



Company Announcement

6 November 2007

Avastra Ltd (ASX: AVS): Non-Renounceable Entitlements Offer

Please find attached an amended announcement regarding our non-renounceable offer.

Paragraph 4 of the original announcement earlier today referred to an announcement in relation to a transaction for the formation of a fourth hub in the US northwest. Attached is a corrected announcement.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Paul Jobbins'.

Paul Jobbins
Company Secretary

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Company Announcement

6 November 2007

Avastra Ltd (ASX: AVS): Non-Renounceable Entitlements Offer

Avastra Ltd is pleased to announce that it proposes to raise approximately \$5,600,000 through a 1 for 10 non-renounceable entitlements issue of ordinary shares to eligible shareholders. The maximum shares to be issued under the offer will be approximately 10,182,560.

The offer is fully underwritten by ABN Amro Morgans Corporate Limited.

Avastra plans to use funds raised from the Entitlements Offer, in addition to the Company's cash generated from operations, to continue its strategy of acquiring and starting profitable sleep centre businesses across the United States, and is currently in discussions with a range of potential vendors.

Since re-listing on the ASX in December 2006 the Company has grown from having no revenue to having over US\$38M in historic annualised revenue and US\$5.5M in historic annualised EBITDA. The Company has acquired three 'hub' businesses: Pacific Sleep Medicine in the West; the somniSleep Group in the Mid-West; and recently the Sleep Medicine Centers on the East Coast. Additionally, it has acquired four 'spoke' businesses that are well positioned to leverage off the range of revenue streams and back-office functions present in the hubs. In total, the Company has 33 sleep centres across twelve states, with over 155 beds, and management service agreements covering an additional 145 beds, for a total of over 300 beds. As referred to in previous announcements on 4 October and 14 September 2007, Avastra is continuing discussions with various parties regarding the formation of Avastra's fourth hub in the US North West and will provide further details if an agreement is finalised.

The Entitlements Offer will be made pursuant to a prospectus that is expected to be lodged today with the Australian Securities and Investment Commission and dispatched to members on or about Monday 19 November. Under the ASX Listing Rules, the record date will be Thursday 15 November 2007. Please find attached an Appendix 3B.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Paul Jobbins'.

Paul Jobbins
Company Secretary

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

AVASTRA LTD

ABN

47 094 446 803

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | |
|--|---------------------------------------|
| 1 +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 Number of +securities issued or to be issued (if known) or maximum number which may be issued | 10,182,560 fully paid ordinary shares |
| 3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares. |

+ See chapter 19 for defined terms.

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4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

Yes

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

5 Issue price or consideration

\$0.55

6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)

To fund further start-ups and acquisitions of sleep centre businesses in the fragmented US sleep diagnostic market.

7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates

11 December 2007

	Number	⁺ Class
8 Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	112,008,163	Ordinary shares

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	320,000	Series 3 options exercisable at \$1.00 before 21 January 2008
	130,000	Staff options exercisable at \$0.20 before 2 October 2008
	4,600,000	Options exercisable at \$0.00 with various vesting dates, conditions and expiry dates.
	1,580,000	ESOP Options with various exercise prices, vesting conditions and expiry dates.
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)		

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 for 10
14	+Class of +securities to which the offer relates	Ordinary shares
15	+Record date to determine entitlements	15 November 2007
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Fractions will be rounded up

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Security holders in all countries other than Australia and New Zealand will not be sent new issue documents.
19	Closing date for receipt of acceptances or renunciations	3 December 2007
20	Names of any underwriters	ABN AMRO Morgans Corporate Limited
21	Amount of any underwriting fee or commission	3.5% underwriting fee and a 1.0% management fee of total funds to be raised.
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	The Underwriter will pay a handling fee to ASX participating organisations of 1% of the amount raised from successful acceptances of Entitlements through CHESS, capped at \$200 per acceptance.
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	19 November 2007
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	7 November 2007

28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Despatch date	11 December 2007

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	N/A
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42	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 38)	Number	⁺ Class

Quotation agreement

1 ⁺Quotation of our additional ⁺securities is in ASX’s absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those ⁺securities should not be granted ⁺quotation.
- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the ⁺securities to be quoted, it has been provided at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the

+ See chapter 19 for defined terms.

Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Company Secretary)

Date: 6 November 2007

Print name: Paul Jobbins

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