration plans, policies and practices, including the compensation of non-executive directors, executive directors and management. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate committee.

The Board has provided disclosure within this Annual Report in relation to Directors' remuneration and remuneration policies in accordance with the ASX Listing Rules and the Corporations Act. There are no retirement schemes or retirement benefits other than statutory benefits for non-executive directors.

The Company has a policy to prohibit its directors and employees, who participate in an equity-based incentive plan of the Company, from entering into transactions which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities. Directors and employees are encouraged to take sufficient professional advice in relation to their individual financial position.

#### *Other information*

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at [www.safetymed.com.au](http://www.safetymed.com.au).

### **4. Remuneration report – audited**

Remuneration is referred to as compensation throughout this report.

#### **4.1 Principles of compensation**

This report outlines the remuneration arrangements in place for directors of Safety medical Products Limited in accordance with the requirements of the Corporation Act 2001 and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, and includes the executives in the Company receiving the highest remuneration.

#### **Details of Key Management Personnel**

Mr. Peter Christie Chairman

Mr. Stephen Hewitt-Dutton Director

Mr. Simon Jenkins Director (appointed on 20<sup>th</sup> May 2014)

Mr. Simon Lill Director (resigned on 20<sup>th</sup> May 2014)



## 4. Remuneration report – audited

### 4.1 Principles of compensation (continued)

#### Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors' have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Company has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 25 November 2003 when shareholders approved an aggregate remuneration of not more than \$300,000 per year.

The table below shows the performance of the Company as measured by loss per share since 2008:

	2014	2013	2012	2011	2010
Net profit/(loss) after tax	(302,272)	(938,813)	(423,674)	\$1,367,566	(\$4,488,342)
Basic EPS	(0.05¢)	(0.1¢)	(0.1¢)	0.7¢	(4.9¢)
Share price at year end	\$0.005	\$0.02	\$0.01	\$0.02	\$0.04
Dividends paid	Nil	Nil	Nil	Nil	Nil

#### Details of Remuneration

Details of the nature and amount of each element of the emolument of each Director and Executive of the Company, including all key management personnels as required by the Corporations Act 2001, for the financial year are below in note 4.4.

#### Key management personnel and other executives

The overall level of key management personnel's compensation takes into account the performance of the Company over a number of years and includes both financial and non-financial measures of performance. In the period since the Company listed on ASX it has been in the development and evaluation phase of its operations, as such the directors consider that comparing compensation directly with profitability is not warranted during this stage.

#### Loans to Directors and Executives

There were no loans to directors and executives during the financial year ending 30 June 2014.

### 4.2 Analysis of bonuses included in remuneration

There were no short term cash bonuses paid during the reporting period or the prior reporting period.

### 4.3 Options over equity instruments granted as compensation

There were no options over ordinary shares in the Company granted as compensation to key management personnel during the reporting period or the prior reporting period. No options were granted since the end of the financial year.

Safety Medical Products Limited  
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## 4. Remuneration report – audited

### 4.4 Directors' interest

The relevant interest of each director in the shares and options over such instruments issued by the Company as notified by the directors to the ASX in accordance with section 205G(1) of the *Corporations Act 2001* and the ASX Listing Rules, at the date of this report is as follows:

#### Movement in shares

The movement during the reporting period in the number of ordinary shares of Safety Medical Products Limited held, directly, indirectly or beneficially, by each key management personnel, including their related parties is as follows:

	Held at 1 July 2013	Granted as remuneration	Received on exercise of options	Other net changes	Held at 30 June 2014
Directors					
Mr Simon Lill	3,000,000	-	-	(3,000,000)	-
Mr Stephen Hewitt-Dutton	2,000,000	-	-	-	<b>2,000,000</b>
Mr Peter Christie	5,500,000	-	-	7,333,534	<b>12,833,534</b>
Mr Simon Jenkins	-	-	-	4,674,420	<b>4,674,420</b>

	Held at 1 July 2012	Granted as remuneration	Received on exercise of options	Other net changes	Held at 30 June 2013
Directors					
Mr Simon Lill	3,000,000	-	-	-	3,000,000
Mr Stephen Hewitt-Dutton	2,000,000	-	-	-	2,000,000
Mr Peter Christie	5,500,000	-	-	-	5,500,000

### 4.5 Other key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

#### Legal Fees:

As at 30 June 2014, the Company paid legal fees of \$9,005 to Price Sierakowski Pty Ltd ("Price Sierakowski") of which Mr Simon Jenkins is a Director. As at 30 June 2014, no amount was payable to Price Sierakowski. Price Sierakowski was issued 1,674,420 shares at \$0.005 per share in satisfaction of legal fees outstanding as approved by shareholders at the Annual General Meeting held on 29<sup>th</sup> November 2013 .

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**4.5 Other key management personnel transactions (continued)**

**Director Fees:**

As at 30 June 2014, the Company paid Mr Lill and Mr Hewitt-Dutton's Director fees of \$39,000 to Trident Capital Pty Ltd ("Trident Capital"). As at 30 June 2014, \$3,000 was payable to Trident Capital. Trident Capital was issued 9,240,000 shares at \$0.005 per share in satisfaction of Director fees outstanding from March 2013 to September 2013 as approved by shareholders at the Annual General Meeting held on 29<sup>th</sup> November 2013 .

As at 30 June 2014, the Company paid Mr Christie's Director fees of \$20,000 to Hawkins Christie Management Services ("Hawkins Christie") of which Mr Christie is a Director and Shareholder. As at 30 June 2014, \$3, 666 was payable to Hawkins Christie. Hawkins Christie was issued 7,333,534 shares at \$0.005 per share in satisfaction of Director fees outstanding from January 2013 to November 2013 as approved by shareholders at the Annual General Meeting held on 29<sup>th</sup> November 2013 .

As at 30 June 2014, the Company paid Mr Jenkin's Director fees of \$3,000 to Price Sierakowski of which Mr Simon Jenkins is a Director. As at 30 June 2014, \$3,000 was payable to Price Sierakowski.

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#### 4. Remuneration report – audited (continued)

##### 4.6 Directors' and executive officers' remuneration

Details of the nature and amount of each major element of the remuneration for the year ended 30 June 2014 (and the previous period) of each director of the Company receiving the highest remuneration and other key management personnel are:

	Short-term			Post employment Superannuation benefits	Share-based payments		Total	Proportion of remuneration performance related %	Value of options and shares as proportion of remuneration %
	Salary & fees \$	STI Cash bonus \$	Total \$		Options \$	Shares \$			
<b>2014</b>									
<b>Directors</b>									
<i>Non-executive directors</i>									
Mr P Christie (Chairman)	40,000	-	40,000	-	-	-	40,000	-	-
Mr S Lill <sup>(1)</sup>	24,000	-	24,000	-	-	-	24,000	-	-
Mr S Hewitt-Dutton	36,000	-	36,000	-	-	-	36,000	-	-
Mr S Jenkins <sup>(2)</sup>	6,000	-	6,000	-	-	-	6,000	-	-
<b>Total compensation: key management personnel 2014</b>	<b>106,000</b>	<b>-</b>	<b>106,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,000</b>	<b>-</b>	<b>-</b>
(1) Mr Lill resigned on 20 May 2014									
(2) Mr Jenkins was appointed on 20 May 2014									
<b>2013</b>									
<b>Directors</b>									
<i>Non-executive directors</i>									
Mr P Christie (Chairman)	40,000	-	40,000	-	-	-	40,000	-	-
Mr S Lill	36,000	-	36,000	-	-	-	36,000	-	-
Mr S Hewitt-Dutton	36,000	-	36,000	-	-	-	36,000	-	-
<b>Total compensation: key management personnel 2013</b>	<b>112,000</b>	<b>-</b>	<b>112,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,000</b>	<b>-</b>	<b>-</b>

No compensation was paid in 2014 or 2013 in respect to the following classes: Non-Monetary; Other Short-term employee benefits; Pension or other post-employment or long-term benefits; termination benefits.

**This is the end of the audited remuneration report.**

## **5. Principal activities and review of operations**

### ***3D Medical Limited***

On 19 June 2014, Safety Medical Products Limited ("the Company") entered into a Heads of Agreement to acquire 3D Medical Limited ("3DM"), an Australian unlisted company focussed on the commercialisation and integration of 3D printing and holographic projection technology into the Australian medical industry.

The application of these two technologies in the field of medicine has the potential to revolutionise patient treatment and care, by providing healthcare professionals with more meaningful information and greater insight into the complexities of patient anatomy.

The directors of the Company believe that the proposed acquisition of 3DM is in the interests of shareholders and is a very positive step for the Company, and offers potential for significant increase in shareholder value over the medium to long term.

3DM currently focuses its activities on the twin technology platforms of 3D printing and holographic projection.

3D printing creates physical three-dimensional models of a patient's anatomical parts utilising the images and data already captured by conventional diagnostic imaging tools. The models are unique to the individual patient's anatomy and can therefore act as a functional and visual aid in reviewing and understanding the complexities of a patient's condition. This is particularly relevant in complex pre-surgical planning and patient communication. The application of 3D printing and its incorporation into best practice medical protocols offers clinicians, healthcare professionals, patients and researchers greater accuracy, effectiveness and efficiency in achieving improved patient outcomes.

Holographic projection is the second launch technology platform for 3DM. They believe that this technology will significantly alter the practice of medicine and will enhance efficacy and workflow at the practitioner level, accelerate the pathway to excellence in medical education and training and offer patients greater insight into their condition and ailment.

3DM seeks to quickly become the pre-eminent company in identifying and facilitating the take up and application of technologies that apply the data already being captured by conventional diagnostic imaging in a greater and more meaningful way to achieve greater systemic efficiencies, improve practitioner effectiveness and achieve better patient outcomes.

3DM expects its revenue streams to come from marketing its technical expertise in 3D printing and from the distribution of holographic projection viewers to radiology providers and medical specialists such as cardiology, neurology, gastroenterology and orthopaedics, areas of healthcare that currently receive medical data in 2D, even though it is captured in 3D.

The Australian medical and healthcare sector is extremely competitive and consequently Australian medical providers are early adopters of new medical technology and techniques to provide a superior customer (clinician, patient) experience that enables them to protect and grow market share and profitability. 3DM believes radiology providers in particular will be early adopters of the Company's services so as to offer their referrers alternative methods of diagnosis delivery that provide superior healthcare outcomes for their patients.

Subsequent to year end, 3DM has signed a Memorandum of Understanding with Canadian based GestSure Technologies Inc ("GestSure"). GestSure was created to solve the problem of sterile information access in the operating room. Using cutting-edge machine vision technology, GestSure empowers surgeons to achieve better patient care while saving time and resources. The GestSure System has been specifically designed and developed for use in operating rooms as a way of accessing and interacting with digital scan imagery through simple hand gestures.

# Safety Medical Products Limited

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### For the year ended 30 June 2014

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#### **3D Medical Limited (continued)**

3DM has also signed a Memorandum of Understanding ("EchoPixel MoU") with EchoPixel Inc. EchoPixel, Inc. is a Silicon Valley company that is building a new world of patient care by providing visualisation and machine learning based solutions that enable doctors to work with and share patient specific body parts instead of images.

Under the terms of both the GestSure MoU and the EchoPixel MoU, 3DM has secured the exclusive marketing and distribution rights for Australia and New Zealand. Included in the MoUs is a provision for this exclusive territory to be expanded to include Asia.

3DM is also pleased to have received its first order for purchase of the EchoPixel viewer, a holographic viewer, to a leading radiology centre. The t3D-Viewer loads CT and MR DICOM image data and enables doctors to see tissue in open 3D space using holographic projection as if it were a real physical object where they can interact with it using a hand-directed stylus.

#### **Kisara Gold Pty Ltd**

It was announced on the 18th December that the Company and Kisara Gold Pty Ltd ("Kisara") had mutually agreed to withdraw from the Agreement for the Company to acquire Kisara.

The hurdle associated with re-compliance with Chapters 1 and 2 of the ASX Listing Rule was 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 the Company agreeing to capitalise funds forwarded to Kisara as part of its original agreement with Kisara into equity in Kisara.

On 9 January 2014, 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 and the following resolutions in respect of Kisara were 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; and
- 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";

On 18 February 2014, the Company sent all the information in relation to the distribution of the shares to Safety Medical shareholders to Kisara. From that point forward, it was and still is the responsibility of Kisara to action the distribution.

#### **SecureTouch Syringe**

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 Company has recently filed a response to an Office Action issued by the United States Patent and Trademark Office on the examination of the United States Patent Application No 12/674422.

# Safety Medical Products Limited

## Directors' report

### For the year ended 30 June 2014

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#### ***SecureTouch Syringe (continued)***

The Australian Patent Application No 2007357859 has completed its examinations and has been granted. Both the US and Australian patent relates to the "Lockable Shield Assembly for a Syringe", the core of the Company's technology.

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.

#### ***Share Issues***

On 11 September 2013, the Company had completed a sophisticated placement raising of \$100,000 and issued 50,000,000 fully paid ordinary shares at \$0.002 per share. The raising was to provide funds to assist the Company with its progress toward finalising the acquisition of Kisara Gold Pty Ltd.

At the Company's Annual General Meeting held on 29 November 2013, Shareholders approved to issue fully paid ordinary shares to Creditors in satisfaction of amounts due and payable. In December, the total debt of \$247,063 was converted into 49,412,608 shares at an issue price of \$0.005.

At the Company's General Meeting held on 17 February 2014 and the following resolutions in respect of share issues were approved by shareholders:

- The ratification of the prior issue of 74,000,000 fully paid ordinary 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 fully paid ordinary shares to Sophisticated and Professional Investors under the Tranche 2 Placement.

On 21 February 2014, \$352,000 was received in relation to the Tranche 2 Placement and 176,000,000 fully paid ordinary shares were issued at \$0.002 per share.

On 30 June 2014, the Company had completed a sophisticated placement raising of \$220,000 and issued 110,000,000 fully paid ordinary shares at \$0.002 per share. The raising was to enable the Company to advance loan funds as per the Heads of Agreement with 3D Medical Limited.

#### ***Director Changes***

On 20 May 2014, Mr Simon Lill resigned as a Director of the Company and Mr Simon Jenkins was appointed as a new Director.

## **6. Operating and financial review**

The Statement of Profit or Loss and Other Comprehensive Income shows a net loss attributable to members of \$302,272 compared with a loss of \$938,813 for the previous period. The Statement of Financial Position shows an increase in net assets from \$468,513 to net assets of \$538,506.

During the year, the net loss of the Company consisted of administration costs incurred in the ordinary course of business. During the prior year, the net loss of the Company was higher as expenditure on The Three Rivers project was written off as the Company did not wish to proceed with the acquisition.

In addition, it was announced on the 18 December 2013 that Safety Medical Products Limited and Kisara Gold Pty Ltd had mutually agreed to withdraw from the Agreement for the Company to acquire Kisara. Part of the withdrawal agreement results in the Company agreeing to capitalise funds forwarded to Kisara as part of its original agreement with Kisara, into equity in Kisara.

## **7. Dividends**

No dividends have been paid or declared by the Company to members since the end of the previous financial year.

Safety Medical Products Limited  
Directors' report  
For the year ended 30 June 2014

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## **8. Events subsequent to reporting date**

### ***Share Purchase Plan***

On 8 August 2014, the Company successfully raised \$440,000 through a Share Purchase Plan that provided shareholders with an opportunity to increase their holding in the Company as it continued to advance its acquisition of 3D Medical Limited.

On the same date, 220,000,000 fully paid ordinary shares at \$0.002 were issued under the SPP.

### ***Advances to 3D Medical Limited***

In July and August 2014, an amount of \$610,000 was paid to 3DM as contemplated in the Heads of Agreement. This amount consisted of a loan advance of \$510,000 and a further non-refundable amount of \$100,000 for the repayment of transaction expenses associated with 3DM's terminated initial public offering.

There are no other subsequent events.

## **9. Likely developments**

Other than disclosed elsewhere in this report, likely development of the operations of the Company and the expected results of those operations have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

## **10. Indemnification of officers**

The Company has agreed subject to and so far as may be permitted by the *Corporations Act 2001* to indemnify each past, current and future director and officers against all liabilities that may arise from their position as directors and officers of the Company or any wholly-owned subsidiary of the Company. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses. No indemnification has been paid with respect to the Company's auditors.

## **11. Lead auditor's independence declaration**

The lead auditor's independence declaration is set out on page 42 and forms part of the directors' report for the financial year ended 30 June 2014.

## **12. Proceedings on behalf of the Company**

As at the date of this report, there are no leave applications or proceedings brought on behalf of the Company under section 237 of the *Corporations Act 2001*.

## **13. Auditor and Non-Audit Services**

Bentleys Audit & Corporate (WA) Pty Ltd has been appointed by The Directors.

Details of the amounts paid to the auditor of the Company, Bentleys, and its related practices for audit and non-audit services provided during the year are set out in Note 8 of the Notes to the financial statements.

Dated at Perth this 30<sup>th</sup> day of September 2014.

Signed in accordance with a resolution of the directors:



Stephen Hewitt-dutton  
Director



Safety Medical Products Limited  
Financial Statements  
For the year ended 30 June 2014

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Safety Medical Products Limited  
Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
Revenue		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Other income	6	-	2,492
Business development, marketing & intellectual property expenses		-	(15,522)
Accounting and audit fees		(44,663)	(62,537)
Directors' and company secretarial fees		(154,001)	(160,000)
Legal fees		(575)	(82,325)
Consultancy and corporate advisors		-	(223,379)
Administrative expenses		(89,136)	(53,707)
Exploration expenses		-	(356,836)
Bad debts		(16,390)	-
<b>Results from operating activities</b>		<b>(304,765)</b>	<b>(951,814)</b>
Financial income	7	3,220	13,448
Financial expense	7	(727)	(447)
<b>Profit/(loss) before tax</b>		<b>(302,272)</b>	<b>(938,813)</b>
Income tax (expense)/benefit	13	-	-
<b>Profit/(loss) after tax from continuing operations</b>		<b>(302,272)</b>	<b>(938,813)</b>
Profit/(loss) from discontinued operations		-	-
<b>Profit/(loss) for the year</b>		<b>(302,272)</b>	<b>(938,813)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(302,272)</b>	<b>(938,813)</b>

**Earnings per share**

Basic earnings per share (cents)	14	(0.05)	(0.2)
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The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

Safety Medical Products Limited  
Statement of Financial Position  
As at 30 June 2014

		2014	2013
	Note	\$	\$
<b>Assets</b>			
Cash and cash equivalents	17	566,836	26,606
Trade and other receivables	9	7,469	42,900
<b>Total current assets</b>		<b>574,305</b>	<b>69,506</b>
<b>Non-current assets</b>			
Deferred acquisition cost	10	50,000	619,400
<b>Total non-current assets</b>		<b>50,000</b>	<b>619,400</b>
<b>Total assets</b>		<b>624,305</b>	<b>688,906</b>
<b>Liabilities</b>			
Trade and other payables	11	85,799	195,393
Loans and borrowings	12	-	25,000
<b>Total current liabilities</b>		<b>85,799</b>	<b>220,393</b>
<b>Total liabilities</b>		<b>85,799</b>	<b>220,393</b>
<b>Net assets / (deficiency)</b>		<b>538,506</b>	<b>468,513</b>
<b>Equity</b>			
Issued capital	15	3,151,893	2,779,628
Reserves		-	-
Accumulated losses		(2,613,387)	(2,311,115)
<b>Total equity</b>		<b>538,506</b>	<b>468,513</b>

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

Safety Medical Products Limited  
Statement of Changes in Equity  
For the financial year ended 30 June 2014

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	Note	Issued Capital	Accumulated losses	Total equity
		\$	\$	\$
<b>2014</b>				
<b>Balance at 1 July 2013</b>		<b>2,779,628</b>	<b>(2,311,115)</b>	<b>468,513</b>
Loss for the year		-	(302,272)	(302,272)
Total comprehensive income for the year		-	(302,272)	(302,272)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>				
Shares issued		1,067,063	-	1,067,063
Transaction costs		(30,751)	-	(30,751)
Reduction of capital	10	(664,047)	-	(664,047)
<b>Closing balance at 30 June 2014</b>		<b>3,151,893</b>	<b>(2,613,387)</b>	<b>538,506</b>

Amounts are stated net of tax

<b>2013</b>				
<b>Balance at 1 July 2012</b>		<b>2,779,628</b>	<b>(1,372,302)</b>	<b>1,407,326</b>
Loss for the year		-	(938,813)	(938,813)
Total comprehensive income for the year		-	(938,813)	(938,813)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>				
Shares Issued		-	-	-
Transaction costs		-	-	-
<b>Closing balance at 30 June 2013</b>		<b>2,779,628</b>	<b>(2,311,115)</b>	<b>468,513</b>

Amounts are stated net of tax

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

Safety Medical Products Limited  
Statement of Cash Flows  
For the year ended 30 June 2014

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	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Cash paid to suppliers and employees		(251,513)	(993,711)
Interest received		3,220	13,447
Interest paid		(727)	(447)
<b>Net cash used in operating activities</b>	18	<b>(249,020)</b>	<b>(980,711)</b>
<b>Cash flows from investing activities</b>			
Deferred acquisition costs		-	(17,106)
<b>Net cash from investing activities</b>		<b>-</b>	<b>(17,106)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issues		820,000	-
Payments for share issue costs		(30,750)	-
Proceeds from borrowings		-	25,000
<b>Net cash from financing activities</b>		<b>789,250</b>	<b>25,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>540,230</b>	<b>(972,817)</b>
Cash and cash equivalents at 1 July		26,606	999,423
<b>Cash and cash equivalents at 30 June</b>		<b>566,836</b>	<b>26,606</b>

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

# Safety Medical Products Limited

## Notes to the financial statements

### 30 June 2014 Annual Financial Report

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#### **1 Reporting entity**

Safety Medical Products Limited (the "Company") is a company domiciled in Australia. The financial statements of the Company for the financial year ended 30 June 2014 relates to Safety Medical Products Limited as a single entity. The Company is involved in the research and development of medical syringe technology.

#### **2 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 entity incurred an operating loss of \$302,272 for the year ended 30 June 2014 (2013: \$938,813) and a net cash outflow from operating activities amounting to \$249,020 (2013: \$980,711).

The ability of the company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

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 month period from the date of signing this financial report. Subsequent to year end, the Company raised \$440,000 from the issue of 220,000,000 shares at \$0.002 through a Share Purchase Plan. The Company also paid \$610,000 to 3D Medical Limited.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company will be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

#### **3 Basis of preparation**

##### **(a) Statement of Compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report of the Company also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

The financial report was authorised for issue by the directors on 30<sup>th</sup> September 2014.

##### **(b) Basis of measurement**

The financial report is prepared on the historical cost basis.

##### **(c) Functional and presentation currency**

The financial report is presented in Australian dollars which is the Company's functional currency and the functional currency of all subsidiaries.

### **3 Basis of preparation (continued)**

#### **(d) Critical accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

#### ***Environmental Issues***

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

#### ***Taxation***

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

### **4 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in the financial report and have been applied consistently by the Company.

#### **(a) Financial instruments**

##### **Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit and loss. Transactions costs related to instruments classified as at fair value through profit and loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

##### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits, associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**4 Significant accounting policies (continued)**

**(a) Financial instruments (continued)**

**Classification and subsequent measurement**

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

**(i) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

**(iii) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits, associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.



**4 Significant accounting policies (continued)**

**(a) Financial instruments (continued)**

**(iii) Financial liabilities (continued)**

Financial liabilities

Other financial liabilities, including borrowings and trade and other payables are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**(b) Leases**

Leases in terms of which the Company assumes substantially all the risks and benefits of ownership are classified as finance leases.

Other leases are operating leases and are not recognised on the Company's balance sheet. Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit or loss and other comprehensive income as an integral part of the total lease expense and spread over the lease term.

**(c) Impairment**

**(i) Financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Company's that share similar credit risk characteristics. All impairment losses are recognised in the statement of profit or loss and other comprehensive income. Any cumulative losses in respect of an available-for-sale financial asset recognised previously in equity are transferred to the statement of profit or loss and other comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of profit or loss and other comprehensive income. For available-for-sale financial asset that are equity securities, the reversal is recognised directly in equity.

**(ii) Non-financial assets**

The carrying amounts of the Company's assets, other than inventories (see accounting policy g), and deferred tax assets (see accounting policy m), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill assets that have indefinite lives, recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets or groups. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

**4 Significant accounting policies (continued)**

**(c) Impairment (continued)**

**(ii) Non-financial assets (continued)**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

**(d) Provisions**

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

**(e) Finance income and expense**

Finance income comprises interest revenue on funds invested. Interest revenue is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest rate method. Finance expenses comprise interest expenses on borrowings. Interest expense is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest rate method. For the purposes of the statement of cash flows, interest earned is recognised in investing activities and interest paid is recognised in operating activities.

**(f) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Safety Medical Products Limited  
Notes to the financial statements  
30 June 2014 Annual Financial Report

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**4 Significant accounting policies (continued)**

**(g) Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(h) Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding of the effects of all dilutive potential ordinary shares, which comprise share options.

**(i) Segment reporting**

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

**(j) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

**(k) Exploration and Development Expenditure**

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Safety Medical Products Limited  
Notes to the financial statements  
30 June 2014 Annual Financial Report

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**4 Significant accounting policies (continued)**

**(k) Exploration and Development Expenditure (continued)**

**Deferred Acquisition Cost**

Deferred acquisition costs relate to costs involved in evaluating the potential assets. The Company capitalised these costs until a decision is made on whether the transaction will proceed. If the Company does not proceed with the acquisition, at that point costs are written off.

During the prior years, the Company paid consideration to acquire tenements in the Three Rivers region of north Western Australia. The payments were considered as deferred acquisition costs as it were costs involved with evaluating the potential of the asset. However, the Company did not wish to proceed with the acquisition and at that point, the costs were written off.

During the prior year and current year, the Company paid considerations to Kisara Gold Pty Ltd for the acquisition of its wholly owned Brazilian subsidiary Mineração Caiçara Ltda. The payments were considered as deferred acquisition costs as it were costs involved with evaluating the potential of the asset. However, the Company did not wish to proceed with the acquisition and at that point, the costs were written off.

**(l) Comparatives**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

**(m) Issued Capital**

**Ordinary shares**

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

**(n) New Accounting Standards for Application in Future Periods**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending	Directors' assessment of potential effect of adoption
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018	The Company does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015	The Company does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015	The Company does not anticipate a material effect from the adoption of this Australian Accounting Standard.

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**4 Significant accounting policies (continued)**

**(n) New Accounting Standards for Application in Future Periods (continued)**

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending	Directors' assessment of potential effect of adoption
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets"	1 January 2014	30 June 2015	The Company does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities"	1 January 2014	30 June 2015	The Company does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments"	1 January 2014	30 June 2015	The Company does not anticipate a material effect from the adoption of this Australian Accounting Standard.

**5 Segment reporting**

**Identification of reportable segments**

Segment information is presented in respect of the Company's business segments. Business segments are based on the Company's management and internal reporting structure.

**Basis of accounting for purposes of reporting by operating segments**

**Accounting policies adopted**

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

**Types of products and services by segment**

*Medical technology* Development, production and commercialisation of a range of medical products, focusing principally on the SecureTouch™ single use manual retractable safety syringe. Assessment of potential medical acquisitions.

*Project evaluation* Assessment of potential mining tenement acquisitions.

**Geographical segments**

The Company operates in only one geographical segment, Australia. As such, information is not presented on the basis of geographical segments.

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**5 Segment reporting (continued)**

	Medical Technology		Project Evaluation		Eliminations		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Business segments</b>								
External revenues	-	2,492	-	-	-	-	-	2,492
Inter-segment revenues	-	-	-	-	-	-	-	-
<b>Total segment revenue</b>	-	<b>2,492</b>	-	-	-	-	-	<b>2,492</b>
Segment result	(289,102)	(554,539)	-	(400,213)	-	-	(289,102)	(954,751)
Unallocated expenses	-	-	-	-	-	-	-	-
Results from operating activities	<b>(289,102)</b>	<b>(552,050)</b>	-	<b>(400,213)</b>	-	-	<b>(289,102)</b>	<b>(952,260)</b>
Net financing revenue /(costs)	3,220	13,447	-	-	-	-	3,220	13,447
Impairment Loss/Assets written off	(16,390)	-	-	-	-	-	(16,390)	-
Gain on deconsolidation of subsidiaries	-	-	-	-	-	-	-	-
<b>Profit/(Loss) for the year</b>	<b>(302,272)</b>	<b>(538,600)</b>	-	<b>(400,213)</b>	-	-	<b>(302,272)</b>	<b>938,813</b>
<b>Profit/(Loss) for the year</b>							<b>(302,272)</b>	<b>938,813</b>

	Medical Technology		Project Evaluation		Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Business segments</b>								
Segment assets	616,836	42,996	-	619,400	-	-	616,836	662,396
Unallocated assets	7,469	26,510	-	-	-	-	7,469	26,510
<b>Total assets</b>	<b>624,305</b>	<b>69,506</b>	-	<b>619,400</b>	-	-	<b>624,305</b>	<b>688,906</b>
Segment liabilities	85,799	195,393	-	-	-	-	85,799	195,393
Unallocated liabilities	-	25,000	-	-	-	-	-	25,000
<b>Total liabilities</b>	<b>85,799</b>	<b>220,393</b>	-	-	-	-	<b>85,799</b>	<b>220,393</b>
Capital expenditure	-	-	-	619,400	-	-	-	619,400
Depreciation	-	-	-	-	-	-	-	-

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	2014	2013
	\$	\$
<b>6 Other income</b>		
Miscellaneous refunds	-	2,492
Total other income	-	<b>2,492</b>
<b>7 Financial income and expense</b>		
Interest revenue on bank deposits	3,220	13,448
Financial income	3,220	13,448
Interest expense on financial liabilities measured at amortised cost	(727)	(447)
Net Financial income from continuing operations	<b>2,493</b>	<b>13,001</b>
<b>8 Auditors' remuneration</b>		
<i>Bentleys Audit &amp; Corporate (WA) Pty Ltd</i>		
Audit and review of the financial reports	18,300	31,400
Taxation services	2,000	5,000
	<b>20,300</b>	<b>36,400</b>
<b>9 Trade and other receivables</b>		
<b>Current</b>		
Trade receivables	7,469	26,510
Other receivables	-	16,390
	<b>7,469</b>	<b>42,900</b>
<b>10 Deferred acquisition costs</b>		
Deferred acquisitions costs – Kisara	-	619,400
Deferred acquisitions costs – 3DM	50,000	-
	<b>50,000</b>	<b>619,400</b>

It was announced on the 18 December 2013 that Safety Medical Products Limited and Kisara Gold Pty Ltd had mutually agreed to withdraw from the Agreement for Safety Medical to acquire Kisara. Part of the withdrawal agreement results in the Company agreeing to capitalise funds forwarded to Kisara as part of its original agreement with Kisara, into equity in Kisara.

On 18 February 2014, the Company had sent all the information in relation to the distribution of the shares to Safety Medical shareholders to Kisara. From that point forward, it was and still is the responsibility of Kisara to action the distribution. Consequently, the Company has derecognised the investment in Kiara and treated it as a return of capital to shareholders.

On 19th June 2014, Safety Medical Limited entered into a heads of agreement with 3D Medical Limited where Safety Medical Limited is to acquire 100% of all rights and title in all issued capital of the company. As of the date entering of this agreement, Safety Medical Limited is required to make a non-refundable payment of \$50,000 for the repayment of transaction expenses associated with 3D Medical's terminated initial public offering. A further \$50,000 is payable within 3 business days after the receipt by Safety Medical Limited of cleared funds under the Share Purchase Plan which took place on the 8th August 2014.

Safety Medical Products Limited  
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**11 Trade and other payables**

Trade payables and accrued expenses

85,799	195,393
<b>85,799</b>	<b>195,393</b>

**12 Loans and borrowings**

During the year, \$25,000 was repaid to IML Holdings Pty Ltd. This was an interest free loan.

**13 Income tax expense**

**(a) Income tax expense**

Current tax

Deferred tax

2014	2013
\$	\$
-	-
-	-
-	-

Deferred income tax expense included in income tax expense comprises:

- (Increase) in deferred tax assets
- Increase in deferred tax liabilities

-	-
-	-
-	-

**(b) Reconciliation of income tax expense to prima facie tax payable**

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on operating profit at 30%

(90,682) (281,644)

Add / (Less)

Tax effect of:

Entertainment

Fines & penalties

Impairment expense

Other adjustments

Prior year adjustment

Deferred tax asset not brought to account

-	-
-	15,522
-	-
20,825	(9,866)
-	-
69,857	275,988

Income tax attributable to operating loss

-	-
---	---

The applicable weighted average effective tax rates are as follows:

nil% nil%

Balance of franking account at year end

Nil nil

**(c) Deferred tax assets**

Tax Losses

Others

2,165,933	1,626,988
44,907	5,400
2,210,840	1,632,388

Set-off deferred tax liabilities

-	-
---	---

Net deferred tax assets

2,210,840	1,632,388
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Less deferred tax assets not recognised

(2,210,840)	(1,632,388)
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Net tax assets

-	-
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**13 Income tax expense (continued)**

	2014 \$	2013 \$
(d) <b>Deferred tax liabilities</b>		
Exploration expenditure	-	-
		-
Set-off deferred tax assets	-	-
Net deferred tax liabilities	-	-
(e) <b>Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	6,609,039	5,423,296

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2014 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the company continues to comply with conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

**14 Earnings per share**

**Reconciliation of earnings to profit or loss:**

Earnings used to calculate basis EPS  
Profit/(loss) attributable to equity holders

(302,272)      (938,813)

**Weighted average number of shares**

Ordinary shares on issue at 1 July  
Effect of shares issued

15      396,455,466      396,455,466  
163,495,271      -

**Weighted average number of ordinary shares at 30 June**

**559,950,737      396,455,466**

Safety Medical Products Limited  
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## 15 Share capital

<b>Issued and paid-up capital</b>	<b>\$</b>	<b>\$</b>
855,868,074 (2013: 396,455,466) ordinary shares fully paid, net of capital raising cost	3,151,893	2,779,628
<b>Ordinary shares</b>	<b>No.</b>	<b>No.</b>
Balance at 30 June 2013:	396,455,466	396,455,466
Sophisticated Placement Share Issue <sup>(1)</sup>	50,000,000	-
Debt to Equity Share Issue <sup>(2)</sup>	47,738,188	-
Debt to Equity Share Issue <sup>(2)</sup>	1,674,420	-
Sophisticated Placement Share Issue <sup>(3)</sup>	74,000,000	-
Sophisticated Placement Share Issue <sup>(4)</sup>	176,000,000	-
Sophisticated Placement Share Issue <sup>(5)</sup>	110,000,000	-
<b>Balance at 30 June 2014:</b>	<b>855,868,074</b>	<b>396,455,466</b>

(1) 50,000,000 ordinary fully paid shares issued on 11 September 2013 at \$0.002 per share.

(2) 49,412,608 ordinary fully paid shares issued in December 2013 at \$0.005 per share.

(3) 74,000,000 ordinary fully paid shares issued on 3 January 2014 at \$0.002 per share.

(4) 176,000,000 ordinary fully paid shares issued on 21 February 2014 at \$0.002 per share.

(5) 110,000,000 ordinary fully paid shares issued on 30 June 2014 at \$0.002 per share.

### Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. Share have no par value.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

No dividends were paid or proposed during the current or prior financial years.

### Capital Management

Safety Medical Products' working capital, being current assets less current liabilities, has increased from a surplus of \$150,887 in 2013 to a surplus of \$538,506 in 2014, as during the year, the Company raised funds from sophisticated investors as well as not proceeding with the acquisition of Three River tenements and the acquisition of Kisara Gold Pty Ltd. There are no externally imposed capital requirements.

## 16 Dividends

No dividends were paid or proposed in the current or prior financial years.

## 17 Cash and cash equivalents

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Bank balances	566,836	26,606
	<b>566,836</b>	<b>26,606</b>

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	2014 \$	2013 \$
<b>18 Cash flow information</b>		
<b>(a) Reconciliation of cash flows from operating activities</b>		
Profit / (loss) for the year	(302,272)	(938,813)
<i>Non-cash flows in profit:</i>		
Debt to equity conversion	(247,063)	-
Assets written off	636,853	347,106
<b>Operating profit before changes in working capital and provisions</b>	<b>87,518</b>	<b>(511,707)</b>
<i>Change in assets and liabilities, net of the effects from disposal of businesses:</i>		
(Increase)/decrease in trade and other receivables	35,431	(506,317)
Increase/(decrease) in trade and other payables	(371,969)	117,313
	<b>(336,538)</b>	<b>(389,004)</b>
<b>Net cash from operating activities</b>	<b>(249,020)</b>	<b>(980,711)</b>

**19 Financial risk management**

Exposure to credit, interest rate and currency risks arises in the normal course of the Company's business.

**(a) Foreign currency risk**

The Company is not currently exposed to foreign currency risk.

**(b) Credit risk exposures**

The Company is not currently exposed to credit risk.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Credit risk related to balances with banks and other financial institutions is managed by the Board in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	Company	
		2014 \$	2013 \$
Cash and cash equivalents:			
– AA rated		566,836	26,606
	17	566,836	26,606

Safety Medical Products Limited  
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**19 Financial risk management (continued)**

**(c) Net fair values of financial assets and liabilities**

Valuation approach

carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

	2014		2013	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash assets	566,836	566,836	26,606	26,606
Trade and Other Receivables	57,469	57,469	43,997	43,997
<b>Total financial assets</b>	<b>624,305</b>	<b>624,305</b>	<b>70,603</b>	<b>70,603</b>
<b>Financial liabilities</b>				
Trade and Other Payables	85,799	85,799	195,393	195,393
Loans and borrowings	-	-	25,000	25,000
<b>Total financial liabilities</b>	<b>85,799</b>	<b>85,799</b>	<b>220,393</b>	<b>220,393</b>

**(d) Interest rate risk**

30 June 2014

The Company's exposure to interest rate risk and the effective interest rate for classes of financial assets and financial liabilities is set out below:

	Floating interest rate	Non-interest bearing	2014 total	Floating interest rate	Non-interest bearing	2013 total
	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>						
<i>-Within one year</i>						
Cash and cash equivalents	566,836	-	566,836	26,606	-	26,606
Trade and Other Receivables	-	57,469	57,469	-	42,900	42,900
<b>Total financial assets</b>	<b>566,836</b>	<b>57,469</b>	<b>624,305</b>	<b>26,606</b>	<b>42,900</b>	<b>69,506</b>
<i>Weighted average interest rate</i>	2.35%			3.00%		
<b>Financial liabilities</b>						
<i>-Within one year</i>						
Trade and Other Payables	-	85,799	85,799	-	195,393	195,393
Loans and borrowings	-	-	-	-	25,000	25,000
<b>Total financial liabilities</b>	<b>-</b>	<b>85,799</b>	<b>85,799</b>	<b>-</b>	<b>220,393</b>	<b>220,393</b>

Safety Medical Products Limited  
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**19 Financial risk management (continued)**

(d) Interest rate sensitivity analysis

A sensitivity analysis has been determined based on the exposure to interest rates at reporting date with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the possible change in interest rate. These sensitivities assume that the movement in a particular variable is independent of other variables.

<b>Year ended 30 June 2014</b>	<b>Profit \$</b>	<b>Equity \$</b>
+ 0.5% in interest rates	2,834	2,834
- 0.5% in interest rates	(2,834)	(2,834)

<b>Year ended 30 June 2013</b>	<b>Profit \$</b>	<b>Equity \$</b>
+ 0.5% in interest rates	133	133
- 0.5% in interest rates	(133)	(133)

(e) **Liquidity risk**

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- only investing surplus cash with major financial institutions;

The Board will assess the requirements of managing liquidity risk periodically and make amendments to the risk management mechanisms as are appropriate for the Company's operations.

**20 Key management personnel and Related parties**

The following were key management personnel of the Company during the entire reporting period, unless otherwise indicated.

**Non-executive directors**

Mr Peter Christie (Chairman) from 6 October 2010

Mr Simon Jenkins (Director) from 20<sup>th</sup> May 2014

Mr Stephen Hewitt-Dutton (Director) from 6 October 2010

Mr Simon Lill (Director) from 6 October 2010 to 20<sup>th</sup> May 2014

**Key management personnel compensation**

The key management personnel compensation are as follows:

<b>Note</b>	<b>2014 \$</b>	<b>2013 \$</b>
	106,000	112,000
	106,000	112,000

*No compensation was paid in respect to share-based payments, other long-term benefit, or termination benefits*

## **20 Key management personnel and Related parties (continued)**

### **Individual directors and executives compensation disclosures**

Information regarding individual directors and executives' compensation and some equity instruments disclosures as permitted by the Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' report in Section 4.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

### **Other key management personnel transactions**

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

### **Legal Fees:**

As at 30 June 2014, the Company paid legal fees of \$9,005 to Price Sierakowski Pty Ltd ("Price Sierakowski") of which Mr Simon Jenkins is a Director. As at 30 June 2014, no amount was payable to Price Sierakowski. Price Sierakowski was issued 1,674,420 shares at \$0.005 per share in satisfaction of legal fees outstanding as approved by shareholders at the Annual General Meeting held on 29<sup>th</sup> November 2013 .

### **Director Fees:**

As at 30 June 2014, the Company paid Mr Lill and Mr Hewitt-Dutton's Director fees of \$39,000 to Trident Capital Pty Ltd ("Trident Capital"). As at 30 June 2014, \$3,000 was payable to Trident Capital. Trident Capital was issued 9,240,000 shares at \$0.005 per share in satisfaction of Director fees outstanding from March 2013 to September 2013 as approved by shareholders at the Annual General Meeting held on 29<sup>th</sup> November 2013.

As at 30 June 2014, the Company paid Mr Christie's Director fees of \$20,000 to Hawkins Christie Management Services ("Hawkins Christie") of which Mr Christie is a Director and Shareholder. As at 30 June 2014, \$3,666 was payable to Hawkins Christie. Hawkins Christie was issued 7,333,534 shares at \$0.005 per share in satisfaction of Director fees outstanding from January 2013 to November 2013 as approved by shareholders at the Annual General Meeting held on 29<sup>th</sup> November 2013.

As at 30 June 2014, the Company paid Mr Jenkin's Director fees of \$3,000 to Price Sierakowski Pty Ltd ("Price Sierakowski") of which Mr Simon Jenkins is a Director. As at 30 June 2014, \$3,000 was payable to Price Sierakowski.

## **21 Contingent Liabilities**

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

## **22 Events Subsequent to Reporting Date**

### ***Share Purchase Plan***

On 8 August 2014, the Company successfully raised \$440,000 through a Share Purchase Plan that provided shareholders with an opportunity to increase their holding in the Company as it continued to advance its acquisition of 3D Medical Limited.

On the same date, 220,000,000 fully paid ordinary shares at \$0.002 were issued under the SPP.

### ***Advances to 3D Medical Limited***

In July and August 2014, an amount of \$610,000 was paid to 3DM as contemplated in the Heads of Agreement. This amount consisted of a loan advance of \$510,000 and a further non-refundable amount of \$100,000 for the repayment of transaction expenses associated with 3DM's terminated initial public offering.

There are no other subsequent events.

# Safety Medical Products Limited

## 30 June 2014 Annual Financial Report

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### Directors Declaration

The directors of Safety Medical Products Limited (the Company) are declare that:

- 1) the financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
  - a) giving a true and fair view of the financial position of the Company as at 30 June 2014 and of their performance, as represented by the results of their operations and cash flows, for the financial year ended on that date; and
  - b) complying with Accounting Standards in Australia; and
- 2) the financial report and notes thereto also complies with International Financial Reporting Standards as disclosed in note 3(a);
- 3) c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

In accordance with s295(a) of the Corporations Act 2001, the Chief Executive Officer and Chief Financial Officer have each declared that:

- 1) the financial records of the company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
- 2) the financial statement and notes for the financial year comply with Accounting Standards; and
- 3) the financial statement and notes for the year give a true and fair view;

Dated at Perth this 30<sup>th</sup> day of September 2014

This declaration is signed in accordance with a resolution of the directors pursuant to s295(5) of the Corporations Act 2001.



Stephen Hewitt-Dutton  
Director



## Independent Auditor's Report

### To the Members of Safety Medical Products Limited

We have audited the accompanying financial report of Safety Medical Products Limited ("the Entity"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of accounting policies, other explanatory information and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of the Entity are responsible for the preparation and fair presentation of the financial report 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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# Independent Auditor's Report

To the Members of Safety Medical Products Limited (*continued*)



## Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

## Opinion

In our opinion:

- a. The financial report of Safety Medical Products Limited is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 3.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial report which indicates that the Entity incurred a net loss of \$302,272 during the year ended 30 June 2014. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Entity are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Safety Medical Products Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

**BENTLEYS**  
Chartered Accountants

**MARK DELAURENTIS CA**  
Director

Dated at Perth this 30<sup>th</sup> day of September 2014

**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 audit of the financial statements of Safety Medical Products Limited for the financial year ended 30 June 2014, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



**MARK DELAURENTIS CA**  
**Director**

Dated at Perth this 30<sup>th</sup> day of September 2014

## Shareholder Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is as at 15 August 2014.

### Shareholdings as at 15 August 2014

#### Substantial shareholders

There are no substantial shareholders.

#### Distribution of security holders

Category	Number of Holders
1 – 1,000	345
1,001 – 5,000	503
5,001 – 10,000	179
10,001 – 100,000	228
100,001 and over	479
	1,734

#### Unmarketable parcels

The number of shareholders holding less than a marketable parcel is 1,208

There is only one class of share and all ordinary shareholders have equal voting rights.

#### On-market buyback

There is no current on-market buy-back

#### Securities subject to escrow

The Company has no securities that are subject to escrow.

Safety Medical Products Limited  
30 June 2014 Annual Financial Report  
ASX Additional Information

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**Twenty largest shareholders – Ordinary Shares**

<b>Name</b>	<b>Number of ordinary shares held</b>	<b>Percentage of capital held</b>
IML HOLDINGS PTY LTD	34,900,000	3.24%
LIVALE PTY LTD	18,600,000	1.73%
OCTIFIL PTY LTD	16,766,918	1.56%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,319,200	1.52%
MILWAL PTY LTD	16,250,000	1.51%
YELWAC PTY LTD	16,000,000	1.49%
COMSEC NOMINEES PTY LIMITED	15,505,946	1.44%
AEGEAN CAPITAL PTY LTD	15,000,000	1.39%
MAGAUITE PTY LTD	15,000,000	1.39%
MILWAL PTY LTD	14,000,000	1.30%
HALCYON ONE PTY LTD	14,000,000	1.30%
PERCO GROUP PTY LTD	12,500,000	1.16%
WATERBEACH INVESTMENTS PTY LTD	12,333,534	1.15%
MR PAUL GREGORY BROWN & MRS JESSICA ORIWIA BROWN	12,000,000	1.12%
CODE CAPITAL PTY LTD	11,000,000	1.02%
PERSHING AUSTRALIA NOMINEES PTY LTD	10,178,572	0.95%
MR ANTHONY DE NICOLA & MRS TANYA LOUISE DE NICOLA	10,000,000	0.93%
CALAMA HOLDINGS PTY LTD	10,000,000	0.93%
AEGEAN CAPITAL PTY LTD	10,000,000	0.93%
HALCYON ONE PTY LTD	10,000,000	0.93%
<b>TOTAL</b>	<b>290,354,170</b>	<b>26.99%</b>

## **Offices and Officers**

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### **Company Secretary**

Miss 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 Limited  
Central Park, 152 St Georges Terrace  
Perth WA 6000  
Telephone: (08) 9211 6670

### **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.