ABN: 58 008 130 336

ASX Half-Yearly Report to 31 December 2007

Lodged with the ASX under Listing Rule 4.2A

The Information provided in this Half Yearly Report should be read in conjunction with the Company's 2007 Annual Financial Report.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

SUMMARY RESULTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2007

The following is a summary of the financial results for the 6 months ended 31 December 2007 (previous corresponding period 31 December 2006).

1. SUMMARY RESULTS ENDED 31 DECEMBER 2007

	Increase/ (Decrease) %	Six months ended 31 December 2007 $	Six months ended 31 December 2006 $
Revenue from ordinary activities	178.8	165,903	59,509
Profit/(Loss) from ordinary activities after tax attributable to members	(237.3)	(1,368,739)	(405,800)
Net Profit/(Loss) for the period attributable to members (NPAT)	(237.3)	(1,368,739)	(405,800)

2. COMMENTARY

During the six months to 31 December 2007, the Company recorded an after tax loss of $1,368,739 (2006: loss of $405,800). This movement over the prior period was due to the following key factors;

- One off consulting fees pertaining to the securing of the Solagran Limited licensing agreement for Bioeffectives® ;
- Increased development expenditure on the Company's key natural termiticide Termilone® as toxicity studies were commenced during the period as well as the completion of various formulations;
- 4 months amortization of the Solagran licence; and
- an increase in employee costs associated with the appointment of a Brisbane based Chairman.

On the development side of the business there has been some significant progress in regards to Termilone® with the completion of a 12 day dermal toxicity sighting study with ICP Firefly Pty Ltd. The results of this study now enable the Company to proceed with a specific 28 day dermal toxicity test which should be completed by the end of May 2008.

In regards to Bioeffectives® development, the Company recently signed an agreement with the University of New England to commence a feeding study on broiler chickens pertaining to Bioeffective® A. The study will look at a range of applications and dose rates that target common health and nutritional conditions experienced by poultry in commercial production systems.

A more comprehensive report on the development activities is provided in the attached Directors' Report on page 4.

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3. DIVIDENDS

No interim dividend has been declared for the reporting period.

4. EARNINGS/(LOSS) PER SHARE (EPS)

	31 December 2007 ¢	31 December 2006 ¢
Basic loss per share	(0.3) cps	(0.1) cps
Diluted loss per share	(0.3) cps	(0.1) cps
Weighted average number of shares used in the calculation of basic EPS	421,650,627	282,835,976

The amount used in the numerator in calculating basic EPS is the same as the net loss reported in the statement of financial performance.

5. NET TANGIBLE ASSET BACKING

	31 December 2007 ¢	31 December 2006 ¢
Net tangible asset backing per ordinary share	1.5 cents	0.7 cents

6. COMPLIANCE STATEMENT

The accounts (attached) are not subject to review dispute or qualification. This report is based on accounts that have been subject to a review. The entity has a formally constituted audit committee.

Colin Johnston
Chief Financial Officer/Company Secretary

Date: 27 February 2008

BIOPROSPECT LIMITED

ABN 58 008 130 336

A.B.N. 58 008 130 336

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2007

Provided in accordance with Section 320 of The Corporation Act.

BIOPROSPECT LIMITED

ABN 58 008 130 336

BIOPROSPECT LIMITED

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BIOPROSPECT LIMITED

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Corporate Information

ABN 58 008 130 336

Directors

S.J. Morrow *Chairman*
W.D. Dowse *Managing Director*
P.N. Landau
Dr M. F. Quinlan

Auditors

Ernst & Young
Level 5, 1 Eagle Street
Brisbane QLD 4000

Company Secretary

C.H. Johnston

Bankers

Westpac Banking Corporation

Registered Office

Suite 7A, Level 3
320 Adelaide Street
Brisbane QLD 4000
Telephone: (07) 3229 5755
Facsimile: (07) 3229 4655

Share Register

Computershare Investor Services Pty Ltd
Level 19, 307 Queen Street
Brisbane QLD 4000
Telephone: (07) 3237 2100
Facsimile: (07) 3237 2152

BioProspect Limited shares are listed on the Australian Stock Exchange

Home Exchange

Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
Perth WA 6000

Solicitors

McCullough & Robertson
66 Eagle Street
Brisbane QLD 4000

BIOPROSPECT LIMITED

ABN 58 008 130 336

Directors' Report

The Directors submit their report for the half-year ended 31 December 2007.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Stephen Morrow (Chairman)

Warwick Dowse (Executive Managing Director)

Dr Michael Quinlan

Peter Landau

REVIEW AND RESULTS OF OPERATIONS

During the six months to 31 December 2007, the Company recorded an after tax loss of $1,368,739 (2006: loss of $405,800). This movement over the prior period was due to the following key factors;

- One off consulting fees pertaining to the securing of the Solagran Limited licensing agreement for Bioeffectives® ;
- Increased development expenditure on the Company's key natural termiticide Termilone® as toxicity studies were commenced during the period as well as the completion of various formulations;
- 4 months amortization of the Solagran licence; and
- an increase in employee costs associated with the appointment of a Brisbane based Chairman.

Financial Condition

Capital structure

During July 2007, the Company received $4,779,546 through the issue of 95,590,913 shares at 5 cents per share.

On 1 November 2007, the Company issued 22,500,000 shares and 22,500,000 options (expiring on or before 31 March 2010 at an exercise price of $0.05) to Solagran Limited as part of the development agreement.

On 15 November 2007, the Company issued 32,000,000 shares to Nova Vita Pty Ltd and 32,000,000 options (31 March 2010) as part of the development agreement with Solagran Limited.

On 16 July 2007, the Company issued 35,569,665 options towards underwriting and management fees to Max Capital Pty Ltd. These options have been valued and included as share issue costs in share based payments reserve (Equity).

Liquidity and funding

The Company's current cash position (as of 31 December 2007) of $4.7m will enable it to continue to focus on the development for Termilone® and the Bioeffectives® range of products through its licence agreement with Solagran Limited. Based on current cash forecasts, the Company will not need to raise capital well into calendar year 2009.

Development Projects

TERMILONE®

Since 1 July 2007, there has seen some significant progress on development programmes with various collaborators in order to ensure eventual registration with the Australian Pesticides and Veterinary Medicines Authority (APVMA). The following is a summary of the key contractors and research work conducted during the first six months:-

ICP Firefly Pty Ltd

Work commenced in September 2007 on a 12 day dermal toxicity sighting study on the Eremophilone oil. The APVMA requires that toxicity tests of this nature are carried out to determine exposure risks and hazard ratings for humans that may come into direct and indirect contact with **Termilone®** during commercial applications in homes, building structures and construction materials.

The final determination of dermal toxicity of **Termilone®** is tested under an international protocol called the 28 day short-term dermal toxicity assessment. A preliminary 12 day experimental period was finalised in November 2007 to establish the NOAEL (no observed adverse effect level). The results of the trial confirmed there was:

- No mortality
- No clinical abnormality
- No erythema or oedema
- No gross abnormality in the major organs

The net result from this allows the Company to proceed with a specific 28 day dermal toxicity test with the knowledge that high doses under dermal application are non-toxic which eliminates the need for expensive multi-dose and treatment regimes which are very expensive. The Company will test a single dose regime as defined in the 12 day dermal sighting study report.

The results of the 28-day study are due in May 2008 and the result will help determine the scope for the final round of mammalian toxicity testing which includes eye irritation and acute inhalation. The Company's plan is to apply for a relaxation of these assessments based on known toxicity data and exposure scenarios during product use in commercial situations.

This mammalian toxicity testing to date has shown that **Termilone®** is a very safe compound for human exposure, yet highly toxic for the target species, termites.

University of Western Sydney (UWS).

Formulation efficacy testing was completed on **Termilone® CS (**contact spray) and **Termilone® TT** (timber treatment) with promising results. The TT formulation subjected to a vacuum-pressure timber impregnation at Ensis (CSIRO) Clayton laboratory yielded a 3% oil level penetration and after drying under commercial scale conditions, the timber samples maintained their Eremophilone levels. This was particularly encouraging taking into account the volatility of the oil. The formulation obviously kept the oil in the timber sample and it was well distributed through the whole profile. A full bioassay in accordance with international and CSIRO protocols is now under way and the results are expected to be ready at the end of March 2008. The timber samples are subjected to very high termite pressure (using both *Mastotermes* and *Coptotermes* termites) in the ENSIS Clayton laboratory. A good result here will allow further formulation testing with co-formulants like fungicides with the intention of preparing full-scale field trials in Darwin, Brisbane and possibly overseas. The results to date are very encouraging for the timber impregnation product.

The CS formulation is tested in the UWS laboratory under the supervision of Associate Professor Robert Spooner-Hart and Dr. Albert Basta. The UWS team used termites from the same group collected by CSIRO/Ensis to enable direct efficacy comparisons between the formulations. The spray bioassays are almost completed and the results will be published by early March. As with the TT formulation, the results are very encouraging. The next step is to take the product into the field for

direct spray and application treatment on known termite nests and incursions both in the ground and in building structures.

The TT and CS products have the potential to enter the termite control and deterrence markets as stand-alone products for use by professional applicators and timber treatment companies.

Environmental fate and toxicity studies have commenced with Southern Cross University (SCU) with preliminary screening results revealing very good environmental and fate characteristics. A full study report will be available in a few months and this will guide the Company on how to develop Termilone® BT, which is intended for use in barrier treatments and soil applications to protect new and existing homes and structures from termite attack from the ground.

Planning for a manufacturing study has been initiated in collaboration with Southern Cross University, the Queensland Herbarium and the EPA and a potential collaborator that has large-scale plant oil extraction facility. The objective is to assess the likely base cost of the raw oil from the harvest stage through to the oil extraction stage.

The study concentrates on the most economic way to harvest and transport the timber (*Eremophila mitchellii*) to the oil extraction facility, what the optimum chip size is (processed timber) and the optimum steam extraction time that is required to take the oil out of the chipped timber.

All of these factors have a bearing on oil quality, volume (% oil/ton of harvest timber) and ultimately cost.

The manufacturing study is also required to generate data for the APVMA and to select suitable partners for locating suitable stands of the tree and harvesting contractors.

In summary, the Company is still on-track to have Eremophilone oil registered with the APVMA as a termiticide by the end of 2009. Commercial formulations could be ready for use in the market by early 2010.

BIOEFFECTIVES®

On 22 August 2007, the Company signed an exclusive licence agreement with Solagran Limited (ASX: SLA) to develop and commercialise a range of Bioeffectives® in the animal health, nutrition and agricultural markets on an international scale.

Bioeffectives® are plant extracts derived from coniferous trees. Through a patented extraction system, the technology can deliver a range of different 'Bioeffectives®' that have both human and animal applications. BioProspect's agreement with Solagran allows for the development of 5 Bioeffectives® and a water extract for the animal health, nutrition and agricultural markets on an international scale.

On the 11 December 2007, the Company signed an agreement with the University of New England to commence a feeding study on broiler chickens pertaining to Bioeffective®. A 4-stage trial commenced in January 2008 and this will assess potential applications for the Bioeffective® in commercial poultry production in comparison with commercially available products.

More recently, the Managing Director, Mr Warwick Dowse has been developing a business plan to cover the 'Evaluation Period' ending 22 February 2010 which is the length of the existing agreement with Solagran Limited. The plan will assess the resource requirements for scientific and early-stage commercialisation in Australia and the information required for the registration of a range of Bioeffectives® as medicated and non-medicated products for use in the animal nutrition and health markets internationally. Bioeffectives® have excellent potential for use in production animals for human consumption as well as companion animals like domestic pets and horses.

Director's Report (continued)

Bioeffectives® (continued)

The evaluation period will assess Bioeffectives® in 3 stages:

1. Screening studies in Australia to confirm data generated in Russia and to define a regulatory route for product registration. Initial work will concentrate on the poultry and pork industries.
2. Assess likely areas of market penetration based on definitive product characteristics and claims that are proven under international protocols against current commercially available products. Trials in the USA, Europe and Asia will occur as results are generated in Australia.
3. Full-scale evaluation trials testing efficacy and toxicology in various market sectors using Australian and overseas collaborators. Partnering with suitable collaborators to facilitate market entry and distribution will occur at this stage.

A successful evaluation period will determine a realistic fit for the Bioeffectives in a large international market that is demanding products that have minimal effect on animals during treatment with no 'flow-on' effects for humans that consume or use the products from farmed animals.

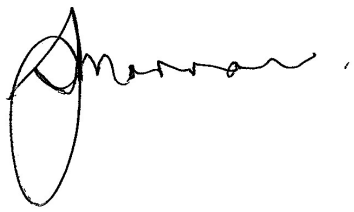
The market is very attractive as it is large (the worlds population is increasing placing further demands on food, fibre and protein), existing animal health and nutrition products are being restricted or eliminated due to unfavourable human and environmental issues and the key multinational pharmaceutical and feed companies are continually searching for alternative products that have good efficacy, cost and low toxicity characteristics.

Qcide

The Company continues to work on achieving a commercial outcome for Qcide.

The directors append to the Directors' Report the declaration from our auditors, Ernst & Young.

Signed in accordance with a resolution of the Board of Directors:



Steve Morrow

Chairman

Date 27 February 2008

Brisbane QLD

ERNST & YOUNG

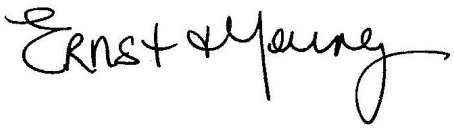
1 Eagle Street
Brisbane QLD 4000
Australia

PO Box 7878
Waterfront Place
Brisbane QLD 4001

Tel 61 7 3011 3333
Fax 61 7 3011 3100
DX 165 Brisbane

Auditor's Independence Declaration to the Directors of BioProspect Limited

In relation to our review of the financial report of BioProspect Limited for the half-year ended 31 December 2007, 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

Winna Brown
Partner
27 February 2008

BIOPROSPECT LIMITED

ABN 58 008 130 336

Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated 2007 $	Consolidated 2006 $
Revenue	3	165,903	55,691
Other income	3	-	3,818
Total Income		165,903	59,509
Sales & marketing expenses		(27,143)	(1,358)
Research & development expenses		(383,129)	(23,545)
Operating costs	3	(925,355)	(232,801)
Finance costs	3	(4,934)	(4,368)
General and administrative expenses		(194,081)	(129,861)
Share of net profit (losses) of associate		-	(73,376)
Loss before income tax		(1,368,739)	(405,800)
Income tax benefit		-	-
Loss attributable to members of BioProspect Limited		(1,368,739)	(405,800)
Basic loss per share (cents per share)		(0.3)	(0.1)
Diluted loss per share (cents per share)		(0.3)	(0.1)

BIOPROSPECT LIMITED

ABN 58 008 130 336

Balance Sheet

AS AT 31 DECEMBER 2007

	Notes	Consolidated 31 December 2007 $	Consolidated 30 June 2007 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	4,660,480	1,954,543
Trade and other receivables		177,999	41,258
Inventories	5	-	-
Investment in Associate held for sale	6	-	-
Prepayments		191,827	58,055
Total Current Assets		5,030,306	2,053,856
Non-current Assets			
Intangibles	7	1,013,878	-
Available-for-sale Investments	7	2,965,000	-
Property, plant & equipment		8,846	7,740
Total Non-current Assets		3,987,724	7,740
TOTAL ASSETS		9,018,030	2,061,596
LIABILITIES			
Current Liabilities			
Trade and other payables		182,661	99,133
Provisions		28,679	17,722
Total Current Liabilities		211,340	116,855
Non-current Liabilities			
Other payables		68,519	62,963
Total Non-current Liabilities		68,519	62,963
TOTAL LIABILITIES		279,859	179,818
NET ASSETS		**8,738,171**	**1,881,778**
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	8	25,860,904	20,268,228
Reserves		2,632,456	-
Accumulated losses		(19,755,189)	(18,386,450)
TOTAL EQUITY		**8,738,171**	**1,881,778**

BIOPROSPECT LIMITED

ABN 58 008 130 336

Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated 2007 $	Consolidated 2006 $
Cash flows from operating activities			
Receipts from customers		-	8,356
Payments to suppliers and employees		(634,094)	(386,784)
Interest paid		(4,934)	(4,368)
Research & development expenditure		(402,623)	(60,709)
Net cash flows used in operating activities		(1,041,651)	(443,505)
Cash flows from investing activities			
Interest received		41,259	35,113
Purchase of plant and equipment		(3,945)	(1,271)
Payments for intangibles		(800,000)	-
Proceeds from sale of property, plant and equipment		-	3,818
Net cash flows used in investing activities		(762,686)	37,660
Cash flows from financing activities			
Proceeds from issue of shares		4,779,546	-
Transaction costs of issue of shares		(269,272)	-
Net cash flows from financing activities		4,510,274	-
Net increase / (decrease) in cash and cash equivalents		2,705,937	(405,845)
Cash and cash equivalents at beginning of period		1,954,543	1,810,928
Cash and cash equivalents at end of period	4	4,660,480	1,405,083

Non-cash financing activities:

a) Company issued 35,569,665 options towards underwriting and management fees to Max Capital. These options have been valued and included as share issue costs in share based payments reserve (Equity).

b) As consideration for the Solagran bio-effectives license, BioProspect issued to Solagran Limited and Nova Vita Pty Ltd 22,500,000 options and 32,000,000 options respectively. These options have been valued and included as share issue costs in share based payments reserve (Equity).

c) 10 million shares to be issued to Lacka Consulting towards consulting fees.

BIOPROSPECT LIMITED

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Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Available to Equity holders of BioProspect Ltd				
	Issued Capital	**Accumulated Losses**	**Asset Revaluation Reserve**	**Share Based Payments Reserve**	**Total Equity**
	$	**$**	**$**	**$**	**$**
At 1 July 2006	19,215,006	(16,956,606)	-	-	2,258,400
Loss for the period	**-**	(405,800)	-	-	(405,800)
At 31 December 2006	**19,215,006**	**(17,362,406)**	**-**	**-**	**1,852,600**

	Issued Capital	**Accumulated Losses**	**Net Unrealised gains reserve**	**Share Based Payments Reserve**	**Total Equity**
	$	**$**	**$**	**$**	**$**
At 1 July 2007	20,268,228	(18,386,450)	-	-	1,881,778
Net fair value gains on available-for-sale financial assets	-	-	27,500		27,500
Total income for the period recognised directly in equity	-	-	**27,500**	**-**	**27,500**
Loss for the period	**-**	(1,368,739)	-	-	(1,368,739)
Total loss for the period	**-**	**(1,368,739)**	**-**	**-**	**(1,368,739)**
Equity transactions:					
Shares issued	6,850,546	-	-	-	6,850,546
Share issue costs	(1,257,870)	-	-		(1,257,870)
Share based payments (Note1)	-	-	-	2,224,956	2,224,956
Share based payment - shares to be issued at a future date	-	-	-	380,000	380,000
Total equity transactions	**5,592,676**	-	-	**2,604,956**	**8,197,632**
At 31 December 2007	**25,860,904**	**(19,755,189)**	**27,500**	**2,604,956**	**8,738,171**

Note 1: Share based payments are comprised of:

- Options issued to Solagran Limited (22.5m) and Nova Vita Pty Limited (32m) valued at $510,423 and $725,935 respectively;
- 35,569,665 options issued to Max Capital towards underwriting and management fees valued at $988,598 being share issues costs.

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

1. CORPORATE INFORMATION

The financial report of BioProspect Limited (the Company) for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 27 February 2008.

BioProspect Limited is a Company incorporated in Australia, limited by shares, publicly listed on the Australian Stock Exchange (ASX).

The nature of operations and principal activities of the consolidated entity are described in note 9, Segment Reporting.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

This general purpose financial report for the half year ended 31 December 2007 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 2007 and considered together with any public announcements made by BioProspect during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations of the *ASX listing rules.*

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.

Intangibles

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment when ever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(a) Basis of preparation continued

A summary of the policies applied to the Group's intangible assets is as follows:

Licenses	BioProspect Group
Useful lives	Finite
Amortisation method used	Straight line over the life of the intangible
Internally generated or acquired	Acquired
Impairment testing	Annually as at 30 June and more frequently when an indication of impairment exists.

The licence costs (intangibles) are amortised over the life of the Solagran Development Agreement they pertain to, i.e. 30 months of Solagran Agreement.

As at 31 December 2007 the directors have not identified any indicators of impairment, hence no impairment loss has been recognised on these intangibles.

Available-for-sale Investments

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the three other categories defined in AASB 139. After initial recognition, available-for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.
The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date.

As at 31 December 2007 the directors have not identified any indicators of impairment, hence no impairment loss has been recognised on the Available-for-sale Investments.

(b) Changes in Accounting Policy

Since 1 July 2007, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB 2007-7 Amending Standards to wording errors, discrepancies and inconsistencies
- AASB 7 Financial Instruments: Disclosure
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101,114,117,133,139,1,4,1023 and 1038)
- AASB 2007-4 *Amendments to Australian Accounting standards arising from ED 151 and Other Amendments.*

3. REVENUE, INCOME AND EXPENSES

	Consolidated	
	2007	**2006**
	$	**$**
(i) Revenue		
Sale of goods	-	8,356
Finance income	165,903	47,335
	165,903	55,691
(ii) Other income		
Net gains on disposal of property, plant and equipment	-	3,818
	-	3,818
(iii) Operating Expenses		
Depreciation	(2,839)	(3,184)
Amortisation of licences	(155,980)	-
Employee benefits	(274,591)	(195,972)
Consulting fees	(480,021)	(24,336)
Legal fees	(11,924)	(9,309)
	(925,355)	(232,801)
(iv) Finance costs		
Finance charges payable under operating leases	(4,130)	(3,748)
Bank loans	(804)	(620)
	(4,934)	(4,368)

4 CASH AND CASH EQUIVALENTS

Reconciliation of Cash

For the purposes of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

	Consolidated	
	December 2007	**June 2007**
	$	**$**
Cash at bank and in hand	18,767	125,787
Short-term deposits	4,641,713	1,828,756
Total cash	4,660,480	1,954,543

5 INVENTORIES

Finished Goods	Consolidated December 2007 $	Consolidated June 2007 $
Plant extracts at cost	927,110	927,110
Write down inventory	(927,110)	(927,110)
Total inventories at the lower of cost and net realisable value	-	-

6 INVESTMENT IN ASSOCIATE HELD FOR SALE

As reported in the Company's 2007 annual report, the Directors at their July Board meeting decided to write the investment in Astrum Therapeutics Pty Ltd (Astrum) down to zero, on the basis its 33.3% shareholding in an unlisted drug discovery Company requiring additional funding to support its research program would be of minimal value.

During the last 6 months, Astrum has been able to raise additional capital such to the extent BioProspect's investment has been diluted from 33.3% to 27.2%. However, the Directors of BioProspect have not changed their position since June 2007 and still seek a potential investor to acquire their current shareholding.

7 INTANGIBLES AND AVAILABLE FOR SALE INVESTMENTS

As previously announced on 22 August 2007, BioProspect signed a development and distribution agreement with Solagran Limited for an exclusive licence pertaining to the Bioeffectives® range of products. During October and November 2007, all obligations pertaining to the issue of shares to various parties and cash payments for the licence were settled. The net result of the various transactions was that the licence has been valued at a gross cost of $1,169,858 which will be amortised over the life of the development agreement (30 months ending 22 February 2010). During the period, an amortisation charge of $155,980 was incurred against the gross cost, resulting in a net value of $1,013,878 as at 31 December 2007.

The Directors have conducted an impairment test to ensure the licence is valued at its recoverable amount as at 31 December 2007. The directors have formed the view that there are no external or internal sources of information that would indicate the investment is impaired; the business plan for the 30 month period is currently being finalised by the Managing Director and development trials on all of the Bioeffectives® will be commencing in the immediate future. There are no indicators from Solagran that the potential for these products have changed since the signing of the agreement.

In line with the agreement, BioProspect acquired 2,500,000 shares in Solagran Limited on 11 December 2007 which at 31 December 2007 was valued at $2,965,000 (based on the SLA share price). These shares in Solagran are subject to a 30 month escrow period.

8 ISSUED CAPITAL

	December 2007 $	June 2007 $
A) Issued and paid up capital		
Issued and fully paid	25,860,904	20,268,228
Number of shares on issue at reporting date	477,040,944	326,950,030

B) Movement in shares on issue	December 2007	
	Number of shares	$
Beginning of the half-year period	326,950,030	20,268,228
Issued during the half-year period		
- Share placements	54,500,000	2,071,000
- Options exercised	95,590,914	4,779,546
Less share issue costs		
- Cash consideration		(269,272)
- Share-based consideration		(988,598)
	477,040,944	25,860,904

9 SEGMENT REPORTING

The Group operates within Australia in one business segment, the biotechnology industry focusing on natural plant extracts for use within the insecticide, termiticide and human health markets.

In relation to geographic segments, the Group is operating within the Australian region only.

10 COMMITMENTS AND CONTINGENCIES

The only changes to the commitments disclosed in the most recent annual financial report are specified below:

Expenditure commitments

On 11 December 2007, the Company signed an agreement with the University of New England for a feeding trial with broiler chickens pertaining to Bioeffective® A. The expenditure commitment is $45,918 (inclusive of GST) payable in two instalments- January 2008 and May 2008.

On the 18 December 2007, the Company signed an agreement with ICP Firefly Pty Ltd for a 28 day dermal toxicity study on Termilone®. The expenditure commitment is $275,990 (inclusive of GST) payable in 3 instalments from December 2007 to May 2008.

On 22 August 2007, the Company signed an agreement with Solagran Ltd to develop and commercialise a range of Solagran's Bioeffectives® range of products. Per this agreement, BioProspect has committed to spend a minimum of $3,000,000 on research and development over a 2.5 year evaluation period. Upon completing this commitment and proceeding with commercialisation of the Solagran rights, Solagran is to receive 22.5m BioProspect shares and 22.5m options. Finally, Upon BioProspect achieving $7.5m in annualised revenue, based on a 3 month rolling period from the Solagran rights, Solagran will receive $2,500,000 worth of BioProspect shares and (1) for (1) free attaching options.

11 RELATED PARTY DISCLOSURES

Key Management Personnel & Director Related

Mr Peter Landau (non-executive Director) is a Director and owner of Lacka Consulting Pty Ltd which provided corporate advisory services to the consolidated entity amounting to $380,021 (2006 $nil). The amount outstanding to Lacka Consulting Pty Ltd as at 31 December 2007 was $380,000 (2006 $nil). The consideration payable to Lacka Consulting is by the issue of 10,000,000 BioProspect ordinary shares which are expected to be issued during March 2008.

Mr Peter Landau's director's fees are paid to Doull Holdings, a Company that he owns. The amount outstanding to Doull Holdings as at 31 December 2007 was $nil (2006 $nil).

12 EVENTS AFTER BALANCE DATE

The Directors are unaware of any event or transaction that has occurred between 31 December 2007 and the date of this report that may have a significant effect on the Group.

BIOPROSPECT LIMITED

ABN 58 008 130 336

Director's Declaration

In accordance with a resolution of the directors of BioProspect Limited, I state that:

In the opinion of the directors:

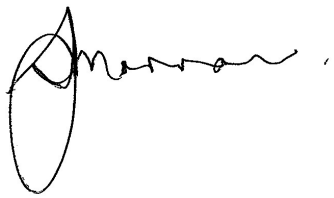
1. the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

   (a) giving a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the consolidated entity; and

   (b) complying with the Accounting Standard AASB 134 *"Interim Financial Reporting"*: and the Corporations Regulations 2001: and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Steve Morrow
Chairman
Date: 27 February 2008
Brisbane QLD

ERNST & YOUNG

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Australia

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Brisbane QLD 4001

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DX 165 Brisbane

To the members of BioProspect Limited

Report on the Half-Year Condensed Financial Report

We have reviewed the accompanying 31 December 2007 financial report of BioProspect Limited and the entities it controlled during the half-year ended 31 December 2007, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed cash flow statement and condensed statement of changes in equity for the half-year ended on that date, other selected explanatory notes, and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year 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 half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 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, 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 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of BioProspect Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

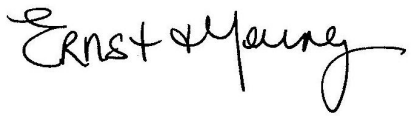
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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.

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 BioProspect Limited and the entities it controlled during the period, is not in accordance with:

(a) the *Corporations Act 2001*, including:
  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 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.



Ernst & Young

Winna Brown
Partner
Brisbane
27 February 2008