



ADVANCED SURGICAL DESIGN & MANUFACTURE LIMITED

26 February 2013

Dear Shareholder

Advanced Surgical Design & Manufacture Limited – Non-Renounceable Rights Issue

On 22 February 2013, Advanced Surgical Design & Manufacture Limited (ASDM) announced a non-renounceable rights issue of up to approximately 13,818,782 new fully paid ordinary shares (Rights Issue) under which its eligible shareholders will be offered 1 fully paid ordinary share in ASDM (New Share) for every 3 fully paid ordinary shares held on the record date, at an issue price of \$0.11 per share.

This Rights Issue offer will be made to those shareholders of ASDM with registered addresses in Australia and New Zealand only (Eligible Shareholders). The Rights Issue is not underwritten. The Rights Issue (if fully subscribed) will raise up to approximately \$1,520,000 before costs. ASDM intends to use the proceeds from the Rights Issue to provide additional working capital and for sales channel development.

ASDM has decided that it is unreasonable to make the offer to shareholders with registered addresses outside of Australia and New Zealand (Ineligible Shareholders) due to:

1. the small number of shareholders with registered addresses outside of these countries; and
2. the cost of complying with the legal and other regulatory requirements in each of the countries concerned.

The Rights Issue will not be extended to Ineligible Shareholders and they will not receive a copy of the Rights Issue Offer Document or an Entitlement and Acceptance Form.

No action has been taken to register or qualify the Rights Issue Offer Document and Entitlement and Acceptance Form, the Rights Issue or the New Shares or to otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia and New Zealand.

ASDM expects to despatch the Rights Issue booklet and Entitlement and Acceptance Forms to Eligible Shareholders on or around Monday, 11 March 2013. The Rights Issue Offer Document has been lodged with the ASX and is available on the ASX website at www.asx.com.au and at www.asdm.com.au.

The key dates for the Rights Issue are set out at the foot of this letter.

This timetable is indicative only and may be subject to change, subject to the ASX Listing Rules.

Existing option holders may participate in the Rights Issue upon exercise of their options. ASDM sent a letter to its option holders on the date of this letter to notify them of their right to participate in the Rights Issue upon exercise of their options.

For further information about the Rights Issue please contact the Company's share registry, Link Market Services Limited, by telephone on 1300 554 474 (within Australia) and +61 2 8280 7111 (outside Australia) between 8:30a.m. and 5:30p.m. (AEDT) Monday to Friday during the Rights Issue offer period.

Yours faithfully

Richard Ulrick
Company Secretary

Event	Date
Announcement of Rights Issue, 708AA cleansing notice, Offer Document and Appendix 3B lodged with ASX	Friday, 22nd February 2013
Notice to Shareholders containing information required by Appendix 3B	Tuesday, 26th February 2013
Ex date – the date on which Shares commence trading without the entitlement to participate in the Rights Issue	Wednesday, 27th February 2013
Record Date – the date for determining entitlements of Shareholders to participate in the Rights Issue	7.00 p.m., Tuesday, 5th March 2013
Despatch of Offer Document and Entitlement and Acceptance Form to Eligible Shareholders	Monday, 11th March 2013
Rights Issue opens for acceptances	Tuesday, 12th March 2013
Closing Date-Offer closes	5.00 p.m., Tuesday, 26th March 2013
Rights Issue Securities quoted on a deferred settlement basis	Wednesday, 27th March 2013
Shortfall notification to ASX	Tuesday, 2nd April 2013
Allotment of New Shares	Wednesday, 3rd April 2013
Despatch of Certificates to Shareholders	Thursday, 4th April 2013
Normal trading of New Shares issued under the Rights Issue expected to commence on ASX	Friday, 5th April 2013