

Vet Biotechnology

Vet Biotechnology Limited
ACN 105 577 017

NSX COMPANY ANNOUNCEMENT

Price Sensitive

VBL, VBLO

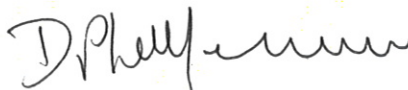
"The Board is pleased to announce that we have now launched our Stembank product being the collection of umbilical cords from foals with over 20 orders in the first fortnight.

The Stembank brochure arrived at market just as the company's stem cell service delivered its ninth individual racetrack winner *Hayton Again* on September 19.

The Equine Influenza outbreak has impacted the horse racing industry, more significantly in NSW and QLD. This is likely to have a flow on effect to Vet Biotechnology and the sale of our Stem Cell service in the next quarter.

We continue our endeavours to find opportunities to build and diversify the company's range of products and services."

Dated this 3rd day of October 2007



Douglas Peter LeMessurier
Chairman

Vet Biotechnology Limited
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Stem Cell Storage

Forbes Magazine's recent investigation into international stem cell research described Australia as a world leader. Following successful validation of Vet Biotechnology's Umbilical Cord Service (trade name "Stembank") in conjunction with leading studs Arrowfield, Coolmore, Eliza Park, Eureka, Lindsay Park, Swettenham and Widden in the 2006 foaling season, Stembank becomes available commercially for the first time anywhere in the world in the 2007 southern hemisphere foaling season. Australians have the first opportunity to capitalize on this new technology. A detailed guide is provided for the cord sample collection (no Veterinary supervision is required) and despatch to the laboratory in the supplied Cool Logistics Box. The previously discarded umbilical cord is a rich source of stem cells and is collected painlessly following foaling. Sample collection does not interfere with the normal foaling process. Without cord sample collection these valuable cells are lost. The Stem Cells are then stored for the life of the horse, providing a significant marketing aid in any future sale of the horse. Here is your chance to preserve this valuable therapeutic resource.

The Future of Stem Cells?

As has been widely published throughout the world, Stem Cells are at the forefront of world research.

Adult Mesenchymal Stem Cells may be used for other therapies in the future. Their possible use in bone, cartilage(eg for treatment of OCD) and muscle regeneration is being investigated right now. As the suite of treatments expands, those breeders with the vision to collect their cords at foaling may reap significant ethical and commercial rewards.

Vet Biotechnology stores the umbilical cord derived stem cells in liquid nitrogen and more stem cells can be multiplied from those already stored. When a horse is sold the ownership of the stored stem cells can be easily transferred to the buyer.

'The scans three months after stem cell implantation looked better than any scans I have seen before, at this stage of recovery'

Dr Campbell Baker BVSc

Head Veterinarian, Lindsay Park, South Australia.

"The results that we have seen using stem cells in the treatment of tendon injuries have been very encouraging."

Prof. Roger Smith

MA VetMB PhD DipECVS DEO MRCVS, RVC London



"PINIONS, first ever runner a winner for VBT's Stem Cell therapy."

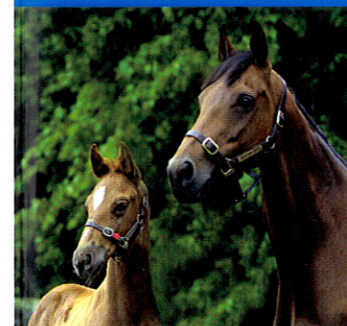


"HIGH CEE, bowed tendon? Not any more as VBT'S Stem Cells produce their first Group Race winner."

Stembank



Stem Cell Storage



A revolutionary approach to the treatment of Equine Tendon & Ligament Injury

Vet Biotechnology

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The careers of too many great horses, including **Northerly, Might and Power, Saintly** and **Better Loosen Up** have been cut short by tendon or ligament injury. Whilst a multitude of treatments have been advocated for injury management there is little evidence that traditional therapies are any more effective than a prolonged period of rest and controlled exercise. Vet Biotechnology has pioneered a new treatment in Australia which utilises state of the art stem cell science, developed at the Royal Veterinary College, University of London to point where it is now the clear market leader.

Tendon & Ligament Injury

When a horse is in motion its tendons and ligaments act like elastic springs, enabling it to propel itself forward at great speed. Degeneration of tendons and ligaments occurs as a result of rigorous training and may lead to the failing of the tendon or ligament creating a hole, or core lesion.

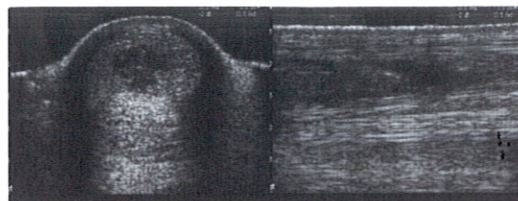
Using traditional tendon and ligament therapies, the lesion is repaired with scar tissue, which is strong but inelastic. The inflexibility of the scar tissue, once present in a tendon or ligament, can lead to further injury as the surrounding elastic tissue has to extend beyond its limits to compensate for the presence of the scar. For the first time stem cell therapy now offers the prospect of regenerating a functional, elastic tendon or ligament.

Adult Stem Cells

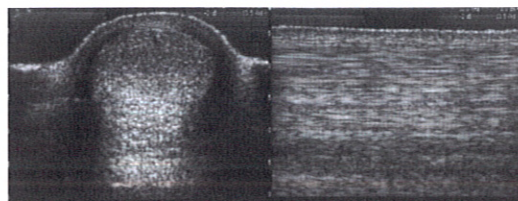
Adult stem cells are the body's repair mechanism for damaged or diseased tissues. They have the unique capacity to generate a range of specialised cell types, so for years researchers have looked for ways to use them to replace injured tissue. Several published reports have demonstrated that these unique cells have the ability to regenerate elastic tendon-like tissue in various species, which prompted researchers at the Royal Veterinary College and the Institute for Orthopaedics in London to investigate possible applications in horses.

The researchers pioneered a laboratory process for isolating and multiplying adult mesenchymal stem cells from a sample of bone marrow collected following injury or from umbilical cord collected at foaling. This is the only process available today that multiplies the number of stem cells available for healing and removes other types of cells in the sample that may reduce the efficiency of the therapy.

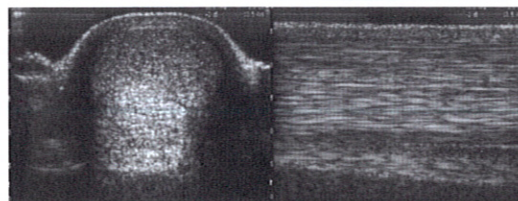
As can be seen from the Ultrasound scans injured tendons that have been implanted with adult stem cells show a rapid infilling of the core lesion and an improvement in the linear fibre pattern.



Before stem cell implantation



1 month post implantation



3 month post implantation

These scans are clearly positive, but more importantly, they belong to a horse that returned to racing (winning on his second outing), within 13 months of a severe flexor tendon injury.

Rehabilitation

All treatments for a tendon or ligament injury require a period of rehabilitation. Even minimal rehabilitation, such as spelling for a year, may cost upwards of \$10,000 per horse. Selecting the best technology available and committing to a rehabilitation programme offers the greatest chance of achieving a successful outcome for your horse. Vet Biotechnology offers a rehabilitation program for all horses treated with stem cells.

Therapy Results

Vet Biotechnology's Stem Cell Therapies were launched in Australia in July 2005. The first follow-up group of 20 horses post-rehabilitation have yielded outstanding racecourse results to the point where the per start prize money earned almost pays the cost of the therapy. They are paying for their Stem Cell Therapy in just one post-rehab racecourse start. Two starts and you're in front!

Services Offered by Vet Biotechnology

Stem cells can be isolated from either bone marrow or umbilical cord. The cells are multiplied at Vet Biotechnology's laboratory to therapeutic quantities and a trained veterinary surgeon can deliver them directly into the core lesion. The horse then undergoes a carefully controlled rehabilitation programme. Vet Biotechnology only allows the treatment of horses with their own, autologous, stem cells.

Tendon and Ligament Therapy

When a horse injures a tendon or ligament suitable for stem cell therapy, an accredited veterinary will contact Vet Biotechnology for retrieval and despatch of the injured horses' own stem cells which were cryostored in liquid nitrogen at birth. In much the same way as you are able to give your own blood prior to surgery, the horse's own stem cells can save its racing life.

"Collect now, pay after the yearling sales"

*Conditions apply