

LINDIAN RESOURCES LTD

(formerly VPH Limited)

ABN 53 090 772 222

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR
ENDED 31 DECEMBER 2006**

CORPORATE DIRECTORY

Directors and Officers

Reginald Gillard
Chairman

Gregory Smith
Executive Director

Patrick Flint
Non-Executive Director

Gavin Argyle
Non-Executive Director

Paul Jurman
Company Secretary

Principal and Registered Office

30 Ledger Road
Balcatta
Western Australia 6021

Telephone +61 8 9240 2836
Facsimile +61 8 9240 2406

Auditors

RSM Bird Cameron Partners
8 St George's Terrace
Perth
Western Australia 6000

Telephone +61 8 9261 9100
Facsimile +61 8 9261 9101

Share Registry

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
Perth
Western Australia 6000

Telephone +61 1300 557 010
Facsimile +61 8 9323 2033
Website www.computershare.com

ASX Code

Listed on the Australian Stock Exchange under the code LIN and LINO.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2006.

Directors

The directors of the Company during or since the end of the half-year are listed below. All directors were in office for this entire period unless otherwise stated.

Name

Mr Reginald Gillard	– appointed 30 October 2006
Mr Gregory Smith	– appointed 30 October 2006
Mr Patrick Flint	– appointed 30 October 2006
Mr Gavin Argyle	
Mr Geoff Gander	– resigned 30 October 2006
Mr Robert Franco	– resigned 30 October 2006

Review of Operations

During the half year the Company conducted a detailed evaluation of its technology assets and related business activities. The Board determined that the technology business, which had been operating at a loss since 2000, was not viable given the Company's size and asset backing and the competitive nature of the industry.

In September 2006 the Company's shareholders resolved to change the focus of activities to the resources sector, and to change the Company's name to Lindian Resources Limited. In conjunction with these changes Mr Reg Gillard, Mr Greg Smith and Mr Patrick Flint were appointed to the Board of Directors.

In September 2006 the Company also entered into a joint venture agreement to earn an 80% interest in the Tshikapa Diamond Project (agreement settled in October 2006). In October 2006 the Company successfully completed a public offering raising A\$1.595 million.

Since October 2006 the Company has focused its efforts on exploring the Tshikapa Diamond Project and on actively seeking further prospective exploration and mining projects in Africa.

The technology assets owned by the Company were disposed of in February 2007.

Tshikapa Diamond Project (Company earning 80%)

The Tshikapa Diamond Project is located in the Tshikapa diamond field, in the West Kasai region of the DRC. The field is about 600 km east-southeast of Kinshasa, the capital of DRC. The Tshikapa Diamond Project consists of four licence areas covering about 800 sq km in the Tshikapa Diamond Field, one of the largest alluvial provinces in the world, located along the northern margin of the Congo–Angola diamond province.

Following completion of the joint venture agreement in October 2006 the Company commenced exploration on its Tshikapa Diamond Project. Satellite imagery was used to delineate 67 stream sediment sampling sites within the project area. A team was mobilized to site to undertake this sampling programme, which was completed in February 2007. Initial geochemical results are expected to be available in late 1st quarter 2007 and kimberlitic indicator mineral results in the 2nd quarter 2007.

Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from RSM Bird Cameron Partners, the consolidated entity's auditors. The independence declaration is included at page 3 of the financial report.

Dated at Balcatta on 16 March 2007.

This report is signed in accordance with a resolution of the Board of Directors.



R N Gillard
Director

RSM Bird Cameron Partners

Chartered Accountants

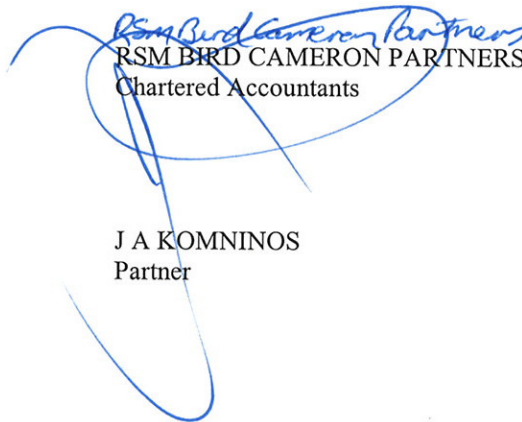
8 St Georges Terrace Perth WA 6000
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AUDITOR'S INDEPENDENCE DECLARATION TO THE BOARD OF DIRECTORS OF LINDIAN RESOURCES LIMITED

As lead audit partner for the review of the financial report of Lindian Resources Limited for the half-year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lindian Resources Limited and the entities it controlled during the period.


RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA

Dated: 16 March 2007

J A KOMNINOS
Partner

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LINDIAN RESOURCES LIMITED

The Financial Report

We have reviewed the accompanying half-year financial report which comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements and directors' declaration for Lindian Resources Limited (the consolidated entity), for the half-year ended 31 December 2006. The consolidated entity comprises both Lindian Resources Limited (the company) and the entities it controlled during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Lindian Resources Limited 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 control 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 2006 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 Lindian Resources 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

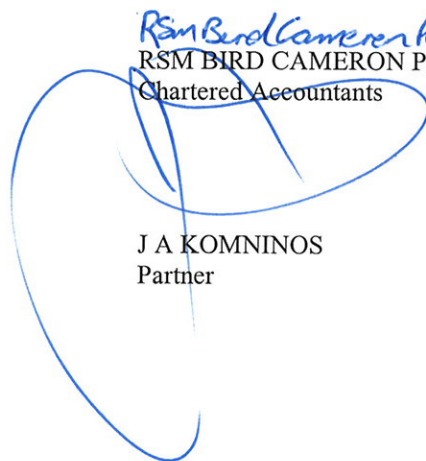
In conducting our review, we have followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

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 Lindian Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Perth, WA
Dated: 16 March 2007


RSM BIRD CAMERON PARTNERS
Chartered Accountants

J A KOMNINOS
Partner

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto set out on pages 7 to 13 are in accordance with the Corporations Act 2001, and:
 - (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date.
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.

Dated at Balcatta on 16 March 2007.

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



R N Gillard
Director

INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Consolidated	Consolidated
	31.12.06	31.12.05
	\$	\$
Revenues from sales or services	13,932	82,020
Other revenue	78,899	26,984
Total Revenue	92,831	109,004
Occupancy expenses	5,630	13,930
Administrative expenses	133,904	97,213
Corporate consulting	292,746	-
Corporate introduction fees	582,000	-
Directors fees	82,077	45,000
Directors option expense	444,000	1,800
Depreciation expenses	17,930	29,903
Total Expenses	1,558,287	187,846
Loss from ordinary activities before related income tax expense	(1,465,456)	(78,842)
Income tax expense relating to ordinary activities	-	-
Loss from ordinary activities after income tax	(1,465,456)	(78,842)
Basic loss per share (cents per share)	(5.29)	(0.46)

The accompanying notes form part of this interim financial report.

BALANCE SHEET

AS AT 31 DECEMBER 2006

	Consolidated	Consolidated
	31.12.06	30.6.06
	\$	\$
Current Assets		
Cash assets	3,446,836	2,331,187
Receivables	18,689	4,707
Total Current Assets	3,465,525	2,335,894
Non-Current Assets		
Plant and equipment	73,008	90,938
Exploration expenditure	321,337	-
Total Non-Current Assets	394,345	90,938
Total Assets	3,859,870	2,426,832
Current Liabilities		
Payables	204,288	41,743
Total Current Liabilities	204,288	41,743
Total Liabilities	204,288	41,743
Net Assets	3,655,582	2,385,089
Equity		
Contributed equity	11,528,797	9,651,848
Share option reserve	860,800	1,800
Accumulated losses	(8,734,015)	(7,268,559)
Total Equity	3,655,582	2,385,089

The accompanying notes form part of this interim financial report.

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Issued Capital \$	Share Option Reserve	Accumulated Losses \$	Total Equity \$
As at 1 July 2005	8,206,926	-	(7,099,421)	1,107,505
Loss for the period	-	-	(78,842)	(78,842)
Issue of options	-	1,800	-	1,800
As at 31 December 2005	8,206,926	1,800	(7,178,263)	1,030,463

	Issued Capital \$	Share Option Reserve	Accumulated Losses \$	Total Equity \$
As at 1 July 2006	9,651,848	1,800	(7,268,559)	2,385,089
Loss for the period	-	-	(1,465,456)	(1,465,456)
Issue of options	-	859,000	-	859,000
Shares issued	1,876,949	-	-	1,876,949
As at 31 December 2006	11,528,797	860,800	(8,734,015)	3,655,582

The accompanying notes form part of this interim financial report.

CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Consolidated 31.12.06 \$	Consolidated 31.12.05 \$
Cash flows from operating activities		
Receipts from customers	13,932	15,976
Payments to suppliers and employees	(277,794)	(144,300)
Interest received	78,899	26,984
Income tax refund	-	22,461
Net cash used in operating activities	(184,963)	(78,879)
Cash flows from investing activities		
Exploration expenditure	(81,337)	-
Net cash used in investing activities	(81,337)	-
Cash flows from financing activities		
Issue of shares	1,594,800	-
Share issue expenses	(212,851)	-
Net cash inflow from financing activities	1,381,949	-
Net increase (decrease) in cash held	1,115,649	(78,879)
Cash at the beginning of the financial period	2,331,187	1,081,770
Cash at the end of the financial period	3,446,836	1,002,891

The accompanying notes form part of this interim financial report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006****NOTE 1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The half-year financial report should be read in conjunction with the Annual Financial Report of Lindian Resources Limited as at 30 June 2006. It is also recommended that the half-year financial report be considered together with any public announcements made by Lindian Resources Limited and Controlled Entities during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The financial report covers the consolidated entity of Lindian Resources Limited and controlled entities. Lindian Resources Limited is a listed public company domiciled in Australia.

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as the full financial report.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in Lindian Resources Limited's 2006 annual financial report for the year ended 30 June 2006.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	Consolidated 31.12.06 \$	Consolidated 30.6.06 \$
NOTE 2. CONTRIBUTED EQUITY		
(a) Issued and paid up share capital		
32,769,934 (30 June 2006 – 25,803,934) ordinary shares, fully paid	11,528,797	9,651,848
Movements in Ordinary shares	No of Shares	Paid Up Capital \$
Balance - 1 July 2006	25,803,934	9,651,848
Issues of shares pursuant to funds raised in the prospectus	5,316,000	1,594,800
Issue of shares for acquisition of Tshikapa Diamond Project	400,000	120,000
Issues of shares for identification of Tshikapa Diamond Project (i)	1,250,000	375,000
Share issue expenses	-	(212,851)
Balance – 31 December 2006	<u>32,769,934</u>	<u>11,528,797</u>

(i) 1,250,000 shares were issued to Corporate & Resource Consultants Pty Ltd as consideration for the identification of the Tshikapa Diamond Project in the Democratic Republic of Congo.

(b) Share Options

Options to take up ordinary shares in the capital of the Company have been granted as follows

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2006 Number	Options Issued 2006/07 Number	Options Exercised/ Cancelled/ Expired 2006/07 Number	Closing Balance 31 December 2006 Number
On or before 31 December 2010		\$0.20	550,000	-	-	550,000
On or before 1 July 2011	(i)	\$0.20	-	1,000,000	-	1,000,000
On or before 15 September 2009	(ii)	\$0.30	-	3,000,000	-	3,000,000
On or before 31 December 2009	(iii)	\$0.30	-	1,000,000	-	1,000,000
			<u>550,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,550,000</u>

(i) 1,000,000 options were issued to Corporate & Resource Consultants Pty Ltd as consideration for the identification of the Tshikapa Diamond Project in the Democratic Republic of Congo.

(ii) 3,000,000 options were issued to Messrs Gillard, Smith and Flint as an incentive for them to provide dedicated and ongoing commitment and effort to the Company.

(iii) 1,000,000 options were issued to Capital Investment Partners Pty Ltd for corporate advisory services.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	31.12.06	30.6.06
	\$	\$
Options	860,800	1,800
Movements in options		
	No of Options	Paid Up Capital
		\$
Balance 1 July 2006	550,000	1,800
Fair value of 1,000,000 options issued to Corporate & Resource Consultants Pty Ltd as a fee for identification of the Tshikapa Diamond Project in the Democratic Republic of Congo (at 20.7 cents each).	1,000,000	207,000
Fair value of 3,000,000 incentive options issued to Messrs Gillard, Flint and Smith as an incentive to provide dedicated and ongoing commitment to the Company (at 14.8 cents each).	3,000,000	444,000
Fair value of 1,000,000 options issued to Capital Investment Partners Pty Ltd as a fee for corporate advisory services (at 20.8 cents each).	1,000,000	208,000
Balance – 31 December 2006	5,550,000	860,800

NOTE 4. SEGMENT REPORTING

During the half-year, Lindian Resources Limited operated in the technology and mineral exploration industries.

	Technology		Mineral Exploration		Consolidated	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Revenue	13,932	109,004	78,899	-	92,831	109,004
Share of loss	(4,372)	(78,842)	(1,461,084)	-	(1,465,456)	(78,842)

NOTE 5. RELATED PARTIES

Key management personnel received total equity compensation of \$444,000 for the six months ended 31 December 2006 (twelve months ended 30 June 2006: \$1,800).

Corporate & Resource Consultants Pty Ltd received equity compensation of \$582,000 for the six months ended 31 December 2006. Messrs Gillard and Flint who are directors of Lindian Resources Limited are also directors of Corporate & Resource Consultants Pty Ltd.

Capital Investment Partners Pty Ltd received equity compensation of \$208,000 for the six months ended 31 December 2006. Mr Gavin Argyle who is a director of Lindian Resources Limited is also a director of Capital Investment Partners Pty Ltd.

Further details of the above related party transactions are disclosed in Notes 2 and 3.

NOTE 6. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 7. EVENTS SUBSEQUENT TO REPORTING DATE

The Company sold the technology business of MBOX for consideration of \$143,053 in February 2007.

In January and February 2007, the Company completed a Non Renounceable Entitlement Offer of Options resulting in the issue of 16,384,967 options. The funds raised of \$163,850 before the costs of the offer will be applied initially towards the cost of the Offer (approximately \$20,000), with any balance to be applied towards working capital.