



2nd QUARTER 2008 INVESTOR UPDATE

21 July 2008

Dear Investor,

Highlights:

- **Increased International sales efforts**
- **First Cardiac surgery use of the PAD**
- **Licensing of Polishing – contract signed and first payment in**

This is our second newsletter, ensuring all shareholders are kept informed of developments at Advanced Surgical Design & Manufacture Limited. ASDM was represented at AusMedtech's (Australia's premier medical device industry body) inaugural meeting in Sydney, and presented ASDM's Orthopaedic and Vascular innovations at a conference in Amman, Jordan. ASDM also received the "Biotech Debut of the Year: 2007" award at the Excellence in Biotechnology Investment forum and was featured in the BRW's "Fast Movers" special last month.

The Clinical Trial with the PAD Device, used to save limbs threatened with amputation from gangrene, is progressing well, with two more patients successfully treated. In both cases the patients were facing imminent amputation and have now returned home with their leg saved. These early results were presented at the conference in Jordan to Vascular surgeons, further strengthening moves to broaden the trial internationally. Subsequent contact with a number of surgeons who attended the International Vascular meeting in February, has confirmed plans to commence trials overseas later this year.

The first cardiac bypass case using the PAD as an access port was performed this month in Sydney. The PAD offers the advantage of minimal leakage during the course of the bypass pumping, in this case 5 litres a minute pumped for nearly ten hours, saving blood loss and keeping the operative field clear. Furthermore, with the PAD's resealable features the surgeon is able to leave the PAD in place when the patient returns to the ward to allow, without further invasive procedures on the patient, interventional access which is often required in the recovery period. While this remains an experimental development and part of ASDM's ongoing support and fostering of innovation, there is a potential market over and above saving gangrenous limbs and this exposes the PAD's advantages to a new group of surgeons.



Cardiac Bypass circuit using PAD

The PAD and limb saving work by AllVascular's Dr Rod Lane has also been featured on ABC's Catalyst television program and Radio National's Innovations program.

The contract following the Memorandum of Understanding for the licensing of ASDM's proprietary polishing technology to DJO Surgical in the US has now been signed and the first milestone payment has been made. Work continues with DJO Surgical in collaborating with a number of new product developments, providing ASDM with a potential route to market for these new devices.



ASDM's Clavicle Screw: A new treatment for collarbone breaks.

ASDM's sales staff in Victoria and the UK are supporting continued growth in sales and pursuing the distribution of ASDM's new products as well. ASDM has a range of Intellectual Property opportunities, which it continues to pursue. While many of these may not develop into devices the potential remains high.

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@asdm.com.au or telephone on 02 9439 4448.

If you have not already done so, please forward your email address to us so we can provide this sort of update electronically to as many people as possible.

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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 3,000 have been implanted including 600+ in 2007. 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

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