Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity	
SUNSHINE HEART, INC	
ABN	Quarter ended ("current quarter")
79 109 440 888	30 JUNE 2006

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months)	
				\$A'000
1.1	Receipts from c	ustomers		
1.2	Payments for	(a) staff costs	(254)	(706)
		(b) advertising and marketing(c) research and development	(1,082)	(4,639)
		(d) leased assets	=	(1,134)
		(e) other working capital	(422)	(2,195)
1.3	Dividends received	ved	-	-
1.4	Interest and or received	ther items of a similar nature	60	359
1.5	Interest and other	er costs of finance paid	-	-
1.6	-	aid)/refund received	290	290
1.7	·*	details if material) ady Grant quarterly inflow	284	1,692
	Net operating o	eash flows	(1,124)	(6,333)

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⁺ See chapter 19 for defined terms.

		Current quarter \$A'000	Year to date (12 months) \$A'000
1.8	Net operating cash flows (carried forward)	(1,124)	(6,333)
1.9	Cash flows related to investing activities Payment for acquisition of: (a) businesses (item 5) (b) equity investments		
1.10	 (c) intellectual property (d) physical non-current assets (e) other non-current assets Proceeds from disposal of: (a) businesses (item 5) (b) equity investments (c) intellectual property (d) physical non-current assets (e) other non-current assets 	(4)	(121)
1.11 1.12 1.13	Loans to other entities Loans repaid by other entities Other (provide details if material)		
	Net investing cash flows	(4)	(121)
1.14	Total operating and investing cash flows	(1,128)	(6,454)
1.15 1.16 1.17 1.18 1.19 1.20	Cash flows related to financing activities Proceeds from issues of shares, options, etc. Proceeds from sale of forfeited shares Proceeds from borrowings Repayment of borrowings Dividends paid Other (provide details if material)	-	3,073
	Net financing cash flows	-	3,073
	Net increase (decrease) in cash held	(1,128)	(3,381)
1.21 1.22	Cash at beginning of quarter/year to date Exchange rate adjustments to item 1.20	5,624 36 4,532	7,877 36 4,532
1.23	Cash at end of quarter	4,332	4,332

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Current quarter

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

		\$A'000		
1.24	Aggregate amount of payments to the parties included in item 1.2	200		
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil		
1.26	1.26 Explanation necessary for an understanding of the transactions Being consultancy fees paid to executive directors and their related entities for services provided during the quarter (Mr D. Rohrbaugh \$92k, Mr C. Marsh \$30k, Dr W. Peters \$53k). Being directors fees paid to non-executive directors and their related entities (Mr M. McComas \$12.5k, Mr D. O'Dwyer \$12.5k) Non-cash financing and investing activities			
2.1	Details of financing and investing transactions which have had a mater assets and liabilities but did not involve cash flows N/A	rial effect on consolidated		
2.2	Details of outlays made by other entities to establish or increase their sha	are in businesses in which		

Financing facilities available

N/A

the reporting entity has an interest

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	N/A	N/A
3.2	Credit standby arrangements	N/A	N/A

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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	3,032	4,124
4.2	Deposits at call	1,500	1,500
4.3	Bank overdraft		
4.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	4,532	5,624

Acquisitions and disposals of business entities

		Acquisitions (Item $1.9(a)$)	Disposals (Item 1.10(a))
5.1	Name of entity	N/A	N/A
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

(Assistant Company Secretary)

Print name: CHRIS SHAW

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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
- 3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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