

HEARTWARE LIMITED

ABN 34 111 970 257



HeartWare
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Manager of Company Announcements
Australian Stock Exchange Limited
Level 6
20 Bridge Street
SYDNEY NSW 2000

25 July 2005

BY E-LODGEMENT

Dear Sir / Madam

Appendix 3B

Please see the attached Appendix 4C.

Additional information concerning the operations and affairs of the Company may be found in the Company's Shareholder Update (dated 22 July 2005) and the Interim Financial Report (dated 25 July 2005).

Yours faithfully

Stuart McConchie
Chief Executive Officer

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

HEARTWARE LIMITED

ABN

34 111 970 257

Quarter ended ("current quarter")

30 JUNE 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6months) \$A'000
1.1 Receipts from customers		
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(1,654)	(2,083)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	97	272
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(1,944)	(3,905)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,944)	(3,905)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property	(44)	(84)
(d) physical non-current assets	(528)	(898)
(e) research and development**	(821)	(1,566)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other – cash assets acquired on acquisition of business	-	163
Net investing cash flows	(1,393)	(2,385)
1.14 Total operating and investing cash flows	(3,337)	(6,290)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	30	32,449
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other – expenses of the issue of shares ***	-	(2,680)
Net financing cash flows	30	29,769
Net increase (decrease) in cash held	(3,307)	23,479
1.21 Cash at beginning of quarter/year to date	26,786	-
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	23,479	23,479

** The Company has recently reviewed operational expenditure and has, in accordance with relevant Australian accounting standards (and Company accounting policy), decided to expense various costs which it had previously advised as being capitalised as research and development costs. This is largely due to the fact that the Company's expenditure is transitioning into the pre-production stage.

*** Following finalisation of the GST review (as notified last quarter), expenses of the offer of HeartWare shares pursuant to the Company's prospectus have now been determined. HeartWare is pleased to confirm that expenses of the offer were A\$2.68 million (and this amount is significantly less than previously advised).

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	205
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Costs referred to at item 1.24 include directors' fees, together with employment costs in relation to the Chief Executive Officer.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

HeartWare Limited acquired HeartWare, Inc. on 24 January 2005. The consideration for the acquisition was A\$44 million which was payable by way of the issue of 88 million ordinary shares in HeartWare Limited, together with a convertible note to the value of A\$1.42 million.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	3,931	483
4.2 Deposits at call	19,548	26,303
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	23,479	26,786

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	HeartWare, Inc.	
5.2 Place of incorporation or registration	Delaware, United States of America	
5.3 Consideration for acquisition or disposal	A\$44 million, payable by the issue of 88 million ordinary shares in HeartWare Limited, together with a convertible note to the value of A\$1.42 million.	
5.4 Total net assets	A\$9.9 million	
5.5 Nature of business	Development of circulatory assist devices ("heart pumps")	

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Director)

Date:25 July 2005.....

Print name: ..Stuart McConchie.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information

+ See chapter 19 for defined terms.