

# The Australian Financial Review

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## Wide-awake Avastra thrives on US market diagnosis

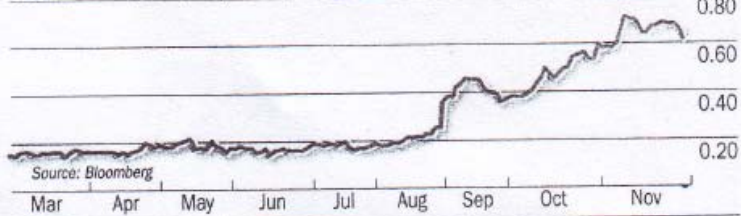
Avastra's transformation from a biotechnology company to a sleep diagnostic centre owner in the United States late last year has been fortuitous, with the shares having tripled since a placement and entitlement offer at 20¢ a share in October.

In a twist on the well-known success story of Resmed, Avastra has been gradually buying sleep centres, where sufferers of sleep apnoea go for diagnosis of their problems. Sleep centre revenues in the US are expected to grow by 15 per cent-plus a year to more than \$US4.4 billion in 2011.

Avastra's half-year results this week showing a \$1.7 million loss don't shed much light on the opportunity, but the company does have a following among fund managers. Paradise Investment

### SLEEPING EASY

Avastra Share price, daily



Management has a 6 per cent stake and Queensland Investment Corporation 17 per cent.

The US-focused company has been reporting a steady stream of acquisitions in recent months and, like a number of successful Australian healthcare firms, is seeking to be an industry

consolidator in a fragmented market.

Avastra's cash-flow statement shows it has \$8.4 million in cash on hand, and while it has offered equity to the vendors of the businesses it has purchased, it might not be too long before the company needs to head to the market again to raise more funds.