

Press Information

AOI Medical, Inc.

Update on Clinical Trial for Ascendx™ VCF Reduction System

London, UK, 9 October 2008 - AOI Medical, Inc. (the "Company" or "AOI") (AIM: AOI), the medical device company focusing on innovative orthopaedic medical devices for the spine and trauma markets, announces the following update on the clinical trial for its Ascendx™ VCF Reduction System ("Ascendx™").

On 23 April 2008, AOI received final approval from the FDA to commence a clinical trial for its Ascendx™ technology. The single arm study of Ascendx™ will involve 60 subjects in eight centres, with the primary end point being acute procedural success defined as successful device deployment, cement delivery and device withdrawal. The data from the trial will be used as clinical support for the Company's 510(k) submission to the FDA in relation to Ascendx™. The trial commenced in June 2008 and on 3 June 2008 AOI announced that surgical procedures had been successfully completed on the first three patients as part of this trial.

The Board is pleased to announce that surgical procedures have now been successfully completed on the first 10 patients. The procedures thus far have shown that Ascendx™ has performed as intended allowing single pedicle access, height restoration and the management of cement flow rate and localization where desired.

The Company announced in its Interim Results on 27 August 2008 that it anticipated that the trial, at the then current recruitment rates, would be on track to complete by the end of the year, with a commercial launch in the United States in early 2009. However since this time, recruitment rates for the trial have been slower than anticipated due in part to clinical centres not becoming eligible to enrol patients as quickly as first envisaged.

We remain pleased with progress made thus far despite slower rates of recruitment. Six out of eight clinical centres are now eligible to enrol patients. The clinical trial is now expected to complete its last patient enrolment and make its 510(k) submission to the FDA in mid-2009. Consequently, the Company believes that market launch in the United States will now commence towards the end of 2009.

Bill Christy, CEO of AOI, said:

"While patient enrolment has taken longer than expected we are very pleased at the outcomes of the trial to date, with all 10 procedures having been successful. The clinical trial is now gaining momentum with six of eight clinical centres now eligible to enrol patients and we look forward to increasing the enrolment rate going forward."

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Background to AOI Medical Inc.

AOI is a medical device company focussing on the development and commercialisation of innovative orthopaedic medical devices for the spine and trauma markets. It is progressing the development of three separate technology platforms: Ascendx™ VCF Reduction System, BAMF Trauma and Cervical Plate. Further information can be found at www.aoimedical.net

Ascendx™

Ascendx™ is an investigational device which comprises a set of tools specifically designed for use in the treatment of painful pathological fractures of the vertebral body that may result from osteoporosis, benign lesions and/or malignant lesions such as metastatic cancers and myeloma. Ascendx™ will comprise two main instruments: a cutting device that creates a cavity in cancellous bone, and a reduction device that is used to restore the height of the fractured vertebra and which can deliver and contain the bio-material (bonding agent) in the cavity. The set of tools is designed to offer a potential enhancement over current techniques.

Ascendx™ presents an attractive market opportunity. The size of the market is estimated to be in the region of \$600 million annually, rising to over \$900 million by 2012 (source: CRT Capital, LLC 2008).