

ASX/MEDIA RELEASE

Small Bone Innovations

SYDNEY 22 SEPTEMBER, 2014 – Manufacturer and distributor of orthopaedic devices, Advanced Surgical Design and Manufacture Limited (ASDM) (ASX: AMT), today announced that it had been advised by Stryker South Pacific of its intention not to renew the distribution agreement with Small Bone Innovations APAC, an indirect subsidiary of Small Bone Innovations, Inc ("SBi").

ASDM currently holds the distribution rights for Australia and New Zealand for products manufactured by Small Bone Innovation Inc. with this contract due to expire on 31 December 2014. Small Bone Innovations, Inc announced on 30 June 2014 that they had signed a definitive agreement to sell all their assets to Stryker Corporation with the transaction now completed. It is Stryker's intention to represent the product range directly in Australia and as such the contract will not extend beyond the expiry date.

ASDM CEO Tom Milicevic said, "Our clear strategy has been to acquire world class products to grow our business by offering a comprehensive product range and outstanding service to a growing population of orthopaedic surgeons. We are currently reviewing a number of opportunities to further enhance our product offering."

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ABOUT ADVANCED SURGICAL DESIGN AND MANUFACTURE

ASDM is Australia's largest manufacturer of orthopaedic devices. Our focus is to deliver responsive customer service through our extensive capabilities. Our goal is to build a strong and profitable medical company.

Our principal product is the Active Total Knee, which has significantly improved the quality of life for people globally.

We also exclusively distribute Arthrosurface, Inc range of implantable orthopaedic devices.

ASDM is the global licensee to a composite biocompatible ceramic material known as Sr-HT-Gahnite from The University of Sydney for veterinary and orthopaedic solutions. In preliminary studies, Sr-HT-Gahnite has duplicated the mechanical strength, elasticity and bioactivity of bone. Importantly, it is 100 times mechanically stronger than synthetic bone substitute materials in clinical use.

The company continues to build upon its extensive patent and product development portfolio. We have extensive research relationships with universities, companies and surgeon inventors. Our partnerships are building innovative products which will deliver significant shareholder wealth.