

08 May 2006

**Portland Orthopaedics Enters Discussions for
Distribution in Japan**

Portland seeks to expand alliance with multinational to accelerate implant sales in Japan

Portland Orthopaedics Limited (ASX:PLD) has commenced discussions with Plus Orthopedics KK of Japan, for Plus to act as exclusive distributor of Portland's suite of orthopaedic joint products in Japan.

The expression of interest by Plus Orthopedics KK follows the exclusive distribution agreement for the United States, entered into with Plus Orthopedics Inc. on 16 March 2006. Both distribution partners are part of the Swiss-based Plus Orthopedics AG –the world's sixth largest joint implants distributor.

Plus KK, based in Tokyo, has expressed a keen interest in distributing Portland's range of products including the DTC revision hip, the M-COR primary hip, the Asian hip series and the Equator Plus Cup and will be exhibiting these products at the annual Japanese Orthopaedics Association meeting in Tokyo commencing 18 May 2006.

The Japanese market remains a major target for Portland and was the main reason for the design and development of Portland's Asian hip series and collaboration with Kyoto University.

"Plus KK is an appropriate partner and has an experienced and successful sales team. Further, the regulatory specialists on the ground at Plus KK will manage the Japanese regulatory approvals," said Mr David Sekel, CEO of Portland Orthopaedics.

"This arrangement also strengthens the bonds between Portland and Plus AG. It is extremely useful for an implants innovator like Portland to partner the world's sixth largest implants distributor."

"Plus KK has a fast-growing distribution operation in Japan. We would expect solid sales in Japan as Portland has developed the Asian hip series tailor-made for the average size of Asian thigh bones."

"The Japanese market is characterized by both high margins and large volume and this potential distribution deal would accelerate sales and avoid costly sales, marketing and regulatory infrastructure."