

Deacons

11 October 2007

By Facsimile: 1900 999 279

Company Announcements
Australian Stock Exchange
20 Bridge Street
SYDNEY NSW 2000

Attention: The Manager

Our Ref: 2632864

Dear Sirs

Notice of initial substantial holder

We act for Pequot Capital Management, Inc., Pequot Healthcare Emerging Markets Master Fund, Ltd., Pequot Healthcare Institutional Fund, L.P., Pequot Healthcare Offshore Fund, Inc., Pequot Healthcare Fund, L.P. and Pequot Diversified Master Fund, Ltd. (**Pequot Parties**).

On behalf of the Pequot Parties, in accordance with section 671B of the *Corporations Act* 2001, we attach a Notice of Initial Substantial Holder (Form 603) in respect of Heartware Limited ACN 111 970 257 (**Heartware**).

A copy of the attached notice is being provided to Heartware.

Yours faithfully



James Stewart
Partner
Deacons

Direct line: +61 (0)2 9330 8175

Email: james.stewart@deacons.com.au

1 Alfred Street
Circular Quay
Sydney NSW 2000
Australia
GPO Box 3872
Sydney NSW 2001
DX368 Sydney
Tel +61 (0)2 9330 8000
Fax +61 (0)2 9330 8111
www.deacons.com.au
ABN 32 720 868 049

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Form 603Corporations Act 2001
Section 671B**Notice of initial substantial holder**

To Company Name/Scheme HEARTWARE LIMITED

ACN/ARSN ACN 111 970 257

1. Details of substantial holder (1)

Name

ACN/ARSN (if applicable)

See the parties in Item 1 of Annexure A, collectively described in this form as the Pequot Capital Investors

The holder became a substantial holder on

9/10/2007

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
See Item 2 of Annexure A			

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
See Item 3 of Annexure A		

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
See Item 4 of Annexure A			

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)	Class and number of securities
See Item 5 of Annexure A			

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
See Item 6 of Annexure A	

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
See Item 1 of Annexure A	

Signature

print name Anyeh Davis

capacity Secretary

sign here

date October 11, 2007

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (Indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired

Annexure "A"

Heartware Limited
ACN 111 970 257

This is the Annexure "A" of 4 pages referred to in Form 603 – Notice of Initial Substantial Holder.

Item 1 – Details of substantial holders

Name	Address
Pequot Capital Management, Inc.	500 Nyala Farm Road, Westport Connecticut 06880 USA
Pequot Healthcare Emerging Markets Master Fund, Ltd.	Walkers SPV Limited, Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands
Pequot Healthcare Institutional Fund, L.P.	1209 Orange Street, Wilmington, Delaware, 19801 USA
Pequot Healthcare Offshore Fund, Inc.	Craigmuir Chambers P.O. Box 71, Road Town, Tortola, British Virgin Islands
Premium Series PCC Ltd. Cell 32	P.O. Box 474, Helvetia Court, South Esplanade, St. Peter Port, Guernsey GY1 6AZ
Pequot Healthcare Fund, L.P.	1209 Orange Street, Wilmington, Delaware, 19801 USA
Pequot Diversified Master Fund, Ltd.	Ogier Fiduciary Services (Cayman) Limited, P.O. Box 1234, Queensgate House, South Church Street, George Town, Grand Cayman, Cayman Islands K&1-1108

Item 2 – Details of voting power

Substantial holder/Associate	Class of securities	Number of securities	Person's votes	Voting power
Pequot Capital Investors	Ordinary shares	12,662,135	12,662,135	5.11%

Item 3 and Item 4 – Details of relevant interests and details of present registered holders

Holder of relevant interest	Nature of relevant interest	Registered holder of securities	Person entitled to be registered as holder	Number of ordinary shares
Pequot Capital Management, Inc.	Power to control the exercise of right to vote and dispose of securities as fund	Pequot Healthcare Emerging Markets Master	Pequot Healthcare Emerging Markets Master	2,976,545

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	manager of:	Fund, Ltd.	Fund, Ltd.	
	• Pequot Healthcare Emerging Markets Master Fund, Ltd.	Pequot Healthcare Institutional Fund, L.P.	Pequot Healthcare Institutional Fund, L.P.	1,243,025
	• Pequot Healthcare Institutional Fund, L.P.	Pequot Healthcare Offshore Fund, Inc.	Pequot Healthcare Offshore Fund, Inc.	3,220,284
	• Pequot Healthcare Offshore Fund, Inc.	Pequot Healthcare Fund, L.P.	Pequot Healthcare Fund, L.P.	3,243,121
	• Pequot Healthcare Fund, L.P.	Pequot Diversified Master Fund, Ltd.	Pequot Diversified Master Fund, Ltd.	870,658
	• Pequot Diversified Master Fund, Ltd.	Premium Series PCC Ltd. Cell 32	Premium Series PCC Ltd. Cell 32	1,108,502
	Discretionary authority to dispose of securities as trading advisor to Premium Series PCC Ltd. Cell 32			
Pequot Healthcare Emerging Markets Master Fund, Ltd.	Holder of shares	Pequot Healthcare Emerging Markets Master Fund, Ltd.	Pequot Healthcare Emerging Markets Master Fund, Ltd.	2,976,545
Pequot Healthcare Institutional Fund, L.P.	Holder of shares	Pequot Healthcare Institutional Fund, L.P.	Pequot Healthcare Institutional Fund, L.P.	1,243,025
Pequot Healthcare Offshore Fund, Inc.	Holder of shares	Pequot Healthcare Offshore Fund, Inc.	Pequot Healthcare Offshore Fund, Inc.	3,220,284
Pequot Healthcare Fund, L.P.	Holder of shares	Pequot Healthcare Fund, L.P.	Pequot Healthcare Fund, L.P.	3,243,121
Pequot Diversified Master Fund, Ltd.	Holder of shares	Pequot Diversified Master Fund, Ltd.	Pequot Diversified Master Fund, Ltd.	870,658
Premium Series PCC Ltd. Cell 32	Holder of shares	Premium Series PCC Ltd. Cell 32	Premium Series PCC Ltd. Cell 32	1,108,502

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Item 5 – Consideration

Holder of relevant interest	Date of acquisition	Consideration (AUD)	Number of ordinary shares
Pequot Healthcare Emerging Markets Master Fund, Ltd.	26/07/2007	\$1,785,927.00	2,976,545
Pequot Healthcare Institutional Fund, L.P.	26/07/2007	\$378,495.00	630,825
	17/08/2007	\$6,380.40	12,000
	20/08/2007	\$1,392.00	2,400
	21/08/2007	\$9,744.00	16,800
	27/08/2007	\$39,745.20	66,000
	29/08/2007	\$1,392.00	2,400
	31/08/2007	\$10,831.04	17,600
	3/9/2007	\$9,776.00	16,000
	4/9/2007	\$7,464.00	12,000
	5/9/2007	\$14,880.00	24,000
	7/9/2007	\$15,301.65	24,700
	10/9/2007	\$3,540.00	5,900
	13/09/2007	\$7,140.00	11,900
	17/09/2007	\$22,743.00	36,100
	19/09/2007	\$8,916.16	14,900
	20/09/07	\$14,340.00	24,000
	21/09/07	\$29,759.47	48,100
	24/09/07	\$20,093.30	33,500
	25/09/07	\$16,616.00	26,800
	26/09/07	\$47,319.72	75,300
	3/10/2007	\$14,238.00	22,600
	4/10/2007	\$6,967.52	11,200
	5/10/2007	\$24,960.00	39,000
	8/10/2007	\$28,484.90	44,300
	9/10/2007	\$15,808.00	24,700
Pequot Healthcare Offshore Fund, Inc.	26/07/2007	\$1,416,333.00	2,360,555
	17/08/2007	\$9,570.60	18,000
	20/08/2007	\$2,088.00	3,600
	21/08/2007	\$14,558.00	25,100
	27/08/2007	\$59,304.05	98,479
	29/08/2007	\$2,088.00	3,600
	31/08/2007	\$16,093.94	26,152
	3/9/2007	\$14,575.41	23,855
	4/9/2007	\$11,196.00	18,000
	5/9/2007	\$22,196.00	35,800
	7/9/2007	\$22,733.79	36,697
	10/9/2007	\$5,251.20	8,752
	13/09/2007	\$10,638.60	17,731
	17/09/2007	\$33,831.00	53,700
	19/09/2007	\$13,284.48	22,200
	20/09/07	\$21,450.25	35,900
	21/09/07	\$44,360.79	71,700
	24/09/07	\$29,930.02	49,900
	25/09/07	\$24,724.36	39,878
	26/09/07	\$70,561.69	112,285
	3/10/2007	\$15,939.00	25,300
	4/10/2007	\$7,776.25	12,500
	5/10/2007	\$27,904.00	43,600
	8/10/2007	\$31,828.50	49,500
	9/10/2007	\$17,600.00	27,500

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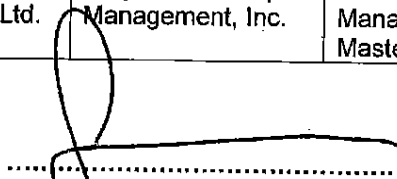
Premium Series PCC Ltd. Cell 32	26/07/2007	\$341,761.20	569,602
	17/08/2007	\$5,636.02	10,600
	20/08/2007	\$1,218.00	2,100
	21/08/2007	\$8,642.00	14,900
	27/08/2007	\$35,108.26	58,300
	29/08/2007	\$1,218.00	2,100
	31/08/2007	\$9,538.70	15,500
	3/9/2007	\$8,615.10	14,100
	4/9/2007	\$6,593.20	10,600
	5/9/2007	\$13,206.00	21,300
	7/9/2007	\$13,505.10	21,800
	10/9/2007	\$3,120.00	5,200
	13/09/2007	\$6,300.00	10,500
	17/09/2007	\$20,097.00	31,900
	19/09/2007	\$7,898.88	13,200
	20/09/07	\$12,667.00	21,200
	21/09/07	\$26,294.75	42,500
	24/09/07	\$17,754.08	29,600
	25/09/07	\$14,694.00	23,700
	26/09/07	\$41,852.51	66,600
	3/10/2007	\$12,348.00	19,600
	4/10/2007	\$6,096.58	9,800
	5/10/2007	\$21,696.00	33,900
	8/10/2007	\$24,755.50	38,500
	9/10/2007	\$13,696.00	21,400
Pequot Healthcare Fund L.P.	26/07/2007	\$1,771,578.60	2,952,631
	3/10/2007	\$29,232.00	46,400
	4/10/2007	\$14,366.78	23,094
	5/10/2007	\$51,072.00	79,800
	8/10/2007	\$58,313.67	90,690
	9/10/2007	\$32,323.84	50,506
Pequot Diversified Master Fund, Ltd.	26/07/2007	\$258,994.80	431,658
	17/08/2007	\$4,997.98	9,400
	20/08/2007	\$1,102.00	1,900
	21/08/2007	\$7,656.00	13,200
	27/08/2007	\$31,193.96	51,800
	29/08/2007	\$1,102.00	1,900
	31/08/2007	\$8,492.52	13,800
	3/9/2007	\$7,698.60	12,600
	4/9/2007	\$5,846.80	9,400
	5/9/2007	\$11,718.00	18,900
	7/9/2007	\$12,018.30	19,400
	10/9/2007	\$2,760.00	4,600
	13/09/2007	\$5,580.00	9,300
	17/09/2007	\$17,829.00	28,300
	19/09/2007	\$7,001.28	11,700
	20/09/07	\$11,292.75	18,900
	21/09/07	\$23,324.99	37,700
	24/09/07	\$15,774.74	26,300
	25/09/07	\$13,020.00	21,000
	26/09/07	\$37,202.23	59,200
	3/10/2007	\$6,993.00	11,100
	4/10/2007	\$3,421.55	5,500
	5/10/2007	\$12,288.00	19,200
	8/10/2007	\$14,017.40	21,800
	9/10/2007	\$7,744.00	12,100

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Item 6 Associates

Substantial holder	Associates	Nature of Association
Pequot Capital Management, Inc.	Pequot Healthcare Emerging Markets Master Fund, Ltd.	Act in concert in relation to shares. Pequot Capital Management, Inc. is manager of Pequot Healthcare Emerging Markets Master Fund, Ltd.
	Pequot Healthcare Institutional Fund, L.P.	Act in concert in relation to shares. Pequot Capital Management, Inc. is manager of Pequot Healthcare Institutional Fund, L.P.
	Pequot Healthcare Offshore Fund, Inc.	Act in concert in relation to shares. Pequot Capital Management, Inc. is manager of Pequot Healthcare Offshore Fund, Inc.
	Pequot Healthcare Fund, L.P.	Act in concert in relation to shares. Pequot Capital Management, Inc. is manager of Pequot Healthcare Fund, L.P.
	Pequot Diversified Master Fund, Ltd.	Act in concert in relation to shares. Pequot Capital Management, Inc. is manager of Pequot Diversified Master Fund, Ltd.
	Premium Series PCC Ltd. Cell 32	Act in concert in relation to shares. Pequot Capital Management, Inc. is sub-advisor to Premium Series PCC Cell 32.
Pequot Healthcare Emerging Markets Master Fund, Ltd.	Pequot Capital Management, Inc.	Act in concert in relation to shares. Pequot Capital Management, Inc. is manager of Pequot Healthcare Emerging Markets Master Fund, Ltd.
Pequot Healthcare Institutional Fund, L.P.	Pequot Capital Management, Inc.	Act in concert in relation to shares. Pequot Capital Management, Inc. is manager of Pequot Healthcare Institutional Fund, L.P.
Pequot Healthcare Offshore Fund, Inc.	Pequot Capital Management, Inc.	Act in concert in relation to shares. Pequot Capital Management, Inc. is manager of Pequot Healthcare Offshore Fund, Inc.
Premium Series PCC Cell 32	Pequot Capital Management, Inc.	Act in concert in relation to shares. Pequot Capital Management, Inc. is sub-advisor of Premium Series PCC Cell 32.
Pequot Healthcare Fund, L.P.	Pequot Capital Management, Inc.	Act in concert in relation to shares. Pequot Capital Management, Inc. is manager of Pequot Healthcare Fund, L.P.
Pequot Diversified Master Fund, Ltd.	Pequot Capital Management, Inc.	Act in concert in relation to shares. Pequot Capital Management, Inc. is manager of Pequot Diversified Master Fund, Ltd.

Signed:



Date: October 11, 2007

Name:

Aryeh Davis, Secretary of Pequot Capital Management, Inc. on behalf of the substantial holders