

FIRST DEBENTURE LIMITED

(formerly Vet Biotechnology Limited)

ACN 105 577 017

Interim Financial Statements
For the half year ended 31 December 2011

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First Debenture Limited

Director's report For the half year ended 31 December 2011

Your directors submit the interim financial report for the First Debenture Limited ("FIR") for the half-year ended 31 December 2011. 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 six months ended 31 December 2011 are as follows:

☐ Jeffrey Douglas Dawson	- Chairman of the Board
☐ Robert John Rowlands	- Director
☐ Richard Anthony Licardy	- Director
☐ Carey Stuart McDowell	- Director
☐ Dr Victor Wan	- Director
☐ William Nobrega	- Director
☐ Michael Charles Unicomb	- Secretary

For other details of the Directors refer to the annual financial statement of the company for the year ended 30 June 2011.

Principal activities

The company undertook no trading activities during the period.

Financial performance

The profit/(loss) for the company after providing for income tax during the six months period was \$0 [2011: \$0].

Review of Operations

The company undertook significant restructuring activities in the 2011 financial year as detailed in the 2011 Annual Report. The company now stands ready and is in a solid position to explore and assess business and investment opportunities as and when they arise. The mix of expertise in the current directorship is such that the company expects to take the next step and deliver a solid base of investment opportunities to the members of the company in the second half of the financial year.

12,567,760 options in the company expired on 30/6/2011. Therefore as at 1 July 2011 the estimated value of these options in the Option Reserve was adjusted and transferred to Retained Earnings.

Issued shares during the half year period

During the six months period, the company did not issue any fully paid ordinary shares

Events subsequent to balance date

The Directors are not aware of any other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in the financial period subsequent to 31 December 2011 not otherwise disclosed in this report.

Going concern

The Directors believe that it is appropriate to prepare the financial statements on a going concern basis which contemplates the continuation of normal business activity and the realisation of assets and settlement of liabilities in the normal course of operations.

As at 31 December 2011, the company's current liabilities and current assets were \$0. Hence, there remains uncertainty about the company's ability to continue as a going concern.

The Directors are confident that the company's funding requirements in the foreseeable future can be met. The company is in a phase of restructure, it is anticipated that the company will resume normal operations in the second half of the financial year. The directors regularly monitor funding requirements along with the company's assets, liabilities and operational activities to ensure that the company is a going concern.

A revision of the company's strategy may result in realising assets or raising capital. Such changes may possibly include the realisation of assets or settling liabilities other than in the normal course of business at amounts that may be different to those in the financial report.

The ability of the company to continue as a going concern remains dependent on the following:

1. The company's ability to secure additional funds through the issue of shares without which the company will not be able to support itself;
2. The company's ability to generate operating cash flows through the commencements of new business opportunities;
3. A continued financial support from the Directors by providing additional finance and guarantees as required of at least twelve (12) months from the date this report is signed.

For this reason the company will continue to adopt the going concern basis in the preparation of the accounts.

Lead auditor's independence declaration

The auditor's independence declaration for the interim period ended 31 December 2011 is included in the Interim Financial Report and follows behind the director's report.

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



Jeffrey Douglas Dawson
Chairman

Sydney, 26 March 2012



Chartered accountants since 2003

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**AUDITOR'S DECLARATION OF INDEPENDENCE
TO THE DIRECTORS OF FIRST DEBENTURE LIMITED**

As lead engagement partner for the review of First Debenture Limited for the half-year ended 31 December 2011, 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 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

BCS ASSURANCE PTY LTD
Chartered Accountants

HANOZE UDACHIA
Director

Sydney, 26 March 2012

BCS Assurance P/L ABN 98 124 334 363

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Standards Act 1994 (NSW)

First Debenture Limited

Interim Financial Statements

Reference numbers indicate the corresponding Notes to the Interim Financial Statements. The Interim Financial Statements are unaudited. The Interim Financial Statements have been reviewed by the company's auditors and their review report is presented on page 13.

Statement of comprehensive income for the six months ended 31 December 2011

in AUD

	Six months ended 31 December	
	2011	2010
Sales	-	-
Disbursements and other income	-	-
Cost of sales	-	-
Operating expenses	-	-
Profit before income tax	-	-
Income taxes	-	-
Loss after income tax	-	-
Profit/(Loss) attributable to shareholders	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income	-	-

Earnings per share (EPS) for the six months ended 31 December 2011

	2011	2010
Cents per share		
Basic (loss) per share	(0.00)	(0.00)
Diluted (loss) per share	(0.00)	(0.00)

First Debenture Limited
Statement of financial position as at 31 December 2011

in AUD

	NOTE	31 December 2011	30 June 2011
Current assets			
Cash and cash equivalents		-	-
Trade and other receivables		-	-
Other current assets		-	-
Total current assets		-	-
Non-current assets			
Property, plant and equipment		-	-
Intangible assets		-	-
Total non-current assets		-	-
Total assets		-	-
Current liabilities			
Trade and other payables		-	-
Financial liabilities		-	-
Total current liabilities		-	-
Non-current liabilities			
Financial liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		-	-
Net Assets		-	-
Equity			
Issued capital	6	1,162,680	1,162,680
Option reserves		26,329	134,728
Retained losses		(1,189,009)	(1,297,408)
Total equity		-	-

First Debenture Limited
Statement changes in equity

in AUD

	Share capital	Option reserve	Retained losses	Total
Six months ended 31 December 2010				
At 1 July 2010	2,225,246	134,728	(2,420,974)	(61,000)
Shares issued during the period	61,000	-	-	61,000
Shares Cancelled	(1,123,566)	-	1,123,566	-
At 31 December 2010	1,162,680	134,728	(1,297,408)	-
Six months ended 31 December 2011				
At 1 July 2011	1,162,680	134,728	(1,297,408)	-
Shares issued during the period	-	-	-	-
Transfer to/from reserves – expired options	-	(108,339)	108,339	-
At 31 December 2011	1,162,680	26,329	(2,420,974)	(1,123,566)

First Debenture Limited
Statement of cash flows

in AUD

	Six months ended 31 December	
	2011	2010
Cash flows from operating activities		
Receipts from customers	-	-
Interest received	-	-
Payments to suppliers	-	-
Net cash (used) in operating activities	-	-
Cash flows from investing activities		
Purchase of property, plant and equipment	-	-
Payments for intangible assets	-	-
Net cash (used) in investing activities	-	-
Cash flows from financing activities		
Proceeds from loan	-	-
Proceeds from issuance of shares	-	-
Net cash provided by financing activities	-	-
Net (decrease) in cash and cash equivalents	-	-
Cash at the beginning of the period	-	-
Cash at the end of the period	-	-

Notes to the First Debenture Limited

Interim Financial Statements

Reference numbers indicate the corresponding Notes to the Interim Financial Statements. The Interim Financial Statements are unaudited. The Interim Financial Statements have been reviewed by the company's auditors and their review report is presented on page 13.

1. Accounting policies

The reporting entity

These financial statements are the unaudited interim financial statements (hereafter 'the Interim Financial Statements') of First Debenture Limited; a company domiciled in Australia, for the six-month period ended 31 December 2011 (hereafter 'the interim period'). They are prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001. These Interim Financial Statements should be read in conjunction with the Financial Statements for the year ended 30 June 2011 (hereafter 'the Annual Financial Statements'), as they provide an update of previously reported information. The annual financial statements were approved for issue by the Board of Directors in December 2011.

Basis of preparation of financial statements

The Interim Financial Statements have been prepared in accordance with the accounting policies and methods of computation set out in the Annual Financial Statements. The presentation of the Interim Financial Statement is consistent with the Annual Financial Statements, except on accounting terminologies as permitted by AASB 101. Where necessary, comparative information has been reclassified or expanded from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

Estimates and Judgments

The preparation of the Interim Financial Statements requires management to make estimates and assumptions that affects the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, if any, at the date of the Interim Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgments at the date of the Interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

The company operates in an industry where significant seasonal or cyclical variations in total sales are generally not experienced during the interim financial year.

Timing differences due to income tax are not recognised and are based upon the best estimate for the full financial year.

Going concern

The Directors believe that it is appropriate to prepare the financial statements on a going concern basis which contemplates the continuation of normal business activity and the realisation of assets and settlement of liabilities in the normal course of operations.

As at 31 December 2011, the company's current liabilities and current assets were \$0. Hence, there remains uncertainty about the company's ability to continue as a going concern.

Going concern continued

The Directors are confident that the company's funding requirements in the foreseeable future can be met. The company is in a phase of restructure, it is anticipated that the company will resume normal operations in the second half of the financial year. The directors regularly monitor funding requirements along with the company's assets, liabilities and operational activities to ensure that the company is a going concern.

A revision of the company's strategy may result in realising assets or raising capital. Such changes may possibly include the realisation of assets or settling liabilities other than in the normal course of business at amounts that may be different to those in the financial report.

The ability of the company to continue as a going concern remains dependent on the following:

1. The company's ability to secure additional funds through the issue of shares without which the company will not be able to support itself;
2. The company's ability to generate operating cash flows through the commencements of new business opportunities;
3. A continued financial support from the Directors by providing additional finance and guarantees as required of at least twelve (12) months from the date this report is signed.

For this reason the company will continue to adopt the going concern basis in the preparation of the accounts.

Accounting policy

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

As the company currently is not trading there are no attributable operating segment amounts to report.

2. Related parties

There were no related party transactions undertaken during the period.

3. Dividends

There were no dividends paid or recommended to be paid during the half year period ended 31 December 2011.

4. Contingencies

There have been no contingent assets or liabilities occurred since the approval of the 2011 Annual Financial Statements by the Board of Directors that may require disclosure.

5. Equity securities issued/cancelled

	31 December 2011	30 June 2011
	\$	\$
11,775,000 (June 2011: [11,775,000]) fully paid ordinary shares	1,162,680	1,162,680
Less: Cost associated with capital raising	-	-
	1,162,680	1,162,680
Ordinary shares issued		
Opening Balance	1,162,680	2,225,246
Share issuance @ \$0.01 each	-	61,000
Share reduction	-	(1,123,566)
Capital raising costs	-	-
At reporting date	1,162,680	1,162,680

On 30 July 2010 at an extraordinary meeting of members, the company resolved to reduce its issued share capital to \$1,101,680 and reduce the number of shares on issue by a factor of 7.195432

The company issued 6,100,000 shares to Sui Generis (SA) Pty Ltd acting as trustee for the Vangory Trust, in satisfaction of the short terms funds advanced to secure the execution of the company's deed of company arrangement in June 2010.

6. Significant changes in state of affairs

There have been no significant changes in the state of affairs of the company since those reported in the 2011 Annual report.

7. Events subsequent to balance date

The Directors are not aware of any other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in the financial period subsequent to 31 December 2011 not otherwise disclosed in this report.

FIRST DEBENTURE LIMITED ACN: 105 577 017 DIRECTORS' DECLARATION

The directors of the company declare that:

- a. the financial statements and notes of the company, as set out in the attached financial report, are in accordance with the Corporations Act 2001 and:
- (i) comply with Accounting Standard AASB 134 "Interim Financial Reporting"; and the Corporation Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 31 December 2011 and of the performance for the period then ended on that date; and
- b. 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.

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



Jeffrey Douglas Dawson
Chairman

Date: 26 March 2012, Sydney



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRST DEBENTURE LIMITED

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of First Debenture Limited, which comprises the condensed statement of financial position as at 31 December 2011, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes to the financial statements, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year 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 establishing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatements, 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 Australian Auditing Standard on Review Engagements ASRE 2410 Review of a 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 company's year ended 31 December 2011 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.

As the auditor of First Debenture Limited, 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 confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of the company on 26 March 2012, would be in the same terms if provided to the directors as at the date of this auditor's review report.

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A handwritten signature in blue ink, appearing to read 'M. K. Kishore', is located in the bottom right corner of the page.



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRST DEBENTURE LIMITED (Cont'd)

Conclusion

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 First Debenture Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2011 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 Corporation Regulations 2001.

Going Concern

Without qualification to the opinion expressed above, we draw attention to the disclosure made in Note 1 to the interim financial statements for the half-year ended 31 December 2011 concerning the preparation of the financial statements on a going concern basis. The ability of the entity to continue to trade as a going concern is dependent on the entity being able to obtain additional funding either from trading profitability or from continued support of its directors. If the entity is unable to obtain such funding, they may be required to realise assets and extinguish liabilities and commitments other than in the ordinary course of business and at amounts which are different from those currently stated in the financial statements.

BCS ASSURANCE PTY LTD
Chartered Accountants

HANOZE UDACHIA
Director

Sydney, 26 March 2012

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