

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Avastra Sleep Centres Ltd

ABN

47 094 446 803

Quarter ended ("current quarter")

31 December 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	10,639	18,452
1.2 Payments for		
(a) staff costs	(5,971)	(10,485)
(b) advertising and marketing	(139)	(213)
(c) research and development		
(d) leased assets	(54)	(54)
(e) other working capital	(1,687)	(4,475)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	37	81
1.5 Interest and other costs of finance paid	(55)	(106)
1.6 Income taxes paid	(107)	(266)
1.7 Other (provide details if material)	(1,402)	(2,637)
Net operating cash flows	1,261	297

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (.....6.. months) \$A'000
1.8 Net operating cash flows (carried forward)	1,261	297
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(3,708)	(5,109)
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(336)	(648)
(e) other non-current assets	(22)	(22)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(4,066)	(5,779)
1.14 Total operating and investing cash flows	(2,805)	(5,482)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	6,099	6,099
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	63	63
1.18 Repayment of borrowings	(211)	(437)
1.19 Dividends paid		
1.20 Cost of raising funds	(682)	(683)
Net financing cash flows	5,269	5,042
Net increase (decrease) in cash held	2,464	(440)
1.21 Cash at beginning of quarter/year to date	5,159	8,063
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	7,623	7,623

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	67
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Directors fees and superannuation \$67,000

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	566	376
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,323	3,291
4.2 Deposits at call	3,500	848
4.3 Bank overdraft	-	-
4.4 Other (provide details)	1,800	1,020
Total: cash at end of quarter (item 1.23)	7,623	5,159

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Sleep Medicine Institute Management LLC	
5.2 Place of incorporation or registration	Washington	
5.3 Consideration for acquisition or disposal	Sign long term lease and commit to invest US\$1.2 million in a fit-out of a state-of-the-art laboratory	
5.4 Total net assets	Not applicable	
5.5 Nature of business	To operate sleep diagnostic laboratories and supplier of sleep therapeutic equipment	

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	The Sleep Medicine Center of West New York	
5.2 Place of incorporation or registration	New York	
5.3 Consideration for acquisition or disposal	US\$2,280,000 plus 1,130,000 shares (excluding earn out payments)	
5.4 Total net assets	US\$884,000	
5.5 Nature of business	To operate sleep diagnostic laboratories and supplier of sleep therapeutic equipment	

Compliance statement

+ See chapter 19 for defined terms.

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date:.....31stJanuary 2008.....
(Company secretary)

Print name:Charles King.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.