

FORM: Half yearly/preliminary final report

Name of issuer

VET BIOTECHNOLOGY LIMITED

ACN or ARBN

105 577 017

Half yearly
(tick)

✓

Preliminary
final (tick)

Half year/financial year ended
(‘Current period’)

31 DECEMBER 2005

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

Extracts from this statement for announcement to the market (see note 1).

					\$A
Sales (or equivalent) operating revenue (item 1.1)	up	%	to	35,983	
Operating profit (loss) before abnormal items and tax (item 1.4	down	242.74%	to	(415,163)	
Abnormal items before tax (item 1.5)	N/A		to		
Operating profit (loss) after tax but before outside equity interests (item 1.8)	down	242.74%	to	(415,163)	
Extraordinary items after tax attributable to members (item 1.13)	N/A				
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	down	242.74%	to	(415,163)	
Exploration and evaluation expenditure incurred (item 5.2)	N/A				
Exploration and evaluation expenditure written off (item 5.3)	N/A				
Dividends		Franking rate applicable		N/A	
Current period	N/A	N/A	N/A	N/A	
Previous corresponding period					
Record date for determining entitlements to the dividend, (in the case of a trust distribution) (see item 15.2)		N/A			
Short details of any bonus or cash issue or other items(s) of importance not previously released to the market:					
N/A					

NTA backing (see note 7)		Current period	Previous corresponding period
2.1	Net tangible asset backing per ordinary security	(1.62) cents/share	1.55 cents/share

Dividends

3.1 Date the dividend is payable N/A

3.2 Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm) N/A

3.3 Amount per security N/A

	Franking rate applicable		39%	36%	33%
	<i>(Preliminary final statement only)</i>			¢	
3.4	Final dividend:	Current year	¢	N/A	N/A
3.5		Previous year	¢	N/A	¢
	<i>(Half yearly and preliminary final statements)</i>			¢	
3.6	Interim dividend:	Current year	¢	N/A	N/A
3.7		Previous year	¢	N/A	N/A

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices to the dividend or distribution plans N/A

Any other disclosures in relation to dividends (distributions)

NIL

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/does not* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- | | |
|---|--|
| <input type="checkbox"/> The financial statements have been audited. | <input checked="" type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed. |
5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/~~will follow immediately they are available*~~ (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)
6. The *issuer* has/does not have* (*delete one*) a formally constituted audit committee.

Sign here: 
(Director/Company secretary)

Date: 16/03/2006

Print name: LUSIA HALINA GUTHRIE

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.
3. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.
4. **Comparative figures** Comparative figures are normally the unadjusted figures from the previous corresponding period. However, if the previously reported figures are adjusted to achieve greater comparability, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.

5. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the list rules for an *issuer* to complete this statement does not prevent the *issuer* issuing reports more frequently. Additional material lodged with the ASIC under the *Corporations Act* must also be given to the Exchange. For example, a *directors'* report and statement, if lodged with the ASIC, must be given to the Exchange.
6. **Accounting Standards** the Exchange will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
7. **Borrowing corporations** As at 1/7/96, this statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards. However, borrowing corporations must comply with Schedule 5 of the Corporations Regulations. See regulation 3.6.02(4).

Vet Biotechnology Limited
ACN 105 577 017

Interim Financial Report
31 December 2005

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your directors submit the financial report for the company for the half-year ended 31 December 2005.

Directors

The names of directors who held office during or since the end of the half-year are:

Mr Douglas Peter LeMessurier
Mrs Lusia Halina Guthrie
Mr Paul Andrew Mariani
Mr Paul Lawrence Kerr

Review of Operations

Vet Biotechnology Ltd continues to generate revenues from the stem cell therapy for equine tendon and ligament injury with orders received for the services from veterinarians in NSW, QLD, VIC, SA and WA. The company will be conducting the next round of Australian training courses for the stem cell therapy during March 2006 to increase the number of equine veterinarians able to conduct the service.

The company has extended the date of the Heads of Agreement, with UK based VetCell Bioscience Ltd, to negotiate the terms and conditions of a contract to commercialise and distribute VetCell Bioscience's proprietary equine stem cell services in the United States of America. The date of the Heads of Agreement has been extended to June 30 2006 to allow additional time to complete the contract negotiation.

The company continues to undertake three equine research and development programs. Investigations are ongoing into the use of the VapA technology to develop a diagnostic and a vaccine for the long-term management of *Rhodococcus Equi* pneumonia in foals, commonly known as 'Rattles'. Secondly, research is being conducted into the equine breath test technology to develop a non-invasive method for the diagnosis of Equine Gastric Ulcer Syndrome (EGUS) in horses. All programs will require further research and development.

Vet Biotechnology has been directing resources in support of the takeover bid received from Plantcorp Ltd. The company issued a Target's Statement recommending that shareholders accept the Plantcorp Ltd takeover bid in the absence of a superior proposal.

The Plantcorp takeover bid is ongoing and has been extended until April 28 2006. Plantcorp Ltd has achieved a number of conditions of the Takeover Bid including;

- Acquisition of at least 90% of the Vet Biotechnology Shares;
- Acquisition of at least 50% of the Vet Biotechnology Options;
- Acceptance of the resolutions at the Plantcorp Ltd shareholder meeting;
- Marketing of an underwritten Prospectus to raise AUD\$3.25 million by an issue of 16,500,000 shares at \$0.20 each with a free attaching option

To finalise the takeover bid the following conditions need to be met;

- Completion of the capital raising under the Plantcorp Prospectus;
- Admission of Plantcorp to the official list of the ASX;
- Change of name to Vet Biotechnology or similar;
- Replacement of the existing Plantcorp board and management with the Vet Biotechnology board and management.

Adoption of Australian Equivalents to IFRS

This interim financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian equivalents to IFRS has been included in Note 2 of this report.

Auditor's Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 4 for the half-year ended 31 December 2005.

This report is signed in accordance with a resolution of the Board of Directors.



Director
Lusia Halina Guthrie

Dated this 16th day of March 2006

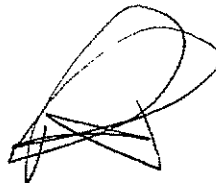
VET BIOTECHNOLOGY LIMITED
ACN 105 577 017

AUDITOR'S INDEPENDENCE DECLARATION

As auditor for the review of the financial report of Vet Biotechnology Limited for the half year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Vet Biotechnology Limited.



Adelaide,
South Australia
16th March 2006

PHIL PLUMMER
PARTNER
HLB MANN JUDD STEPHENS (S.A.)

VET BIOTECHNOLOGY LIMITED
ACN 105 577 017

CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Note	31/12/05 \$	31/12/04 \$
Revenue	3	40,102	4367
Other expenses from ordinary activities	3	<u>(455,265)</u>	<u>(125,496)</u>
Loss before income tax		(415,163)	(121,129)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense		<u>(415,163)</u>	<u>(121,129)</u>
Loss attributable to members		<u><u>(415,163)</u></u>	<u><u>(121,129)</u></u>
Basic earnings per share (cents per share)		<u><u>(3.66)</u></u>	<u><u>(1.40)</u></u>
Diluted earnings per share (cents per share)		<u><u>(1.64)</u></u>	<u><u>(1.40)</u></u>

The accompanying notes form part of these financial statements

VET BIOTECHNOLOGY LIMITED
ACN 105 577 017

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Note	31/12/05 \$	30/06/05 \$
CURRENT ASSETS			
Cash and cash equivalents		6,652	145,540
Trade and other receivables		58,677	13,032
TOTAL CURRENT ASSETS		<u>65,329</u>	<u>158,572</u>
NON-CURRENT ASSETS			
Intangible Assets	4	238,899	245,696
Plant & Equipment	5	7,240	8,959
Other		653	781
TOTAL NON-CURRENT ASSETS		<u>246,792</u>	<u>255,436</u>
TOTAL ASSETS		<u>312,121</u>	<u>414,008</u>
CURRENT LIABILITIES			
Trade and other payables	6	267,700	141,255
TOTAL CURRENT LIABILITIES		<u>267,700</u>	<u>141,255</u>
TOTAL LIABILITIES		<u>267,700</u>	<u>141,255</u>
NET ASSETS		<u>44,421</u>	<u>272,753</u>
EQUITY			
Issued Capital	7	1,131,902	945,071
Option Reserve	8	100,000	100,000
Retained Earnings/(Accumulated Losses)		(1,187,481)	(772,318)
TOTAL EQUITY		<u>44,421</u>	<u>272,753</u>

The accompanying notes form part of these financial statements

VET BIOTECHNOLOGY LIMITED
ACN 105 577 017

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Share Capital	Option Reserve	Retained Losses	Total
Balance at 1/07/04	244,921		(76,188)	168,733
Shares issued during the period	543,400			543,400
Capital raising costs	(165,151)			(165,151)
Recognition of research costs expensed			(14,000)	(14,000)
Loss attributable to members			(121,129)	(121,129)
Balance at 31/12/04	623,170	-	(211,317)	411,853
Balance at 1/07/05	945,071		(772,318)	172,753
Shares issued during the year	208,099			208,099
Option Reserve		100,000		100,000
Capital raising costs	(21,268)			(21,268)
Loss attributable to members			(415,163)	(415,163)
Balance at 31/12/05	1,131,902	100,000	(1,187,481)	44,421

The accompanying notes form part of these financial statements

VET BIOTECHNOLOGY LIMITED
ACN 105 577 017

CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Note	31/12/05	31/12/04
CASH FLOWS FROM OPERATING ACTIVATES			
Receipts		(9,662)	-
Payments to Suppliers		(300,852)	(99,534)
Interest Received		4,119	4,367
		<hr/>	<hr/>
Net cash provided by (used in) operating activates		(306,395)	(95,167)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Option Fee		-	-
Payment for VetCell Licence Fee		-	(78,872)
Payment for Sucrose Breath Test Research		-	(14,000)
Payment for Plant & Equipment		-	-
		<hr/>	<hr/>
Net cash used in investing activities		-	(92,872)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		198,100	543,400
Costs associated with capital raising		(30,593)	(165,151)
		<hr/>	<hr/>
Net cash provided by (used in) financing activities		167,507	378,249
		<hr/>	<hr/>
Net increase in cash held		(138,888)	190,210
		<hr/>	<hr/>
Cash at beginning of period		145,540	107,388
		<hr/>	<hr/>
Cash at end of period		6,652	297,598
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

Note 1: Basis of Preparation

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Vet Biotechnology Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

As this is the first interim report prepared under Australian equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 2.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

(a) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. The company has a deferred tax asset of \$59,734 being 30% of the capitalised capital raising costs. This has not been brought to account as the probability that future taxable profits will be available is uncertain.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. At reporting date an amount of \$356,244 being 30% on the tax losses of \$1,187,481 has accordingly been recognised as a future income tax benefit as there is no virtual certainty of realisation of the benefit.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

Note 1: Basis of Preparation

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all plant and equipment is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rate for plant and equipment ranges between 5% and 33%.

(c) Intangibles

Licence and Option Fees

Licence fees and options fees are valued in the accounts at cost of acquisition and are amortised over the period in which their benefits are expected to be realised.

Option Fee and Medvet Licence Fee

The option fee and Medvet Licence fee are being amortised over a fifteen year period commensurate with the terms of the sub-licence agreement and licence agreement.

VetCell Licence Fee

The Vetcell licence fee is being amortised over a twenty one year period commensurate with the terms of the licence agreement negotiated with the company in respect of the relative technology, commencing 10 November 2004.

(d) Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technically feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

(e) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related oncosts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

Note 1: Basis of Preparation

(f) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(i) Going Concern

Notwithstanding the deficiency of current assets at 31 December 2005 and the deficiency of net assets at the date of signing this report of \$79,798, the interim financial report has been prepared on a going concern basis. This basis has been adopted because:

- the company has a commitment from Martin Place Securities Pty Ltd (underwriters for the Plantcorp Ltd prospectus) to complete the capital raising of \$2.6 to \$2.9 million, as required by the prospectus and that this capital raising should be concluded within four weeks of the lodgement of a supplementary prospectus by Plantcorp.
- the conditions remaining to be satisfied for the Plantcorp Ltd takeover to go ahead will be achieved, namely;
 - Completion of the capital raising as per the commitment from Martin Place Securities above
 - Admission of Plantcorp Ltd to the official list of the Australian Stock Exchange
 - Change of name of Plantcorp Ltd to Vet Biotechnology Ltd or similar
 - Replacement of the existing Plantcorp Ltd board and management with the Vet Biotechnology Ltd board and management.

It is the belief of the directors of the company that the capital raising for Plantcorp will be completed in accordance with the commitment from Martin Place Securities Pty Ltd and the takeover by Plantcorp will proceed which will improve cash flow and allow the company to meet its liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

Note 1: Basis of Preparation

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 2: First time Adoption of Australian Equivalents to International Financial Reporting Standards

Reconciliation of profit after tax under previous Australian GAAP to that under AIFRS

	Year Ended 30/06/05	Half Year Ended 31/12/04
Profit after tax as previously reported	(326,683)	(121,129)
Recognition of share based payment expense	(300,000)	
Recognition of research costs expensed	(69,447)	(14,000)
Profit after tax under AIFRS	<u>(696,130)</u>	<u>(135,129)</u>

Reconciliation of total equity as presented under previous Australian GAAP to that under AIFRS

	1/07/04	31/12/04	30/06/05
Total equity under previous Australian GAAP	168,734	425,853	342,200
Recognition of share capital for share based payment expense (Note 7)			200,000
Recognition of option reserve on recognition of options issued to P L Kerr at fair value on grant date (Note 7)			100,000
Recognition of share based payment expense			(300,000)
Recognition of research costs expensed		(14,000)	(69,447)
Total equity under AIFRS	<u>168,734</u>	<u>411,853</u>	<u>272,753</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

Note 3: Loss from Ordinary Activities

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	31/12/05	31/12/04
Revenue		
Stem Cell Services	33,821	-
Freight Received	2,162	-
Interest Received	4,119	4,367
Total Revenue	<u>40,102</u>	<u>4,367</u>
Expenses		
Accounting and Administration	18,000	18,000
Consulting Fees	5,237	5,804
Legal Fees	17,340	720
Patent Fees	9,745	2,000
Salaries and Wages	66,500	40,044
Target Statement Expenses**	202,206	-
Depreciation on Plant and Equipment	1,695	616
Amortisation	6,949	2,286
Other Expenses	127,593	56,026
Total Expenses	<u>455,265</u>	<u>125,496</u>

***Target Statement Expenses include legal and other costs relating to the preparation of the target statement in response to the bidder's statement received from Plantcorp Ltd.*

Note 4: Intangible Assets

	31/12/05	30/06/05
Opening Balance	245,696	64,174
VetCell Licence Fee	-	190,452
Sucrose Breath Test Research	-	24,345
Vap A Research	-	45,102
Amortisation for half-year	(6,797)	(8,930)
Research Costs Expensed	-	(69,447)
Closing Balance	<u>238,899</u>	<u>245,696</u>

Note 5: Plant and Equipment

	31/12/05	30/06/05
Opening Balance	8,959	4,319
Plant and Equipment Additions	-	6,843
Depreciation for half-year	(1,695)	(2,153)
Amortisation for half-year	(24)	(50)
Closing Balance	<u>7,240</u>	<u>8,959</u>

Note 6: Payables

	31/12/05	30/06/05
Current		
Trade creditors and accrued expenses	235,090	115,096
Medvet Licence Fee at Cost	22,000	22,000
Unpaid employee entitlements	10,610	4,159
	<u>267,700</u>	<u>141,255</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

Note 7: Contributed Equity

	No. of Shares	\$
Opening Balance 1 July 2005	10,929,759	1,122,915
Exercise of Options (Funds received prior to 30/6/05)	410,000	
Issue of Shares	33,333	10,000
Exercise of Options	660,332	198,100
	<u>12,033,424</u>	<u>1,331,015</u>
Capital Raising Costs		
Balance brought forward 1 July 2005	177,845	
Incurred to 31 December 2005	21,268	(199,113)
		<u><u>1,131,902</u></u>
Closing Balance 31 December 2005		

Opening contributed equity at 1 July 2005 has been adjusted to include an AIFRS adjustment being the issue of 500,000 shares to P L Kerr at 40 cents per share.

Note 8: Option Reserve

Option reserve of valuation of directors' share options	<u>100,000</u>	<u>100,000</u>
---	----------------	----------------

The option reserve records items recognised as expense on valuation of directors share based payments. The amount recognised in the option reserve related to the approval by members at a general meeting on 29 March 2005 to the issue of 500,000 options to P L Kerr. The options were issued with an exercise price of 30 cent and can be exercised at any time until 30 June 2011.

Note 9: Dividends

There have been no dividends declared or paid during the period of this report.

Note 10: Contingent Liabilities

There have been no changes in contingent liabilities since the last annual reporting date.

Note 11: Events Occurring Subsequent to Reporting Date

Backdoor Listing on the Australian Stock Exchange

The closing date for the takeover and capital raising by Plantcorp Ltd has been extended to 28 April 2006. To date Plantcorp Ltd has acquired 97.527% being 11,605,758 of the issued shares in Vet Biotechnology Ltd and 87.62% being 8,668,036 of the issued options in Vet Biotechnology Ltd. Plantcorp Ltd intends to lodge a supplementary prospectus later this month.

Continuing Financial Support

The company has a commitment from Martin Place Securities Pty Ltd to complete the capital raising of \$2.6 to \$2.9 million for the Plantcorp prospectus within 4 weeks of the lodgement of a supplementary prospectus by Plantcorp. This will satisfy the capital raising condition for the Plantcorp Ltd takeover. The board of Vet Biotechnology Ltd believe the other outstanding conditions for the takeover to proceed will be met which will improve cash flow and allow the company to meet its liabilities.

VET BIOTECHNOLOGY LIMITED
ACN 105 577 017

DIRECTORS' DECLARATION

The directors of the company declare that:

- 1 The financial statements and notes, as set out on pages 5 to 14:
 - (a) comply with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the company's financial position as at 31 December 2005 and of its performance for the half-year ended on that date.
- 2 In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, as in accordance with Note 1(i) to the interim financial statements, the directors believe that Martin Place Securities Pty Ltd will complete the capital raising and the takeover by Plantcorp Ltd will proceed.

This declaration is made in accordance with a resolution of the Board of Directors.



Director
Lusia Halina Guthrie

Dated this 16th day of March 2006

INDEPENDENT REVIEW REPORT

To the members of
Vet Biotechnology Limited

Scope

The financial report and directors' responsibility

The interim financial report comprises the condensed income statement, condensed balance sheet, condensed cash flow statement, condensed statement of changes in equity and accompanying notes to the financial statements and the directors' declaration of Vet Biotechnology Limited for the half year ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the entity and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as set out on page 4 of the half year financial report has not changed as at the date of provision of our review report.

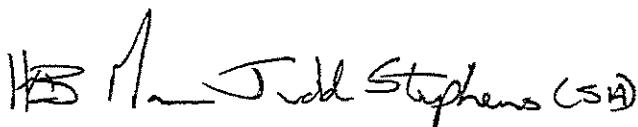
Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Vet Biotechnology Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the entity's financial position at 31 December 2005 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the statement made above, attention is drawn to the following matter. Notwithstanding the deficiency of current assets at 31st December 2005 and the deficiency of net assets at the date of this report of \$79,798, the financial report has been prepared on a going concern basis. As stated on Note 1(i) the directors believe that the capital raising will be completed in accordance with the commitment from Martin Place Securities Pty Ltd and the takeover of Plantcorp Ltd will proceed which will improve cash flow and allow the company to meet its liabilities.



HLB MANN JUDD STEPHENS (S.A.)
CHARTERED ACCOUNTANTS
Adelaide, South Australia
16th March 2006



PHIL PLUMMER
PARTNER