



Company Announcement

14 April 2009

AVASTRA SLEEP CENTRES LIMITED (ASX:AVS): AVASTRA UPDATES FY 2009 GUIDANCE

Avastra Sleep Centres Limited (the Company) has announced updated guidance for its Fiscal Year ending on 30 June 2009. The Company is projecting a net loss after tax of \$1.3 million to \$1.8 million, and cash flow from operations of breakeven to \$0.5 million. This compares to the previous guidance of a net profit after tax of \$1 million to \$1.5 million, and cash flow from operations of \$3 million to \$3.5 million. The primary reasons for the shortfall in net income and cash flow are the unexpected continued decline in research clinical studies (\$1 million to \$1.5 million), the higher than expected losses and shutdown costs of the 3 sleep centres in Arizona, operating as Complete Sleep Analysis (\$0.4 million), and unexpected under-performance in the northwest and southwest regions (\$1 million- \$1.5 million). The Company is taking actions to reduce costs to improve future financial results.

The Company expected an increase in research clinical studies by April 2009, but now expects those studies to be delayed until the fourth quarter of 2009. As previously disclosed, the Company's research clinical study revenue has been impacted by the reduction in the number of new drug studies performed by the pharmaceutical companies. However, the Company had expected several new research clinical studies, including a major research study, to begin in April. The Company now expects those studies to be delayed until the fourth quarter of 2009.

The Company has shutdown the 3 sleep centres in Arizona, operating as Complete Sleep Analysis, effective 31 March 2009. The facilities have been closed, and the equipment in those centres will be re-deployed to other sleep centres. Complete Sleep Analysis was acquired by the Company in July, 2007 for total consideration of \$218,000. Since the acquisition, Complete Sleep Analysis has contributed a net loss of approximately \$600,000 to the consolidated loss of the Company. The goodwill associated with the acquisition of Complete Sleep Analysis was impaired and written off in the Fiscal Year ended 30 June 2008. The Company will complete a re-assessment of goodwill impairment for all its sleep centre entities in connection with its fiscal year end at 30 June 2009.

James Klingler, Chief Financial Officer said, "While we are disappointed in the projected financial results for Fiscal Year 2009, the projected net loss of \$1.3 million to \$1.8 million is significantly reduced from the net loss of \$4.1 million reported for Fiscal Year 2008. Also, the projected cash flow from operations of breakeven to \$0.5 million is an improvement from the negative cash flow from operations of \$1.2 million reported for Fiscal Year 2008."

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 30 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 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 centers in Oregon and Utah.

By order of the Board

Charles King
Company Secretary

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