HEARTWARE LIMITED
ABN 34 111 970 257

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Manager of Company Announcements
ASX Limited
Level 6
20 Bridge Street
SYDNEY NSW 2000

28 February 2007
BY E-LODGEMENT

Dear Sir / Madam

ASX Appendix 4E
Preliminary Final Report

Please see the attached ASX Appendix 4E.

The 2006 Annual Financial Report & Directors' Report will also be filed with the ASX today.

Yours faithfully

David McIntyre
Chief Financial Officer &
Company Secretary

HEARTWARE LIMITED
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RESULTS FOR ANNOUNCEMENT TO THE MARKET

ASX Appendix 4E
Preliminary Final Report
For the 12 Months Ended
31 December 2006

This is the Preliminary Final Report for the HeartWare Group.
The HeartWare Group includes HeartWare Limited (ASX: HTW) and its subsidiary, HeartWare, Inc..

This Preliminary Final Report does not include all of the commentary, notes and information that are typically found in an annual financial report. The Annual Financial Report for the HeartWare Group for the year ended 31 December 2006 has been audited and will be lodged with ASX on 28 February 2007.

This Preliminary Final Report is provided to ASX pursuant to ASX Listing Rules 4.3A. It provides information as required by Appendix 4E of the ASX Listing Rules.

HEARTWARE LIMITED (ABN 34 111 970 257)
& CONTROLLED ENTITIES
FINANCIAL RESULTS FOR YEAR ENDED 31 DECEMBER 2006

Results for Announcement to the Market

	Year Ended 31 December 2006 $	Period Ended* 31 December 2005 $	Percentage Change %
Revenues from ordinary activities	1,143,912	1,613,569	Down 29.1%
Profit / (Loss) before interest, tax, depreciation and amortisation attributable to members ("EBITDA")	(23,664,596)	(16,003,657)	Up 47.9%
Profit / (Loss) before interest and tax attributable to members ("EBIT")	(26,401,803)	(18,689,124)	Up 41.27%
Income Tax Benefit	-	-	-
Profit / (Loss) after tax attributable to members ("NPAT")	(25,461,888)	(17,749,209)	Up 43.5%
Net Profit / (Loss) for the year attributable to members	(25,461,888)	(17,749,209)	Up 43.5%
Net tangible assets per ordinary share (cents)	11.55	8.32	Up 38.9%

* The Company was registered on 26 November 2004 and, as such, the prior year comparative numbers are for the period from 26 November 2004 to 31 December 2005.

The Directors do not recommend that a dividend relating to the year ended 31 December 2006 be paid. As such, there is no franking or applicable record date.

Commentary to the Earnings Result

During the year the HeartWare Group continued to commercialise the HVAD™, the first of its range of circulatory assist devices or "heart pumps", which are used for the treatment of congestive heart failure. The HeartWare Group also commenced its clinical trials, conducted additional research and development on its future range of products including the intravascular pump or "IV VAD", miniaturised ventricular assist device or "MVAD" and its fully implantable electronics system (i.e. transcutaneous energy transfer system ("TETS")).

Accordingly, the net loss of the HeartWare Group for the year ended 31 December 2006 after providing for income tax was $25,461,888 (2005: $17,749,209). The increase in the loss over the preceding year reflects the Company's progression into international clinical trials and early-stage manufacturing. No development costs (2005: $2,729,726) were capitalised during the year within Intangible Assets in the Balance Sheet (see the attached 2006 Annual Financial Report).

HEARTWARE LIMITED (ABN 34 111 970 257)
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FINANCIAL RESULTS FOR YEAR ENDED 31 DECEMBER 2006

Commentary to the Earnings Result (Continued)

Total revenue for the year was $1,143,912 (2005: $966,326). Revenue comprises interest revenue only. The Company has no sales revenue as it has not received regulatory approval which permits sales of its heart pumps. Sales of the HVAD™ are anticipated in the second half of 2007.

Management Discussion & Analysis

Overview

During the 2006 calendar year and over the early months of 2007 HeartWare has achieved a number of significant milestones, the most significant of which is the substantial progress with its European and Australian clinical trial. This clinical trial is anticipated to comprise twenty (20) patients implanted with the HVAD™ at up to 5 clinical centres in Australia and Europe, the primary objective of which is for the Company to secure regulatory approval to sell its HVAD™ in Europe (CE Mark) and Australia (TGA approval). The results of this international clinical trial will then be used to commence a bridge-to-transplant clinical trial in the United States of America during the second half of 2007.

As at the date of this report, HeartWare has implanted eight (8) patients across its four 4 clinical centres, with more than 1,160 accumulative implant days. The early clinical results of the international trial are excellent and the Company expects to complete its enrolment in this regard by no later than June 2007.

The Company also further developed and stabilized its manufacturing processes, particularly towards the end of 2006 with the result that the Company is now in a position to easily meet the needs of its international clinical trial. The progress with manufacturing and the commencement of clinical trials has seen the Company grow accordingly with the Company ending the 2006-year with 65 employees, up from 41 employees for the preceding year.

The Company has opened 2007 with adequate inventory of its products, a stable manufacturing environment and with strong clinical results. These are excellent foundations for the Company as it looks forward to the commencement of US clinical trials and, importantly, “first revenue” later this year.

Financials

Expenditure grew significantly during 2006 as the Company transformed itself from a focus on product development to one that is focussed on developing manufacturing processes required of an early-stage manufacturer of a Class III medical device. The Company also successfully entered clinical trials in both Europe and Australia and further advanced its pipeline of miniaturized pumps through additional research and development and animal trials.

Notable increases in costs include additional clinical and regulatory consulting costs of $1.6 million (2005: $0.3 million) incurred in consequence of the commencement of our international clinical trials. The Company also expensed $1.6 million of inventory that it will use for its international clinical trial during 2007. This amount was not capitalized in the Balance Sheet because this is not permitted under applicable Australian accounting standards as our international clinical trials are not reimbursed and therefore the product cannot be classified as inventory as it is not “held for resale”. This amount is included in the Income Statement in the line item titled “Raw materials and consumables used” in the attached 2006 Annual Financial Report.

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& CONTROLLED ENTITIES
FINANCIAL RESULTS FOR YEAR ENDED 31 DECEMBER 2006

Management Discussion & Analysis (Continued)

Other non-operating expenses included in this year's loss are the share-based payments expense of $1.2 million (2005: $2.6 million), together with amortization and depreciation expense of $2.9 million (2005: $2.7 million) which has increased this year largely by virtue of the Company determining to amortize its intangible assets over 15 years, instead of 20 years as was applied previously during 2005 (as is permitted under the Company's accounting policies.

HeartWare's cash reserves as at 31 December 2006 were $21.1 million (2005: $13.7 million).

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Please find attached the Company's 2006 Annual Financial Report & Directors' Report for the year ended 31 December 2006, together with the Income Statement, Balance Sheet and Statement of Cash Flows and other relevant commentary thereto.

Rob Thomas
Chairman
28 February 2007