



**Advanced Surgical Design & Manufacture
Limited** ABN 71 066 281 132

***Notice of Annual General Meeting
and Explanatory Notes***

Date of meeting Thursday 26 November 2009

Time of meeting 11:00am

Place of meeting 2/12 Frederick Street, St Leonards, NSW



ADVANCED SURGICAL DESIGN & MANUFACTURE LIMITED

ABN 71 066 281 132

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2009 Annual General Meeting of Shareholders of Advanced Surgical Design & Manufacture Limited (“the Company”) will be held at 2/12 Frederick Street, St Leonards, NSW, 2065 on Thursday, 26 November 2009 at 11.00am.

BUSINESS

1. Financial and Other Reports

To receive and consider the Financial Report of the Company and the Reports of the Directors and the Auditor in respect of the year ended 30 June 2009.

2. Adoption of Remuneration Report

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

“That, the Company’s Remuneration Report for the financial year ended 30 June 2009 (set out in the Directors’ Report) be adopted.”

Note: The vote on this resolution is advisory only and the outcome will not be binding on the Directors or the Company.

3. Election of Peter Kazacos as a Director

To re-elect as a Director Mr Peter Kazacos who retires by rotation in accordance with the Company’s Constitution and, being eligible, offers himself for re-election.

4. Grant of Employee Options to Dr Greg Roger

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

“ That, for the purposes of Listing Rule 10.14 of the Listing Rules of the Australian Securities Exchange (ASX Listing Rules), the Corporations Act 2001 (Cth) (Corporations Act) and for all other purposes, approval be given for the grant to Dr Gregory James Roger of 250,000 options to acquire fully paid ordinary shares in the Company under the Company’s employee share option plan (‘ESOP’), and, upon exercise of those options, the acquisition of the fully paid ordinary shares underlying those options, in accordance with the rules of the ESOP and the terms set out in the Explanatory Statement accompanying this Notice of Meeting.”

By Order of the Board
Richard Ulrick
Company Secretary
Sydney, 23 October 2009

PROXIES AND VOTING

Eligibility to Vote

For the purpose of voting at the meeting, the Directors have determined that all shares of the Company are taken to be held by the persons who are registered as holding them at 7.00pm (AEDT) on Tuesday 24 November 2009. The entitlement of members to vote at the meeting will be determined by reference to that time.

Proxies

A Proxy Form accompanies this Notice of Annual General Meeting. A member who is entitled to attend and vote at the meeting is entitled to appoint no more than two proxies (who need not be members of the Company) to attend and vote in their place.

A single proxy exercises all voting rights. Where a member wishes to appoint two proxies, an additional proxy form may be obtained by contacting the Company, or the member may copy the enclosed proxy form. A member appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints two proxies and does not specify each proxy's voting rights, the rights are deemed to be 50% each. Fractions of votes are to be disregarded. A member or proxy that is a corporation and entitled to vote may appoint an individual to act as its representative. Evidence of the appointment of a representative must be in accordance with the Corporations Act 2001 (Cth) and lodged with the Company before the meeting or at the registration desk on the day of the meeting.

If any instrument (including an Appointment of Corporate Representative or Proxy Form) returned to the Company is completed by an individual or a corporation under Power of Attorney, the Power of Attorney under which the instrument is signed, or a certified copy of that Power of Attorney, must accompany the instrument unless the Power of Attorney has previously been noted by the Company.

To be valid, Proxy Forms must be lodged by:

- (a) posting or facsimile to the Company's share registry as follows: Advanced Surgical Design & Manufacture Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Facsimile: (02) 9287 0309;
- (b) delivering it to Link Market Services Limited Level 12, 680 George Street, Sydney NSW 2000; or
- (c) mail, facsimile or delivering it to the registered office of the Company, namely, Unit 2, 12 Frederick Street, St Leonards, NSW (P O Box 72, St Leonards, NSW, 2065);

by no later than 11am (AEDT) on Tuesday 24 November 2009.

Corporate Representatives

Corporate shareholders who wish to appoint a representative to attend the meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the company's representative.

Voting Exclusion

Item 4

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on the resolution the subject of Item 4 by any director of the Company (except a director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person, as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting, as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Questions

In addition to asking questions at the meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about the content of the auditor's report and the conduct of the audit, may be submitted no later than Thursday, 19 November 2009 to the Company's Share Registry, Link Market Services Limited, the contact details being set out above.

EXPLANATORY NOTES

The purpose of these Explanatory Notes is to provide shareholders of the Company with information that is reasonably required by shareholders to decide how to vote upon the resolutions. The Directors recommend that shareholders read this Explanatory Statement before determining whether to support the resolutions.

Item 1- Financial and Other Reports

The Company's Annual Report which contains the Financial and other Reports in respect of the year ended 30 June 2009 has been made available to shareholders.

No resolution is required for this item. Following consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of the Company and to ask the Company's auditor questions about its audit report, the conduct of the audit of the Company's financial report for the year ended 30 June 2009, the preparation and content of its audit report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Item 2 – Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2009 is set out on pages 9 to 15 of the Company's Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for directors and senior executives.

The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about or make comments on the Remuneration Report at the meeting. In addition, shareholders will be asked to vote on adoption of the Remuneration Report. However, this vote is of an advisory nature only and does not bind the Company nor its Directors.

The directors unanimously recommend shareholders vote in favour of this resolution.

Item 3- Election of Peter Kazacos as a Director

Mr Kazacos B.E, B.Sc, retires as a director in accordance with the Company's Constitution and being eligible offers himself for election.

Mr Kazacos, aged 55, having been first appointed on 9 May 2006, is non-executive Chairman of both the Company and the Nomination & Remuneration Committee and a member of the Audit & Risk Committee.

Mr Kazacos has over 30 years experience in the IT industry. He has considerable experience in successfully growing companies. He was responsible for guiding KAZ, which he founded, from a small IT services company in NSW to one of Asia Pacific's leading IT services and business process outsourcing service providers.

Further details of his qualifications, experience and achievements are contained on page 8 of the Annual Report.

The directors, with Mr Kazacos abstaining, unanimously recommend that shareholders vote in favour of this resolution.

Item 4 – Grant of Employee Options to Dr Greg Roger

The Board seeks approval from shareholders to issue 250,000 options to acquire fully paid ordinary shares in the Company to Dr Roger under the Company's employee share option plan ("ESOP").

ASX Listing Rule 10.14 prohibits the issue of securities to a director of a company under an employee incentive scheme without shareholder approval. In accordance with ASX Listing Rule 10.15A, the following information is provided:

- The options are to be issued to Dr Gregory James Roger who is a Director of the Company.
- A maximum of 250,000 shares may be issued to Dr Roger upon the exercise of the options.
- The options will be issued for no cash consideration. When exercisable, each option would entitle Dr Roger to subscribe for one fully paid ordinary share in the capital of the Company at an exercise price of \$0.60. A summary of the terms of the options are set out below in this Explanatory Note.
- No securities have been issued to directors or their associates or any other person referred to in ASX Listing Rule 10.14 under the ESOP since the last approval of shareholders.
- The persons referred to in ASX Listing Rule 10.14 entitled to participate in the ESOP are the executive directors of the Company and Dr Roger is currently the only executive director of the Company. No executive director will be able to participate in ESOP until approval is obtained under ASX Listing Rule 10.14.
- A Voting Exclusion Statement is set out above under "Voting Exclusion".
- No loan will be made to Dr Roger in relation to the acquisition of the Company's shares as a result of his exercise of any options.
- The options will be granted to Dr Roger within a week after the passing of the resolution.

The terms of the employment arrangements between the Company and Dr Roger include that:

- his employment be for a fixed period ending 30 June 2012;
- the Company pay to Dr Roger as remuneration for his services for the year ending 30 June 2010 a salary having a total cost to the Company of \$239,137 per annum;
- Dr Roger's salary package be reviewed annually by the Company in June of each year or any other time at the Company's discretion;
- Dr Roger be eligible to earn an annual bonus which for the year from 1 July 2009 will be \$70,000 for 100% attaining key performance goals and budget objectives relating to the Company's performance for the financial year; and
- subject to shareholder approval each year, Dr Roger be entitled to receive yearly grants of options related to achievement of budgeted EBITDA or any other performance criteria to be set by the Board and notified to him annually.

The Board has agreed, subject to the receipt of necessary shareholder approval, to the grant of 250,000 options, all on the same terms, to Dr Roger as the Chief Executive Officer of the Company.

Performance Hurdles

It is proposed that the structure of the performance hurdles be similar to that applying to the grant of options approved by shareholders at the Company's 2008 AGM for the financial year ended 30 June 2009. Those options lapsed as the Company did not achieve the required minimum percentage of budgeted EBITDA.

The vesting of the maximum number of options (250,000) is conditional on the level of the Company's earnings before interest, tax, depreciation and amortisation (EBITDA) for the financial year ending 30 June 2010 achieving 120% of the budgeted EBITDA for that year. Should this over-achievement of budgeted EBITDA not be met the maximum number of options exercisable is 200,000. The number of options able to be exercised relative to achieving differing percentages of budgeted EBITDA for the financial year ending 30 June 2010 is set out below:

Percentage of Budgeted EBITDA	Number of options exercisable
85	50,000
90	100,000
95	150,000
100	200,000
120	250,000

The number of options was determined by the Board having regard to a target dollar amount of \$25,000 for achieving 100% of the budgeted EBITDA and the likely valuation under the Black-Scholes method of valuing options.

The exercise price of \$0.60 to convert each option into one fully paid ordinary share in the capital of the Company was determined by the Board having regard to the trading range of \$0.28-\$0.50 of the Company's shares on the ASX in the last year and the

subscription price of \$0.60 per share under the Company's offer made under its prospectus dated 26 October 2007.

In addition any options will only vest and become exercisable on 30 June 2011 but will lapse should Dr Roger's employment with the Company cease before then. The options are exercisable at certain times after vesting but will expire if not exercised by 7 September 2012 (one week after the final date for release of the Company's Preliminary Final Report for the financial year ended 30 June 2012).

Other Main Terms of the ESOP

Upon a change of control of the Company, all options will vest and become immediately exercisable.

Options granted under the ESOP do not give any right to participate in dividends or rights issues until shares are allotted pursuant to the exercise of the relevant options. The number of shares issued on the exercise of options will be adjusted for bonus issues made prior to the exercise of the options. Each ordinary share issued on exercise of an option will rank equally with all other ordinary shares then on issue.

If the Company, after having granted any options, reduces its issued share capital or subdivides or consolidates its shares, the number of the shares issued to an ESOP holder on exercise of options will be reduced, subdivided or consolidated, as the case may be, in accordance with the ASX Listing Rules.

Options granted under the ESOP are not transferable.

Where an ESOP holder ceases employment with the Company, any unvested options or any vested options that have not been exercised within the required period will lapse, except in specified circumstances.

Chapter 2E Requirements – Corporations Act 2001

Shareholders approval is also sought under the Corporations Act 2001. Chapter 2E (Part 2E) of that Act regulates the provision of financial benefits to related parties by a public company and a "financial benefit" is defined in broad terms to include a public company issuing securities or providing finance to a related party. A Director is considered a related party under that Act and Dr Roger is the Managing Director of the Company.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must obtain the approval of members in the way set out in the Act and give the benefit within 15 months after the approval.

The following additional information is provided to satisfy those requirements.

The Company's executive remuneration structure comprises fixed annual remuneration, short term incentives and long term incentives. Further information about the Company's remuneration framework for executive officers, including the use of employee options, and Dr Roger's remuneration are set out in the remuneration report on pages 9-15 of the Company's 2009 annual report.

As the Chief Executive Officer and Managing Director of the Company, Dr Roger is charged with overseeing the strategic direction of the Company and its overall development.

To ensure alignment with shareholder interests, best practice requires that part of his remuneration should be linked to share price performance over the long term. The Board believes such alignment is best achieved through the grant of an equity based incentive and that the best form of equity incentive for a growth focused business is options.

Options act as a reward for past performance, as a long term incentive and as a retention mechanism. The primary objectives of the Nomination & Remuneration Committee and the Board in reviewing Dr Roger's remuneration package are to:

- align his interests with the interests of shareholders;
- ensure that his remuneration is competitive and aligned with market remuneration; and
- encourage the achievement of performance goals and growth of the Company's business.

The Board believes that the issue of options serves as both a short-term incentive and a long-term incentive to Dr Roger. As a short-term incentive, the options will encourage him to achieve the performance goals and budget objectives set by the Board. Following issue, the shares will act as a long-term incentive by aligning Dr Roger's interests with those of current shareholders seeking sustainable long term valuation creation in the Company's business.

The primary purpose of the issue of the options is to provide an incentive to Dr Roger to provide diligent and ongoing commitment and effort to the Company. Given this purpose and relatively small dilutive effect of any share issue, the Directors do not consider that there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the options on the terms proposed.

Financial Benefit to Dr Roger

The exercise price was calculated as indicated above to be at a premium to the market price of the shares in the Company. This exercise price premium provides a growth hurdle which needs to be exceeded in order for Dr Roger to receive any remuneration from the options.

The options to be issued to Dr Roger are not to be quoted on the ASX and as such have no actual market value. The indicative value of the 250,000 options has been calculated to be \$25,000.

Implications of Grant of Options

If shareholders approve the issue of options to Dr Roger and all or any of the options are exercised, the effect will be to dilute the shareholding of existing shareholders. The market price for the Company's shares during the period when any of the options are capable of exercise would normally determine whether Dr Roger exercises the options. Subject to any adjustments arising from any rights issues or bonus issues of securities by the Company, if all the options are exercised, a total of 250,000 shares will be issued to Dr Roger for consideration of \$0.60 cents per share.

There will be no funds raised from the issue of the options. However funds will be payable by Dr Roger at the time options are exercised at \$0.60 per share up to a maximum amount of \$150,000.

Except as set out above, the Directors are not aware of any other information that would reasonably be required by shareholders to allow them to make an informed decision whether it is in the best interest of the Company to pass the resolution.

Recommendation

The directors, with Dr Roger abstaining, unanimously recommend that shareholders vote in favour of the resolution the subject of this Item 4. Dr Roger declines to make a recommendation to shareholders about the proposed resolution because he has a material interest in the outcome of the resolution. However, each of the other Directors of the Company considers that the proposed issue of the options is a cost effective and efficient incentive when compared to other forms of incentive (e.g. increased cash remuneration). The Board, other than Dr Roger, also considers that this option grant will help to ensure continued alignment with the interests of shareholders.



Advanced Surgical Design & Manufacture Limited
 ABN 71 066 281 132

LODGE YOUR VOTE

By mail:
 Advanced Surgical Design & Manufacture Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia

By fax: (02) 9287 0309

All enquiries to:
Telephone: (02) 8280 7111



X99999999999

SECURITYHOLDER VOTING FORM

I/We being a member(s) of Advanced Surgical Design & Manufacture Limited and entitled to attend and vote hereby appoint:

STEP 1 **APPOINT A PROXY**

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am on Thursday, 26 November 2009, at 2/12 Frederick Street, St Leonards, NSW, 2065 and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an

STEP 2 **VOTING DIRECTIONS**

	For	Against	Abstain*
Item 2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Election of Peter Kazacos as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Grant of Employee Options to Dr Greg Roger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 **IMPORTANT - VOTING EXCLUSIONS**

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Item 4 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Item and that votes cast by him/her for that Item, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 4 and your votes will not be counted in calculating the required majority if a poll is called on this Item.
 The Chairman of the Meeting intends to vote undirected proxies in favour of Item 4.

STEP 4 **SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED**

Securityholder 1 (Individual) <input type="text"/>	Joint Securityholder 2 (Individual) <input type="text"/>	Joint Securityholder 3 (Individual) <input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

AMT PRX902



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives


If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's security registry.


Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 11:00am on Tuesday, 24 November 2009, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:

 **by mail:**
Advanced Surgical Design & Manufacture Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

 **by fax:**
(02) 9287 0309

 **by hand:**
delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.