



SABINA CORPORATION LIMITED

ABN 67 010 723 181

Registered office:

C/- Whitehills Chartered Accountants

Level 18, 300 Adelaide Street

Brisbane, Qld 4000

Tel: (07) 3231 9110 Fax: (07) 3231 9111

Email: mail@sabina.com.au

Website: www.sabina.com.au

ANNUAL REPORT

For Year Ended 30th June 2009

A copy of this report can be downloaded from www.sabina.com.au/annualreport

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Note:

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www.sabina.com.au/annualreport

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CHAIRMAN'S REPORT

FINANCIAL RESULTS

The difficult economic conditions of recent times have seen the company incur an operating loss of \$259,200 (2008 \$20,506 profit). This was due principally to the fact that project management fees previously anticipated to be earned from the \$46 million UniVillage development in Launceston did not eventuate as construction was delayed. Future income from this source of activity is dependable upon the project being able to secure construction finance to enable the work to start on the revamped design for the UniVillage Residences.

At time of writing this report, the trustee is still endeavoring to obtain finance. The corporate services of Sydney Stockbroker, Novus Capital Limited were engaged to assist with the fund raising via a convertible notes issue. As an alternative, steps are also being taken to seek out a suitable joint venture partner for the project.

The Company during the year has decreased the asset revaluation reserve by \$110,000 to reflect more accurately the current value of the total bonus units represented by the trust assets. At close of the financial year ended 30th June 2009, there was a total of \$1,092,000 credit in the asset revaluation reserve account. In keeping with the accounting policy adopted by the Board where bonus units would only be taken into profit and loss account only after the property has been settled and rezoning / development approval obtained. As Legana Unit Trust has lodged a new plan of subdivision, recognition of the bonus units has been deferred pending approval of the new plan of subdivision into 48 allotments by West Tamar Council and to be supported by a new valuation.

The accounting policy adopted by the trustee for the unit trusts is to adjust the trust asset book value of its freehold properties held for development when the property is settled or when it is under an installment contract. Any increase in capital value, based on market valuation as determined by an independent valuer, is taken up via the issue of bonus units. At end of June 2009, the total of bonus units in the asset revaluation reserve account stands at \$1,092,000. Subject to Council approval and satisfactory valuation of the Legana development site, the amount of bonus units would then be taken into profit & loss account in the financial year ending 30th June 2010.

REVIEW OF OPERATIONS

The company has at the end of the financial year discontinued these four (4) activities:

- Ming Village & Eco Resort – Scottsdale
- Heritage Village Tourist Resort – Geeveston
- Pipe-Fitting Technology – China
- Fly-Ash Technology – China

The company is only active on the projects / ventures listed below:

UniVillage Residences

On 25th March 2009, TDC Project (Newnham) Pty Ltd was appointed to act as the new corporate trustee for Uni Village Unit Trust, replacing Tasmania Development Corporation Pty Ltd. The proposed \$46 million UniVillage Residences has been redesigned to reflect the changed market conditions. Novus Capital Limited in Sydney was commissioned in April 2009 to help raise funding for the project. To date, funding for the project has not yet been secured and negotiations are still continuing.

Legana Business Park

This property was settled by the unit trust in February 2009. A new plan of sub-division comprising 48 allotments (including the buffer area to be transferred to Council for open space) has been lodged with West Tamar Council for the 23-acres industrial land situated at Legana, 12 klm from Launceston CBD. As market conditions have changed the trustee decided to increase the number of the allotments by reducing the average

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size lots and also delete the proposed buildings previously approved by Council so that only vacant land sales would be involved in the marketing without having to worry about the buildings. Legana Business Park is strategically located and fronts onto the 4-lane West Tamar Highway with good road exposure. This is the only council-approved industrial land in the current West Tamar Planning Scheme.

Lifestyle Village

Contract for this acquisition is conditional upon development approval being granted by the local Council. Planning work is progressing on the Lifestyle Village development proposed for the 80 odd acres of land with water views at South Arm, near Hobart. Additional time was granted by the vendor to allow the consultants to lodge the development application by the extended date of 31st December 2009. The development application to Clarence City Council is for a mixed use concept comprising 150 residential units, restaurant, guest accommodation, wedding chapel, tea house / tea plantation, and a Farm Station in a "community living" environment where the residents also participate in horticulture activities. Sustainable infrastructure services would be incorporated wherever possible to promote an eco atmosphere.

Billabong Village

This vacant 12,960 m2 development site located in Kooralbyn in Queensland is zoned for retail/commercial use. The property is listed for sale at \$1 million.

China Trade Centre

The joint venture agreement dated 3rd October 2008 between Chinese Enterprises Association and Sabina Corporation Limited which calls for the development of China Trade Centre in Legana Business Park has been put on hold pending further review.

World Trade Partnership

Sabina has a half interest in the joint venture between World Trade Partnership LLC and G8 Consultants Pty Ltd where the partners plan to promote the development of world trade centers in Australia and New Zealand. I believe that the present global crisis offers quite an opportunity for WTP/G8 Consultants to identify suitable sites for WTCs in Australia and New Zealand. The WTC brand name usually enhances both rental rates and occupancy levels and are amongst the highest identity projects in the local market place. Income is from consultancy and service fees generated.

Sabina Investment Trust

Waiting for investment opportunities to come along where the trust can utilize some of the Contrabart trade dollars as part of the acquisition consideration.

Consultancy Work

In conjunction with G8 Consultants Pty Ltd, new work is actively being sought.

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 24th October 2008 and all resolutions recommended by the directors were passed.
- On 26th August 2008 the Board approved the signing of the Heads of Agreement on the fly-ash technology with Mr. Chenghao Zhao in Chongqing, China.
- On 3rd October 2008 Sabina signed a joint venture agreement with Chinese Enterprises Association for the establishment of a China Trade Centre at Legana.

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CHAIRMAN'S REPORT

- On 24th October 2008 the Board approved the go ahead to take up to 40% in the joint venture with Prof. Ge for the Pipe Technology IP.
- On 13th February 2009 the Board gave its consent for G8 Consultants Pty Ltd to enter into a joint venture agreement with World Trade Partnership LLC.
- On 25th March 2009 TDC Project (Newnham) Pty Ltd was appointed trustee for Uni Village Unit Trust; replacing Tasmania Development Corporation Pty Ltd.
- On 14th April 2009 the Board appointed Novus Capital Limited in Sydney to advise the company with regard to potential merger, acquisition and/or divestment and to increase the spread of shareholders.

The Directors were very disappointed that despite the new design for UniVillage Residences, efforts to secure finance to start construction have still been unsuccessful. Fee income from project management services has therefore been Nil for the financial year.

The Company has no employees during the year ended 30th June 2009. All staff requirements were outsourced on a consultancy basis. However, under Sub-section 250R(2) of the Corporations Act, an ordinary resolution for the Remuneration Report is still required to be passed at the next annual general meeting.

The Board has adopted a Corporate Governance Statement that outlines the main practices (see details contained in this report) that were in place throughout the year ended 30th June 2009.

I encourage shareholders to attend annual general meetings and to participate in the discussions of the resolutions, and to visit our website for information updates including a full copy of the annual report can be viewed online at www.sabina.com.au/annualreport.

My sincere thanks to my fellow directors and members of the advisory board for their guidance and continuing support over these difficult economic times.

A handwritten signature in black ink that reads "P. B. Chen". The signature is written in a cursive style with a long horizontal stroke at the bottom.

P B Chen
Chairman

Date: 16th September, 2009

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CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30th JUNE 2009

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 2009.

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. J L Chard | - | Non-Executive Director |
| * | Mr. R D Tilby | - | Non-Executive Director |
| * | Mr. R X Yu | - | 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 independent 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.

ETHICAL STANDARDS

The Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors and this has been used as a basis for the adopted Code of Conduct. All directors of the Company are expected to act with the utmost integrity, honesty, and a high standard of performance to enhance the Company's reputation.

The code of Conduct requires directors to:

- Act honestly and in good faith;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflict of interest;
- Comply with the law;
- Encourage the reporting and investigation of unlawful and unethical behaviour; and
- Comply with the share trading policy outlined in the Code of Conduct.

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CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30th JUNE 2009

BOARD ROLES AND RESPONSIBILITIES

The board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles. The board charter is publically available on the company's website.

SHAREHOLDER RIGHTS

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are encouraged to attend and participate in the Annual General Meeting, to lodge questions to be responded by the Board and/or the CEO, and are able to appoint proxies.

TRADING POLICY

The Company's policy on trading in its securities restricts directors 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.

The Company has adopted a policy whereby a director should 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, the results of the annual general meeting, and any other price sensitive announcements.

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 external qualified 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. Due to the small size of the company director specific goals and performance criteria have not been agreed upon and a formal written performance evaluation was not prepared. However, Directors whose performance is unsatisfactory are asked to retire or not to stand for re-election.

RISK MANAGEMENT

An annual assessment of the business risk profile is undertaken and discussed by the Board covering all aspects of the business from the operational level through to strategic level risk.

The Board has set up an "Advisory Board" to assist the Directors 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.

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

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REMUNERATION POLICY

Due to the size of the Company, and the fact there are no employees, there is no formal Remuneration Committee. The remuneration policy is reviewed annually and the terms are voted upon at annual general meeting. All amounts paid to the directors were approved by shareholders.

The Chairman of the Board reviews the fixed fee payable to directors annually by reference to company performance, comparable information from competitors and independent advice. The policy is designed to attract quality directors and reward them for performance which results in long-term growth in shareholder value. The Chairman of Board can exercise discretion in relation to approving share options and issuing shares in lieu of cash payment of directors' fees. The policy complies with the four key principles of IFSA Guidance Note 02-16. Any future changes to this policy must be justified by reference to measured performance criteria.

Details of amounts paid to the directors during the year are detailed in Note 5 to the Accounts. 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.

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.

There are no schemes for retirement benefits for non-executive directors.

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. |

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FOR THE YEAR ENDED 30th JUNE 2009

EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS (continued)

| No. | Departure from Recommendation | Explanation for Departure |
|------------|---|--|
| 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. |
| 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 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. |
| 6.1 | Design and disclose a communication strategy to promote effective communications with shareholders and encourage effective participation at general meetings. | <p>The Board considers the detailed information provided to all shareholders and to the general public throughout the year in the form of ASX press releases and on the company website is sufficient communication for the current level of risk and operations.</p> <p>Shareholders are invited to attend general meetings and given full explanations of resolutions to be put to vote.</p> |
| 7.1 | The Board should establish policies on risk oversight and management. | The Board has appointed an "Advisory Board" made up of 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 minimize 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. Should performance issues arise within the Board, an independent consultant would be engaged to arbitrate. |

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CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30th JUNE 2009

EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS (continued)

| No. | Departure from Recommendation | Explanation for Departure |
|------------|--|--|
| 9.2 | A Remuneration Committee has not been established. | Due to the size of the Company, there is no formal Remuneration Committee. The remuneration policy is reviewed annually and the terms are voted upon at annual general meeting. All amounts paid to the directors were approved by shareholders. |
| 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 website at www.sabina.com.au.

END

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DIRECTORS' REPORT

Your Directors present their report on the company for the year ended 30th June 2009.

DIRECTORS

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

| | | |
|-----------------|---|------------------------------------|
| Mr. Peter Chen | - | Chairman & Chief Executive Officer |
| Mr. John Chard | - | Non-Executive Director |
| Mr. David Tilby | - | Non-Executive Director |
| Mr. Roger Yu | - | Non-Executive Director |

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 providing for income tax for the financial year ended 30th June 2009 was \$259,200 (2008 \$20,506 profit).

The decrease in results is largely attributable to the lack of income from direct property development consultancy work and Unit Trust distributions. This reflects the difficulty faced by the Trustees of the Unit Trust in obtaining development funding for ongoing projects.

DIVIDEND PAID OR RECOMMENDED

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

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.

REVIEW OF OPERATIONS

During the financial year the company invested in development activities via holdings in various property unit trusts managed by the following four (4) corporate trustees:

- TDC Project (Newnham) Pty Ltd
- Tasmania Development Corporation Pty Ltd
- Churchill Nominees Australia Pty Ltd
- China Trade Centre (Tasmania) Pty Ltd

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DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Sabina as at 30th June 2009 has a 40% equity interest in the following property unit trusts; some are inactive pending acquisition of suitable development sites:

- Uni Village Unit Trust – active with UniVillage development.
- Lifestyle Village Trust – active with Lifestyle Village development.
- Ming Village Unit Trust – project aborted.
- Legana Unit Trust – active with Legana Business Park development.
- Lighthouse Hotel Trust – project aborted.
- Heritage Village Trust – project aborted.
- Billabong Unit Trust – development site is currently listed for sale at \$1 million.
- CTC Trust – active with investment alliance under JV Agreement.

FINANCIAL POSITION

The net assets of the company now total \$1,861,675. The decrease resulted from adjustment made to the value of units by trustees in Billabong Unit Trust in which the Company owns 40% of the trust equity.

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.

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 the corporate trustees.. Investments in two of the unit trusts have already resulted in the receipt of 3,300,000 in number of bonus units (at a director's valuation of \$2,250,000) to 30 June 2009.

Under the agreements signed with Chinese Enterprises Association (Beijing) and World Trade Partnership LLC. (Washington DC) the Company plans to be fairly active in these two areas in the foreseeable future.

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.

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DIRECTORS' REPORT

INFORMATION ON DIRECTORS



**Peter B Chen ACIS, FAIM, FSSE, FAICD.
Chairman & CEO**

Peter Chen is a Chinese Australian who has a diversified corporate background with over 40 years experience in Australia and Asian Pacific Regions. He has held senior executive positions with large American, Canadian and Australian corporations in the fields of construction, mining and property development.

Mr. Chen started his career in accountancy and business management. He then gradually moved into the property development industry, both as a consultant and as a developer in his own right. He currently leads a team of specialists that can undertake major projects in Australia and Overseas.

Chen is a member of the Chartered Institute of Secretaries, the Australian Institute of Management, Australian Society of Senior Executives and the Australian Institute of Company Directors. He was a past Vice-President of the Housing Industry Association in Queensland, past President of the Chinese Australian Chamber of Commerce – Gold Coast, past Founding Director of the Founders Forum Limited, past member of the Council of the Queensland University of Technology, and a past member of the Valuers Registration Board of Queensland.



**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 and retired from active consulting work in mid-2007.



**R David Tilby AAIQS, FAICD
Non-Executive Director**

Mr Tilby is in private practice as a professional quantity surveyor. He has over 36 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.



**Roger X Yu MAPPL, Juris Doctor
Non-Executive Director**

Mr. Yu is in private practice in Brisbane as a barrister of the Supreme Court of Queensland. Born in Jiangxi China, he started his career by studying a four-year degree course in English Language & Literature in Nanchang University. In 1987 he graduated with a post graduate Diploma in Applied Linguistics from Kunming University of Science and Technology. He was appointed to the position of Associate Professor and Vice-Dean of the Department of Foreign Language in Jiangxi University of Science & Technology prior to his coming to Queensland University in 1998. He graduated with Master of Applied Law in June 2000 and was awarded a Juris Doctor by the University of Queensland in May 2003.

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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 | 4 | 4 |
| Mr. J L Chard | 4 | 3 |
| Mr. R D Tilby | 4 | 4 |
| Mr. R X Yu | 4 | 4 |

There was no audit, operations, remuneration or nominating committees established during 2009. (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 P B Chen | 804,000 | - |
| Mr J L Chard | 40,000 | - |
| Mr R D Tilby | 396,000 | - |
| Mr R X Yu | 24,000 | - |
| Total | <u>1,264,000</u> | <u>-</u> |

OPTIONS

At the date of this report, there are 4,000,000 25 cent options over un-issued ordinary shares of Sabina Corporation Limited exercisable any time prior to 28 October 2010.

Option holders are not restricted in participation in any issue of shares or other interest in the company or any other entity.

During the year ended 30 June 2009 no ordinary shares were issued on the exercise of options granted.

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 some additional 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 compliance with Accounting Standards, did not compromise the external auditor's independence for the following reasons:

- All non audit services are reviewed and approved by the Chairman 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 APES 110: Code of Ethics for Professional Accountants Set by the Accounting Professional and Ethical Standards Board.

No fees for non audit services were paid to the external auditors during the year ended 30 June 2009.

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DIRECTORS' REPORT

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.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Sabina Corporation Limited. The company employs no executives or other paid key management personnel.

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 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 Chairman 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. At the discretion of the Chairman, the remuneration may be paid in cash or by way of fully-paid ordinary shares in lieu of cash at a price to be determined by the Board.
- * Sabina Corporation Limited does not employ any executives or key management personnel.
- * The Chairman reviews director's remuneration annually by reference to the company's performance
- * The current policy does not allow for the payment of incentives in the form of options or rights.

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.

Relationship Between Company Performance and Remuneration Policy

The remuneration policy has been tailored to increase goal congruence between shareholders and directors. To achieve this aim there may be a need to issue shares from time to time 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.

| | 2004 \$'000 | 2005 \$'000 | 2006 \$'000 | 2007 \$'000 | 2008 \$'000 | 2009 \$'000 |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 190 | 20 | - | 1,189 | 254 | 31 |
| Net Profit/(Loss) | (124) | (232) | (264) | 900 | 21 | (259) |
| Share Price | 0.095 | 0.08 | 0.065 | 0.08 | 0.08 | 0.07 |
| Dividends Paid | - | - | - | - | - | - |

Company performance conditions are not linked to remuneration.

The directors consider the share value understates shareholder wealth. The board will continue to issue press releases and other promotional material to the market and analysts so as to increase investor awareness of the company.

Details of remuneration for year ended 30 June 2009

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 | 120,000 | 4,000 | - | 124,000 |
| Mr J Chard | - | 1,500 | - | 1,500 |
| Mr R Tilby | - | 2,000 | - | 2,000 |
| Mr R Yu | - | 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 2009.

Directors are not paid performance based bonuses.

There are no employment contracts with Directors.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 18 of the Annual Report.

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

Dated this 16th day of September 2009.

A handwritten signature in black ink, appearing to read 'P.B. Chen', with a horizontal line underneath.

P.B. Chen – Director

A handwritten signature in black ink, appearing to read 'J.L. Chard', with a horizontal line underneath.

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 2009 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.



Gary Paul Smith
Registered Company Auditor (222045)
Certified Practising Accountant
Director
GPS Business Services
Suite 3, 118 Vulture Street
South Brisbane Qld 4101

Date: 16th September 2009

SABINA CORPORATION LIMITED
ABN 67 010 723 181

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2009

The Directors of the company declare that:

1. the Financial Statements and Notes, as set out on pages 20 to 42, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards; and
 - b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company;
2. the Chief Executive Officer and the Company Secretary both 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.
4. The Company has not entered into any deeds of cross guarantees on behalf of investments in unit trusts.

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

Dated this 16th day of September 2009.



P.B. Chen – Director



J.L. Chard – Director

SABINA CORPORATION LIMITED
ABN 67 010 723 181

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

| | NOTE | 2009 \$ | 2008 \$ |
|--|------|------------|------------|
| Revenue | 2 | 30,711 | 259,101 |
| Operating Expenses | 3 | (205,911) | (190,069) |
| Borrowing Cost Expense | 3 | (84,000) | (48,526) |
| | | ----- | ----- |
| (Loss)/Profit before income tax | | (259,200) | 20,506 |
| Income tax expense | 4 | - | - |
| | | ----- | ----- |
| (Loss)/Profit for the year and attributable to Members | | (259,200) | 20,506 |
| | | ===== | ===== |
| Overall Operations | | | |
| Basic earnings (cents per share) | 12 | (.014) | 0.0011 |
| Diluted earnings (cents per share) | 12 | (.014) | 0.0011 |
| Dividends per share (cents) | | - | - |

The accompanying notes form part of these financial statements

SABINA CORPORATION LIMITED
ABN 67 010 723 181

BALANCE SHEET

AS AT 30 JUNE 2009

| | NOTE | 2009 \$ | 2008 \$ |
|----------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 18(i) | 140,338 | 1,041,007 |
| Trade and other receivables | 6 | 272,190 | 208,573 |
| Financial assets | 7 | 2 | 2 |
| Total Current Assets | | 412,530 | 1,249,582 |
| Non Current Assets | | | |
| Financial assets | 7 | 2,436,400 | 2,546,400 |
| Total Non-Current Assets | | 2,436,400 | 2,546,400 |
| TOTAL ASSETS | | 2,848,930 | 3,795,982 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 8 | 287,255 | 830,476 |
| Borrowings | 9 | 700,000 | 752,131 |
| Total Current Liabilities | | 987,255 | 1,582,607 |
| TOTAL LIABILITIES | | 987,255 | 1,582,607 |
| NET ASSETS | | 1,861,675 | 2,213,375 |
| EQUITY | | | |
| Issued capital | 10 | 7,833,916 | 7,816,416 |
| Asset revaluation reserve | 11 | 1,092,000 | 1,202,000 |
| Accumulated losses | | (7,064,241) | (6,805,041) |
| TOTAL EQUITY | | 1,861,675 | 2,213,375 |

The accompanying notes form part of these financial statements

SABINA CORPORATION LIMITED
ABN 67 010 723 181

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
30 JUNE 2009

| | Note | Share Capital Ordinary \$ | Accumulated Losses \$ | Asset Revaluation Reserve \$ | Total \$ |
|---|------|------------------------------------|-----------------------------|---------------------------------------|------------------|
| Balance at 1 July 2007 | | 7,777,416 | (6,825,547) | 802,000 | 1,753,870 |
| Profit attributable to members of the Entity | | | 20,506 | | 20,506 |
| Shares issued during the year | 10 | 39,000 | | | 39,000 |
| Revaluation increment for bonus units issued in Investment unit trusts. | 11 | | | 400,000 | 400,000 |
| Balance at 30 June 2008 | | 7,816,416 | (6,805,041) | 1,202,000 | 2,213,375 |
| Loss attributable to members of the Entity | | | (259,200) | | (259,200) |
| Shares issued during the year | 10 | 17,500 | | | 17,500 |
| Revaluation decrement for the units issued in investment unit trusts. | 11 | | | (110,000) | (110,000) |
| Balance at 30 June 2009 | | 7,833,916 | (7,064,241) | 1,092,000 | 1,861,675 |

The accompanying notes form part of these financial statements

SABINA CORPORATION LIMITED
ABN 67 010 723 181

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

| | NOTE | 2009 \$ | 2008 \$ |
|--|--------|----------------|------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | | - | 245,455 |
| Payments to suppliers | | (210,659) | (188,489) |
| Payment of directors fees | | - | (500) |
| Interest received | | 18,521 | 8,300 |
| Borrowing costs paid | | (68,158) | (48,256) |
| | | ----- | ----- |
| Net cash used in operating activities | 18(ii) | (260,296) | 16,510 |
| | | ----- | ----- |
| Cash Flows from Investing Activities | | | |
| Payment for units in Unit Trust | | - | - |
| | | ----- | ----- |
| Net cash used in investing activities | | - | - |
| | | ----- | ----- |
| Cash Flows from Financing Activities | | | |
| Repayment of borrowings – related parties | | (588,242) | 914,467 |
| Repayment of promissory notes | | (52,131) | - |
| Proceeds from issue of shares | | - | - |
| | | ----- | ----- |
| Net cash provided by financing activities | | (640,373) | 914,467 |
| | | ----- | ----- |
| Net increase/(decrease) in cash held | | (900,669) | 930,977 |
| Cash at the beginning of the financial year | | 1,041,007 | 110,030 |
| | | ----- | ----- |
| Cash at the end of the financial year | 18(i) | 140,338 | 1,041,007 |
| | | ===== | ===== |

The accompanying notes form part of these financial statements

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AAS), including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AAS ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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.

The following is a summary of material accounting policies adopted by the entity in the preparation of the financial report. The material accounting policies set out below have been consistently applied to all years presented.

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 company has incurred historical losses and the recent net loss reflects ongoing efforts by directors to secure development funding and projects. Future working capital will be provided by promissory notes. The current promissory notes due within the next 12 months can be extended if requested by the company. The excess of liquid assets over current liabilities is not sufficient to discharge these commitments without an inflow of funds from revenue earnings, 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 loans to equity should the opportunity to do so becomes available.

SABINA CORPORATION LIMITED

ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rate enacted as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses (if brought to account).

Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognized from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on tax rates enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognized only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax assets can be utilized.

c) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and liabilities, are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially recognized at cost, which directors determine to approximate the fair value of the asset at date of acquisition. Transaction costs are expensed immediately to profit and loss.

Derecognition

Financial assets are derecognized where the contractual rights to receipt of cash flows expires, issued units are cancelled or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognized in profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

c) Financial Instruments *Continued*

Classification and Subsequent Measurement

(i) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the units of unit trusts and Contrabart Trade dollars where there is neither a fixed maturity nor fixed or determinable payments.

(ii) Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair Value

In the case of available-for-sale assets, the accounting policy adopted by the trustee is to:

- The value of freehold properties, when settled or under an installment contract, and other non-current assets of the trust are initially recorded at cost.
- Any increase in capital value of the non-current assets, based on market value as determined by a registered independent valuer, is taken up via the issue of bonus units.
- Where warranted, interim adjustments to the fair value are determined by the trustee in accordance with the Trust Deed and bonus units issued to correspond to the determined net increase in the trust asset value.
- On an annual basis, at year end, the Trustee re-assesses independent market valuation to ensure that the underlying fair value of trust assets corresponds to units issued. If circumstances exist that indicate that the trust assets no longer have the stated value, bonus units issued will be cancelled and the value of the investment reduced accordingly.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognized in the income statement. Temporary declines in the value of the instrument is usually the result in changes in valuations due to changes in regulatory approvals, this is considered temporary and issued bonus units are cancelled.

No financial guarantee contracts have been entered into during the financial year.

d) Revenue Recognition

Property Development and Management Fee Revenue

Revenue from the provision of management consultancy services from Sabina Corporation Limited (via the trading entity of G8 Consultants Pty Ltd) to associated entities is recognised when the services have been performed and the amount of fee revenue invoiced.

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.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

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) Cash and cash equivalents

Cash and cash equivalents represents deposits held at call with banks or other short term highly liquid investments with original maturities of three months or less.

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.

j) Goods and Services Tax (GST)

Revenue, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. Receivables and payables in the balance sheet are shown inclusive of GST.

Cashflows are presented in the cash flow statement on a net basis.

k) Provisions

Provisions are recognized when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

l) 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 Non-current Financial Assets

Included in the financial statements is \$2,436,400 in investments in unlisted unit trusts. The value includes \$2,250,000 of bonus units issued by the trustee for the unit trusts after revaluing the trust assets. 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.

The financial report was authorised for issue on 14th September 2009 by the Board of Directors.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

| | NOTE | 2009 | 2008 |
|---|------|----------|---------|
| | | \$ | \$ |
| 2. REVENUE | | | |
| Sales revenue: | | | |
| Property development services income | | - | 245,455 |
| Other Income | | - | - |
| | | - | 245,455 |
| Other revenue: | | | |
| Interest Revenue – Non related parties | | 18,521 | 13,646 |
| Interest Revenue – Related parties | | 12,190 | - |
| Total Revenue | | 30,711 | 259,101 |
| 3. LOSS BEFORE INCOME TAX EXPENSE | | | |
| The following items have been recognised in the profit/(loss) from ordinary activities: | | | |
| Finance costs | | | |
| - Other related parties | | 84,000 | 48,256 |
| Other expenses by nature: | | | |
| Consultant fees – G8 Management Pty Ltd | | 120,000 | 120,000 |
| Consultants fees - other | | 19,500 | - |
| Directors' fees and expenses | | 9,500 | 17,500 |
| Other expenses from ordinary activities | | 56,911 | 52,569 |
| | | 205,911 | 190,069 |
| 4. INCOME TAX | | | |
| (a) The components of tax expense comprise: | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| | | - | - |
| (b) The amount of prima facie tax payable on operating loss before income tax is reconciled to income tax expense as follows: | | | |
| Prima facie tax payable on loss | | | |
| Calculated at 30% (2008: 30%) | | (77,760) | 6,152 |
| Less tax effect of re-coupment of tax losses | | 77,760 | (6,152) |
| Income tax attributable to Entity | | - | - |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

| | 2009 | 2008 |
|--|------|------|
| 4. INCOME TAX (Continued) | | |
| The applicable weighted average effective tax rate is as follows: | 0% | 0% |
| <p>Potential future income tax benefits at 30% (2008: 30%) attributable to tax losses and timing differences carried forward amounting to \$2,088,000 (2008 \$1,829,000) 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> | | |
| <p>(a) The 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;</p> | | |
| <p>(b) The entity continues to comply with the conditions for deductibility imposed by law and</p> | | |
| <p>(c) No changes in tax legislation adversely affect the entity in realising the benefit from the deduction for the loss.</p> | | |
| (c) Dividend imputation: | | |
| Dividends that have been or will be franked | - | - |
| Applicable tax rate | 30% | 30% |
| Balance of franking account at reporting date | - | - |

5. 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
 Mr JL Chard
 Mr RD Tilby
 Mr RXY Yu

Chairman -Chief Executive
 Director – Non-Executive
 Director – Non-Executive
 Director – Non-Executive

Key Management Personnel

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.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

5. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

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. At the discretion of the Chairman, 25 cent ordinary shares can be issued in lieu of cash payment.
- Sabina Corporation Limited does not employ any executives.
- The remuneration committee reviews director's 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.

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

| 2009 | Primary | | | | | Other | | Total |
|--------------|----------------|-----------------|------------|-------------------|-----------------|---------------|----------|----------------|
| | Salary | Super-annuation | Cash Bonus | Non-Cash Benefits | Post Employment | Director Fees | Other | |
| Mr PB Chen | 120,000 | - | - | 4,000 | - | - | - | 124,000 |
| Mr JL Chard | - | - | - | 1,500 | - | - | - | 1,500 |
| Mr RD Tilby | - | - | - | 2,000 | - | - | - | 2,000 |
| Mr RX Yu | - | - | - | 2,000 | - | - | - | 2,000 |
| Total | 120,000 | - | - | 9,500 | - | - | - | 129,500 |

| 2008 | Primary | | | | | Other | | Total |
|--------------|----------------|-----------------|------------|-------------------|-----------------|---------------|----------|----------------|
| | Salary | Super-annuation | Cash Bonus | Non-Cash Benefits | Post Employment | Director Fees | Other | |
| Mr PB Chen | 120,000 | - | - | 7,000 | - | - | - | 127,000 |
| Mr JL Chard | - | - | - | 3,500 | - | - | - | 3,500 |
| Mr RD Tilby | - | - | - | 3,500 | - | - | - | 3,500 |
| Mr RX Yu | - | - | - | 3,500 | - | - | - | 3,500 |
| Total | 120,000 | - | - | 17,500 | - | - | - | 137,500 |

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

5. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

(c) Remuneration Options

Nil Options Granted as Remuneration.
 No options are held by Directors or Executives.
 No Shares Issued on Exercise of Remuneration Options

(d) Shareholdings

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

| | Balance 1.7.08 | Received as Remuneration | Shares Disposed of | Acquired Through Director Related Entity in Lieu of debt repayment | Balance 30.6.09 |
|----------------------------|-------------------|-----------------------------|-----------------------|---|--------------------|
| Parent Entity Directors | | | | | |
| Mr PB Chen | 776,000 | 28,000 | - | - | 804,000 |
| Mr JL Chard | 26,000 | 14,000 | - | - | 40,000 |
| Mr RD Tilby | 382,000 | 14,000 | - | - | 396,000 |
| Mr RX Yu | 10,000 | 14,000 | - | - | 124,000 |
| Total | 1,194,000 | 70,000 | - | - | 1,264,000 |

| | | |
|-------------|-------------|-------------|
| NOTE | 2009 | 2008 |
| | \$ | \$ |

6. TRADE AND OTHER RECEIVABLES

| | | | |
|--------------------------------|-----|----------------|----------------|
| Due from other related parties | (i) | 272,190 | 208,573 |
| | | <u>272,190</u> | <u>208,573</u> |
| | | ===== | ===== |

(i) The amount due from Uni Village Unit Trust is unsecured and interest is at 12%p.a. The amount is repayable under normal commercial terms and conditions. The TDC Project (Newnham) Pty Ltd is the corporate trustee for Uni Village Unit Trust in which Sabina Corporation Limited has a 40% investment.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

| | NOTE | 2009 \$ | 2008 \$ |
|---|------|-------------|-------------|
| 7. FINANCIAL ASSETS | | | |
| Available-for-sale assets | | | |
| Current: | | | |
| Contrabart Trade Exchange Dollars | (i) | 2,541,000 | 2,541,000 |
| Provision for Diminution | | (2,540,998) | (2,540,998) |
| | | 2 | 2 |
| | | ===== | ===== |
| Available-for-sale assets | | | |
| Non Current: | | | |
| Investment in unlisted unit trusts at cost | (ii) | 186,400 | 296,400 |
| Investment in unlisted unit trusts at directors valuation | (ii) | 2,250,000 | 2,250,000 |
| | | 2,436,400 | 2,546,400 |
| | | ===== | ===== |

(i) Current 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 these 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.

(ii) Non current available-for-sale financial assets comprise of investments in unlisted unit trust. There are no fixed returns or fixed maturity dates attached to these investments.

Interests are held in the unit trusts listed on the following page.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

7. FINANCIAL ASSETS *continued*

Interests are held in the following unit trusts:

| Name | Principle Activities | Ownership Interest | | Carrying Amount of Investment | |
|-------------------------|----------------------|--------------------|-------------|-------------------------------|-------------|
| | | 2009 % | 2008 % | 2009 \$ | 2008 \$ |
| UniVillage Unit Trust | Property Development | 40 | 40 | 1,054,000 | 1,054,000 |
| Huonville Unit Trust | Property Development | 40 | 40 | 4,000 | 4,000 |
| Legana Unit Trust | Property Development | 40 | 40 | 1,200,400 | 1,200,400 |
| Ming Village Unit Trust | Property Development | 40 | 40 | 4,000 | 4,000 |
| Billabong Unit Trust | Property Development | 40 | 40 | 170,000 | 280,000 |
| Lighthouse Hotel Trust | Property Development | 40 | 40 | 4,000 | 4,000 |
| CTC Trust | Investment Alliance | 40 | - | - | - |
| | | | | 2,436,400 | 2,546,400 |
| | | | 2009 | | 2008 |
| | | | \$ | | \$ |

Movements during the year in unit trust Investments:

| | | |
|--|-----------|-----------|
| Balance at beginning of financial year | 2,546,400 | 2,146,400 |
| Add new investments during the year: | | |
| Bonus units received from Legana Unit Trust at directors valuation | - | 400,000 |
| Less decrease in value of units in Billabong Unit Trust | (110,000) | - |
| Balance at end of financial year | 2,436,400 | 2,546,400 |

In order to determine the fair value of the investment in unit trusts the Trustees of the unit trusts have adopted the following accounting policy:

- The value of freehold properties, when settled or under an installment contract, and other non-current assets of the trust are initially recorded at cost.
- Any increase in capital value of the non-current assets, based on market value as determined by a registered independent valuer, is taken up via the issue of bonus units.
- Where warranted, interim adjustments to the fair value are determined by the trustee in accordance with the Trust Deed and bonus units issued to correspond to the determined net increase in the trust asset value.
- On an annual basis, at year end, the Trustee re-assesses independent market valuation to ensure that the underlying fair value of trust assets corresponds to units issued. If circumstances exist that indicate that the trust assets no longer have the stated value, bonus units issued will be cancelled and the value of the investment reduced accordingly.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

| | NOTE | 2009 \$ | 2008 \$ |
|---|------|------------|------------|
| 8. TRADE AND OTHER PAYABLES | | | |
| CURRENT, UNSECURED | | | |
| Current trade accounts payable and accruals | | 40,500 | 62,353 |
| Non-trade accounts payable | | | |
| - other related parties | (i) | 25,000 | 756,972 |
| - other related parties | (ii) | 230,000 | - |
| - GST payable/(refundable), net | | (8,245) | 11,151 |
| | | 287,255 | 830,476 |
| | | ===== | ===== |

(i) The amount payable to G8 Management Pty Ltd is unsecured, interest free and is repayable under normal commercial terms.

(ii) The amount payable to Legana Unit Trust is unsecured, interest free and is repayable under normal commercial terms.

9. BORROWINGS

| | | | |
|------------------|-----|---------|---------|
| CURRENT, SECURED | | | |
| Promissory Notes | (i) | 700,000 | 752,131 |
| | | 700,000 | 752,131 |
| | | ===== | ===== |

(i) Details of Security:

- The first \$200,000 Promissory note is repayable on 5 June 2010 to Churchill Nominees Australia Pty Ltd as trustee for the Billabong Unit Trust. 12% Interest is accrued and payable at the due date. The Promissory Note is secured by a lien over the 560,000 units held in the Billabong Unit Trust.
- The second \$250,000 Promissory note was issued on 30 June 2008 and is repayable on 31 December 2009 to G8 Management Pty Ltd. 12% Interest is payable at the due date. The Promissory Note is secured by a lien over Sabina's units held in the UniVillage Unit Trust and Legana Unit Trust and 6 months' roll-over is available.
- The third \$250,000 Promissory note was issued on 30 June 2008 and is repayable on 31 December 2009 to G8 Management Pty Ltd. 12% Interest is payable at the due date. The Promissory Note is secured by a lien over Sabina's units held in the UniVillage Unit Trust and Legana Unit Trust and 6 months' roll-over is available.

SABINA CORPORATION LIMITED
ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

| | Note | 2009 \$ | 2008 \$ |
|---|------|-------------------|-------------------|
| 10. ISSUED CAPITAL | | | |
| 18,846,278 (2008: 18,776,278) fully paid ordinary shares | | 7,833,916 | 7,816,416 |
| | | <u>7,833,916</u> | <u>7,816,416</u> |
| | | 2009 No. | 2008 No. |
| <u>Issued Shares</u> | | | |
| Fully paid ordinary shares | | 18,846,278 | 18,776,278 |
| | | <u>18,846,278</u> | <u>18,776,278</u> |
| Shares on issue at beginning of year | | 18,776,278 | 18,620,278 |
| Shares issued during the year | | | |
| Issued on 31 March 2009 issued at 25 cents to directors in lieu of Directors Fees | | 70,000 | 156,000 |
| Transaction costs arising on issue of shares | | | - |
| Shares on issue at end of year | | <u>18,846,278</u> | <u>18,776,278</u> |

Options

At balance date the company has 4,000,000 (2008 – 4,000,000) 25 cents options over ordinary shares outstanding. The options are exercisable any time prior to 28 October 2010.

Capital Management

The directors control the capital of the Company in order to maintain a good debt to equity ratios, provide the shareholders with adequate returns and ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Directors effectively manage the company's capital by assessing the company financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by Directors to control the capital of the company since the prior financial year. This strategy is to ensure the company gearing ratio remains between below 10% until such time as company cashflow improves. The gearing ratios for the year ended 30 June 2009 and 30 June 2008 are as follows:

| | Note | 2009 \$ | 2008 \$ |
|--------------------------------|------|------------------|------------------|
| Total borrowings | | 700,000 | 752,131 |
| Less cash and cash equivalents | | (140,338) | (1,041,007) |
| Net debt | | <u>559,662</u> | <u>(288,876)</u> |
| Total equity | | 7,833,916 | 7,816,416 |
| Total capital | | <u>8,393,578</u> | <u>7,527,540</u> |
| Gearing ratio | | 7% | 4% |

SABINA CORPORATION LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

| | Note | 2009 \$ | 2008 \$ |
|---|------|-------------------------|--------------------|
| 11. 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 | | 1,202,000 | 802,000 |
| Revaluation of investment in unit trusts at directors valuation | | (110,000) | 400,000 |
| Balance at end of year | | 1,092,000 ===== | 1,202,000 ===== |
| 12. EARNINGS PER SHARE | | | |
| a) Reconciliation of Earnings to Loss | | | |
| Earnings used to calculate basic EPS | | (259,200) | 20,506 |
| Earnings used to calculate diluted EPS | | (259,200) | 20,506 |
| 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 | | 18,799,867 | |
| Weighted average number of shares and potential ordinary number of shares used in calculating diluted earnings per share | | 18,799,867 | |
| Potential ordinary shares that are not dilutive and not used in the calculation of diluted earnings per share -Unexercised share options (Unexercised share options could potentially dilute basic earnings per in the future but are considered anti-dilutive during the current financial year.) | | 4,000,000 | |
| Potential ordinary shares that are dilutive and are used In the calculation of diluted earnings per share | | - | |
| | | 2009 \$ | 2008 \$ |
| Basic Earnings per Share | | (0.014) cents | 0.0011 cents |
| Diluted earnings per share | | (0.014) cents | 0.0011 cents |

SABINA CORPORATION LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

| | Note | 2009 \$ | 2008 \$ |
|--|------|------------|------------|
| 13. AUDITORS' REMUNERATION | | | |
| Current auditor | | | |
| Audit and review of 2009 financial reports | | 9,600 | 9,200 |
| Other services | | - | 2,600 |
| | | 9,600 | 11,800 |
| | | 9,600 | 11,800 |

14. ULTIMATE PARENT ENTITY

Churchill Nominees Australia Pty Ltd owns 50.33% of Sabina Corporation Limited. Accordingly the ultimate parent entity is Churchill Nominees Australia Pty Ltd as trustee for the Mandarin Paradise Trust.

15. 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 and Development.

A statement of operations of business segments for the year ended 30 June 2009 is as follows:

| BUSINESS SEGMENTS | Property Rental & Development | |
|---|--|-------------|
| | 2009 | 2008 |
| | \$ | \$ |
| <i>Revenue</i> | | |
| Sales to customers outside the entity | - | 245,455 |
| Total Segment Revenue | - | 245,455 |
| Other revenue-interest | 30,711 | 13,646 |
| Total Revenue (note 2) | 30,711 | 259,101 |
| <i>Result</i> | | |
| Segment Result | (259,200) | 20,506 |
| <i>Assets</i> | | |
| Segment assets & total assets | 2,848,930 | 3,795,982 |
| <i>Liabilities</i> | | |
| Segment liabilities & total liabilities | 987,255 | 1,582,607 |
| <i>Other Information</i> | | |
| Bonus units taken up | - | 400,000 |
| Unit value decreased | (110,000) | - |

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

| | 2009 | 2008 |
|--|-----------|-----------|
| | \$ | \$ |
| 16. RELATED PARTY TRANSACTIONS | | |
| Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties. | | |
| As at 30 June 2009 the following amounts were owed by/(due to) the parent entity to the following director related entities: | | |
| G8 Management Pty Ltd | (25,000) | (756,973) |
| Aggregate Shares held by directors or any of their related entities in Sabina Corporation Limited: | | |
| | 2009 | 2008 |
| | # | # |
| Ordinary Shares | 1,264,000 | 1,194,000 |
| Aggregate Shares acquired or disposed by directors or any of their related entities in Sabina Corporation Limited: | | |
| | 2009 | 2008 |
| | # | # |
| Ordinary shares acquired | 70,000 | 156,000 |
| Ordinary shares disposed | - | - |

17. FINANCIAL RISK MANAGEMENT

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 any derivative financial instruments.

Financial risk management policies:

Although no formal committee has been established due to the size of current operations, the directors are responsible for monitoring and managing financial risk exposure of the company. The directors have adopted strategies that minimize potential adverse effects on financial performance. These include strategies over interest rate risk and future cashflow requirements.

The main risks the company is exposed to are interest rate risk and liquidity risk.

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ABN 67 010 723 181

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

17. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

Directors analyse interest rate exposure on a regular basis. Interest rate risk is managed by entering into fixed rate contracts. At 30 June 2009 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 2009.

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

| <u>2009</u> | <u>Fixed Interest Rate</u> <u>Maturing</u> | | | Floating | Total | Weighted |
|--|---|-------------------------|--------------------|------------------------|-----------|--|
| | Non- Interest Bearing \$ | 1 Year or Less \$ | 1 to 5 Years \$ | Interest Rate \$ | \$ | average effective interest Rate |
| Financial Assets: | | | | | | |
| Cash | - | - | - | 140,338 | 140,338 | 3.0% |
| Financial Liabilities maturing in less than 1 year: | | | | | | |
| Interest bearing liabilities | - | 700,000 | - | - | 700,000 | 12.0% |
| | | | | | | |
| <u>2008</u> | <u>Fixed Interest Rate</u> <u>Maturing</u> | | | Floating | Total | Weighted |
| | Non- Interest Bearing \$ | 1 Year or Less \$ | 1 to 5 Years \$ | Interest Rate \$ | \$ | average effective interest Rate |
| Financial Assets: | | | | | | |
| Cash | - | - | - | 1,041,007 | 1,041,007 | 6.0% |
| Financial Liabilities maturing in less than 1 year: | | | | | | |
| Interest bearing liabilities | - | 752,131 | - | - | 752,131 | 12.0% |

Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- Preparing forward cashflow analysis in relation to its operations, investing and financing activities
- Obtaining funding from a variety of sources
- Obtain financial support from parent company.

100% of the financial liability (promissory notes) matures within 12 months. It is the intention of directors to seek rollover of these promissory notes until such time as the Company earns sufficient income to repay them. The promissory notes are repayable to the parent entity and a director related entity.

SABINA CORPORATION LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

17. FINANCIAL RISK MANAGEMENT (continued)

The net cash outflow of financial assets and liabilities as at 30 June 2009 within one year is expected to be:

| | 2009 | 2008 |
|---|---------|-----------|
| | \$ | \$ |
| Financial liabilities due for payment-expected cash outflows: | | |
| Trade and other payables | 287,255 | 830,476 |
| Financial assets – anticipated realizable cash inflow: | | |
| Cash and cash equivalents | 140,338 | 1,041,007 |
| Trade and other Debtors | 272,190 | 208,573 |
| | 412,528 | 1,249,580 |
| Net cash inflow on financial instruments | 125,748 | 419,104 |
| | ===== | ===== |

Units held in Unit Trusts are pledged as collateral for promissory notes.

Net Fair Values

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

| | 2009 | | 2008 | |
|---|-----------------|----------------|-----------------|----------------|
| | Carrying Amount | Net Fair Value | Carrying Amount | Net Fair Value |
| | \$ | \$ | \$ | \$ |
| <u>Financial Assets</u> | | | | |
| Available for sale financial assets at fair value | 2 | 2 | 2 | 2 |
| Investments in unit trust | 2,436,400 | 2,436,400 | 2,546,400 | 2,546,400 |
| | 2,436,402 | 2,436,402 | 2,546,402 | 2,546,402 |
| <u>Financial Liabilities</u> | | | | |
| Promissory notes | 700,000 | 700,000 | 752,131 | 752,131 |
| | 700,000 | 700,000 | 752,131 | 752,131 |

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

In order to determine the fair value of the investment in unit trusts the Trustees of the unit trusts have adopted the following accounting policy:

- The value of freehold properties, when settled or under an installment contract, and other non-current assets of the trust are initially recorded at cost.
- Any increase in capital value of the non-current assets, based on market value as determined by a registered independent valuer, is taken up via the issue of bonus units.
- Where warranted, interim adjustments to the fair value are determined by the trustee in accordance with the Trust Deed and bonus units issued to correspond to the determined net increase in the trust asset value.
- On an annual basis, at year end, the Trustee re-assesses independent market valuation to ensure that the underlying fair value of trust assets corresponds to units issued. If circumstances exist that indicate that the trust assets no longer have the stated value, units and/or bonus units issued will be cancelled and the value of the investment reduced accordingly.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

| | NOTE | 2009 | 2008 |
|---|-----------|------|-----------|
| | | \$ | \$ |
| 17. FINANCIAL RISK MANAGEMENT (continued) | | | |
| Sensitivity Analysis | | | |
| <p>The directors do not consider the company has any exposure to changes in interest rates as the only interest bearing financial liability is a fixed rate instrument.</p> | | | |
| 18. NOTES TO STATEMENTS OF CASH FLOWS | | | |
| (i) Cash at the end of the year as shown in the Statements of Cash Flow, is reconciled to the related items in the Balance Sheet as follows: | | | |
| Cash at bank | 16,799 | | 1,041,007 |
| Term deposit | 123,539 | | - |
| | 140,338 | | 1,041,007 |
| | 140,338 | | 1,041,007 |
| (ii) Reconciliation of net cash provided by operating activities to profit after income tax | | | |
| (Loss)/Profit after income tax | (259,200) | | 20,506 |
| Add back/(Subtract) the non-cash items | | | |
| Non Cash transaction -expenditure satisfied by issue of shares/proposed issue of shares | 9,500 | | 17,500 |
| Capitalised interest | 30,653 | | - |
| Changes in assets and liabilities | | | |
| Trade & other payables, net of related entity | (41,249) | | 38,504 |
| Trade & other receivables, net of related entity | - | | (60,000) |
| | (260,296) | | 16,510 |
| | (260,296) | | 16,510 |
| (iii) Non Cash Financing and Investing Activities | | | |
| Issue of shares in Lieu of directors fees | 9,500 | | 17,500 |

There are no unused loan facilities at 30 June 2009.

19. CAPITAL AND LEASING COMMITMENTS

There are no operating or finance lease commitments.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

20. 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 3 George Town Road, Newnham, Tasmania. The principal activities of the company are disclosed in the directors' report. There were nil employees employed by the entity during the period ended 30 June 2009 (2008: nil).

21. 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 company has incurred historical losses and the recent net profits reflect ongoing efforts by directors to secure development funding and projects. Future working capital will be provided by promissory notes. The current promissory notes due within the next 12 months can be extended if requested by the company. The excess of liquid assets over current liabilities is not sufficient to discharge these commitments without an inflow of funds from revenue earnings, 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 loans to equity should the opportunity to do so becomes available.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SABINA CORPORATION LIMITED

ABN 67 010 723 181

Scope

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of Sabina Corporation Limited for the financial year ended 30 June 2009 included on Sabina Corporation Limited web site. We have not been engaged to report on the integrity of the web site. The audit report refers only to the statements contained herein. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Sabina Corporation Limited, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

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 referred to in pages 19 to 42 in this financial report for the year ended 30 June 2009.

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 18 of the financial report has not changed as at the date of providing our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SABINA CORPORATION LIMITED
ABN 67 010 723 181

Independent Auditor's Report (continued)

Audit opinion

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 financial position as at 30 June 2009 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.



Gary Paul Smith
Registered Company Auditor (222045)
Certified Practising Accountant
Director
GPS Business Services
Suite 3, 118 Vulture Street
South Brisbane Qld 4101

Date: 18th September 2009

SABINA CORPORATION LIMITED
ABN 67 010 723 181

SHAREHOLDERS INFORMATION

Distribution of Listed Shares as at 31st August 2009.

| Ordinary Shares Numbers | Shares | Shareholder |
|----------------------------|-------------------|-------------|
| 1 - 1,000 | 37,405 | 62 |
| 1,001 - 5,000 | 833,490 | 397 |
| 5,001 - 10,000 | 170,000 | 20 |
| 10,001 – 100,000 | 1,831,126 | 42 |
| 100,001 - over | 15,974,257 | 22 |
| | 18,846,278 | 543 |
| | ===== | ===== |

There are 484 shareholders who hold less than a marketable parcel of ordinary shares in the company. The 20 largest shareholders hold 83.64% 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 31st August 2009 are listed below:

| Name | No. of Ordinary Shares Held | % of Issued Share Capital |
|--|--------------------------------|------------------------------|
| 1 Churchill Nominees Australia Pty Ltd | 9,485,532 | 50.33% |
| 2 Mr. Peter Benjamin Chen | 804,000 | 4.27% |
| 3 Girvy Holdings Pty Ltd | 697,000 | 3.70% |
| 4 Philip Oh & Famiy | 636,800 | 3.38% |
| 5 Educorp (Aust) Pty Ltd | 584,975 | 3.10% |
| 6 Fuhua Investment (Aust) Pty Ltd | 449,500 | 2.39% |
| 7 Mrs Liliana Teofilova | 425,000 | 2.26% |
| 8 Ms Joo Hua Ong | 350,000 | 1.86% |
| 9 Mr. Wei Leng Ong | 350,000 | 1.85% |
| 10 Tilby Super Fund | 350,000 | 1.85% |
| 11 Gazump Resources Pty Ltd | 236,000 | 1.25% |
| 12 Dr Francis C K Chen | 200,000 | 1.06% |
| 13 Ms Corina Claire Chen | 195,000 | 1.03% |
| 14 Mrs Claire Ong | 195,000 | 1.03% |
| 15 Imperial Investments Pty Ltd | 150,000 | 0.80% |
| 16 Mr. Graham Frederick Ellwood | 148,000 | 0.79% |
| 17 Ms Carole Christine Rowan | 145,000 | 0.77% |
| 18 Capital Nominees Limited | 128,086 | 0.68% |
| 19 MacNaughtan Family Super Fund | 122,764 | 0.65% |
| 20 Geoffrey & Gwenda Ising | 111,000 | 0.59% |
| TOTAL | 15,763,657 | 83.64% |

SABINA CORPORATION LIMITED
ABN 67 010 723 181

Company Secretary

The name of the company secretary is Mr. J L 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 2009

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 2009

| <u>Name of Director</u> | <u>Ordinary Shares</u> | <u>Options</u> |
|-------------------------|------------------------|----------------|
| Mr P B Chen | 804,000 | - |
| Mr J L Chard | 40,000 | - |
| Mr R D Tilby | 396,000 | - |
| Mr R X Yu | 24,000 | - |
| Total | <u>1,264,000</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.

Auditor

Mr. G P Smith
GPS Business Services
Suite 3, 118 Vulture Street
South Brisbane Qld 4101

Legal Counsel

Mr. R X Yu
Yu Chambers
6 Eiley Street,
Runcorn Qld 4113

END