



Statistics:

Australian Stock Exchange (ASX) Symbol:	HTW	Fiscal year ends:	December 31
Website:	www.heartware.com	Market cap:	\$116.6 million
52-week price range:	\$0.29–\$0.79	Average daily volume:	332,672
Recent price (5/1/08):	\$0.47	Common shares outstanding:	248.1 million

Year Ended: December 31

(Unaudited, 000s omitted)

	Three Months Ended	
	3/31/08	3/31/07
Revenues	--	--
Total operating expenses	\$6,440	\$4,917
Loss from operations	\$(6,440)	\$(4,917)
Net loss	\$(6,840)	\$(4,835)
Net loss per share basic & diluted	\$(0.03)	\$(0.03)
Weighted avg. shares of common stock outstanding	248,100	186,295

Analyst Coverage:

BEN MCCAW, EMERGING GROWTH CAPITAL

The projections, analyses and opinions presented in this analyst's report are those of the author and are not endorsed or adopted by HeartWare.

Business Summary:

HeartWare (ASX: HTW) develops and manufactures miniaturized implantable heart pumps, or Left Ventricular Assist Devices (LVADs), to treat patients suffering from advanced heart failure. The Company is developing the industry's smallest and least invasive pumps, which it believes will be the key to unlocking the potential of a large and underserved market.

The HeartWare® LVAD is the only full-output pump designed to be implanted in the chest, avoiding the abdominal surgery generally required to implant competing devices. The device is currently the subject of an international clinical trial involving five investigational centers in Europe and Australia. The 31st patient was enrolled in March 2008. A clinical trial in the US is expected to begin in the first half of 2008.

HeartWare is also developing smaller versions of the pump, implantable by progressively less invasive surgery. HeartWare's MVAD™ device is an axial flow pump approximately one-third the size of HeartWare's lead device. In animal studies, the MVAD has demonstrated blood flow characteristics similar to those of the LVAD System. The current focus of ongoing preclinical studies is to refine a novel, minimally invasive surgical implant procedure for the device. HeartWare believes that by further reducing the invasiveness of the surgery, it has the potential to significantly increase its target patient population and to access patients at an earlier stage of their disease progression.

HeartWare is also developing a Transcutaneous Energy Transfer (TET) System, aimed at enabling the implantation of the complete system, including the controller and batteries, which are currently worn external to the body. The objective of the TET System is to enable patients to be free of any external charging system for several hours at a time.

HeartWare trades on the Australian exchange. Its ownership is comprised of approximately 60% US investors and 40% Australian investors. The Company is planning to list on a U.S.-based exchange.

Outlook:

Heart failure is a degenerative, terminal disease for which treatment options are very limited. In the US approximately 5 million patients suffer from heart failure, with approximately 10% of these at the end-stage of the disease. Heart transplantation remains the "gold standard" therapy, but fewer than 3000 donor hearts become available in the US each year. LVADs have long been used as a temporary "bridge" to transplantation. With the introduction of smaller, more reliable devices (such as the HeartWare® LVAD System) their potential use as a long term alternative to heart transplantation (so called "Destination Therapy") gives rise to significant potential market opportunity.

HeartWare expects its device to demonstrate important competitive advantages. In particular, by virtue of its small size, the pump is implanted entirely above the diaphragm, thereby avoiding the need for abdominal surgery. As a result, the implant procedure is less complex, less invasive and generally far quicker than that required for competing, larger devices.

HeartWare's international clinical trial results were presented at the International Society for Heart and Lung Transplantation (ISHLT) conference in Boston in April. The data show a six-month survival rate of 91% among the first 23 patients implanted with the HeartWare device. These results form the basis of the Company's submission for CE Mark which will enable commercial sales of the device in Europe. The CE Mark submission process is underway, with European marketing approval anticipated in mid 2008.

The Company received conditional approval in early May from the U.S. FDA of an Investigational Device Exemption (IDE) for the HeartWare® LVAD System. This allowed the Company to immediately commence its U.S. clinical trial for this system for use as a bridge to cardiac transplant in patients suffering from end-stage heart failure.

Recent Developments:

- **May 26** – Announced an Extraordinary General Meeting of shareholders of HeartWare Limited will be held at the offices of Grant Thornton, Level 17, 383 Kent Street, Sydney NSW 2000 on July 11, 2008 commencing at 10.00 am Australian EST. The purpose of the meeting is to transact the business referred to in the Notice of Extraordinary General Meeting.
- **May 23** – Announced it received commitments in excess of AU\$30 million in a private placement of ordinary shares to institutional and sophisticated investors in the United States and Australia (Private Placement). Shares issued under the Private Placement will be priced at AU\$0.50 per share, representing a discount of 1% to the price at which HeartWare shares last traded on 20 May 2008 (being the last day of trading prior to the Company requesting a trading halt).
- **May 16** – Announced in an operational update: Texas Heart Institute (Texas Heart) became the first U.S. center to be trained in the use of the HeartWare LVAS. As noted in recent filings the Company intends to redomicile to the United States in the second half of 2008. Redomiciliation is expected to allow greater access to the U.S. capital markets and also reduce significant compliance and other administration costs that HeartWare currently faces as a company required to comply with U.S. and Australian reporting and other legal requirements. In parallel with the impending commencement of HeartWare's U.S. Bridge-to-Transplant clinical trial, HeartWare is pleased to announce that it has entered into a multi-year partnership with PharmalinkFHI (Pharmalink) as the Company's Clinical Research Organization (CRO). Pharmalink is one of the pre-eminent CROs in North America with significant experience and expertise in the management of clinical trials. The Company also announces the resignation of Dozier Rowe, HeartWare's COO. The Company does not presently intend to appoint a replacement COO and the Operations group will therefore report directly into Doug Godshall, the Company's CEO. The Company has commenced the move of its Miramar, Florida operations to a facility in Miami Lakes, Florida that the Company leased a month ago. Production will continue in Miramar until such time as the equipment and processes are fully qualified in the Miami Lakes facility, which the Company expects will occur by the end of July.
- **May 5** – Announced it received conditional approval from the U.S. FDA of an IDE for its lead product, the HeartWare Left Ventricular Assist System (LVAS). The granting of conditional IDE approval by the FDA enables the Company to immediately commence its U.S. clinical trial for the HeartWare LVAS for use as a bridge to cardiac transplant in patients suffering from end-stage heart failure.
- **April 30** – Announced veteran healthcare executive Timothy J. Barberich was appointed to its Board as a non-executive director, effective immediately. Barberich is the founder and former CEO of Sepacor, Inc. (NASDAQ: SEPR)
- **April 28** – Announced the appointment of David R. Hathaway, M.D. as Chief Medical Officer, reporting directly to Chief Executive Officer Doug Godshall. Dr. Hathaway has previously served as Chief Medical Officer for several drug discovery and medical device companies. He has overseen the preclinical and clinical development of multiple products in the cardiology arena and has led the strategic development, outlicensing and commercial launch of a number of pharmaceuticals and medical technologies.
- **April 15** – Announced initial results from an international clinical trial of the HeartWare® Left Ventricular Assist System. The results were presented by Dr. Georg Wieselthaler, cardiothoracic surgeon at Vienna General Hospital, at the annual meeting of the International Society for Heart and Lung Transplantation held in Boston. The data presented by Wieselthaler show a six-month survival rate of 91% among the first 23 patients implanted with the HeartWare device. Of the 23 patients, 21 patients met the primary endpoint of the trial, defined as survival to 180 days or transplantation. These included 19 patients who were supported by the HeartWare system at 180 days and two patients who received transplants, after 157 days and 176 days respectively.

Financial Highlights:

Fiscal year: December 31

(000's omitted except EPS)

	2007	2006	2005
Revenues	--	--	--
Total operating expenses	\$21,939	\$17,674	\$15,044
Loss from operations	\$(21,939)	\$(17,674)	\$(15,044)
Net loss	\$(21,939)	\$(17,427)	\$(13,833)
Loss per ordinary share – basic and diluted	\$(0.10)	\$(0.10)	\$(0.10)
Weighted average shares outstanding – basic and diluted	213,029	174,690	144,649

Corporate Information:

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Chart provided by
Yahoo.com



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