



Company Announcement

27 June 2008

Avastra Sleep Centres Limited (ASX: AVS): Avastra Calls EGM and Revises Guidance for FY 2008

Avastra will call an Extraordinary General Meeting of its Members for early August to consider the re-election of all Board members except for Mr Troy Shadian who has tendered his resignation.

Mr. Shadian served on the Board of Avastra since January 2007 and has decided to focus his attention on other interests. "I want to express my appreciation for all the effort that Troy has made on behalf of Avastra" said Dr. Steve Hull, CEO of Avastra Sleep Centres Limited.

Other matters to be resolved at the EGM include shareholder votes on matters of issuance of shares to certain sellers in lieu of cash for earn outs and the ratification of shares issued since the last shareholder meeting. Further details shall be provided in the notice as soon as possible.

Revised Guidance for FY 2008

Based on recent information, Avastra has revised its guidance for FY 2008 projecting revenues for FY 2008 of \$A35 - \$A36 million, and adjusted earnings per share (EPS) of A0.3 to A0.4 cents based on 115 million shares outstanding. The EPS figure does not include adjustments for foreign exchange charges, share-based payments and imputed interest on deferred consideration.

The reduction in projected annual revenue of approximately \$A2 million from the previous guidance and the resulting reduction of A1.0 cent in projected adjusted EPS are primarily due to the unexpected decrease in clinical research trials. Clinical research trials are undertaken by pharmaceutical companies to meet the FDA requirements for testing new drugs. When new drugs are ready for testing, the pharmaceutical companies assign the trials to selected centres in the U.S.

"While the number of clinical research trials assigned to Avastra has been unusually low in the past few months, it is important to note that our core business of sleep diagnostic testing and DME sales continue to grow as our recently opened centres in Seattle, Washington and Des Moines, Iowa have begun to see new patients," Dr. Steven Hull, Avastra's CEO said.

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Funding Activities

Due to the decline in revenues, Avastra has taken actions to improve its cash position, including reducing expenses. In addition, the Company has negotiated agreements to defer approximately \$A2 million in earn-out and contractual payments coming due in FY 2008.

As a result of the cost reductions and payment deferrals, the Company expects the cash used in the fourth quarter of FY 2008 to be less than \$A 2 million, compared with \$A 4.9 million used in the third quarter of FY 2008.

The Company expects to raise funds in the next 3 months through issuance of debt and equity. The funds raised will be used to fund remaining acquisition-related expenses and to purchase new sleep centres.

About Avastra

Avastra Sleep Centres is one of the largest sleep services companies in the United States.

Avastra's operations span over 25% of the U.S. and can be found from coast-to-coast and throughout the Midwest.

Currently, AVS has 35 centres and over 300 beds owned or under management contract.

Since November 2006, Avastra has acquired seven sleep diagnostic companies, including Pacific Sleep Medicine Services in the West, the somniSleep Group in the Midwest, Sleep Medicine Centers in the East, and sleep diagnostic operations in Seattle, Washington, Portland, Oregon, Salt Lake City, Utah, Phoenix, Arizona and the Miami, Florida region.

By Order of the Board

A handwritten signature in black ink that reads "Charles King".

Charles King
Company Secretary