



ASX ANNOUNCEMENT

19 July 2007

Dual Financial Reporting Requirements

The Company filed its amended US registration statement (“Form 10”) with the Australian Securities Exchange (“ASX”) yesterday and is pleased to provide the following additional information to shareholders:

HeartWare’s Reporting Obligations in the United States of America

In the United States of America, HeartWare is subject to the same registration and reporting requirements that are required of domestic US companies under the Securities Exchange Act of 1934 (“the Exchange Act”). These requirements call for HeartWare to prepare and file annual, quarterly and a variety of other reports with the US Securities and Exchange Commission (“SEC”).

Heartware became subject to the above requirements for the first time for the financial year-ended 31 December 2006. In accordance with these requirements, the Company filed its Form 10 with the SEC on 30 April 2007 (a copy of which was also filed with the ASX and which may be downloaded from the Company’s website (www.heartware.com.au)).

In accordance with the requirements of the Exchange Act, the Form 10 incorporates, among other selected financial data, audited balance sheets, and the related consolidated statements of income, shareholders’ equity and cash flows for each of the last two financial years (collectively “US Financial Statements”).

Please note that our US Financial Statements are prepared in accordance with accounting principles generally accepted in the United States and are also audited by Grant Thornton LLP in accordance with auditing standards generally accepted in the United States. Our US Financial Statements are intended to conform and comply with legal and accounting requirements in the United States (and are not therefore intended to comply with legal and accounting requirements in Australia).

Unfortunately, the accounting standards and requirements that are in effect in the United States are not identical to those that are in effect in Australia. The resultant differences require HeartWare to apply different accounting policies in our US Financial Statements as compared with our Australian Financial Statements. This obligation to apply different accounting policies leads to the Company presenting different financial outcomes in Australia and the United States.

HeartWare’s Reporting Obligations in Australia

As a public company whose shares are listed for quotation on ASX, HeartWare is required to prepare and file financial reports with the ASX that are in accordance with the *Corporations Act 2001* and which comply with, among other things, accounting standards in Australia (“Australian Financial Statements”).



The Australian Financial Statements for HeartWare Limited for the year ended 31 December 2006 are set out in the Company's 2006 Annual Report (starting at page 25), a copy of which has previously been distributed to shareholders and which may be downloaded from the Company's website (www.heartware.com.au).

As noted above, the Australian Financial Statements are prepared in accordance with accounting standards in Australia and because the accounting standards in Australia and the United States are not identical, the financial results and disclosures within the Australian Financial Statements differ from those presented under the Company's US Financial Statements.

Amended Form 10

The Company filed its Form 10 with the SEC for the first-time on 30 April 2007.

In accordance with the usual SEC review process, the Company subsequently received comments from the staff of the SEC relating to our US Financial Statements and other information disclosed in the Form 10. It should be noted that the SEC comments do not relate to and do not affect our Australian Financial Statements, in any respect.

Among other things, the SEC commented on the accounting treatment for the 2005 acquisition of HeartWare, Inc. by HeartWare Limited in the Form 10 and specifically questioned why we adopted the purchase method rather than accounting for the acquisition of HeartWare, Inc. as an acquisition of equity interests among entities with shared or common controlling interests. We previously decided to adopt the purchase method in our Form 10 as we, and our US auditors, believed that this approach was permitted under US accounting standards and because this approach was also consistent with the accounting treatment that we have adopted in all our Australian Financial Statements since the incorporation of the Company.

Following from the above, the Board of Directors concluded that, in response to the comments we received from the SEC in connection with the Form 10, our 2005 acquisition of HeartWare, Inc. (in which we issued ordinary shares in exchange for all the voting shares of HeartWare, Inc. and which we accounted for as a purchase) should, for the purposes of our US Financial Statements only, be recorded at historical cost under US generally accepted accounting principles. As a result, the US Financial Statements were restated (with no impact on our Australian Financial Statements). Details of the changes to the US Financial Statements, together with details of the adjustments, including a reconciliation between the initial and amended versions of the Form 10, can be found on pages F-12 and F-34 of the amended Form 10 (as filed with the ASX yesterday).

Status of Australian Financial Statements

The above changes to the Company's US Financial Statements do not impact our Australian Financial Statements in any way.

Our Australian Financial Statements remain current and are prepared in accordance with the *Corporations Act 2001* and accounting standards in Australia.



Closing Comments

In considering the Company's Australian Financial Statements and US Financial Statements, shareholders should note that each document is prepared to meet the specific reporting requirements in Australia and the United States respectively. Both documents rely on the same underlying financial data but simply draw on different accounting policies and treatments in order to present that information in accordance with Australian or US legal and accounting requirements (as the case may be).

Moving forward, the Company will continue to present two separate sets of financial data; one which is compliant with Australian accounting and legal requirements, being our Australian Financial Statements, and one which is compliant with US accounting and legal requirements, being our US Financial Statements.

About HeartWare

HeartWare is developing a family of proprietary circulatory assist devices to treat patients with heart failure. HeartWare's lead device, the HVADTM pump, is currently progressing through an international clinical trial. With a volume of 45cc, the HVADTM pump is the smallest "3rd generation" pump and the only full output device implantable routinely within the thoracic cavity.

HeartWare's miniaturization platform enables the development of smaller devices, potentially implantable by minimally invasive surgical techniques. Pre-clinical studies are underway for HeartWare's MVADTM pump, a pump one-third the size of the HVADTM pump. HeartWare's IV-VAD, a pump one-tenth the size of the HVADTM pump, is at early prototype stage.

For further information:

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