

PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
ABN 91 092 593 774

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2008

Financial Statements

Provet Holdings Limited and Controlled Entities ABN 91 092 593 774

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PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
A.B.N. 91 092 593 774

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the half year ended 31 December 2008. Provet Holdings Limited is a company limited by shares that is incorporated and domiciled in Australia.

Directors

The names of the directors in office at any time during or since the end of the period are:

Dr Robert Leonard Emil Menrath
Dr John Kenneth Maclachlan
Dr Nigel Bruce Nichols
Dr Reginald Roland Roessler Pascoe

Dr Victor Hans Menrath
Dr William Anthony Nicholls
Dr Garth Alexander McGilvray

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review and Results of Operations

The financial results for the half year ending 31 December 2008 show solid sales growth over the prior half year period ending December 2007 and a total net profit before tax (NPBT) result of \$2,826,651 (2007: \$4,115,720). The NPBT before the effects of foreign exchange impacts for the reporting period is lower than the same period last year by 28%.

Our core wholesale business results have met management's expectations. There has been a 10% growth in sales (9% after adjusting out sales for Provet NT acquired by the group in January 2008) and we are continuing to increase our market share in both Australia and New Zealand. The core business is proving resilient in the current economic environment and a strongly competitive marketplace. Core wholesale NPBT and before the impact of foreign exchange, is behind the half year to December 07 results by 8% (11% after adjusting the results for Provet NT profit).

A large reason for this lower overall profit result is due to the write off \$282,000 (net of tax) being the costs associated with preparing the company for an initial public offering (IPO) which could no longer be carried forward as capitalised items, given the Boards decision not to complete an IPO in the current market. Also influencing this result, is a lower profitability of our non-core IT business units which have been impacted by the economy as veterinarians defer upgrading IT software and other non-core spending.

The Board and management are currently implementing plans to reduce the costs of doing business across all our operations and assessing opportunities to further drive the potential of our market differentiation and new value added business units.

Subsequent Events

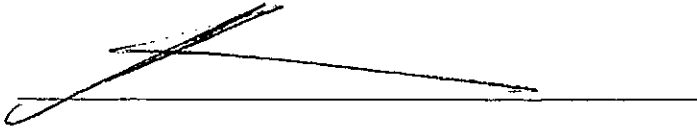
There are no material events to report subsequent to balance date.

DIRECTORS' REPORT Continued

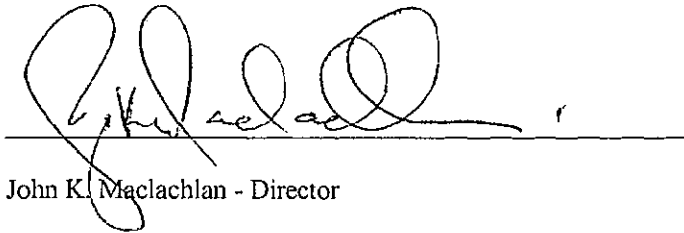
Auditor Independence and Non-Audit Services

The directors received a declaration from the auditor of Provet Holdings Limited. This is shown on page 13 of this report. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act and that auditor independence was not compromised.

Signed in accordance with a resolution of the board of directors.

A handwritten signature in black ink, appearing to read 'Nigel B. Nichols', written over a horizontal line.

Nigel B. Nichols – Director

A handwritten signature in black ink, appearing to read 'John K. Maclachlan', written over a horizontal line.

John K. Maclachlan - Director

4th March 2009

PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
A.B.N. 91 092 593 774

INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated	
		31 December 2008	31 December 2007
		\$	\$
Income	3	140,715,106	127,942,822
Cost of Goods Sold		(112,585,424)	(101,459,700)
Employee Benefits Expenses		(11,716,506)	(10,525,093)
Depreciation and Amortisation Expenditure		(920,130)	(884,780)
Finance costs		(3,018,657)	(2,708,067)
Other expenses	3	(9,647,738)	(8,249,462)
Profit before income tax	3	2,826,651	4,115,720
Income tax (expense)/ benefit	4	(727,296)	(1,188,087)
Net Profit attributable to members of Provet Holdings Limited		2,099,355	2,927,633

PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
A.B.N. 91 092 593 774

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	Consolidated	
		31 December 2008 \$	30 June 2008 \$
Current Assets			
Cash and cash equivalents		676,716	3,248,350
Trade and other receivables		36,589,855	29,269,366
Derivatives		-	7,366
Land and buildings held for sale	5	2,625,000	-
Inventories		28,439,900	26,275,393
Income tax receivable		425,140	-
Other		716,095	706,855
Total Current Assets		69,472,706	59,507,330
Non-Current Assets			
Investments available for sale		154,560	175,554
Property, plant and equipment	5	11,612,879	14,288,721
Intangible assets and goodwill		20,151,971	19,709,744
Deferred tax assets		1,958,353	1,904,104
Other		136,427	156,946
Total Non-Current Assets		34,014,190	36,235,069
Total Assets		103,486,896	95,742,399
Current Liabilities			
Trade and other payables		34,525,249	31,046,539
Interest bearing loans and borrowings	6	13,388,366	10,550,123
Revenue received in advance		202,966	218,352
Income tax payable		-	81,995
Derivatives		3,953	-
Provisions		2,230,866	2,071,512
Total Current Liabilities		50,351,400	43,968,521
Non-Current Liabilities			
Interest bearing loans and borrowings	6	15,161,166	15,214,283
Revenue received in advance		16,374	42,183
Provisions		374,607	304,846
Total Non-Current Liabilities		15,552,147	15,561,312
Total Liabilities		65,903,547	59,529,832
Net Assets		37,583,349	36,212,566
Equity			
Contributed Equity	8	22,258,175	22,068,118
Reserves		(430,616)	(1,065,252)
Retained Profits		15,755,790	15,209,700
Total Equity		37,583,349	36,212,566

PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
A.B.N. 91 092 593 774

STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated	
		31 December 2008	31 December 2007
		\$	\$
Cash flow hedge movement taken to equity		(11,319)	(117,225)
Foreign currency translation		893,163	(427,551)
Transaction costs on share issue		-	(7,455)
Revaluation of land and buildings		(332,159)	429,547
Diminution of listed investments		(20,944)	(22,642)
Income Tax on items taken directly to equity		105,937	(119,834)
Net income/(expense) recognised directly in equity		634,678	(265,160)
Profit for the period		2,099,355	2,927,633
Total recognised income and expense for the period		2,734,033	2,662,473

PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
A.B.N. 91 092 593 774

CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated	
		31 December 2008	31 December 2007
		\$	\$
OPERATING ACTIVITIES			
Receipts from customers		154,953,210	138,952,891
Payments to suppliers & employees		(153,887,137)	(133,423,906)
Interest received		259,177	171,956
Interest and costs of finance paid		(3,009,399)	(2,716,399)
Dividends received		143	5,517
Income tax paid		(1,161,832)	(1,231,597)
Net cashflows from / (used in) operating activities		(2,845,838)	1,758,462
INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		45,907	66,374
Proceeds from sale of investments		-	4,620
Purchase of business net of cash acquired		-	(14,384)
Purchase of property, plant & equipment		(988,817)	(677,974)
Net cash flows used in investing activities		(942,910)	(621,364)
FINANCING ACTIVITIES			
Repayment of borrowings		(47,896)	(2,117,193)
Proceeds from borrowings		2,911,505	533,830
Proceeds from issue of shares		-	1,839,999
Transaction costs of issue of shares		-	(7,455)
Principal repayments finance leases		(342,322)	(327,650)
Dividends paid		(1,375,882)	(1,260,022)
Net cash flows used in financing activities		1,145,405	(1,338,491)
Net decrease in cash and cash equivalents		(2,643,343)	(201,393)
Cash and cash equivalents at beginning of period		3,248,350	2,593,552
Effects of exchange rate on cash balances		71,709	(21,947)
Cash and cash equivalents at end of period		676,716	2,370,212

PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
A.B.N. 91 092 593 774

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

Note 1 – Corporate information

The financial report of Provet Holdings Limited (the Company) for the half year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 4th March 2009.

The financial report covers the economic entity of Provet Holdings Limited and its controlled entities. Provet Holdings Limited is a non-listed public company, incorporated and domiciled in Australia.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

Note 2 – Summary of Significant Accounting Policies

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2008 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by Provet Holdings Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policies

From 1 July 2008 the Group has adopted Interpretation 13 *Customer Loyalty Programmes*. This adoption resulted in a decrease in sales of \$2,472,282 and a decrease in expenses of \$2,472,282. The comparative period was restated with sales decreasing by \$2,087,575 and expenses decreasing by \$2,087,575. The adoption had no effect on the Groups net profit in either period.

Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Provet Holdings Limited and its controlled entities as at 31 December 2008.

PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
A.B.N. 91 092 593 774

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Consolidated	
	31 December 2008	31 December 2007
	\$	\$
Note 3 – Income and Expenses		
(a) Income		
Sale of goods	139,101,849	126,367,473
Settlement discount	384,301	339,976
Interest	259,177	171,956
Dividends	143	5,517
Net gain on sale of investment	-	2,823
Net foreign currency gain	19,387	193,463
Other	950,249	861,614
Total revenue from ordinary activities	140,715,106	127,942,822
(b) Expenses		
Other expenses		
Administrative Expenses	5,499,488	4,608,629
Freight and Cartage	2,647,136	2,369,818
Operating lease rentals	1,412,939	1,190,649
Bad and doubtful debts	70,470	74,815
Net loss on disposal of property, plant & equipment	17,703	5,551
	9,647,736	8,249,462

PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
A.B.N. 91 092 593 774

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

Note	Consolidated	
	31 December 2008	31 December 2007
Note 4 - Income Tax	\$	\$
The major components of income tax expense are:		
Current income tax		
Current income tax charge	743,485	1,206,125
Adjustments in respect of current income tax of previous years	-	63,743
Deferred Income Tax		
Relating to the origination and reversal of temporary differences	(16,189)	(81,781)
Income tax expense reported in the consolidated income statement	727,296	1,188,087

Note 5 - Property, Plant and Equipment

Acquisitions and disposals

During the half-year ended 31 December 2008, the Group acquired assets with a cost of \$767,441 (2007: \$677,974).

Assets with a net book value of \$63,610 were disposed of by the Group during the half-year ended 31 December 2008 (2007: \$71,911), resulting in a loss on disposal of \$17,703 (2007: \$5,551).

Land and buildings held for sale

An agent has been engaged to sell the land and building asset held at 21 Gibberd Road, Balcatta, WA. Initial indications are that net sale proceeds will be approximately \$2,625,000.

A revaluation decrement of \$ 254,921 has been recorded against the previous increments in the asset revaluation reserve, being the difference between the carrying value of the asset and the expected proceeds from sale.

Note 6 – Interest Bearing Loans and Borrowings

During the half year the Group recorded:

- net borrowings of both short and long term debt of \$2,863,609 (2007: repayment of \$1,583,363)
- foreign exchange loss on \$NZD short and long term debt of \$30,121 (2007: gain of \$196,961)
- net decrease in lease financing of \$108,606 (2007: increase of \$88,555)

PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

Consolidated		
Note 7 – Dividends Paid and Proposed	31 December 2008	31 December 2007
	\$	\$
a) Dividends declared and paid during the half-year on ordinary shares. Final fully franked dividend for the financial year 30 June 2008: 21 cents (2007: 18.27cents)	1,533,265	1,260,022
	1,533,265	1,260,022

Consolidated		
Note 8 – Contributed Equity	31 December 2008	30 June 2008
	\$	\$
a) Issued capital		
Ordinary shares fully paid up	22,258,175	22,068,118
	22,258,175	22,068,118
b) Movements issued and paid-up ordinary shares (\$)		
At the beginning of the reporting period	22,068,118	19,839,166
Shares issued during the period	10 d,e 190,057	2,234,167
Transaction costs on share issue	-	(5,215)
	22,258,175	22,068,118
	22,258,175	22,068,118
c) Movements in number of ordinary shares on issue		
Shares at the beginning of the reporting period	7,394,625	7,022,801
Shares issued during the year	10 d,e 27,585	371,824
	7,422,210	7,394,625
	7,422,210	7,394,625

d) During the reporting period 1,877 shares were issued to employees at \$6.75 as part of their remuneration package.

e) During the reporting period the company issued 25,708 new shares under the dividend re-investment plan.

PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

Note 9 - Commitments and Contingent Liabilities

Since 30 June 2008 the Group has entered into an agreement to lease for a rental premise. The rental payable for the new lease is \$330,000 per annum and the lease agreement is expected to commence in November 2009.

The consolidated entity has at 31 December 2008 a total of \$600,698 (30 June 2008:\$600,698) bank guarantees in place representing security deposits over the rental payments for various building leases.

In October 2008, the group entered into an agreement with a developer to carry out warehouse extension work at our existing premises at Cameron Park, Newcastle. The contracted value of the development work is \$1,174,709 (excluding GST). The balance of work still to be invoiced as at 31 December 2008 is \$887,929 (excluding GST).

Note 10 – Events Subsequent to Balance Date

There were no material events to report subsequent to balance date.

Note 11 – Related Parties

All Directors are registered Veterinarians and as such may have a financial interest in a Veterinary practice. Such practices trade on normal commercial terms and conditions with the Provect Group.

Sales to related parties:

Half year to 31 December 2008:\$440,640	Half year to 31 December 2007: \$814,859
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Amounts owed by related parties:

31 December 2008: \$85,047	30 June 2008: \$249,299
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a) Other Related Parties:

Certain shareholders have purchased inventory from the economic entity at normal commercial terms and conditions.

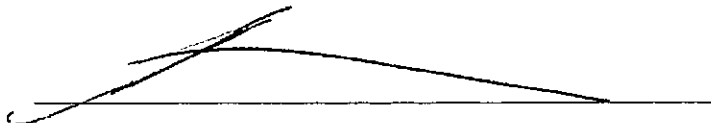
PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

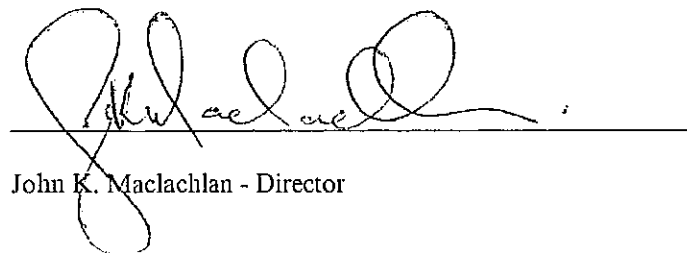
The directors of the company declare that:

1. The financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position as at 31 December 2008 and of the performance for the half year ended on that date of the economic entity; and
2. In the directors' 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.
3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

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

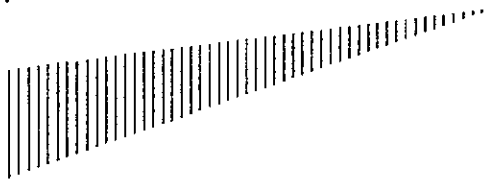


Nigel B. Nichols - Director



John K. Maclachlan - Director

4th March 2009



To the members of Provet Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of Provet Holdings Limited and the entities it controlled during the half-year, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of recognised income and expense and cash flow statement for the half year-ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the 31 December 2008 Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 31 December 2008 financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 31 December 2008 financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

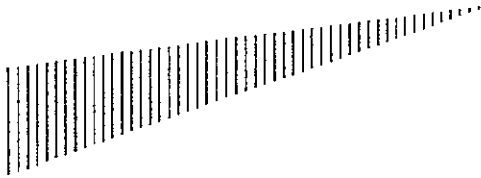
Auditor's Responsibility

Our responsibility is to express a conclusion on the 31 December 2008 financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Provet Holdings Limited and the entities it controlled during the half year period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 31 December 2008 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 the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this auditor's report was signed.



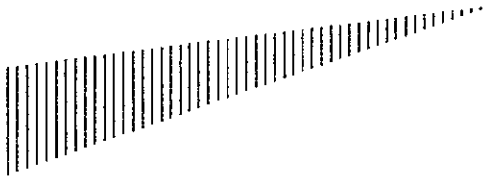
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Provet Holdings Limited and the entities it controlled during the half year ended 31 December 2008 is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 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*.

Ernst & Young

Mark Phelps
Partner
Brisbane
4 March 2009



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Auditor's Independence Declaration to the Directors of Provet Holdings Limited

In relation to our review of the financial report of Provet Holdings Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Mark Phelps
Partner
4 March 2009

PROVET HOLDINGS LIMITED AND CONTROLLED ENTITIES
A.B.N. 91 092 593 774

COMPANY PARTICULARS

Principal Place of Business
48 Bell-Are Avenue
Northgate,
Brisbane Queensland 4013

Company Secretary
Chris Lowndes (Chief Financial Officer)

Share Register
Link Market Services
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Brisbane, Queensland 4000

Auditor
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