Shareholders Newsletter
June 2010

Dear Investor,

This is our fourth newsletter, intended to keep shareholders informed of recent developments at Advanced Surgical Design & Manufacture Limited.

Highlights

- Continued growth in European market
- Expansion in USA
- PAD multi-centre clinical trial underway

ASDM's management focus continues to be on growing sales revenues and delivering a positive operating cash flow whilst maintaining investment in key opportunities such as the PAD device and overseas market development.

This financial year has seen a sharp increase in the size and coverage of our sales force, an increase now reflected in new surgeons using our products, improving growth potential overall. We have appointed sales staff in Queensland and South Australia and the team in Victoria is now three times its size this time last year.

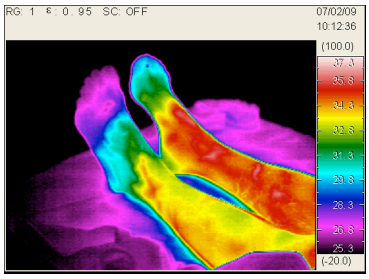
Continued Growth in the Europe

We are pleased that the Active Knee continues to make headway in the competitive UK market. We have now bought out our distributors in the UK, establishing a direct local presence for UK operations and for managing operations in Europe. The knee is now being used in Greece with great success and it is expected to be used in additional countries over the coming year.

Growth in USA

Further surgeons in a number of regions are adopting the Active Knee as their implant of choice, based on its long and successful clinical history and advantageous design features. The sales growth in the US, while still in its early stages, is very promising.

PAD Multi-Centre Clinical Trial Commenced



The PAD device is the Hyperperfusion treatment developed by Dr Rodney Lane, used to save limbs threatened with amputation from gangrene.

Following recent completion of the Pilot Trial of the PAD Device, ASDM is now sponsoring a broader multi-centre, multi-surgeon trial in Australia to prove the success of the device. This larger trial, involving many more surgeons and multiple treatment centres, is intended to achieve regulatory approval by the TGA of the PAD as a Class III device, one of the highest levels of approval. This would enable the PAD to be marketed widely as an approved medical device with demonstrated therapeutic benefits.

The first patient in the trial, who was suffering severe peripheral vascular disease and was facing imminent amputation of his leg above the knee, has now been discharged from hospital after successful treatment with the device. Further surgeries are expected in the near term. You may wish to listen to an audio broadcast I gave on this subject by inserting the following details into your web browser:
brr.com.au/event/66267

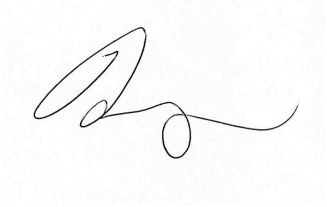
Having received CE Mark approval from the TGA, for Class IIa usage, ASDM and AllVascular are now working on treatment protocols using the PAD device to facilitate isolated Organ Chemotherapy. This breakthrough treatment, where only the organ affected by cancer – the liver for example – is exposed to chemotherapy chemicals, has the potential to increase the effectiveness of chemotherapy while reducing the side effects experienced by the patient.

We thank you again for your support of ASDM. If you have any further questions about ASDM and its progress, please visit our new website (asdm.com.au) or feel free to email me at:

greg.roger@asdm.com.au

or telephone on 02 9439 4448.

Please forward your email address to us so we can provide this sort of update electronically to as many people as possible.



Greg Roger
CEO