

Newland Resources Ltd

ACN 009 092 068

Financial Statements

for the

Half-Year ended 31 December 2005

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2005 and any public announcements made by Newland Resources Ltd during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Newland Resources Ltd

ACN 009 092 068

Directors' Report

The Directors present their report on the consolidated entity consisting of Newland Resources Ltd and the entities it controlled at the end of or during the half-year ended 31 December 2005.

The names and particulars of directors of the Company during the whole of the half-year and up to the day of this report are:

Name	Particulars
Lindsay A Colless	Chartered Accountant with many years experience in the minerals and oil industry. Director and/or secretary of a number of listed exploration companies. Chairman, Chief Executive Officer and Chief Financial Officer.
Kevan L Ashworth	Consultant geologist with wide experience in Europe, Middle East, Malaysia and Latin America. Independent non-executive director.
Peter L Munachen	Chartered Accountant with many years experience in financing and acquisition of international petroleum and mineral exploration projects. Independent non-executive director.
Christian R West	Experienced in hedge fund management in London, UK and Europe. Mr West resides in London and is an executive director of the Company responsible for investor relations and business development.

Review and Results of Operations

The review of the Company's operations during the half-year is as follows:

	Segment Revenue	Segment result
	\$	\$
Mining	-	-
Other	3,029,284	3,029,284
	<u>3,029,284</u>	<u>3,029,284</u>
Unallocated expenses		(3,124,876)
Operating profit (loss)		<u>(95,592)</u>
Income Tax provision written back		279,040
Operating profit (loss) for half-year		<u><u>183,448</u></u>

Activities

The Company and its subsidiaries provide management services for a resource investment trust listed on the full board of London Stock Exchange and for a resource finance group listed on the AIM market in UK. There remains a residual interest in a mining operation in Queensland.

Changes In State Of Affairs

During the half year there was no significant change in the Company's state of affairs other than that referred to in the half-year accounts or notes thereto.

Newland Resources Ltd

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Directors' Report (continued)

Auditors' Independence Declaration

The following is a copy of a letter received from the Company's auditors:

"Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: the directors of Newland Resources Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2005, there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Graham Swan
Lead auditor
Rothsay Chartered Accountants"

This report is made in accordance with a resolution of the directors.



L A Colless
Director

Dated this 14th day of March 2006.

Newland Resources Ltd

Independent Review Report To The Members

Scope

We have reviewed the financial statements of Newland Resources Ltd for the half-year ended 31 December 2005 as set out on pages 5 to 11. The company's directors are responsible for the preparation of the financial report, which includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of or during the half-year.

We have performed an independent review of the half-year financial report in order for the company to lodge the half-year financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the half-year financial report is free of material misstatement. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB134:Interim Financial Reporting, and other mandatory professional reporting requirements and the Corporations Act, 2001, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the company 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 2003 and of its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB134:Interim Financial Reporting and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Rothsay

Chartered Accountants

Graham R Swan

Partner

Dated this 14th day of March 2006

The liability of Rothsay Chartered Accountants is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

Newland Resources Ltd

ACN 009 092 068

Directors' Declaration For The Half-Year Ended 31 December 2005

The directors declare that:

- (a) The attached financial statements and notes thereto comply with Accounting Standards;
- (b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act, 2001; and
- (d) In the directors' opinion there are reasonable grounds to believe that Newland Resources Ltd 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 directors pursuant to s 303(5) of the Corporations Act, 2001.

On behalf of the Directors



L A Colless
Director

PERTH, 14th day of March 2006

Newland Resources Ltd

Condensed Consolidated Income Statement

For The Half-Year Ended 31 December 2005

	Note	Consolidated Half-year ended 31 Dec 2005	Consolidated Half-year ended 31 Dec 2004
		\$	\$
Revenue from continuing operations		3,029,284	3,372,028
Employee benefits expense		(29,289)	(37,544)
Depreciation expense		(7,589)	(3,794)
Other Expenses		<u>(3,087,998)</u>	<u>(2,239,835)</u>
(Loss) Profit before income tax		(95,592)	1,090,855
Income tax expense written back		<u>279,040</u>	<u>-</u>
Profit from continuing operations		183,448	1,090,855
Profit (Loss) from discontinued operations		<u>-</u>	<u>-</u>
Profit for the half-year		183,448	1,090,855
Foreign exchange loss		-	(10,584)
Write down of goodwill		<u>-</u>	<u>(601,021)</u>
Profit attributable to members of Newland Resources Ltd		183,448	479,250
Accumulated losses brought forward		<u>(15,333,893)</u>	<u>(12,355,056)</u>
Accumulated losses at end of half-year		<u><u>(15,150,445)</u></u>	<u><u>(11,875,806)</u></u>
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company			
Earnings per share - basic	5	\$0.0011	\$0.007

The above consolidated income statement should be read in conjunction with the accompanying notes.

Newland Resources Ltd

Condensed Consolidated Balance Sheet

As at 31 December 2005

	Consolidated Half-year ended 31 Dec 2005 \$	Annual Report 30 Jun 2005 \$
Current Assets		
Cash and cash equivalents	3 826,526	1,469,130
Receivables	763,423	524,525
Total Current Assets	1,589,949	1,993,655
Non-Current Assets		
Plant & equipment	37,515	44,912
Available-for-sale investments	5,693,914	3,063,887
Total Non-Current Assets	5,731,429	3,108,799
Total Assets	7,321,378	5,102,454
Current Liabilities		
Accounts payable	2,750,490	444,137
Provision for Income Tax	-	345,644
Total Current Liabilities	2,750,490	789,781
Total Liabilities	2,750,490	789,781
Net Assets	4,570,888	4,312,673
Shareholders' Equity		
Contributed equity	19,732,352	19,732,352
Reserves	(11,019)	(47,316)
Accumulated losses	(15,150,445)	(15,372,363)
	4,570,888	4,312,673
Minorities	-	-
Total Equity	4,570,888	4,312,673

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity

For the Half-Year ended 31 December 2005

	Half-year ended 31 Dec 2005 \$	Half-year ended 31 Dec 2004 \$
Total equity at the beginning of the half-year	4,312,673	3,750,881
Net Income recognised directly in equity:		
Foreign exchange gain on translation of foreign operations	36,297	
Profit for the half-year	183,448	479,250
Total recognised income and expense for the year	219,745	479,250
Recognition of subsidiary written off	38,470	-
Contributions of equity, net of transaction costs	-	450,000
Minority interest	-	(34,301)
Total equity at the end of the half-year	4,570,888	4,645,830

Total recognised income and expenses for the half-year is attributable to members of Newland Resources Ltd

	183,448	479,250
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The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Newland Resources Ltd

Consolidated Cash Flow Statement

For The Half-Year Ended 31 December 2005

	Half-year ended 31 Dec 2005 \$	Half-year ended 31 Dec 2004 \$
Cash Flows Related To Operating Activities		
Revenue from customers	1,242,116	757,482
Payments to suppliers	(1,485,232)	(1,049,972)
Interest and other items of a similar nature received	13,946	31,942
Income tax paid	(68,081)	
Net Operating Cash Flows	(297,251)	(260,548)
Cash Flows Related To Investing Activities		
Proceeds sales of investments	1,921,047	1,943,636
Expenditure on investments	(2,354,606)	(1,373,778)
Net Investing Cash Flows	(433,559)	569,858
Cash Flows Related To Financing Activities		
Proceeds from share issues	-	-
Loans from (to) other corporations	83,986	(704,150)
Net Financing Cash Flows	83,986	(704,150)
Net Increase (Decrease) In Cash and Cash Equivalents	(646,824)	(394,840)
Cash and Cash Equivalents at beginning of half year	1,469,130	2,118,133
Forex adjustment to opening balance	4,220	(118,236)
Cash and Cash Equivalents At End Of Half Year	826,526	1,605,057

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Half-Year ended 31 December 2005

1. Basis of Preparation of Half-Year Financial Statements

This general purpose financial report for the half-year ended 31 December 2005 has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: *Interim Financial Reporting*. This half-year report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2005 and public announcements made by Newland Resources Ltd during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act, 2001.

The principle accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

This interim financial report is the first Newland Resources Ltd interim financial report to be prepared in accordance with Australian equivalents to International Financial Reporting Standards ('AIFRSs'). AASB1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of the Company until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles ('AGAAP').

The conversion of the balance sheet at 30 June 2005 from AGAAP to AIFRS has not resulted in any material financial impact to the income statement or cashflow.

Newland Resources Ltd

Notes to the Financial Statements

For the Half-Year ended 31 December 2005

1. Basis of Preparation of Half-Year Financial Statements (Continued)

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Investments and other financial assets

Prior to 30 June 2005 - Investments in corporations other than related corporations are valued at the lower of cost or directors' valuation. Dividend income is recognised in the profit and loss account.

From 1 July 2005 - The Company classifies its investments in the following categories: financial assets at fair value through profit and loss, loan and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Revenue and Expense

Operating profit before income tax is arrived at after:

	Current half-year	Previous Corresponding half-year
	\$	\$
a) crediting interest as revenue	13,946	31,942
b) charging interest as expense	-	-
c) depreciation	(7,589)	(3,794)

3. Reconciliation of cash

	Current half-year	Annual Report 30 Jun 2005
	\$	\$
Cash at the end of the half-year as shown in the statement of cash flows is reconciled to the related items in the accounts as follows:		
Cash and cash equivalents	826,526	1,469,130
	826,526	1,469,130

Newland Resources Ltd

Notes to the Financial Statements

For the Half-Year ended 31 December 2005

4. Issued and quoted securities at end of current half-year

Category of Securities	Number Issued	Number Quoted	Uncalled Amount Cents	Paid-Up Value Cents
Ordinary Shares:	163,777,571	163,777,571		
Of which issued during half-year	-	-	-	-
Options:			Exercise Price	Expiry Date
	-	-	-	-
Of which exercised during half-year	-	-	-	-
Expired during half-year	-	-	-	-

5. Earnings per share

	Current half-year	Previous Corresponding half-year
Basic earnings per share	\$0.0011	\$0.007
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	163,777,571	162,007,079
Diluted earnings per share are not materially different from basic earnings per share and has therefore not been disclosed.		

6. Segmental information

The Company operates in the United Kingdom predominantly in the area of provision of financial funds management in the resources industry and in Australia in the investment in the resources industry.

7. Subsequent Events

No matter or circumstance has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the half-year ended 31 December 2005.

8. Explanation of transition to Australian equivalents to IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 July 2004

	1 July 2004
	\$
Total equity under AGAAP	6,961,597
Adjustment for effect of transition to AIFRSs	(3,210,716)
Total equity under AIFRS	3,750,881

Newland Resources Ltd

Notes to the Financial Statements

For the Half-Year ended 31 December 2005

(b) At the end of the last half-year reporting period under previous AGAAP: 31 December 2004

	31 December 2004
	\$
Total equity under AGAAP	7,856,546
Adjustments for effect of transition to AIFRSs	<u>(3,210,716)</u>
Total equity under AIFRS	<u>4,645,830</u>

(c) At the end of the last reporting period under previous AGAAP: 30 June 2005

	30 June 2005
	\$
Total equity under AGAAP	7,523,389
Adjustments for effect of transition to AIFRSs	<u>(3,210,716)</u>
Total equity under AIFRS	<u>4,312,673</u>

Under previous AGAAP, goodwill on the acquisition of subsidiaries, being the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, was amortised over five (5) years (20% per annum) starting 1 January 2004.

At the time of transition to AIFRS, as AASB 3 does not allow the goodwill on purchase of subsidiaries to be amortised and because the major income contracts of the subsidiaries have either been taken over by the parent Company or their probable future economic benefits are not assured, in accordance with AASB 138 *Intangible Assets*, equity has been reduced by goodwill of \$3,210,716.

The effect is:

At 30 June 2005

For the group there has been a decrease in non-current assets of \$3,210,716 and an increase in retained losses of \$3,210,716.

(2) Reconciliation of loss reported under previous AGAAP to loss AIFRS

(a) Reconciliation of loss for the half-year ended 31 December 2004

	31 December 2004
	\$
Net profit as reported under AGAAP	1,090,855
Adjustments for effect of transition to AIFRSs	<u>-</u>
Net profit under AIFRS	<u>1,090,855</u>

(b) Reconciliation of loss for the year ended 30 June 2005

	30 June 2005
	\$
Net loss as reported under AGAAP	(55,171)
Adjustments for effect of transition to AIFRSs	<u>-</u>
Net loss under AIFRS	<u>(55,171)</u>

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRS has not resulted in any material adjustment to the cash flow statement.