



ASX/MEDIA RELEASE

Results for the half-year to 31 December 2008

SYDNEY 25 February 2009: Leading Australian developer and manufacturer of prosthetic implants and medical devices, Advanced Surgical Design and Manufacture Limited (“ASDM”) (ASX: AMT) is pleased to announce its results for the half year ended 31 December 2008.

The highlights for the period

- More surgeons using the Active Knee now than ever before
- Further traction in Victoria and United Kingdom
- New instrument sets roll out with additional capacity underway
- Increase in sales revenue to \$2.82m
- Completion of Pilot Trial of the Peripheral Access Device (“PAD”)

Total revenue during the half year was \$2.82m (Dec ‘07: \$2.80m) representing a slight increase over the same period last year. During the period ASDM has continued to develop and invest in its new markets both domestically and in Europe. Historical trading patterns have continued in this half-year and at this stage there is no reason to suggest that won’t continue with an expectation that stronger revenue levels would be derived in the second half of the financial year.

The loss after tax for the half-year was \$0.956m (Dec ‘07: (\$0.259m)). As was highlighted in the Chairman’s address at the 2008 Annual General Meeting, this operating loss reflects the investment in the continued rollout of our strategy of establishing a presence in the UK and further enhancing our position in the Australian orthopaedic market. We continue to develop innovative products within the medical devices area such as the Peripheral Access Device. This investment had enabled us to live up to our obligations to All Vascular and the attainment of a CE Mark for the device is well on track. This will provide ASDM with an additional revenue stream in due course.

During the period ASDM has invested significantly in stock and new instrument sets required for this expansion, as was foreshadowed in our 2007 Prospectus. Outlays incurred include the following:

- Set up costs associated with establishing a sales force, training and continued market development in Victoria and enhancing of the distribution channels in the UK - \$500k;

- Continued investment in research and development with the Peripheral Access Device (“PAD”) and other new product developments - \$150k, including the assistance in the establishment of a clinical centre of excellence in Europe; and
- Additional investment in raw materials \$100k to accommodate the manufacture of additional instrument sets to underpin growth.

As a result our cash position at Dec 08 \$401k (Jun 08: \$1.5m) reflects these initiatives. It is anticipated based on historical trading patterns and contract agreements cash at year end will improve and be in line with management’s expectations.

The Peripheral Access Device (PAD) initiative is in two main areas:

- (a) The development of the device itself, and
- (b) the support of the trial of hyperperfusion.

The device development has progressed extremely well with the completion of the Pilot Trial. Plans are well advanced for the Hyperperfusion trial to be expanded to the next 25 patients, with the trial to be carried out at Royal North Shore Hospital. It is anticipated that the results with these patients, if conforming to the same pattern of results seen with the 18 patients to date, will support the use of this groundbreaking new treatment in concert with the PAD device. The clinical trial in Europe is ongoing.

ASDM CEO, Dr Greg Roger said, "In these difficult economic times ASDM remains focussed on the job at hand, enlarging our market share and bringing innovative products to successful commercialisation. The team at ASDM has performed remarkably well in this first half of the year and we are in an excellent position to capitalise on these achievements. In the coming half year, and the years to come, ASDM will maintain close control of its cash flow and resources to enable it to manage any unexpected downturns in its market."

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ABOUT ADVANCED SURGICAL DESIGN AND MANUFACTURE

ASDM designs and manufactures medical devices. Its principal product is the Active Knee, a prosthetic implant of which more than 3,500 have been implanted. This product is supported by a range of Orthopaedic accessories and surgical tools and other Orthopaedic products.

ASDM provides a highly effective integrated service to surgeons building on its strengths in design and engineering. Core capabilities that underpin this service are integrated design and engineering, regulatory/compliance competency, manufacturing, distribution and customer service.

The company has built an extensive patent and product development portfolio through collaborative research relationships with universities, companies and surgeon inventors that extends beyond orthopaedics. These collaborations are yielding promising projects in several specialities with strong prospects for commercialisation over the next few years.

For more information, please visit www.asdm.com.au