



**ORIENTAL CRYSTAL (INTERNATIONAL) LIMITED**

**ABN 96 009 217 154**

**INTERIM FINANCIAL REPORT**

**30 JUNE 2006**

**ORIENTAL CRYSTAL (INTERNATIONAL) LIMITED**

**ABN 96 009 217 154**

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**ORIENTAL CRYSTAL (INTERNATIONAL) LIMITED**  
**ABN 96 009 217 154**

**DIRECTORS' REPORT**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2006**

The Board of Directors of Oriental Crystal (International) Limited has pleasure in submitting its report in respect of the half-year ended 30 June 2006.

**DIRECTORS**

The names of the Directors in office during or since the end of the half-year are:

<b>Name</b>	<b>Period of Directorship</b>
Michael Taverner <i>Non-executive director</i>	Appointed 12 May 2004
Anthony Crimmins <i>Non-executive director</i>	Appointed 30 November 2004
Matthew Roche <i>Non-executive director</i>	Appointed 7 April 2006
Gregory Bender <i>Non-executive director</i>	Resigned 7 April 2006

**PRINCIPAL ACTIVITY**

The Company remained inactive during the half-year and the directors continue to investigate possible investment opportunities.

**RESULTS**

The net loss of the Company for the half-year after income tax expense was \$17,937 (2005 loss: \$32,621).

**REVIEW OF OPERATIONS**

On 5 April 2006, \$400,000 of convertible notes were exercised by noteholders for 5,000,000 shares in the Company. 5,000,000 free attaching unlisted options exercisable at 20 cents each on or before 30 June 2007 were issued pursuant to this conversion.

On 26 June 2006, the Company resolved to place 6,000,000 shares at 4 cents each to raise \$240,000 in working capital. A free attaching option will also be issued for each share issued, exercisable at 20 cents each on or before 30 June 2007.

As this placement exceeds 15% of the current issued capital of the Company, shareholder approval for the placement is required at a meeting to be held on 18 August 2006. However, the Company has already received funds in advance of the placement being approved and shares issued.

The Company remained dormant for the half-year, however subsequent to half-year end (refer to Subsequent Events Note) the Company entered into a transaction which will recapitalise the Company.

## **LEAD AUDITORS' INDEPENDENCE DECLARATION**

The auditor's independence declaration is included after this Director's Report and forms part of the Directors' Report for the half-year ended 30 June 2006.

This report has been made in accordance with a resolution of Directors.



**ANTHONY CRIMMINS**  
**Director**

Sydney, New South Wales  
4<sup>th</sup> August 2006



***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Oriental Crystal (International) Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2006 there have been:

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

*KPMG*  
KPMG

*J G Robinson*  
J G Robinson  
Partner

Perth

4 August 2006

**ORIENTAL CRYSTAL (INTERNATIONAL) LIMITED**  
**ABN 96 009 217 154**

**CONDENSED INTERIM INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	<b>Company</b>	
<b>Notes</b>	<b>30 June 2006 \$</b>	<b>30 June 2005 \$</b>
Other income	10,641	9
Administration expenses	(6,258)	(6,908)
Professional fees	(7,050)	(17,064)
Share registry and statutory fees	(15,270)	(8,658)
	<b>(17,937)</b>	<b>(32,621)</b>
<b>Loss for the period</b>	<b>(17,937)</b>	<b>(32,621)</b>
<b>Loss attributable to equity holders</b>	<b>(17,937)</b>	<b>(32,621)</b>
Loss per share		
- Basic (cents per share)	(0.16)	(0.63)
- Diluted (cents per share)	(0.16)	(0.63)
	<b>(0.16)</b>	<b>(0.63)</b>

**The accompanying notes form an integral part of this condensed interim income statement.**

**ORIENTAL CRYSTAL (INTERNATIONAL) LIMITED**  
**ABN 96 009 217 154**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>TOTAL \$</b>
<b>At 1 January 2006</b>	24,629,097	(25,142,544)	(513,447)
Loss for the period	-	(17,937)	(17,937)
Exercise of convertible notes	400,000	-	400,000
	<u>25,029,097</u>	<u>(25,160,481)</u>	<u>(131,384)</u>
<b>At 30 June 2006</b>	<u>25,029,097</u>	<u>(25,160,481)</u>	<u>(131,384)</u>
<b>At 1 January 2005</b>	24,479,097	(25,085,433)	(606,336)
Loss for the period	-	(32,621)	(32,621)
	<u>24,479,097</u>	<u>(25,118,054)</u>	<u>(638,957)</u>
<b>At 30 June 2005</b>	<u>24,479,097</u>	<u>(25,118,054)</u>	<u>(638,957)</u>

**The accompanying notes form an integral part of this  
condensed interim statement of changes in equity.**

**ORIENTAL CRYSTAL (INTERNATIONAL) LIMITED**  
**ABN 96 009 217 154**

**CONDENSED INTERIM BALANCE SHEET**  
**AS AT 30 JUNE 2006**

		<b>Company</b>	
		<b>30 June</b>	<b>31 December</b>
		<b>2006</b>	<b>2005</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		106,038	63,609
Trade and other receivables		902	989
Other		-	9,362
		<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>		106,940	73,960
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		106,940	73,960
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	2	65,857	14,940
		<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>		65,857	14,940
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Convertible notes	3	150,000	550,000
Loans	4	22,467	22,467
		<hr/>	<hr/>
<b>TOTAL NON-CURRENT LIABILITIES</b>		172,467	572,467
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		238,324	587,407
		<hr/>	<hr/>
<b>NET LIABILITIES</b>		(131,384)	(513,447)
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Issued capital	5	25,029,097	24,629,097
Accumulated losses		(25,160,481)	(25,142,544)
		<hr/>	<hr/>
<b>TOTAL DEFICIENCY</b>		(131,384)	(513,447)
		<hr/> <hr/>	<hr/> <hr/>

**The accompanying notes form an integral part of this condensed interim balance sheet.**

**ORIENTAL CRYSTAL (INTERNATIONAL) LIMITED**  
**ABN 96 009 217 154**

**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	<b>Company</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(17,571)	(9,200)
Interest received	-	9
	(17,571)	(9,191)
<b>Net cash used in operating activities</b>		
<b>Cash flows from financing activities</b>		
Loan from related entities	-	7,000
Proceeds received in advance for share capital not yet issued	60,000	-
	60,000	7,000
<b>Net cash provided by financing activities</b>		
<b>Net increase/(decrease) in cash and cash equivalents</b>	42,429	(2,191)
Cash and cash equivalents at 1 January	63,609	4,107
<b>Cash and cash equivalents at 30 June</b>	106,038	1,916

**The accompanying notes form an integral part of this condensed interim cash flow statement.**

**ORIENTAL CRYSTAL (INTERNATIONAL) LIMITED**  
**ABN 96 009 217 154**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2006**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Oriental Crystal (International) Limited (the "Company") is a company domiciled in Australia.

The condensed interim financial report was authorised for issue by the directors on 4 August 2006.

**Statement of compliance**

The condensed interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

The condensed interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the 31 December 2005 annual financial report and any public announcements by the Company during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies applied by the Company in the condensed interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 31 December 2005.

**Basis of preparation**

The interim financial report has been prepared on a realisation basis, rather than a going concern basis.

As at the date of this report, the Company has total assets of \$106,940 and total liabilities of \$238,324 giving a net deficiency of \$131,384. Of this amount, \$22,467 is owing to a party that has given a written undertaking that these monies will not be called until the Company is financially capable of making payment (refer Note 4). Further funds will be advanced by this party to enable the Company to meet its ongoing administration costs as they are incurred.

Reference is made to Note 3 regarding the convertible notes of \$150,000. This amount comprises a substantial portion of the Company's liabilities of \$238,324.

The directors are seeking further investment opportunities for the Company which, if successful should allow it to repay or convert the convertible notes (refer Note 6). Should the Company not be successful or unable to negotiate with the convertible noteholders, the Company may not be able to repay the convertible notes on 10 May 2007.

**Estimates**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Estimates (continued)

In preparing this condensed interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 31 December 2005.

	Company	
	30 June 2006	31 December 2005
	\$	\$
<b>2. TRADE AND OTHER PAYABLES</b>		
Trade payables	857	8,940
Share capital funds received in advance	60,000	-
Accrued expenses	5,000	6,000
	<u>65,857</u>	<u>14,940</u>
<b>3. CONVERTIBLE NOTES</b>		
Convertible notes	<u>150,000</u>	<u>550,000</u>

On 10 May 2004, the Company issued convertible notes to a value of \$550,000, which are unsecured and interest-free. They are convertible to 6,875,000 shares at a subscription price of \$0.08 at the discretion of the noteholder at any time in the 3 year term of the convertible notes or automatically upon the company receiving unconditional approval for its securities to be readmitted to trading on the Australian Stock Exchange.

On 5 April 2006, \$400,000 of the convertible notes were exercised by the noteholders for 5,000,000 shares in the Company. In addition, the Company issued 1 free attaching option over fully paid ordinary shares exercisable at 20 cents on or before 30 June 2007.

The outstanding convertible notes are repayable at the conclusion of their 3 year term, or at a prior date if the Company obtains the approval of the noteholder.

If the Company does not have the funds to repay the outstanding notes at their expiry, or has not been recapitalised via the acquisition of a new business by this date, the directors are confident that the notes would be extended at the mutual agreement of all parties.

## 4. LOANS

Loans – unsecured	<u>22,467</u>	<u>22,467</u>
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This is an unsecured and interest-free loan. The loan will not be called for repayment until such time that the Company will be in a position financially able to do so.

The notional amount is deemed to reflect the fair values as the loan is callable at the discretion of the issuer.

Company	
30 June 2006	31 December 2005
\$	\$

## 5. ISSUED CAPITAL

### Issued and paid-up capital

13,904,593 (2005: 8,904,593) ordinary shares, fully paid	25,029,097	24,629,097
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During the half-year 5,000,000 shares were issued on conversion of \$400,000 worth of convertible notes.

### Options

At 30 June 2006, there were 5,000,000 unlisted options over ordinary shares outstanding:

Grant date	Date of expiry	Exercise price	Number
5 April 2006	30 June 2007	8 cents	5,000,000

These unlisted options were granted during the half-year as free attaching options with the 5,000,000 shares issued on conversion of convertible notes.

## 6. SUBSEQUENT EVENTS

During July 2006, the Company despatched to shareholders a notice of general meeting requesting the approval of the placement of 6,000,000 shares at 4 cents per share to raise \$240,000. In addition, the Company will issue 1 free attaching option for each share issued exercisable at 20 cents each on or before 30 June 2007 (announced 26 June 2006). Prior to 30 June 2006, \$60,000 was received from shareholders for the issue of these shares in advance of the approval.

On 11 July 2006, the Company entered into a joint venture agreement with Arizona based Liberty Star Gold Corp Inc to explore certain uranium mineral leases in the USA. The Company can earn a 50% interest in the tenements by committing US\$3 million toward the exploration activities of the joint venture. A non-refundable deposit of US\$100,000 is payable pursuant to the agreement.

The Company requires shareholder approval for the transaction at a meeting to be held on 6 September 2006. At the same meeting, shareholders will approve the issue of 25,000,000 shares at 20 cents each to fund the transaction, the appointment of two new directors and the change in name of the Company.

The transaction must be completed by 15 November 2006, or such later date as may be mutually agreed by the parties.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of the Company in subsequent financial years.

**ORIENTAL CRYSTAL (INTERNATIONAL) LIMITED**  
**ABN 96 009 217 154**

**DIRECTORS' DECLARATION**

In the opinion of the directors of Oriental Crystal (International) Limited (the "Company"):

1. the financial statements and notes set out on pages 6 to 12, are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the financial position of the Company as at 30 June 2006 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - (b) complying with AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. the directors are seeking investment opportunities for the Company which, if successful should allow it to repay or convert the outstanding convertible notes. Should the Company not be successful or unable to negotiate with the convertible noteholders, the Company may not be able to repay the convertible notes on 10 May 2007. Subject to the above, 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 Sydney this 4<sup>th</sup> day of August 2006

Signed in accordance with a resolution of the Directors.



**ANTHONY CRIMMINS**  
**Director**



## **Independent review report to the members of Oriental Crystal (International) Limited**

### ***Scope***

#### *The financial report and directors' responsibility*

The financial report comprises the interim statement of income, balance sheet, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Oriental Crystal (International) Limited ("the Company"), for the half-year ended 30 June 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Review approach*

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.



**Statement**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Oriental Crystal (International) Limited is not in accordance with:

- a) the Corporations Act 2001, including:
  - i. giving a true and fair view of the Company's financial position as at 30 June 2006 and of its performance for the half-year ended on that date; and
  - ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) other mandatory financial reporting requirements in Australia.

  
KPMG

  
G Robinson  
Partner

Place: Perth

Date: 4 August 2006

# Appendix 4D

## Half-year report

*Rule 4.2A.3  
Introduced 1/1/2003*

**Name of entity:** Oriental Crystal (International) Limited  
**ABN:** 96 009 217 154

- 1. Reporting period (“current period”):** Half-year ended 30 June 2006  
**Previous corresponding period** Half-year ended 30 June 2005

**2. Results for announcement to the market**

					\$A'000
Revenue	up	118,133.3%	to		11
Loss after tax attributable to members	up	45.5%	to		(18)
Net loss for the period attributable to members	up	45.5%	to		(18)
		Amount per share cents		Franked amount per share cents	
<i>Dividends</i>					
Final		Nil			N/A
Interim		Nil			N/A

Record date for determining entitlements to dividends: N/A

Brief explanation of figures reported above (if necessary):

N/A

**3. Net tangible assets**

	Current period cents	Previous corresponding period cents
Net tangible asset backing per ordinary share	(0.94)	(12.40)

**4. Details of entities over which control has been gained or lost**

*Control gained over entities*

N/A

*Control lost over entities*

N/A

**5. Dividends**

*Amount per security*

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	cents	cents	cents
Final dividend - current year	Nil	N/A	N/A
- previous year	Nil	N/A	N/A
Interim dividend - current year	Nil	N/A	N/A
- previous year	Nil	N/A	N/A

*Total dividends on all securities for the year*

	Current period	Previous corresponding period
	\$'000	\$'000
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
	-----	-----
Total	-	-
	=====	=====

**6. Dividend reinvestment plans**

The dividend reinvestment plans shown below are in operation:

N/A

Last date for receipt of election notices  
for the dividend reinvestment plan: N/A

**7. Details of associates and joint venture entities**

Name of entity	Percentage of ownership interest held at end of period	
	Current period	Previous corresponding period

N/A

***Aggregate share of profits (losses) of associates and joint venture entities***

	Current period \$'000	Previous corresponding period \$'000
Profit (loss) from ordinary activities before income tax	-	-
Income tax on ordinary activities	-	-
	<hr/>	<hr/>
Profit (loss) from ordinary activities after income tax	-	-
Outside equity interests	-	-
	<hr/>	<hr/>
Net profit (loss) attributable to members	-	-
	<hr/> <hr/>	<hr/> <hr/>

**8. Accounting standards**

For foreign entities, set of accounting standards used in compiling report:

N/A

**9. Auditor's review report**

For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.

**10. This report is based on accounts to which one of the following applies:**

- |                          |  |                                     |  |
|--------------------------|--|-------------------------------------|--|
| <input type="checkbox"/> | The accounts have been audited.  | <input checked="" type="checkbox"/> | The accounts have been subject to review.                  |
| <input type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/>            | The accounts have <i>not</i> yet been audited or reviewed. |

Sign here:   
Company Secretary

Date: 4 August 2006

Print name: David McArthur