



ASX/MEDIA RELEASE

NON-RENOUNCEABLE PRO RATA RIGHTS ISSUE

SYDNEY 26 SEPTEMBER, 2014 – Manufacturer of orthopaedic devices, Advanced Surgical Design and Manufacture Limited (ASDM) (ASX: AMT), today announced a Non-Renounceable pro rata Rights Issue.

The Rights Issue, to raise approximately \$1,006,279, will be made to Eligible Shareholders at an issue price of \$0.05 per share on the basis of 23 New Share for every 50 Shares held on the Record Date (7.00 pm, Tuesday, 7 October 2014). The Rights Issue is underwritten to an amount of \$1.0M by Kaz Capital Pty Ltd, a Director related entity of ASDM.

To the extent that there is any shortfall in response to the Rights Issue, Eligible Shareholders will also be able to apply for additional New Shares at the same price.

Chairman of ASDM Peter Kazacos said, “ASDM is advancing into the next phase of our development as we maintain our focus on innovative ideas, agility and ability, through our local manufacturing and design footprint.

Over the past 12-18 months, the company has been working closely with local innovators and surgeons to develop the next iteration of the Active Total Knee instrumentation. This development supports the Active Knee’s long and successful clinical history with a new approach to surgical procedures that will pave the way to wider market segment opportunities.”

The proceeds of the Rights Issue will be directed to the following:

| Use of Funds | Amount |
|-----------------------------------|--------------------|
| | |
| Acceleration R & D/sales projects | \$820,000 |
| Corporate rebranding | \$56,279 |
| Costs of the Offer | \$130,000 |
| | |
| Total Proceeds | \$1,006,279 |

A Rights Issue Prospectus setting out more fully the details of the issue will be lodged with the Australian Securities Exchange shortly in accordance with the annexed Rights Issue timetable.

Contact Details: Company

Mr Peter Kazacos – Chairman
Advanced Surgical Design & Manufacture Limited
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Rights Issue Timetable

| Event | Date |
|---|-----------------------------------|
| Announcement of Rights Issue; Prospectus lodged with ASX and ASIC; Appendix 3B lodged with ASX | Friday, 26 September 2014 |
| Notice to Shareholders containing information required by Appendix 3B | Wednesday, 1 October 2014 |
| “Ex” date – the date on which Shares commence trading without the entitlement to participate in the Offer | Thursday, 2 October 2014 |
| Record Date – the date for determining entitlements of Shareholders to participate in the Offer | 7.00 pm, Tuesday, 7 October 2014 |
| Despatch of Prospectus and Entitlement and Acceptance Form to Eligible Shareholders | Friday, 10 October 2014 |
| Offer opens for acceptances | Monday, 13 October 2014 |
| Closing Date-Offer closes | 5.00 pm, Tuesday, 21 October 2014 |
| Rights Issue Securities quoted on a deferred settlement basis | Wednesday, 22 October 2014 |
| ASX notified of under-subscriptions | Friday, 24 October 2014 |
| Issue date; Deferred settlement trading ends | Tuesday, 28 October 2014 |
| Commencement of normal trading of New Shares on ASX | Wednesday, 29 October 2014 |

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.