



Company Announcement

1 October 2008

Avastra Sleep Centres Limited (ASX:AVS): Avastra Completes Vendor Payment Deferral Agreements

Avastra USA has completed earn-out payment deferral agreements with three sleep centre vendors to alleviate pressure on current cash flows. These agreements are in addition to the other payment deferral agreements announced on 4 August 2008. The negotiated deferments are for payments due in the current year and do not replace the company's obligations on earn-outs in subsequent years. The following table summarizes the three recently completed agreements.

Sleep Centre	Amount Deferred	Terms of Note
Pacific Sleep Medicine Services San Diego, CA	\$1,200,000.	Interest at 8% p.a. Monthly payments of interest only. Principal due on 28 February 2011.
California Sleep Solutions Roseville, CA	\$406,000.	Interest at 8% p.a. Quarterly payments of principal and interest through 31 March 2009.
somniTech, Inc. Overland Park, KS	\$782,532.	Interest at 8% p.a. Monthly payments of interest only. Principal payments due on 15 February 2009 and 15 August 2009.

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. Avastra has 34 centres and more than 300 beds owned or under management contract.

Since November 2006, Avastra has acquired seven sleep diagnostic companies, including Pacific Sleep Medicine Services and California Sleep Solutions in the West, the somniSleep Group in the Midwest, Sleep Medicine Centers in the East, and Sleep Medicine Institute Management in Seattle, Washington. Avastra also operates sleep centres in Oregon, Utah and Arizona.

By Order of the Board

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

Charles King – Company Secretary

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