



15 August 2008

Avastra Sleep Centres Limited ACN 094 446 803 (ASX: AVS) ("**Avastra**" or "the **Company**")

Underwritten Non-Renounceable Entitlements Offer

Avastra announces a fully underwritten non-renounceable entitlements offer (**Entitlements Offer**) to shareholders with registered addresses in Australia and New Zealand (**Eligible Shareholders**).

Under the Entitlements Offer, Eligible Shareholders will have the opportunity to subscribe for 2 fully paid ordinary shares in the Company (**Shares**) for every 3 Shares held at 7.00pm (Sydney time) 25 August 2008 (**Record Date**), at a price of \$A0.03 per new Share. Fractional entitlements will be rounded up to the nearest whole number for deciding entitlements. After considering several options, the Company believed a (rights) Entitlements Offer represented the best alternative for shareholders to avoid dilution.

The Entitlements Offer is expected to raise approximately \$A2.1 million (after issue costs). The proceeds from the Entitlements Offer will be used for the Company's working capital expenses, to make earn-out payments due to existing Sleep Centre vendors and payments to the contractor for the build-out of the North-West Facility in Seattle, Washington, USA.

Avastra has entered into an underwriting agreement (**Underwriting Agreement**) with Colorado Investments Pty Ltd ACN 063 688 611 (**Colorado**) for the purpose of Colorado underwriting the Entitlements Offer. The key terms of the Underwriting Agreement are set out in the Offer Document following this notice.

The Company is making the Entitlements Offer without a disclosure document, pursuant to the exemption contained in section 708AA of the Corporations Act 2001.

The key dates for the Entitlements Offer are set out below for your information.

Proposed Timetable

The current proposed timetable for the Entitlements Offer is as follows:

Event	Date
Entitlements Offer dated and lodged:	Friday 15 August 2008
"Ex Date"	Tuesday 19 August 2008
Record Date to determine Entitlements under the Entitlements Offer (7.00 pm Sydney time)	Monday 25 August 2008
Entitlement and Acceptance Form despatched	Friday 29 August 2008
Entitlements Offer closes (5.00 pm Sydney time)	Tuesday 9 September 2008
Allotment and issue of New Shares under the Entitlements Offer	Tuesday 16 September 2008
Expected despatch of holding statements under the Entitlements Offer	Wednesday 17 September 2008
Trading of New Shares expected to commence	Friday 19 September 2008

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This timetable is indicative only and may be subject to change subject to the requirements of the Corporations Act 2001 and ASX Listing Rules.

Summary of the Offer

Issue Price	\$0.03
Shares offered under the Entitlements Offer (approx)	76,982,249
Shares on issue following the Offer	192,455,623
Options on issue	7,983,334
Total securities on issue following the Offer	200,438,957

Key Documents

Following this notice are the following documents required by ASX in relation to the Entitlements Offer:

- an Appendix 3B - New Issue Announcement, applying for quotation of the Shares referred to above, proposed to be issued;
- a Cleansing Notice to be issued by the Company in accordance with section 708AA of the Corporations Act 2001; and
- the Offer Document setting out the terms of the Offer.

Shareholders are encouraged to carefully read the Cleansing Notice and Offer Document before deciding whether to acquire new Shares and to consult their professional advisers before making any investment decision.

Please note shareholders with a registered address outside Australia or New Zealand are unable to participate in the Offer.

Yours faithfully



Company Secretary
Charles King