



ANNUAL REPORT

FOR YEAR ENDING

30TH JUNE 2006



**SABINA
CORPORATION
LIMITED**

ABN 67 010 723 181

www.sabina.com.au

Artist's impression of Lighthouse Club Hotel in George Town, Tasmania, proposed by Tasmania Development Corporation Pty Ltd as Trustee for Lighthouse Hotel Trust.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

<u>COMPANY PARTICULARS</u>		
Directors:	Mr PB Chen	Chairman & Executive Director
	Mr JL Chard	Non Executive Director
	Mr RD Tilby	Non Executive Director
	Mr G Taylor	Non Executive Director
Company Secretary:	Mr JL Chard	
Solicitors:	Hynes Lawyers Level 6, 50 Appel St SURFERS PARADISE QLD 4217	
Registered Office:	Level 18, 300 Adelaide St BRISBANE QLD 4000	
Share Registry:	Computershare Registry Services Level 27 Central Plaza I 345 Queen Street BRISBANE QLD 4000	
Auditors:	Whitehills Business Advisers and Chartered Accountants Level 18, 300 Adelaide Street BRISBANE QLD 4000	
Bankers:	ANZ Banking Group Limited 113 Boundary Street WEST END QLD 4101	

SABINA CORPORATION LIMITED
ABN 67 010 723 181

CONTENTS

	Pages
<u>CHAIRMAN'S REPORT</u>	<u>3</u>
<u>CORPORATE GOVERNANCE STATEMENT</u>	<u>7</u>
<u>DIRECTORS' REPORT</u>	<u>11</u>
<u>AUDITOR'S INDEPENDENCE DECLARATION</u>	<u>19</u>
<u>DIRECTORS' DECLARATION</u>	<u>20</u>
<u>INCOME STATEMENT</u>	<u>21</u>
<u>BALANCE SHEET</u>	<u>22</u>
<u>STATEMENT OF CHANGES IN EQUITY</u>	<u>23</u>
<u>CASHFLOW STATEMENT</u>	<u>24</u>
<u>NOTES TO THE FINANCIAL STATEMENTS</u>	<u>25</u>
<u>INDEPENDENT AUDIT REPORT</u>	<u>51</u>
<u>SHAREHOLDERS INFORMATION</u>	<u>54</u>

SABINA CORPORATION LIMITED
ABN 67 010 723 181

CHAIRMAN'S REPORT

FINANCIAL RESULTS

The operating loss for the financial year ended 30th June 2006 totalled \$263,551 (2005 \$231,660 loss). The result was in keeping with Directors' expectation and relates wholly to administration overhead expenses.

Under the new policy adopted by the Board, Sabina only partakes in property development through unit trusts or joint ventures. However, Sabina provides all corporate and project management services through its consulting division, G8 Consultants, for a maximum fee of 5% of the project development costs. The fees earned are shared equally with G8 Management Pty Ltd as co-partners. This new policy allows Sabina to have an active role through its project management services but limits its financial liabilities and funding requirements.

REVIEW OF OPERATIONS

Sabina at date of this report, has a 40% stake in six (6) property unit trusts in Tasmania and acquired in early 2006, a 40% interest in Billabong Unit Trust in Queensland.

As at 30th June 2006, Sabina has a 40% interest in the following unit trusts:

- Uni Village Unit Trust (Est. 19/11/03)
Project Title: UniVillage Hotel Apartments

The eight acre site at Newnham has been granted Development Approval and Re-zoning to "University Village Newnham Precinct – Mixed Use" and land was fully settled in May 2006. The master plan has been revamped to use pre-cast concrete panels. The overall layout has also been improved. The building plans have been lodged in early August 2006 for Council approval and construction is schedule for start in early 2007.

- Huonville Unit Trust (Est. 16/12/04)
Project Title: Lifestyle Village

The period for obtaining Council approval has been extended by a further 12 months, making the revised dateline as 16th March 2007. Project consultants have been appointed and development application is expected to be lodged in September / October 2006. The 80-acre site is planned to be subdivided into 9 different precincts consisting of over 250 individual allotments and units.

- Ming Village Unit Trust (Est. 29/01/04)
Project Title: Ming Village & Eco Resort

On 7th August 2006 a forest lease was successfully obtained for the 496 hectares leasehold land at Tonganah, near Scottsdale in North East Tasmania, to allow Sabina to conduct an in-depth feasibility study and to obtain development approval from Dorset Council for the proposed Ming Village & Eco Resort. A further 101 hectares of adjoining land owned by Crown Land Services is now being sought for inclusion.

- Legana Unit Trust (Est. 20/04/05)
Project Title: Legana Business Park

Application to re-zone the land to Light Industrial was lodged in June 2006 as well as development application to subdivide the 21 acre site into 32 varying size allotments. West Tamar Council, at its meeting held on 15th August 2006, approved the proposed development and the re-zoning application will now be processed for final approval within 3 months by Resource Planning and Development Commission in Hobart.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

CHAIRMAN'S REPORT

- Lighthouse Hotel Trust (Est. 27/01/06)
Project Title: Lighthouse Club Hotel

Development Application was lodged in May 2006. Additional reports have been requested by Council. It is expected that a final outcome of the development application would be known by end of 2006, followed by an assessment by the Resource Planning & Development Commission in Hobart which would take a further 3 months or so to process.

- Heritage Village Unit Trust (Est. 29/04/06)
Project Title: Heritage Village

The 8 ½ acre land is planned for a mixed-use, commercial and motel accommodation development. The Development Application is currently being prepared and according with the contract terms, lodgement must be made by 6th October 2006.

- Billabong Unit Trust (Est. 10/10/03)
Project Title: Billabong Village

The land area is 12,960 m² situated directly opposite the international hotel at Kooralbyn near Beaudesert in Queensland. Currently the property is being advertised for sale or joint venture.

All the projects in Tasmania are administered by the Tasmania Development Corporation Pty Ltd as trustee for the individual unit trusts. The accounting policy adopted by the Trustee is to adjust its book value of the freehold properties held for development when the property is settled or when it is under an instalment contract. Any increase in capital value, based on market valuation, is taken up via the issue of bonus units; or when warranted, an interim valuation adjustment as determined by the Trustee is also taken up in the accounts. Increase in market value on properties that are being purchased on an option-type agreements are, however, not taken up in the accounts.

During the year ended 30th June 2006, Sabina received a total of \$1,852,000 in bonus units on its investments in the unit trusts in Tasmania. This significantly increased the Company's net assets to \$1,903,759 from the previous year's amount of only \$15,709.

SHARE ISSUES

On 22nd May 2006, the Company announced to the ASX that it had issued 4,307,700 ordinary shares to Churchill Nominees Australia Pty Ltd at 6.5 cents per share to fully settle the debt of \$280,000 owing to Churchill. ASX by letter dated 22nd June 2006 to the Company has advised that by issuing the shares to Churchill, the Company has breached Listing Rule 7.1.

The Company acknowledged that it had issued securities in excess of the number permitted by Listing Rule 7.1 in respect to the 4,307,700 fully-paid ordinary shares issued to Churchill Nominees Australia Pty Ltd (As trustee for Mandarin Paradise Trust) on 18th May 2006, and accordingly, the Company has provided an undertaking to ASX that it will not issue any equity securities as defined in Chapter 19 of the ASX Listing Rules, without prior shareholder approval until 18th May 2007 unless the issue comes within an exception in Listing Rule 7.2.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

CHAIRMAN'S REPORT

REVIEW OF EVENTS DURING THE YEAR

Summarized below are the main events that took place during the year under review:

- The last AGM was held on Friday 7th October 2005 and all resolutions recommended by the Directors were passed.
- On 28th October 2005, Mr. John Chard was appointed a Non-Executive Director.
- On 28th October 2005 the Directors resolved to establish an Advisory Board to replace the Associate Directors as this would reflect more accurately of their involvement in the Company's affairs. The current Members are:

*	Mr Graham F Ellwood	-	Architect
*	Dr Robert J Paech	-	Educationalist
*	Mr. Ken Miller	-	Marketing Consultant
*	Mr. Roger Yu	-	Barrister
*	Mr. R. James Huey	-	Adviser – China Affairs
*	Mr. James R W Hayward	-	-Merchant Banker
*	Mr. Peter J Murray	-	University Lecturer
- On 10th November 2005, Mr. Steven Wong resigned as a Non-Executive Director.
- On 31st December 2005, the Company secured a \$200,000 loan advance by way of a Promissory Note for 12 months in favour of Tasmania Development Corporation Pty Ltd (as Trustee for Legana Unit Trust), plus interest at 12% per annum payable with the principal sum at maturity date i.e. 31st December 2006.
- On 1st February 2006, the Company's web site (www.sabina.com.au) was officially launched.
- On 24th February 2006 the Board approved the acquisition of 40% of Billabong Unit Trust for \$280,000, being 560,000 ordinary units at 50 cents per unit. The trust asset is a 12,960 m2 commercial development site in Kooralbyn, near Beaudesert, Queensland.
- On 28th April 2006, Mr. Nick J Lockyer's resignation as a member of the Board was accepted. Mr. R David Tilby and Mr. Geoffrey Taylor were both appointed to the Board as Non-Executive Directors.
- On 2nd June 2006, the Company secured a further \$200,000 loan advance by way of a Promissory Note for 12 months in favour of Churchill Nominees Australia Pty Ltd (as Trustee of the Billabong Unit Trust), plus interest at 12% per annum payable with the principal sum at maturity date i.e. 5th June 2007.
- On 2nd June 2006, Mr. John L Chard was appointed Secretary, replacing Mr. Peter B Chen.
- On 30th June 2006, The Board agreed to provide ASX with an undertaking concerning share issue under Listing Rule 7.1.
- On 30th June 2006, the Board resolved to review the development project envisaged under the MOU that was signed with Chilliwack Economic Partners Corporation and the University College of Fraser Valley in November 2004, and decide whether or not to abandon the project in Canada. This project is still under review.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

CHAIRMAN'S REPORT

THE FUTURE

The Directors are very pleased with the increase in trust asset values that have been achieved in the various property unit trusts in Tasmania that are currently managed by Tasmania Development Corporation Pty Ltd as corporate trustee. The Company has received a total of \$1,852,000 in bonus units since its first property development activity by the Trustee in Tasmania in 2004.

The capital gains have been credited to asset revaluation reserve account. Later on, however, these gains would be brought into account in the profit & loss statement when the projects are completed. In addition, UniVillage Project is scheduled to commence its building construction in early 2007, at which time the Company would start earning project management fees.

REMUNERATION REPORT

The Company has no employee during the year ended 30th June 2006. All staff requirements were outsourced on a consultancy basis. However, under Subsection 250R(2) of the Corporations Act, an ordinary resolution for the Remuneration Report is still required to be passed at the Annual General Meeting.

CORPORATE GOVERNANCE STATEMENT

The Board has adopted a Corporate Governance Statement that outlines the main practices (see details on pages 7-10 of this report) that were in place throughout the year ended 30th June 2006.

PROPOSED CONSTITUTION

The Board has recommended that the shareholders at the AGM pass a special resolution to adopt the new Constitution to replace the old Memorandum & Articles of Association which has been in use since the Company was incorporated on 1 June 1987. A copy of the new Constitution can be viewed on the Company's website at: www.sabina.com.au under Menu Item 9.

P B Chen
Chairman

Date: 24st August 2006

SABINA CORPORATION LIMITED

ABN 67 010 723 181

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30th JUNE 2006

Corporate Governance Statement

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30th June 2006.

The Directors are responsible for the corporate governance practices of the Company. This Statement sets out the corporate governance practices that were in operation throughout the financial year; except where otherwise stated. The Board promotes a culture of accountability, integrity and transparency.

Board Composition

The skills, experience, and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term of office are detailed in the Directors' Report. The names of the independent Directors of the Company are:

*	Mr. JL Chard	-	Non-Executive Director
*	Mr. RD Tilby	-	Non-Executive Director
*	Mr G Taylor	-	Non-Executive Director

Only Mr Peter Chen, the executive director and CEO is involved in the day to day management and control of the Company.

When determining whether a non-executive director is independent, the directors must not fail any of the following materiality thresholds:

- Less than 10% of Company shares are held by the director or director related entity.
- No sales are made to or purchases made from any entity directly or indirectly associated with the director.
- None of the directors income or the income of a directly or indirectly associated entity is derived from a contract with any member of Sabina Corporation Limited other than income derived as a director of the entity.

The non-executive directors have the right to seek independent professional advice in the conduct of their duties as directors at the Company's expense. However, prior approval of the Chairman is required, which would not be unreasonably withheld. The terms and conditions of appointment and retirement of directors are set out in a letter of appointment. A sample of the letter has been released to the ASX and is on the Company's website.

Full details of the directors' attendance at meetings are shown in the Directors' Report.

SABINA CORPORATION LIMITED

ABN 67 010 723 181

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30th JUNE 2006

TRADING POLICY

The Company's policy on trading in its securities restricts directors and employees from acting on material information until it has been released to the market and adequate time has been for this to be reflected in the security's price.

In accordance with good practice, the Company has adopted a policy whereby a director or an employee should also not purchase, sell, transfer, or otherwise deal with the securities of the Company five (5) working days before or after any market release made to the ASX in respect to the Company's annual report, half-yearly financial report, and the results of the annual general meeting.

AUDIT COMMITTEE

The Board has not established a separate Audit Committee due to the small size of the Company and the fact that all accounting data input is carried out by an outside Certified Practising Accountant. The Board takes an active role in liaising with the external auditors and ensuring that the annual audit and half year review are carried out on time. The Board reviews the performance of the external auditors on an annual basis.

PERFORMANCE EVALUATION

The Chairman reviews the performance of all directors annually. Directors whose performance is unsatisfactory are asked to retire or not to stand for re-election.

REMUNERATION POLICY

Details of amounts paid to the directors during the year are detailed in Note 6 to the Accounts. All amounts paid to the directors were approved by shareholders. Apart from the Executive Chairman & CEO, there is no other employee as all of the required services are outsourced through consultants. The directors, other than the Executive Chairman, are subject to rotation in accordance with the Constitution of the Company.

Due to the size of the Company, the Remuneration Committee consists of all directors. The Executive Chairman receives a director's fees and a management fee is also paid to a director related entity, G8 Management Pty Ltd, of a fixed fee sum under a 5-year Consultancy Agreement (expiring 30th June 2010) that has been previously approved by the shareholders.

There are no established employee share and option arrangements in which the directors could participate.

BUSINESS RISK MANAGEMENT

The Board will appoint consultants to make up an "Advisory Board" to assist the Board to assess and review various risks associated with property acquisition and project development approval. To further minimise the risk, the Board has also adopted a policy that any property purchased for development purpose is made subject to development approval by the local authority on terms and conditions solely satisfactory to the Company. Members of the Advisory Board at the date of this report are:

*	Mr Graham F Ellwood	-	Architect
*	Dr Robert J Paech	-	Educationalist
*	Mr. Ken Miller	-	Marketing Consultant
*	Mr. Roger Yu	-	Barrister
*	Mr. R. James Huey	-	Adviser – China Affairs
*	Mr. James R W Hayward	-	Merchant Banker
*	Mr. Peter J Murray	-	University Lecturer

SABINA CORPORATION LIMITED
ABN 67 010 723 181

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30th JUNE 2006

Other areas of risk relate to adequate coverage for asset insurance, building contract performance, and the adoption of mediation process in preference to litigation.

ETHICAL STANDARDS

The Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors. All directors, associate directors, and employees of the Company are expected to act with the utmost integrity, honesty, and a high standard of performance to enhance the Company's reputation.

EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS

The Board has adopted corporate governance practices that are commensurate with the size and scope of the Company and its activities. The Company has therefore adopted policies, procedures and structures which have been designed with the best interests of the Company and its shareholders in mind, and which are practical and efficient to implement, notwithstanding that these are not in all instances consistent with the specific recommendations of the ASX Corporate Governance Council. To the extent that the Company's practises did not conform to the ASX Principles and Recommendations during the reporting period, and explanation for departure from the respective Principles and Recommendations is provided below:

No.	Departure from Recommendation	Explanation for Departure
2.2	The Chairman is not an independent Director.	Given the size and scope of the Company's operations and the financial position of the Company, the Board considers that there is no real benefit to be gained by appointing an independent chairman, when in fact by his vested interest as a substantial shareholder he is the driving force in the success of the Company.
2.3	The roles of the Chairman and the Chief Executive Officer should not be the same person.	Given the size and scope of the Company's operations the Board considers that there is no real benefit to be gained by appointing a Chief Executive Officer in addition to the Chairman.
2.4	A separate Nomination Committee has not been formed.	The role of the Nomination Committee is carried out by the full Board. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.
4.1	The Chairman and the Chief Financial Officer to state in writing to the Board that the company's financial reports presents a true and fair view, in all material respects, of the Company's financial condition and operational results.	The role of Chief Financial Officer is performed by an external accountant, and the Statement is counter-signed by the Chairman for inclusion in the Financial Report for the year signed by two Directors. The Board considers that the procedure meets the requirement adequately in the current circumstances.

SABINA CORPORATION LIMITED

ABN 67 010 723 181

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30th JUNE 2006

EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS
(continued)

No.	Departure from Recommendation	Explanation for Departure
4.2	No formal Audit Committee has been established.	Given the fact that all the accounting input data is carried out by an outside independent Certified Public Accountant and the small size of the Company's current activities, the Board considers the present arrangement is fully capable of maintaining the independence and objectivity of the external auditors.
5.1	There are no written policies and procedures designed to ensure the compliance with the ASX Listing Rule on disclosure requirements.	Although there are no written policies in place the responsibility for compliance with the ASX Listing Rules is handled by the Board and subject to review by the external auditors. The Board considers that the requirements are met.
7.1	The Board should establish policies on risk oversight and management.	The Board has appointed an "Advisory Board" made up of seven independent Members to assist the Board and review various risks associated with property acquisition and the obtaining of development approval.
7.2	The CEO & Chief Financial Officer to confirm existence of a sound system of risk management policies.	The principal policy adopted to minimise risk is that Company's participation is limited to investment in unit trusts operated by other partners and providing services.
8.1	Performance evaluation of the Board and key executives.	Given the size of the Company and the Structure of the Board, the Chairman is fulfilling this role at the moment.
10.1	There has been no disclosure of a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	Although no formal code has been drawn up, the Board recognises the Principle and adopts business practices accordingly.

Other information

Further information relating the company's corporate governance practices and policies has been made publicly available on the company's web site at www.sabina.com.au.

END

SABINA CORPORATION LIMITED

ABN 67 010 723 181

DIRECTORS' REPORT

Your Directors present their report on the company for the year ended 30th June 2006.

DIRECTORS

The Directors of the company in office at any time during or since the financial year:

Mr Peter Chen	(Chairman, CEO)
Mr Nicholas Lockyer	(Non-executive director. Resigned 28 April 2006)
Mr Stephen Wong	(Non-executive director. Resigned 10 November 2005)
Mr John Chard	(Non-executive director. Appointed 28 October 2005)
Mr David Tilby	(Non-executive director. Appointed 28 April 2006)
Mr Geoffrey Taylor	(Non-executive director. Appointed 28 April 2006)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:

Mr John Chard – ACIS, FTMA. An accountant with prior experience in public practice. Mr Chard joined the board of directors in October 2005 and was appointed company secretary on 2 June 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were investments in property unit trusts and the provision of property development expertise and services in Australia.

There were no significant changes in the nature of the principal activities during the financial year.

OPERATING RESULTS

The loss from ordinary activities after income tax for the financial year ended 30th June 2006 was \$263,551 (2005 \$231.660). The loss was principally administration overhead expenses.

DIVIDEND PAID OR RECOMMENDED

There has been no dividend paid or recommended during or since the financial year.

REVIEW OF OPERATIONS

During the financial year the company invested in development activities via holdings in various property unit trusts managed by Tasmania Development Corporation Pty Ltd, as corporate trustee and Churchill Nominees Australia Pty Ltd, as Corporate Trustee.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

As at 30 June 2006, Sabina held a 40% interest in the following property trusts:

- Uni Village Unit Trust (Est. 19/11/03)
Project Title: UniVillage Hotel Apartments
The eight acre site at Newnham has been granted Development Approval and rezoning to "University Village Newnham Precinct – Mixed Use" and land was fully settled in May 2006. The master plan has been revamped to use pre-cast concrete panels. The overall layout has also been improved. The building plans have been lodged, in early August 2006, for Council approval and construction is schedule for start in early 2007.
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Project Title: Lifestyle Village
The period for obtaining Council approval has been extended by further 12 months, making the revised dateline as 16th March 2007. Project consultants have been appointed and development application is expected to be lodged in September / October 2006. The 80-acre site is planned to be subdivided into 9 different precincts consisting of over 250 individual allotments and units.
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Project Title: Legana Business Park
Application to re-zone the land to Light Industrial has been lodged in June 2006 as well as development application to subdivide the 21 acre site into 32 varying size allotments. West Tamar Council, at its meeting held on 15th August 2006, approved the proposed development and the re-zoning application will now be processed for final approval within 3 months by Resource Planning and Development Commission in Hobart.
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Project Title: Lighthouse Club Hotel
Development Application was lodged in May 2006. Additional reports have been requested by Council. It is expected that a final outcome of the development application would be known by end of 2006, followed by an assessment by the Resource Planning & Development Commission in Hobart which would take a further 3 months or so to process.
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The land area is 12,960 m2 situated directly opposite the international hotel at Kooralbyn near Beaudesert in Queensland. Currently the property is being advertised for sale or joint venture.

SABINA CORPORATION LIMITED

ABN 67 010 723 181

DIRECTORS' REPORT

FINANCIAL POSITION

The net assets of the entity have increased by \$1,888,049 from 1 July 2005 to 30 June 2006. This increase is largely the result of directors' valuation of bonus units issued in the aforementioned unit trust upon revaluation of trust assets.

The directors believe that the company is in a position to expand and grow its current operations. Until such time as investments generate cash, financial support has been pledged by Churchill Nominees Australia Pty Ltd, a major shareholder in Sabina Corporation Limited.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year other than as detailed under review and results of operations.

AFTER BALANCE DATE EVENTS

There are no matters or circumstances that have arisen since the end of the financial year that have 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 future financial years.

FUTURE DEVELOPMENTS, PROSPECT AND BUSINESS STRATEGIES

To further improve the company's profit and maximise shareholder wealth, the company will continue to exercise its option to take up investment opportunities in property trusts managed by Tasmanian Development Corporation Pty Ltd. Investments in three of the units trusts have already resulted in the receipt of 1,852,000 bonus units (at a directors valuation of \$2,132,000) to 30 June 2006. This increase in asset value has been taken up in the company's accounts in the 2005/06 financial year. Future increases in trust asset values are expected in the 2006/07 year.

ENVIRONMENTAL ISSUES

The company's operations are not currently subject to significant environmental regulation under the law of the Commonwealth and State. There has been no matter either during or since the end of the financial year that in the opinion of the directors would give rise to any conflict with the provisions of existing environmental regulation.

ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (IFRS), the Company's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to IFRS is included in Note 2 to this report. As stated in our market release during the year, nil adjustments occurred upon the adoption of AIFRS.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Peter B Chen ACIS, FAIM, FSSE, FAICD.
Chairman and CEO

Mr. Chen came to Australia in 1961 as a student. After gaining his accountancy qualification he worked in accounting and financial industry for several years and held senior management positions in major American, Canadian, and Australian companies, both in Australia and the Pacific. In the latter part of his career, he concentrated in investments and property development.

In 1978, he founded a multi-disciplinary consultancy firm in Brisbane and at the same time established the Sabina Group of Companies which in 1991 became Sabina Corporation Limited. The consultancy practice was merged into Sabina in 2003 and became known as "G8 Consultants".

John L Chard ACIS, FTMA
Non-Executive Director / Secretary

Mr Chard started his own accounting and tax practice in 1975 and subsequently merged with Horwath Melbourne in 1994. In 1999, he undertook an overseas assignment to become CFO for a major Swiss-owned public company based in Hong Kong and was responsible for merger and acquisition of operations for South-East Asia and Australia. In 2001, he returned to Australia, sold his equity in Horwath Melbourne and moved to Queensland to semi-retire.

Geoffrey Taylor KRO, F.Fin, F.inst,D, BCom, MBA, Ph. D.
Non-Executive Director

Mr Taylor has recently returned to Australia to semi-retire, and is now living permanently in Queensland. He was formerly one of the top ranked fund managers operating in Vanuatu and still serves as an international director to a number of overseas companies. He is currently a Member of the Advisory Board to Perpetual Wealth Bank and Trust, Board Member of Global Council for Distance Learning, and founder of the GT Group of Companies.

R David Tilby AAIQS, FAICD
Non-Executive Director

Mr Tilby is in private practice as a professional quantity surveyor. He has over 35 years experience in the building industry, both in Australia and overseas. He was a former director of 17 years standing with the international quantity surveying firm of Rider Hunt and was responsible for setting up their operations in PNG, Guam, Hawaii and the Philippines.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

DIRECTORS' REPORT

DIRECTORS' MEETINGS

Number of Directors' meetings held during the year was:

<u>Name of Director</u>	<u>Meetings held during the period whilst holding office</u>	<u>Meetings attended</u>
Mr. P B Chen	11	11
Mr. N J Lockyer	9	7
Mr. S Wong	3	3
Mr. JL Chard	8	8
Mr. RD Tilby	4	4
Mr. G Taylor	4	4

There were no audit, operations or nominating committees established during 2006. (Refer to Corporate Governance Statement).

INTERESTS OF DIRECTORS

At date of this report the following interests in ordinary shares were held by Directors, either directly or indirectly:

<u>Name of Director</u>	<u>Ordinary Shares</u>	<u>Options</u>
Mr PB Chen	676,000	-
Mr JL Chard	-	-
Mr RD Tilby	362,000	-
Mr G Taylor	107,000	-
Total	<u>1,145,000</u>	<u>-</u>

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Sabina Corporation Limited. The company employs no executives.

Remuneration Policy

The remuneration policy of Sabina Corporation Limited has been designed to align director and executive objectives with Shareholder and business objectives by providing a fixed remuneration component subject to attendance at board meetings. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as to create goal congruence between directors and shareholders.

The boards policy for determining the nature and amount of remuneration for board members is as follows:

- * The remuneration policy, setting the terms and conditions for both executive and non-executive directors, was developed by the remuneration committee and approved by the board.
- * The Chairman and non-executive directors receive a fixed attendance fee of \$1,000 and \$500 respectively for attendance at a board meeting.
- * Sabina Corporation Limited does not employ any executives.
- * The remuneration committee reviews directors remuneration annually by reference to the company's performance.

All remuneration paid to directors is valued at cost to the company and expensed.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

DIRECTORS' REPORT

REMUNERATION POLICY (Continued)

Performance-based Remuneration

At the present time there is no performance based remuneration.

Company performance, shareholder wealth and director remuneration

The remuneration policy has been tailored to increase goal congruence between shares and directors. As the company is currently researching projects and in an operating loss position, to achieve this aim there have been issues of options to directors to encourage the alignment of personal and shareholder interest. The company believes this policy will be effective in increasing shareholder wealth.

There are currently no options on issue to directors.

	2002 \$'000	2003 \$'000	2004 \$'000	2005 \$'000	2006 \$'000
Revenue	110	110	190	20	-
Net Loss	(134)	(1,326)	(124)	(232)	(264)
Share Price	0.11	0.065	0.095	0.08	0.065
Dividends Paid	-	-	-	-	-

Details of remuneration for year ended 30 June 2006

Details of the nature and amount of each major element of the emoluments of each director of the company (paid either directly or through a director related entity) and the officers of the company are:

Directors	Basic Emoluments \$	Non-cash Benefits \$	Superannuation \$	Total \$
Mr. P B Chen	131,000	-	-	131,000
Mr. N J Lockyer	1,000	-	-	1,000
Mr. S Wong	1,500	-	-	1,500
Mr J Chard	4,000	-	-	4,000
Mr R Tilby	2,000	-	-	2,000
Mr G Taylor	2,000	-	-	2,000

The remuneration structure for executive officers, including executive directors, is based on a number of factors such as length of service, attendance of board meetings, particular experience of the individual concerned and the overall performance of the company. The contracts for service between the company and specified directors are on a continuing basis and terms of which are not expected to change in the immediate future. No post employment benefits are payable upon the retirement of directors. Cash bonus reward schemes are not offered to directors or executives.

No options were issued as part of remuneration for the year ended 30 June 2006.

Directors are not paid performance based bonuses.

There are no employment contracts with Directors.

SABINA CORPORATION LIMITED

ABN 67 010 723 181

DIRECTORS' REPORT

OPTIONS

At the date of this report, there are no un-issued ordinary shares of Sabina Corporation Limited under option.

GOING CONCERN

The financial statements have been prepared on a going concern basis. As a major Shareholder, Churchill Nominees Australia Pty Ltd as trustee for the Mandarin Paradise Trust has agreed to provide ongoing financial support in the form of working capital advances and unencumbered collateral security to support any overdraft facility that may be needed by the company.

NON-AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services provided, namely adhoc advice on entity structures for a proposed investment, did not compromise the external auditors independence for the following reasons:

- All non audit services are reviewed and approved by the board prior to engagement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in Institute of Chartered Accountants in Australia Professional Statement F1: Professional Independence.

Fees for non audit services paid to the external auditors during the year ended 30 June 2006 totalled \$6,762 resulting from advice on ASIC matters.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The company, has not during the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, incurring costs and expenses successfully defending legal proceedings.

During the year the company did not pay a premium to insure the directors and officers of the company for costs and expenses which may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of the company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

SABINA CORPORATION LIMITED

ABN 67 010 723 181

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2006 has been received and can be found on page 19 of the directors report.

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

Dated this 24st day of August 2006.

P. B. Chen – Director

J. L. Chard – Director

SABINA CORPORATION LIMITED
ABN 67 010 723 181

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF SABINA CORPORATION LIMITED

I declare that, to the best of my knowledge and belief, during the 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 audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: Whitehills Business Advisers and Chartered Accountants
Name of Partner: Craig Whitehill

Date: 24th August 2006
Address: Level 18, 300 Adelaide St
Brisbane QLD 4001

SABINA CORPORATION LIMITED
ABN 67 010 723 181

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2006

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 21 to 50, are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the company;
2. the Chief Executive Officer has declared that:
 - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.
3. 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.

Dated this 24th day of August 2006.

P B Chen – Director

J. L. Chard – Director

SABINA CORPORATION LIMITED
ABN 67 010 723 181

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 \$	2005 \$
Revenue	3	-	20,330
Operating Expenses	4	(246,279)	(249,164)
Borrowing Cost Expense	4	(17,272)	(2,826)
Share of net profits of associates		-	-
		-----	-----
Loss before income tax expenses	4	(263,551)	(231,660)
Income tax expense	5	-	-
		-----	-----
Net loss for the year and loss attributable to Members		(263,551)	(231,660)
		=====	=====
Overall Operations			
Basic earnings (cents per share)	15	(0.014)	(0.017)
Diluted earnings (cents per share)	15	(0.014)	(0.017)
Dividends per share (cents)		-	-

The above Income Statement should be read in conjunction with the attached notes.

SABINA CORPORATION LIMITED**ABN 67 010 723 181****BALANCE SHEET****AS AT 30 JUNE 2006**

	NOTE	2006 \$	2005 \$
ASSETS			
Current Assets			
Cash and cash equivalents	23(i)	145,739	50,337
Other current assets	7	5,079	771
Other financial assets	8	86,795	19,970
Total Current Assets		237,613	71,078
Non Current Assets			
Plant and equipment	10	19,705	32,601
Investments accounted for using the equity method	9	2,146,400	10,400
Total Non-Current Assets		2,166,105	43,001
TOTAL ASSETS		2,403,718	114,079
LIABILITIES			
Current Liabilities			
Payables	11	54,736	60,189
Interest bearing liabilities	12	420,671	6,023
Total Current Liabilities		475,407	66,212
Non-Current Liabilities			
Interest bearing liabilities	12	24,552	32,158
Total Non-Current liabilities		24,552	32,158
TOTAL LIABILITIES		499,959	98,370
NET ASSETS		1,903,759	15,709
EQUITY			
Issued capital	13	7,777,416	7,477,815
Asset revaluation reserve	14	1,852,000	-
Accumulated losses		(7,725,657)	(7,462,106)
TOTAL EQUITY		1,903,759	15,709

The above Balance Sheet should be read in conjunction with the attached notes.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
30 JUNE 2006

	Share Capital Ordinary	Accumulated Losses	Asset Revaluation Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2004	7,172,915	(7,230,446)	-	(57,531)
Loss attributable to members of the Entity		(231,660)		(231,660)
Shares issued during the year	304,900			304,900
Balance at 30 June 2005	7,477,815	(7,462,106)	-	15,709
Loss attributable to members of the Entity		(263,551)		(263,551)
Shares revalued during the year	19,600			19,600
Shares issued during the year	280,001			280,001
Revaluation increment to reflect bonus units issued in associated entity unit trusts to directors value of unit trust assets			1,852,000	1,852,000
Balance at 30 June 2006	7,777,416	(7,725,657)	1,852,000	1,903,759

The above Statement of Changes in Equity should be read in conjunction with the attached notes.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 \$	2005 \$
Cash Flows from Operating Activities			
Receipts from customers		-	73
Payments to suppliers		(271,550)	(170,797)
Interest received		-	2,427
Borrowing costs paid		(2,889)	(2,826)
GST recovered		16,392	9,636
		-----	-----
Net cash used in operating activities	23(ii)	(258,047)	(161,487)
		-----	-----
Cash Flows from Investing Activities			
Payments for property, plant & equipment		-	(3,091)
Allotment of units in Unit Trust		-	(400)
		-----	-----
Net cash used in investing activities		-	(3,491)
		-----	-----
Cash Flows from Financing Activities			
Repayments of borrowings		(65,000)	150,000
Borrowings – related parties		424,985	(125,000)
Repayment of finance lease		(6,536)	(5,029)
		-----	-----
Net cash provided by financing activities		353,449	19,971
		-----	-----
Net increase/(decrease) in cash held		95,402	(145,007)
Cash at the beginning of the financial year		50,337	195,344
		-----	-----
Cash at the end of the financial year	23(i)	145,739	50,337
		=====	=====

The above Statements of Cash Flows should be read in conjunction with the attached notes.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been drawn up in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Urgent Issues Group Interpretations and the Corporations Act 2001.

The financial report consists of the single entity Sabina Corporation Limited. Sabina Corporation Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Sabina Corporation Limited complies with all Australian equivalents to International Financial reporting Standards (AIFRS) in their entirety.

The following is a summary of material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

BASIS OF PREPARATION

First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

Sabina Corporation Limited has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) from July 1 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the company accounts resulting from the introduction of IFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of Sabina Corporation Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented.

Reconciliations of the transition from previous Australian GAAP to IFRS have been included in Note 2 to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

ACCOUNTING POLICIES

a) Going Concern

The financial report has been prepared on the going concern basis, because in the opinion of the directors, the company will be able to pay its debts as and when they fall due over the period of the next twelve months.

The entity has incurred losses from ordinary operations in 2006 and 2005. In addition, it has a continuing agreement with G8 Management Pty Ltd, a director related entity, for consulting services and a lease with Mr P B Chen for commitment over a vehicle. The excess of liquid assets over current liabilities is not sufficient to discharge these commitments without an inflow of funds from capital raising or loans.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Churchill Nominees Australia Pty Ltd has pledged financial support for the next year for any additional working capital needs. Churchill Nominees Australia Pty Ltd has expressed a willingness to convert the loans to equity should the opportunity to do so becomes available.

b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted at balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognized to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilized.

The amount of benefits brought to account or which may be realized in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realized and comply with the conditions of deductibility imposed by the law.

c) Property, Plant and Equipment

Plant and equipment is stated in the financial statements at cost less depreciation and impairment losses. All plant and equipment is depreciated over its estimated useful life using the straight-line method commencing from the time the assets are held ready for use. The depreciation rates per class of asset are as follows:

Office Equipment	20%
Lease Equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

d) Revenue Recognition

Property Development Revenue

There has been no revenue earned from present development projects as all are still in various stages of planning and Council approval.

Management Fee Revenue

Revenue from the provision of management consultancy services from Sabina Corporation Limited to associated entities is recognised when the services have been performed, the amount of fee revenue invoiced have all been received.

Interest Revenue

Interest revenue is recognised on an effective yield basis.

e) Payables

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable,

any accrued interest. Accounts payable are normally settled on a 30-day period and are non-interest bearing.

f) Receivables

Trade accounts receivable and other receivables represent the principal amounts due at balance date.

Trade accounts receivable are non-interest bearing and are normally settled on 30-day terms.

g) Interest Bearing Liabilities

Interest bearing liabilities are recognised in the financial statements on the basis of nominal amounts

outstanding plus accrued interest.

h) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying amount over its recoverable amount is expensed to the income statement.

i) Borrowing Costs

Borrowing costs are recognised as an expense in the period that they are incurred.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

j) **Credit Risk**

Maximum credit risk exposure of financial assets is represented by the carrying amounts in the Statement of Financial Position. The consolidated entity has no significant concentration of credit risk with any single counterpart or group of counterparties.

k) **Other Financial Assets**

Current investments are stated at cost, less where applicable any provision for diminution in value.

l) **Leases**

Operating lease payments are charged to expense on a basis that is representative of the pattern of benefits derived from the leased property.

Where assets are acquired by means of finance leases, the present value of minimum lease payments is established as an asset at the beginning of the lease term and amortised on a straight-line basis over the expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense.

m) **Investments in Associates**

Investment in associate companies and unit trusts are recognized in the financial statement by applying the equity method of accounting. The equity method of accounting recognized the company's share of post-acquisition reserve of its associates.

n) **Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current trends and economic data.

Key estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments – Valuation of Associated Entities

Included in the financial statements are \$2,146,400 in investments in associated unit trusts. The value represents units issued for nil consideration and are valued at director's valuation. The directors believe that the value of the units represents the company's underlying share of trust net assets. The trust net assets have been subject to independent market valuation where possible.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Previous GAAP at 1 July 2005 \$	Adjustment \$	Australian Equivalents to IFRS at 1 July 2005 \$
Reconciliation of Equity at 1 July 2005			
Current Assets			
Cash assets	50,337	-	50,337
Other current assets	771	-	771
Other financial assets	19,970	-	19,970
Total Current Assets	<u>71,078</u>	<u>-</u>	<u>71,078</u>
Non-Current Assets			
Property, plant & equipment	32,601	-	32,601
Investments accounted for using the equity method	10,400	-	10,400
Total Non-Current Assets	<u>43,001</u>	<u>-</u>	<u>43,001</u>
TOTAL ASSETS	<u>114,079</u>	<u>-</u>	<u>114,079</u>
Current Liabilities			
Payables	60,189	-	60,189
Interest bearing liabilities	6,023	-	6,023
Total Current Liabilities	<u>66,212</u>	<u>-</u>	<u>66,212</u>
Non-Current Liabilities			
Interest bearing liabilities	32,158	-	32,158
Total Non-Current Liabilities	<u>32,158</u>	<u>-</u>	<u>32,158</u>
TOTAL LIABILITIES	<u>98,370</u>	<u>-</u>	<u>98,370</u>
NET ASSETS	<u>15,709</u>	<u>-</u>	<u>15,709</u>
EQUITY			
Contributed equity	7,477,815	-	7,477,815
Accumulated losses	(7,462,106)	-	(7,462,106)
TOTAL EQUITY	<u>15,709</u>	<u>-</u>	<u>15,709</u>

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Previous GAAP at 1 July 2005 \$	Adjustment \$	Australian Equivalents to IFRS at 1 July 2005 \$
Reconciliation of Equity at 1 July 2005			
Revenue from Ordinary Activities	20,330	-	20,330
Expenses from Ordinary Activities	(249,164)	-	(249,164)
Borrowing cost expense	(2,826)	-	(2,826)
Share of net profits of associated accounted for using the equity method.			
	-----	-----	-----
Loss from ordinary activities before income tax expenses	(231,660)	-	(231,660)
Income tax expenses relating to ordinary Activities	-	-	-
	-----	-----	-----
Net loss attributable to members of the parent entity	(231,660)	-	(231,660)
	=====	=====	=====

SABINA CORPORATION LIMITED
ABN 67 010 723 181
AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 \$	2005 \$
3. REVENUE FROM ORDINARY ACTIVITIES			
Operating revenue:			
Property development services income		-	-
Rental Income		-	17,903
		-----	-----
		-	17,903
Non Operating revenue:			
Interest Revenue – Non related		-	2,427
		-----	-----
Total Revenue from Ordinary Activities		-	20,330
		=====	=====
4. LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE			
(a) The following items have been recognised in the loss from ordinary activities:			
Finance costs			
- Lease finance charges		2,889	2,826
- Other corporations – associated entity		14,383	-
Amortisation of leased assets		11,594	11,594
(b) Classification of expenses by nature:			
Consultant fees – G8 Management Pty Ltd		120,000	120,000
Depreciation expense- Plant & Equipment		2,181	4,383
Amortisation expense- Leased Assets		10,715	11,594
Rental Costs		13,000	18,409
Directors' fees and expenses		22,754	16,206
Other expenses from ordinary activities		77,629	78,572
		-----	-----
		246,279	249,164
		=====	=====

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006	2005
		\$	\$
4. LOSS FROM ORDINARY ACTIVITIES (Continued)			
(b) Discontinued Operations			
<p>In May 2005 the economic entity, in association with the Australian Securities & Investment Commission, deregistered all, but one, inactive subsidiary companies. No costs were incurred in the deregistration process. The remaining dormant company was sold in December 2005 for nil consideration.</p> <p>The financial performance of the discontinued operations to the date of sale which have been incorporated into the Income Statement.</p>			
Revenue from ordinary activities		-	2,719
Expenses from ordinary activities		-	
Profit from ordinary activities		-	2,719
Income tax expense		-	-
Net Profit from ordinary activities		-	2,719

The carrying amounts of assets and liabilities at the date of sale was nil and no cash flows were generated by the discontinued operations.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE	2006 \$	2005 \$
5. INCOME TAX		
<p>The amount provided in respect of income tax differs from the amount prima facie payable on operating profit. The difference is reconciled as follows:</p>		
Prima facie tax benefit on loss from ordinary activities calculated at 30% (2005: 30%)	(79,065)	(69,498)
Add back tax effect of permanent differences:		
Add back tax effect of timing differences	-	-
Re-coupment of tax losses	-	-
Future income tax benefit not recognised	79,065	69,498
	-	-
Income tax attributable to Entity	-	-
<p>Potential future income tax benefits at 30% (2005: 30%) attributable to tax losses and timing differences carried forward amounting to \$1,790,000 (2005 \$1,716,004) have not been brought to account because directors do not believe it is appropriate to regard realisation of the future income tax benefit as virtually certain. These benefits will only be obtained if:</p>		
(a)	The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction of the loss to be realised;	
(b)	The consolidated entity continues to comply with the conditions for deductibility imposed by law and	
(c)	No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deduction for the loss.	
Dividend imputation:		
Dividends that have been or will be franked	-	-
Applicable tax rate	30%	30%
Balance of franking account at reporting date	-	-

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

6. DIRECTORS' AND EXECUTIVES' REMUNERATION

- (a) The names and positions held of directors and specified executives in office at any time during the financial year were:

Directors

Mr PB Chen	Chairman – Executive	
Mr NJ Lockyer	Director – Non-Executive	(Resigned 28 April 2006)
Mr S Wong	Director – Non-Executive	(Resigned 10 November 2005)
Mr JL Chard	Director – Non-Executive	(Appointed 28 October 2005)
Mr RD Tilby	Director – Non-Executive	(Appointed 28 April 2006)
Mr G Taylor	Director – Non-Executive	(Appointed 28 April 2006)

Specified Executives

Nil – no employees

The remuneration policy of Sabina Corporation Limited has been designed to align director and executive objectives with Shareholder and business objectives by providing a fixed remuneration component subject to attendance at board meetings. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as to create goal congruence between directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for board members is as follows:

- * The remuneration policy, setting the terms and conditions for both executive and non-executive directors, was developed by the remuneration committee and approved by the board.
- * The Chairman and non-executive directors receive a fixed attendance fee of \$1,000 and \$500 respectively for attendance at a board meeting.
- * Sabina Corporation Limited does not employ any executives.
- * The remuneration committee reviews directors remuneration annually by reference to the company's performance.

All remuneration paid to directors is valued at cost to the company and expensed. There are currently no bonus or options schemes in place.

There are no employment contracts or conditions between the company and directors. Due to the small size of Sabina's current operations there is no appointed remuneration committee.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

6. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

(b) Directors' Remuneration (as paid directly or to director related entities).

2006	Salary	Primary Super- annuation	Cash Bonus	Non- Cash Benefits	Post Employ- ment	Director s Fees	Other	Total
Mr PB Chen	120,000	-	-	-	-	11,000	-	131,000
Mr NJ Lockyer	-	-	-	-	-	1,000	-	1,000
Mr S Wong	-	-	-	-	-	1,500	-	1,500
Mr JL Chard	-	-	-	-	-	4,000	-	4,000
Mr RD Tilby	-	-	-	-	-	2,000	-	2,000
Mr G Taylor	-	-	-	-	-	2,000	-	2,000
Total	-	-	-	-	-	21,500	-	141,500

2005	Salary	Primary Super- annuation	Cash Bonus	Non- Cash Benefits	Post Employ- ment	Other Equity - Shares in Lieu of Fees	Other	Total
Mr PB Chen	120,000	-	-	10,601	-	12,000	-	142,601
Mr NJ Lockyer	-	-	-	-	-	3,000	-	3,000
Mr S Wong	-	-	-	-	-	6,000	-	6,000
Mr PA Little	-	-	-	-	-	3,500	-	3,500
Total	-	-	-	-	-	24,500	-	155,101

The service and performance criteria set to determine remuneration are included per note (h).

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

6. DIRECTORS' AND EXECUTIVES' REMUNERATION
(Continued)

(c) Specified Executives' Remuneration

Nil – No employees

(d) Remuneration Options

Nil Options Granted as Remuneration

(e) Shares Issued on Exercise of Remuneration Options

	No. of Ordinary Shares Issued	Amount Paid per Share \$	Amount Unpaid per Share \$
Directors	-	-	-
Specified Executives	-	-	-

(f) Options and Rights Holdings

No options are held by Directors or Executives

(g) Shareholdings

Number of Shares held by Directors either directly or through director related entities.

	Balance 1.7.05	Received as Remuneration	Options Exercised	Acquired Through Director Related Entity in Lieu of debt repayment	Balance 30.6.06
Parent Entity Directors					
Mr PB Chen	676,000	-	-	-	676,000
Mr NJ Lockyer	106,000	-	-	-	106,000
Mr S Wong	200,000	-	-	-	200,000
Mr J L Chard	-	-	-	-	-
Mr PA Little	114,000	-	-	-	114,000
Mr RD Tilby	362,000	-	-	-	362,000
Mr G Taylor	107,000	-	-	-	107,000
<hr/>					
Total	1,565,000	-	-	-	1,565,000

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 \$	2005 \$
7. OTHER CURRENT ASSETS			
GST recoverable		5,079 =====	771 =====

8. OTHER FINANCIAL ASSETS

Available-for-sale. assets

Current:

Contrabart Trade Exchange Dollars		2,541,000	2,541,000
Provision for Diminution		(2,540,998)	(2,540,998)
		2	2
Due from director related entity		86,793	19,968
Provision for Diminution		-	-
		86,795	19,970

Available-for-sale financial assets comprise related party loans and Contrabart Trade Exchange dollars. There are no fixed returns or fixed maturity dates attached to these investments.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. Unlisted available-for-sale assets do not exist within active markets and could not be readily disposed of if required. As a result the value is reflected at cost less any provision for known diminution in value.

1. ASSOCIATED ENTITIES

Investments accounted for using the Equity Method.

Associated unit trusts at cost		10,400	10,400
Associated unit trusts at directors valuation		2,136,000	-
		2,146,400	10,400

Interests are held in the following associated entities.

Name	Principle Activities	Ownership Interest		Carrying Amount of Investment	
		2006 %	2005 %	2006 \$	2005 \$
Uni Village Unit Trust	Property Development	40	40	1,054,000	2,000
Huonville Unit Trust	Property Development	40	40	404,000	4,000
Legana Unit Trust	Property Development	40	40	400,400	400
Ming Village Unit Trust	Property Development	40	40	4,000	4,000
Billabong Unit Trust	Property Development	40	-	280,000	-
Lighthouse Hotel Trust	Property Development	40	-	4,000	-
				2,146,400	10,400

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 \$	2005 \$
Movements during the year in equity accounted investments in associated entities.			
Balance at beginning of financial year		10,400	2,000
Add new investments during the year:		-	8,400
Bonus units received at directors valuation		2,136,000	-
Share of associated company profit from Ordinary activities after tax		-	-
		2,146,400	10,400
		2,146,400	10,400
Equity Accounted profits of associated entities			
Share of associated profit from ordinary Activities before income tax expense		-	-
Share of associated company income tax Expense		-	-
		-	-
Share of associated profit from ordinary Activities after income tax expense		-	-
Share of retained profits at beginning of Financial year		-	-
		-	-
Share of retained profits at end of Financial year		-	-
		-	-
		-	-
Summarised presentation of Aggregate Assets, Liabilities and Performance of Associate.			
Current assets		9,878,890	-
Non current assets		-	-
		9,878,890	-
Total assets		9,878,890	-
Current liabilities		2,282,890	-
Non current liabilities		2,020,000	-
		4,302,890	-
Total liabilities		4,302,890	-
Net assets		5,576,000	-
		5,576,000	-
Net profit from ordinary activities after income Tax from associates		-	-
		-	-
		-	-

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

9. ASSOCIATED ENTITIES (Continued)

Acquisitions made during the financial year:

- 40% of the Billabong Unit Trust was acquired during the year.
- 40% of the Lighthouse Hotel Trust was acquired during the year.
- On 1 December 2005, 400,000 additional bonus units in the Legana Unit Trust were acquired for nil consideration.
- On 1 December 2005, 400,000 additional bonus units in the Huonville Unit Trust were acquired for nil consideration.
- On 31 December 2005, 800,000 additional bonus units in the Uni Village Unit Trust were acquired for nil consideration.
- On 30 June 2006, 1,304,000 additional bonus units in the Uni Village Unit Trust were acquired for nil consideration.
- On 24 February 2006, 560,000 units in the Billabong Unit Trust were acquired for nil consideration.

The unit trusts are not listed investments.

	NOTE	2006	2005
		\$	\$
10. PROPERTY, PLANT & EQUIPMENT			
Plant & Equipment at cost		17,462	17,462
Accumulated Depreciation		(11,821)	(9,640)
		5,641	7,822
Plant & Equipment under finance lease		53,576	53,576
Accumulated Amortisation		(39,512)	(28,797)
		14,064	24,779
Total Property, Plant and Equipment		19,705	32,601
Plant & Equipment:			
<i>Movements during year:</i>			
Beginning of the year:		7,822	7,922
Additions		-	4,283
Disposals		-	-
Depreciation		(2,181)	(4,383)
Balance at close of the year:		5,641	7,822

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006	2005
		\$	\$
10. PROPERTY, PLANT & EQUIPMENT (continued)			
Plant & Equipment under finance lease:			
<i>Movements during year:</i>			
Beginning of the year:		24,779	36,373
Additions		-	-
Disposals		-	-
Depreciation		(10,715)	(11,594)
Balance at close of the year		14,064	24,779

Impairment losses recognised in the income statement during the year amount to \$nil.

The recoverable amount of the cash generated has been determined to be its fair value less costs to sell. The fair value was determined with reference to an active market, where the market price of similar equipment and of a similar age was used as a benchmark.

11. PAYABLES

CURRENT

Current trade accounts payable and accruals (unsecured)	53,931	15,031
Non-trade accounts payable (unsecured)		
- associated entities	-	9,558
- director related entities	805	35,600
	54,736	60,189

12. INTEREST BEARING LIABILITIES

Current:

Finance Lease liability- secured	7,093	6,023
Promissory Notes	413,578	-
	420,671	6,023

Non-Current:

Finance Lease liability- secured	24,552	32,158

Details of Security:

- The respective leased asset secures finance lease liability.
- The first \$200,000 Promissory note is repayable on 31 December 2006 to Tasmania Development Corporation Pty Ltd as trustee for the Legana Unit Trust. 12% Interest is payable at the due date. The Promissory Note is secured by a lien over the 400,000 units held in the Legana Unit Trust.
- The second \$200,000 Promissory note is repayable on 5 June 2007 to Churchill Nominees Australia Pty Ltd as trustee for the Billabong Unit Trust. 12% Interest is payable at the due date. The Promissory Note is secured by a lien over the 560,000 units held in the Billabong Unit Trust.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

13. ISSUED CAPITAL

	2006 No.	
<u>Issued Shares</u>		
Fully paid ordinary shares	18,620,278	
Shares on issue at beginning of year	14,312,578	
<u>Shares issued during the year</u>		
Issued on 31/12/04 issued at 5 cents to directors in lieu of Directors Fees	-	
Issued on 31/12/04 issued at 25 cents for cash consideration	-	
Issued on 27/5/05 issued at 25 cents to a director related entity for cash consideration	-	
Issued on 18/5/06 issued at 6.5 cents to Churchill Nominees Australia Pty Ltd entity to settle a debt of \$280,000 owing to that entity.	4,307,700	
Transaction costs arising on issue of shares	-	
	18,620,278	
	Number of Options	
	2006	2005
<u>Ordinary Shares reserved for issue under options:</u>		
20 cent ordinary shares exercisable for issue at \$1 on or before 30 June 2006		
On issue at beginning of year	-	-
Expired during the year	-	6,000,000
On issue at end of year	-	-
\$1 ordinary shares exercisable at 25 cents on or before 22 October 2005		
On issue at beginning of year-	3,000,000	-
Issued during the year	-	4,000,000
Granted	-	(1,000,000)
Expired	(3,000,000)	
On issue at end of year	-	3,000,000

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 \$	2005 \$
14. ASSET REVALUATION RESERVE			
The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances, dividends can be declared from this reserve.			
Balance at beginning of year		-	-
Revaluation of investment in associated Entities at directors valuation		1,852,000	-
Balance at end of year		1,852,000	-
		1,852,000	-
15. EARNINGS PER SHARE			
a) Reconciliation of Earnings to Loss			
Earnings used to calculate basic EPS		(263,551)	(231,660)
Earnings used to calculate diluted EPS		(263,551)	(231,660)
b) Weighted Average number of ordinary shares outstanding during the year used in calculating basic EPS			
			<u>Number of shares</u>
Weighted average number of ordinary shares used in calculating basic earnings per share		14,772,532	13,580,245
Weighted average number of shares and potential ordinary number of shares used in calculating diluted earnings per share		14,772,532	13,590,245
Potential ordinary shares that are not dilutive and not used in the calculation of diluted earnings per share		-	-
Potential ordinary shares that are dilutive and are used in the calculation of diluted earnings per share		-	3,000,000
		2006 \$	2005 \$
Basic Earnings per Share		(0.014) cents	(0.017) cents
Diluted earnings per share		(0.014) cents	(0.017) cents

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
16. AUDITORS' REMUNERATION		
Previous auditor		
Audit and review of financial reports (final payment) for 2004 audit services	-	12,000
Other services	-	-
	<hr/>	<hr/>
	-	12,000
	<hr/>	<hr/>
Current auditor		
Audit and review of financial reports	15,371	18,269
Other services – adhoc financial advice	6,762	2,821
	<hr/>	<hr/>
	22,133	21,090
	<hr/>	<hr/>

17. ULTIMATE PARENT ENTITY

During the year Churchill Nominees Australia Pty Ltd acquired an additional 4,307,700 shares in lieu of repayment of debt owing. Upon issue of these shares Churchill Nominees Australia Pty Ltd now owns 50.94% of Sabina Corporation Limited. Accordingly the ultimate parent entity is Churchill Nominees Australia Pty Ltd as trustee for the Mandarin Paradise Trust.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

18. SEGMENT INFORMATION

Geographical Segments

The entity operates predominantly in one geographical segment, being Australia.

Business Segments

The entity operates predominantly in one business segments; Property Rental and Development.

A statement of operations of business segments for the year ended 30 June 2006 is as follows:

BUSINESS SEGMENTS	Property Rental & Development	
	2006	2005
Revenue		
Sales to customers outside the consolidated entity	-	17,903
Inter-segment sales	-	-
	-----	-----
Total Segment Revenue	-	17,903
Other revenue -interest	-	2,427
	-----	-----
Total Revenue (note 3)	-	20,330
	-----	-----
Result		
Segment Result	(263,551)	(231,660)
Assets		
Segment assets & total assets	2,403,718	114,079
Liabilities		
Segment liabilities & total liabilities	499,959	98,370
Other Information		
Depreciation	2,181	4,383
Amortisation	10,715	11,594
Acquisition of non-current assets	-	4,283
Investments accounted for using Equity method	2,146,400	10,400

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

19. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

2006	2005
\$	\$

Directors and director related entities

As at 30 June 2006 the following amounts were owed by/(due to) the parent entity to the following director related entities:

Mr PB Chen, a director of the Sabina Corporation Limited, had an interest in each of the following entities during the 2006 financial year:

G8 Management Pty Ltd	-	(9,558)
-----------------------	---	---------

Aggregate Shares held by directors or any of their related entities in Sabina Corporation Limited:

	2006	2005
	#	#
Ordinary Shares	1,565,000	1,565,000

Aggregate Shares acquired or disposed by directors or any of their related entities in Sabina Corporation Limited:

	2006	2005
	#	#
Ordinary shares acquired	-	286,000
Ordinary shares disposed	-	-

20. FINANCIAL INSTRUMENTS

The company's financial instruments consist of deposits with banks, accounts receivable and payable, loans to and from associated and director related entities, and promissory notes.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not use and derivative financial instruments.

Financial risk management:

Directors analyse interest rate exposure on a regular basis. Interest rate risk is managed by entering into fixed rate contracts. At 30 June 2006 100% of company debt is fixed. Liquidity risk is managed by monitoring day to day cashflows and ensuring that funding is available through associated and related entities. The Directors do not believe that Sabina Corporation Limited is subject to any credit, price or foreign exchange risk at 30 June 2006.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

20. FINANCIAL INSTRUMENTS (continued)

Exposures of the consolidated entity to interest rate risk on financial assets and liabilities are summarised as follows:

<u>2006</u>	<u>Fixed Interest Rate</u> <u>Maturing</u>			Floating Interest Rate \$	Total \$	average effective interest Rate
	Non- Weighted Interest Bearing \$	1 Year or Less \$	1 to 5 Years \$			
Financial Assets:						
Cash	-	-	-	-	-	0.2%
Contrabart Notes	2	-	-	-	2	-
	2	-	-	-	2	
Financial Liabilities:						
Trade accounts payable	54,736	-	-	-	54,736	-
Interest bearing liabilities	-	420,671	24,552	-	445,223	12.0%
	54,736	420,671	24,552	-	499,959	
Net Financial Assets/(Liabilities)	(54,734)	(420,671)	(24,552)	-	(499,957)	
	(54,734)	(420,671)	(24,552)	-	(499,957)	

<u>2005</u>	<u>Fixed Interest Rate</u> <u>Maturing</u>			Floating Interest Rate \$	Total \$	average effective interest Rate
	Non- Weighted Interest Bearing \$	1 Year or Less \$	1 to 5 Years \$			
Financial Assets:						
Cash	-	-	-	50,337	50,337	0.2%
Contrabart Notes	2	-	-	-	2	-
	2	-	-	50,337	50,339	
Financial Liabilities:						
Trade accounts payable	60,189	-	-	-	60,189	-
Interest bearing liabilities	-	6,023	32,158	-	38,181	8.2%
	60,189	6,023	32,158	-	98,370	
Net Financial Assets/(Liabilities)	(60,187)	(6,023)	(32,158)	50,337	(48,031)	
	(60,187)	(6,023)	(32,158)	50,337	(48,031)	

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

20. FINANCIAL INSTRUMENTS (continued)

Net Fair Values – Aggregate net fair values and carrying amounts of financial assets and liabilities at balance date:

	2006 Carrying Amount \$	Net Fair Value \$	2005 Carrying Amount \$	Net Fair Value \$
<u>Financial Assets</u>				
Available for sale financial assets at fair value	2	2	2	2
Receivables	<u>86,793</u>	<u>86,793</u>	<u>19,968</u>	<u>19,968</u>
	<u>86,795</u>	<u>86,795</u>	<u>19,970</u>	<u>19,970</u>
<u>Financial Liabilities</u>				
Promissory notes	413,578	413,578	-	-
Lease liability	<u>31,645</u>	<u>31,645</u>	<u>38,181</u>	<u>38,181</u>
	<u>445,223</u>	<u>445,223</u>	<u>38,181</u>	<u>38,181</u>

Promissory notes due past 12 months are discounted at market interest rates, to their present value. Lease liabilities are stated at present value.

21. NOTES TO STATEMENTS OF CASH FLOWS

(i) For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the year as shown in the Statements of Cash Flow, is reconciled to the related items in the Statements of Financial Position as follows:

	NOTE	2006 \$	2005 \$
Cash at Bank		145,739 =====	50,337 =====

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 \$	2005 \$
21. NOTES TO STATEMENTS OF CASH FLOWS (continued)			
(ii) Reconciliation of net cash provided by operating activities to loss from ordinary activities after income tax			
Loss from ordinary activities after income tax		(263,551)	(231,660)
Add back/(Subtract) the non-cash items			
Depreciation of plant & equipment		2,181	4,383
Amortisation of leased assets		10,715	11,594
Non Cash transaction -expenditure satisfied by issue of shares/proposed issue of shares		2,369	35,600
Investment in associated company		-	8,400
Changes in assets and liabilities			
Trade creditors		(5,453)	15,285
Other current assets		(4,308)	(21)
Payables-related parties		-	10,150
GST clearing		-	(15,218)
		(258,047)	(161,487)
		(258,047)	(161,487)

(iii) Non Cash Financing and Investing Activities

During the financial year, the entity acquired plant and equipment with an aggregate fair value of \$nil by means of finance leases.

4,307,700 ordinary shares were issued during the year at a price of 6.5 cents per share in lieu of debt repayment. These shares are valued at \$280,001.

The above transactions are not reflected in Statement of Cashflows.

There are no unused loan facilities at 30 June 2006.

22. CAPITAL AND LEASING COMMITMENTS

There are no **operating lease** commitments.

Finance Leases

The company has acquired one motor vehicle by means of finance lease. The lease term is 5 years.

Current lease liability (Note I 1 (i))	7,093	6,023
Non-current lease liability (Note 11 (ii))	24,552	32,158
	31,645	38,181
	31,645	38,181

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

22. CAPITAL AND LEASING COMMITMENTS (continued)

<u>payment</u>	<u>Time expected to elapse to expected date of</u>		
	Not later than 1 year	Later than 1 year but not later than 5	Total years
Reconciliation of lease commitments to the carrying amount of lease liabilities:			
<i>2006</i>			
Minimum lease commitments	9,413	25,201	34,614
Future finance charges	(2,320)	(649)	(2,969)
	7,093	24,552	31,645
<i>2005</i>			
Minimum lease commitments	9,425	35,412	44,837
Future finance charges	(3,402)	(3,254)	(6,656)
	6,023	32,158	38,181
<u>Capital expenditure commitments:</u>			

Sabina Corporation Ltd has not entered into any contracts for the purchase of plant and equipment, property or capital expenditure projects.

Associates:

The associated unit trusts have entered into conditional contracts to acquire land as follows:

Lighthouse Unit Trust – a conditional contract to acquire land was signed on 28 February 2006. Settlement of \$250,000 is not expected until early 2007 subject to Development Application approval and RPDC assessment.

Legana Unit Trust – a conditional instalment contract to acquire land was signed on 6 May 2005. Settlement of \$800,000 is not expected until January 2007 subject to Development Application approval and RPDC assessment.

Heritage Village Trust – a conditional contract to acquire land was signed on 6 April 2006. Settlement of \$236,500 is not expected until early 2007 subject to Development Application approval and RPDC assessment.

Huonville Unit Trust – a conditional instalment contract to acquire land was signed on 23 December 2004. First part settlement of \$500,000 is not expected until June 2007 subject to Rezoning approval and RPDC assessment. The balance of settlement of \$1,300,000 is due June 2009.

23. CORPORATE INFORMATION

Sabina Corporation Limited is a listed public company incorporated in Australia with its registered office at Level 18, 300 Adelaide Street Brisbane and principal place of business at 39 Woody Views Way, Robina Queensland. The principal activities of the company are disclosed in the directors' report. There were nil employees employed by the consolidated entity during the period ended 30 June 2006 (2005: one).

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

24. CHANGE IN ACCOUNTING POLICY

The group has adopted the following accounting standards for application on or after 1 January 2005:

- AASB 132: Financial Instruments: Disclosure and Presentation; and
- AASB 139: Financial Instruments: Recognition and Measurement.

The changes resulting from the adoption of AASB 132 relate primarily to increased disclosures required under the standard and do not affect the value of amounts reported in the financial statements.

The adoption of AASB 139 has not resulted in material differences in the recognition and measurement of the groups financial instruments.

25. GOING CONCERN

The financial report has been prepared on the going concern basis, because in the opinion of the directors, the company will be able to pay its debts as and when they fall due over the period of the next twelve months.

The economic entity has incurred losses from ordinary operations in 2006 and 2005. In addition, it has a continuing agreement with G8 Management Pty Ltd for consulting services and a lease with Mr. P B Chen for commitment over a vehicle. The excess of liquid assets over current liabilities is not sufficient to discharge these commitments without an inflow of funds from capital raising or loans.

Churchill Nominees Australia Pty Ltd has pledged financial support for the next year for any additional working capital needs. Churchill Nominees Australia Pty Ltd has expressed a willingness to convert the loans to equity should the opportunity to do so becomes available.

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
SABINA CORPORATION LIMITED
ABN 67 010 723 181

Scope

The financial report and directors' responsibility

The financial report comprises the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash flow Statement, accompanying notes to the financial statements, and the directors' declaration for Sabina Corporation Limited, as attached in pages 1 to 48, for the 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.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We have performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of the performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

Independence

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

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditors independence declaration as set out on page 17 of the financial report has not changed as at the date of providing our audit opinion.

Audit report (continued)

Qualification

The value of Sabina Corporation Limited's investment in the unit trusts as at 30 June 2006 is \$2,146,400.

The investment in Uni Village Unit Trust, Lighthouse Unit Trust, Ming Village Unit Trust and Billabong Unit Trust totals \$1,342,000. The directors of Sabina Corporation Limited and the Trustee of the trusts have provided us with independent market valuations of land assets held by the trusts to support the stated director's value of the trust investments.

The investments in Legana Unit Trusts and Huonville Unit Trusts totals \$808,400. Our review of these Unit Trust assets indicates they comprise of property acquisitions which have been brought to account prior to contract settlement, prior to certificate of title passing and at values above cost as determined by the directors of associated entities. The associated contingent liability for the property purchase has also been brought to account in the associated entities.

In accordance with AASB Framework for the Preparations and Presentation of Financial Statements it is not appropriate to record property purchases at 30 June 2006 for which:

- certificate of title for the property has not passed;
- settlement of existing and future contracts is contingent upon regulatory approvals over which the associated entities have no control; and
- future economic benefits through conversion to cash are not probable until the contracts are settled.

If these assets had not been brought to account, the investment in associated entities will total \$1,337,600 and the net asset value of Sabina Corporation Limited will reduce to \$1,095,358.

Audit opinion

In our opinion, except for the effects on the financial report of the matter referred to in the qualification paragraph, the financial report of Sabina Corporation Limited is in accordance with:

(a) The Corporations Act 2001, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Inherent uncertainty Regarding Going Concern

The accounts of the entity have been prepared on a going-concern basis which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The entity achieved an operating loss for the year of \$263,551. Current liabilities exceed current assets by \$237,794. At 30 June 2006 Sabina Corporation Limited had accumulated losses totalling \$7,725,657.

Audit report (continued)

Inherent uncertainty Regarding Going Concern (continued)

The entity's ability to continue operations and meet its debts as and when they fall due is dependent upon financial support pledged from a related party and its major shareholder, Churchill Nominees Australia Pty Ltd and future events, which are inherently uncertain. If the company is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

Craig Whitehill
Whitehills Business Advisers
Chartered Accountants
Dated at Brisbane this 24th Day of August 2006

SABINA CORPORATION LIMITED
ABN 67 010 723 181

SHAREHOLDERS INFORMATION

Distribution of Listed Shares as at 30th June 2006.

Ordinary Shares Numbers	Shares	Shareholder
1 - 1,000	38 405	63
1,001 - 5,000	1,105,090	400
5,001 - 10,000	148 500	17
10,001 – 100,000	1,983,476	48
100,001 - over	15,344,807	23
	18,620,278	551
	=====	=====

There are 472 shareholders who hold less than a marketable parcel of ordinary shares in the company. The 20 largest shareholders hold 82.41% of the ordinary shares issued in the company.

Voting Rights

Ordinary shares carry voting rights of one vote per share.

Twenty Largest Shareholders

The names of the 20 largest holders of ordinary shares as at 30 June 2006 are listed below:

Name	No. of Ordinary Shares Held	% of Issued Share Capital
Churchill Nominees Australia Pty Ltd	9,485,532	50.94%
Girvy Holdings Pty Ltd	697,000	3.74%
Mr Peter Benjamin Chen	676,000	3.63%
Seacatch Australia Pty Ltd	480,000	2.58%
Fuhua Investment (Aust) Pty Ltd	449,500	2.41%
Mrs Liliana Teofilova	421,000	2.26%
Ms Joo Hua Ong	350,000	1.88%
Mr Wei Leng Ong	350,000	1.88%
R D & M J Tilby	350,000	1.88%
Educorp (Aust) Pty Limited	334,975	1.80%
Henry (Aust) International Trading Pty Ltd	250,000	1.34%
Dr Francis C K Chen	200,000	1.07%
SY Developments Pty Ltd	200,000	1.07%
Ms Corina Claire Chen	195,000	1.05%
Mrs Claire Ong	195,000	1.05%
Mr Bernard Seeto	156,800	0.84%
Imperial Investments Pty Ltd	150,000	0.81%
Mr Graham Frederick Ellwood	148,000	0.79%
Ms Carole Christine Rowan	145,000	0.78%
JG & GA Ising	111,000	0.60%
	15,344,807	82.41%
TOTAL	15,344,807	82.41%

SABINA CORPORATION LIMITED
ABN 67 010 723 181

Company Secretary

The name of the company secretary is Mr. JL Chard.

Share Registry

Computershare Investor Services Pty Limited
Level 32, Central Plaza One
345 Queen Street
BRISBANE QLD 4000
PH (07) 3237 2100
Fax (07) 3229 9860

Substantial Shareholder as at 30 June 2006

Churchill Nominees Australia Pty Ltd
(As Trustee for the Mandarin Paradise Trust). 9,485,532

Shares in the Company in which Directors have a relevant interest as at 30 June 2006

<u>Name of Director</u>	<u>Ordinary Shares</u>	<u>Options</u>
Mr PB Chen	676,000	-
Mr NJ Lockyer	106,000	-
Mr S Wong	200,000	-
Mr J L Chard	-	-
Mr PA Little	114,000	-
Mr RD Tilby	362,000	-
Mr G Taylor	107,000	-
Total	<u>1,565,000</u>	-

Restricted Securities

There are no restrictions on securities.

Current On-market Buy Back

There is no current on-market buy-back in place.

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

Auditors

Whitehills Business Advisers and Chartered Accountants

Level 18, 300 Adelaide Street
Brisbane Qld 4001

Solicitors

Hynes Lawyers