



Adelaide, 30 September 2010

**Austofix gains approval to list 17 prostheses
for benefits under Private Health Insurance Act**

In a major milestone, orthopaedic implant manufacturer Austofix (ASX:AYX) has received approval from the federal government that will result in 17 of its products and prostheses being listed for benefits under the Private Health Insurance Act.

The listing coincides with an improved operating result for FY2010 and an upbeat outlook for the current year.

For the first time since listing on the ASX in February 2008, Austofix is now in a position to expand marketing for 17 of its products to the private health sector. Up until now, the company's focus has been on the public health sector, according to Austofix CEO, Mark Szolga.

"We are delighted to bring to a successful conclusion the long process to gain approval to list a number of our products for benefits under the Act. We have worked extensively with surgeons to select and then source products with a proven track record and approval to list is the final stage in the procurement process."

The listing follows Austofix's improved result in 2010 that saw revenue up 72% (to \$2.648m) and full year loss down 53% (to \$341,300). The results were struck on an expanded range of products, a growing domestic market and a significantly expanded export market. Austofix again invested heavily in the areas of product development in the year ended 30 June 2010, building on the investments made in prior years.

Mr Szolga said he was extremely positive about the company's outlook. "We are forecasting that the combination of benefits listing, the continued expansion of our overseas distributor network and our growing range of products will result in a profit this financial year.

"Our products are 'gold standard', our pricing is highly competitive and our business is responsive to the needs of healthcare providers – both hospitals and orthopaedic surgeons. The Prostheses Benefits List which now includes a range of our products has given us the final component we need to widen our market reach in Australia."

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The newly-listed Austofix products include a range of screws, femoral heads and other components, bone graft substitutes and various bone cements.

The benefits agreed between Austofix and the Department of Health and Ageing now enable clearer negotiations on price with private hospitals.

“A very large percentage of elective bone surgery and corrective surgery following trauma is undertaken in Australia’s private hospitals. Now, we have an opportunity to service this large and growing Australian market,” Mr Szolga said.

“In the past eighteen months Austofix has appointed 12 overseas distributors to support the company’s export action. Further appointments are in the pipeline.

“To meet the expected growing demand, we have just finalised installation of a new, five-axis milling machine at our manufacturing plant in North Plympton, Adelaide. This is now operational and will double our capacity to manufacture the range of products which only a five-axis machine can produce.

“I am extremely confident about the future – the prostheses listing has significantly improved our outlook for sales in Australia,” Mr Szolga said.

Further information

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