

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 2006

For announcement to the market

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

				\$A
Revenue (item 1.1)	down	4.3 %	to	34,421
Profit (loss) for the period (item 1.9)	up	26.7%	to	(304,464)
Profit (loss) for the period attributable to members of the parent (item 1.11)	up	26.7%	to	(304,464)
Dividends		Current period		Previous corresponding period
Franking rate applicable:		N/A		N/A
Final dividend (preliminary final report only)(item 10.13-10.14)		N/A		N/A
Amount per security				
Franked amount per security				
Interim dividend (Half yearly report only) (item 10.11 – 10.12)		N/A		N/A
Amount per security				
Franked amount per security				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
N/A				

NTA Backing

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(5.58) cents/share	(1.62) cents/share

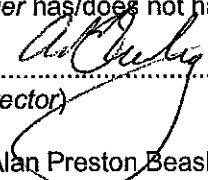
Compliance statement

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

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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:  Date: 16th March 2007.....
(Director)

Print name: Mr Alan Preston Beasley

VET BIOTECHNOLOGY LIMITED

ABN 105 577 017

**INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
31ST DECEMBER 2006**

VET BIOTECHNOLOGY LIMITED
ABN 105 577 017

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your directors submit the financial report for the company for the half-year ended 31 December 2006. Directors were in office for this entire period unless otherwise stated.

Directors

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

Mr Douglas Peter LeMessurier

Mr Paul Lawrence Kerr – ceased to be a Director on 18th November 2006

Mr Paul Andrew Mariani – ceased to be a Director on 18th November 2006

Ms Lusia Guthrie – ceased to be a Director on 18th November 2006

Mr Michael Derin - appointed 8th December 2006

Mr Alan Beasley – appointed 8th December 2006

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 May 2007 to increase the number of equine veterinarians able to conduct the service. The number of horses treated per month continues to rise with sales in recent months being very encouraging.

The company is now launching a cord storage facility which will enable stem cells to be extracted from the umbilical cord of foals at birth. This will allow for faster treatment of equine tendon and ligament injuries in future reducing the chances of any scarring and hence increasing the probability of improved post therapy performance.

The company continues to undertake research into the equine breath test technology to develop a non-invasive method for the diagnosis of Equine Gastric Ulcer Syndrome (EGUS) in horses. Phase I clinical testing has been completed and validation of this in the form of an independent expert report is currently underway.

Auditor's Declaration

The auditor's independence declaration under section 307 C of the Corporations Act 2001 is set out on page 4 for the half-year ended 31 December 2006.

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



Director

Mr Alan Preston Beasley

Dated this 16th day of March 2007

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307c OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF INTERNATIONAL BUILDING
INDUSTRIES LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2006 there have been:

- (a) no contraventions of the auditor independence requirements as set out in 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 made in respect of Vet Biotechnology Limited and the entities it controlled during the period.


R Megale
Partner
Duncan Dovico Chartered Accountants

Sydney
16 March 2007

VET BIOTECHNOLOGY LIMITED**ABN 105 577 017****CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	Note	31/12/2006 \$	31/12/2005 \$
Revenue	2	39,003	40,102
Other expenses from ordinary activities		<u>(343,467)</u>	<u>(455,265)</u>
Loss before income tax		(304,464)	(415,163)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense		<u>(304,464)</u>	<u>(415,163)</u>
Loss attributable to members		<u>(304,464)</u>	<u>(415,163)</u>
Basic earnings per share (cents per share)		<u>(3.04)</u>	<u>(3.66)</u>
Diluted earnings per share (cents per share)		<u>(3.04)</u>	<u>(1.64)</u>

VET BIOTECHNOLOGY LIMITED
ABN 105 577 017

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2006

	Note	31/12/2006	30/6/2006
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		76,373	308,254
Trade and other receivables		20,575	31,278
Other current assets		35,733	0
TOTAL CURRENT ASSETS		<u>132,681</u>	<u>339,532</u>
NON CURRENT ASSETS			
Intangible Assets		225,306	232,102
Plant & Equipment		5,750	5,549
Other		398	526
TOTAL NON-CURRENT ASSETS		<u>231,454</u>	<u>238,177</u>
TOTAL ASSETS		<u>364,135</u>	<u>577,709</u>
CURRENT LIABILITIES			
Trade and other payables		108,360	98,974
Short term borrowings		702,972	621,467
TOTAL CURRENT LIABILITIES		<u>811,332</u>	<u>720,441</u>
TOTAL LIABILITIES		<u>811,332</u>	<u>720,441</u>
NET ASSETS		<u>(447,197)</u>	<u>(142,732)</u>
EQUITY			
Issued Capital	3	1,151,106	1,151,106
Option Reserve	4	100,000	100,000
Retained Earnings/(Accumulated Losses)		<u>(1,698,303)</u>	<u>(1,393,838)</u>
TOTAL EQUITY		<u>(447,197)</u>	<u>(142,732)</u>

The accompanying notes form part of these financial statements

VET BIOTECHNOLOGY LIMITED
ABN 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 1/07/05	945,071		(772,318)	172,753
Shares issued during the period	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
Balance at 1/07/06	1,151,106	100,000	(1,393,838)	(142,732)
Shares issued during the period				
Option Reserve				
Capital raising costs				
Loss attributable to members			(304,465)	(304,465)
Balance at 31/12/06	1,151,106	100,000	(1,698,303)	(447,197)

The accompanying notes form part of these financial statements

VET BIOTECHNOLOGY LIMITED
ABN 105 577 017

CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	31/12/2006	31/12/2005
	\$	\$
CASH FLOWS FROM OPERATING ACTIVATES		
Receipts from customers	42,742	(9,662)
Payments to Suppliers	(311,860)	(300,852)
Interest Received	4,582	4,119
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(264,536)	(306,395)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Plant & Equipment	(2,346)	0
Loan from other entity	35,000	0
	<hr/>	<hr/>
Net cash used in investing activities	32,654	0
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	0	198,100
Costs associated with capital raising	0	(30,593)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	0	167,507
	<hr/>	<hr/>
Net increase in cash held	(231,882)	(138,888)
	<hr/>	<hr/>
Cash at beginning of period	308,255	145,540
	<hr/>	<hr/>
Cash at end of period	<u>76,373</u>	<u>6,652</u>

The accompanying notes form part of these financial statements

VET BIOTECHNOLOGY LIMITED
ABN 105 577 017
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1: BASIS OF PREPARATION OF FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Vet Biotechnology Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going Concern

Notwithstanding the deficiency of current assets at 31 December 2006 and the deficiency of net assets at the date of signing this report of \$447,197, the interim financial report has been prepared on a going concern basis. This basis has been adopted because:

- \$115,000 in equity has been raised since 31st December 2006 and a further \$85,000 will be raised in the next 3 months
- Loans owing to Westglade Pty Ltd of \$25,400 and WHI Securities Pty Ltd of \$25,400 will be converted to equity at 0.20cents per share
- Loans owing to Diana Evans of \$238,000 will be converted to equity at 0.20cents per share in full satisfaction of the debt owing.

It is the belief of the Directors that the company can meet its liabilities when they fall due.

VET BIOTECHNOLOGY LIMITED
ABN 105 577 017
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

Note 2: LOSS FROM ORDINARY ACTIVITIES

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

	31/12/2006	31/12/2005
Revenue		
Stem Cell Services	33,055	33,821
Freight Received	1,366	2,162
Interest Received	4,582	4,119
Total Revenue	<u>39,003</u>	<u>40,102</u>
Expenses		
Accounting & administration	30,312	18,000
Consulting Fees	10,880	5,237
Legal Fees	5,250	17,340
Patent Fees	5,300	9,745
Salaries and Wages	75,918	66,500
Target Statement Expenses **	2,798	202,206
Depreciation on Plant and Equipment	1,782	1,695
Amortisation	7,074	6,949
Other Expenses	204,153	127,593
Total Expenses	<u>343,467</u>	<u>455,265</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

VET BIOTECHNOLOGY LIMITED

ABN 105 577 017

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

Note 3: CONTRIBUTED EQUITY

	No of Shares	\$
Opening Balance 1 July 2006	12,033,424	1,331,015
Exercise of Options (Funds received prior to 30/6/06)	0	0
Issue of Shares	0	0
Exercise of Options	0	0
	<u>12,033,424</u>	<u>1,331,015</u>
Capital Raising Costs		
Balance brought forward 1 July 2006	179,910	
Incurred to 31 December 2006	0	(179,909)
		<u>1,151,106</u>
Closing Balance 31 December 2006		

Note 4: OPTION RESERVE

Option reserve of valuation of directors share options.

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 20 June 2011.

Note 5: DIVIDENDS

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

Note 6: CONTINGENT LIABILITIES

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

VET BIOTECHNOLOGY LIMITED

ABN 105 577 017

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

Note 7: EVENTS OCCURRING SUBSEQUENT TO REPORTING DATE

On 15th February 2007 the company announced a Bonus Share Issue to shareholders on the basis of Nine bonus shares for every Ten shares held at record date. The record date for calculating the bonus shares to be issued is Tuesday 8 May 2007, 5.00pm EST, (fractions will be rounded up).

Additional Share capital of \$115,000 has been raised post 31st December 2006.

On 16th March 2007 the Directors resolved to convert the loans plus interest owing to Westglade Pty Ltd of \$25,400 and WHI Securities Pty Ltd of \$25,400 to equity at 0.20 cents per share.

On 16th March 2007 the Directors resolved to agree to extend the loan of \$350,000 with Raymond Pank by 9 months on current terms.

The accompanying notes form part of these financial statement

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
VET BIOTECHNOLOGY LIMITED**

Scope

We have reviewed the accompanying interim financial report of Vet Biotechnology, which comprises of the interim balance sheet as at 31 December 2006, the income statement, the statement of changes in equity, cash flow statement for the half year ended on that date, a statement of accounting policies, and other selected explanatory notes and the directors' declaration.

Directors' responsibility for the Financial Report

The Directors' of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASGRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. As the auditor of Vet Biotechnology Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.



DOVICO

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 2006 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia

Without qualification to the statement made above, attention is drawn to the following matter. Notwithstanding the deficiency of current assets at 31st December 2006 and the deficiency of net assets at the date of this report of \$447,197, the financial report has been prepared on a going concern basis. As stated on Note 1 (a) the directors believe that the capital raising will be completed which will improve cash flow and allow the company to meet its liabilities.

ROSE MEGALE

Duncan Doyico Chartered Accountants

16th MARCH 2007