



# ANNUAL REPORT

FOR YEAR ENDING

30<sup>th</sup> JUNE 2007

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**SABINA  
CORPORATION  
LIMITED**

ABN 67 010 723 181

[www.sabina.com.au](http://www.sabina.com.au)

Artist's impression of UniVillage in Launceston, Tasmania – an innovative development project undertaken by Sabina for Uni Village Unit Trust.

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**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

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**COMPANY PARTICULARS**

Directors:	Mr. P B Chen Mr. J L Chard Mr. R D Tilby Mr. R X Yu	Executive Chairman & CEO Non Executive Director Non Executive Director Non Executive Director
Company Secretary:	Mr. J L Chard	
Legal Counsel	Mr. R X Yu	
Registered Office:	Level 18, 300 Adelaide St BRISBANE QLD 4000	
Share Registry:	Computershare Registry Services Level 19 307 Queen Street BRISBANE QLD 4000	
Auditor:	Mr. Gary P. Smith FCPA Director GPS Business Services Certified Practising Accountants Suite 3, Level 1, 118 Vulture Street SOUTH BRISBANE QLD 4000	
Banker:	ANZ Banking Group Limited 113 Boundary Street WEST END QLD 4101	

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

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**SABINA CORPORATION LIMITED**

**ABN 67 010 723 181**

**CHAIRMAN'S REPORT**

**FINANCIAL RESULTS**

The operating profit for the financial year ended 30<sup>th</sup> June 2007 totalled \$900,111 (2006 \$263,551 loss).

The improvement in operating result reflects revenue earned from project and development management services provided to the UniVillage Unit Trust and a gain recorded upon receipt of 2,100,000 bonus units at \$0.50 cents each in that same unit trust, reflecting the gain in fair value of the underlying assets of the Unit Trust.

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

**REVIEW OF OPERATIONS**

Sabina as at 30<sup>th</sup> June 2007 has a 40% equity interest in the following eight (8) property unit trusts including Heritage Village Trust and Sabina Investment Trust that are awaiting finalization of subscription payments:

**(A) Tasmania Development Corporation Pty Ltd as Trustee for:**

- Uni Village Unit Trust (Est. 19/05/03)  
Project Title: UniVillage Apartments

The eight acre site at Newnham has been granted Development Approval and Re-zoning to "University Village Newnham Precinct – Mixed Use" and land is fully settled. The building application for the construction of the \$43 million complex was lodged in May 2007 and building/subcontractor tenders have been sought. Finance facility negotiations are underway. Soft marketing of the project has commenced prior to formal release of the price list. A marketing website has been constructed; [www.univillage.com.au](http://www.univillage.com.au). Strong sale enquiries have been received from investors, both locally and from China. The construction is expected to be done in 2 stages.

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

The unit trust is no longer pursuing this project. Bonus units previously issued have been cancelled and the entries reversed.

- Ming Village Unit Trust (Est. 29/01/05)  
Project Title: Ming Village & Eco Resort

On 7<sup>th</sup> August 2006 a forest lease was successfully obtained for the 496 hectares leasehold land at Tonganah, near Scottsdale in North East Tasmania, to allow Sabina to conduct an in-depth feasibility study and to obtain development approval from Dorset Council for the proposed Ming Village & Eco Resort. A further 101 hectares of adjoining land owned by Crown Land Services is now being sought for inclusion. No further progress has been made since date of last Annual report in September 2006.

**SABINA CORPORATION LIMITED**  
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**CHAIRMAN'S REPORT**

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

The application to re-zone the land to Light Industrial and a development application to subdivide the 20 acre site into 33 varying size allotments have been approved by the West Tamar Council and a planning permit was granted on 11 May 2007 by the Resource Planning and Development Commission in Hobart. It is the intention of the Trustee to develop 20 warehouse/showrooms, mini-factories, light industry and a self-storage complex. The land is situated at the junction of West Tamar Highway and Legana Park Drive, Legana; approximately 10 kilometres from Launceston CBD. The Trustee declared a further bonus issue and Sabina received \$400,000 in bonus units for its 40% interest.

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

The newly elected councillors of George Town Council decided not to proceed with the rezoning of the development site. The unit trust is no longer pursuing this project.

- Heritage Village Trust (Est. 6/04/06)  
Project Title: Heritage Village

The 8 ½ acre land is planned for a mixed-use, commercial and motel accommodation development. The Development Application has been prepared and lodged and final responses to issues raised by the Geeveston Council are being addressed including the impact the development would have on Council's existing sewerage treatment plant. Council has engaged consultants to investigate the sewerage capacity. Sabina at date of this report still has to pay for the 40% of the units subscribed at \$1.00 each in Heritage Village Trust.

**(B) Churchill Nominees Australia Pty Ltd as Trustee for:**

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

The land area is 12,960 m<sup>2</sup> situated directly opposite the international hotel at Kooralbyn near Beaudesert in Queensland. Currently the property is being advertised for sale or joint venture.

**(C) G8 Management Pty Ltd as Trustee for:**

- \* Sabina Investment Trust (Est.14/7/06)  
Project Title: N/A

This unit trust was originally set up to acquire a residential apartment in Rosehill, NSW but has since been abandoned. The trust is now seeking other new investment opportunities.

The accounting policy adopted by the Trustees is to adjust its book value of the freehold properties held for development when the property is settled or when it is under an instalment contract. Any increase in capital value, based on market valuation as determined by an independent valuer, is taken up via the issue of bonus units; or when warranted, an interim valuation adjustment as determined by the Trustee in accordance with the Trust Deed is also taken up in the accounts. Increases in market value on properties that are being purchased on an option-type agreement are, however, not taken up in the accounts.

As at 30<sup>th</sup> June 2007 Sabina had taken up in its books a total of \$1,850,000 in bonus units on its investments in the unit trusts in Tasmania.

**SABINA CORPORATION LIMITED**  
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**CHAIRMAN'S REPORT**

**REVIEW OF EVENTS DURING THE YEAR**

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

- The last AGM was held on Friday 29 September 2006 and all resolutions recommended by the Directors were passed.
- The current Members of the Board are:
  - \* Mr. Peter B Chen - Executive Chairman & CEO
  - \* Mr. John L Chard - Non-Executive Director & Secretary
  - \* Mr. R David Tilby - Non-Executive Director
  - \* Mr. Roger X Yu - Non-Executive Director
- The current Members of the Advisory Board are:
  - \* Mr Graham F Ellwood - Architect
  - \* Dr Robert J Paech - Educationalist
  - \* Mr. Ken Miller - Marketing Consultant
  - \* Mr. R. James Huey - Adviser – China Affairs
  - \* Mr. James R W Hayward - Merchant Banker
  - \* Mr. Peter J Murray - University Lecturer
- \* On 14<sup>th</sup> July 2006, a Trust Deed was executed for the establishment of Sabina Investment Trust.
- On 29 September 2006, Mr. Geoffrey Taylor resigned as a Non-Executive Director.
- On 29 September 2006 Mr Roger Yu was appointed a Non-Executive Director
- In November 2006, the operating office was relocated to Launceston, Tasmania.
- On 22<sup>nd</sup> February 2007, the Board resolved that the proposed development opportunity in Chilliwack, Canada be dropped.
- On 26<sup>th</sup> February 2007, Uni Village Unit Trust took out a new mortgage loan facility with Westpac Banking Corporation in Brisbane, replacing the project facility previously established with NBA in Tasmania.
- On 17<sup>th</sup> May 2007, ASIC approved the change of auditor from Mr. Craig Cornelius Whitehill to Mr. Gary Paul Smith.

**SABINA CORPORATION LIMITED**  
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**CHAIRMAN'S REPORT**

**THE FUTURE**

The Directors are very pleased with the increase in trust asset values that have been achieved in the various property unit trusts in Tasmania that are currently managed by the Trust Manager G8 Management Pty Ltd on behalf of the corporate trustee, Tasmania Development Corporation Pty Ltd.

The UniVillage Project in Launceston is scheduled to commence its building construction in the third quarter of 2007, at which time the Company would earn additional project management fees. The future looks promising as the Company has finally made a turn around in its operating results.

**REMUNERATION REPORT**

The Company has no employee during the year ended 30<sup>th</sup> June 2007. All staff requirements were outsourced on a consultancy basis. However, under Subsection 250R(2) of the Corporations Act, an ordinary resolution for the Remuneration Report is still required to be passed at the Annual General Meeting.

**CORPORATE GOVERNANCE STATEMENT**

The Board has adopted a Corporate Governance Statement that outlines the main practices (see details on pages 7-10 of this report) that were in place throughout the year ended 30<sup>th</sup> June 2007.

**NEW CONSTITUTION**

On 29 September 2006 by special resolution, the Board adopted a new Constitution to replace the old Memorandum & Articles of Association which has been in use since the Company was incorporated on 1 June 1987. A copy of the new Constitution can be viewed on the Company's website at: [www.sabina.com.au](http://www.sabina.com.au) under Menu Item 9.

**CHANGE OF AUDITORS**

In keeping with the recommended professional practice, Mr. Craig Whitehill from Whitehills Business Advisers has resigned as Auditor and was replaced by Mr. Gary Smith from GPS Business Services in West End, Queensland. The change was approved by ASIC on 17<sup>th</sup> May 2007.

P B Chen  
Chairman

Date: / / 2007

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**CORPORATE GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2007**

**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 30<sup>th</sup> June 2007.

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

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



**SABINA CORPORATION LIMITED**

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**CORPORATE GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2007**

**TRADING POLICY**

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

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

**AUDIT COMMITTEE**

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

**PERFORMANCE EVALUATION**

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

**REMUNERATION POLICY**

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

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

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

**BUSINESS RISK MANAGEMENT**

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

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

**SABINA CORPORATION LIMITED**  
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**CORPORATE GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2007**

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

**ETHICAL STANDARDS**

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

**EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS**

The Board has adopted corporate governance practices that are commensurate with the size and scope of the Company and its activities. The Company has therefore adopted policies, procedures and structures which have been designed with the best interests of the Company and its shareholders in mind, and which are practical and efficient to implement, notwithstanding that these are not in all instances consistent with the specific recommendations of the ASX Corporate Governance Council. To the extent that the Company's practices 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:

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

**SABINA CORPORATION LIMITED**

**ABN 67 010 723 181**

**CORPORATE GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2007**

**EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS**  
**(continued)**

<b>No.</b>	<b>Departure from Recommendation</b>	<b>Explanation for Departure</b>
4.2	No formal Audit Committee has been established.	Given the fact that all the accounting input data is carried out by an outside independent Certified Public Accountant and the small size of the Company's current activities, the Board considers the present arrangement is fully capable of maintaining the independence and objectivity of the external auditors.
5.1	There are no written policies and procedures designed to ensure the compliance with the ASX Listing Rule on disclosure requirements.	Although there are no written policies in place the responsibility for compliance with the ASX Listing Rules is handled by the Board and subject to review by the external auditors. The Board considers that the requirements are met.
7.1	The Board should establish policies on risk oversight and management.	The Board has appointed an "Advisory Board" made up of six (6) independent Members to assist the Board and review various risks associated with property acquisition and the obtaining of development approval.
7.2	The CEO & Chief Financial Officer to confirm existence of a sound system of risk management policies.	The principal policy adopted to minimise risk is that Company's participation is limited to investment in unit trusts operated by other partners and providing services.
8.1	Performance evaluation of the Board and key executives.	Given the size of the Company and the Structure of the Board, the Chairman is fulfilling this role at the moment.
10.1	There has been no disclosure of a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	Although no formal code has been drawn up, the Board recognises the Principle and adopts business practices accordingly.

**Other information**

Further information relating the company's corporate governance practices and policies has been made publicly available on the company's web site at [www.sabina.com.au](http://www.sabina.com.au).

**END**

**SABINA CORPORATION LIMITED**

**ABN 67 010 723 181**

**DIRECTORS' REPORT**

Your Directors present their report on the company for the year ended 30<sup>th</sup> June 2007.

**DIRECTORS**

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

Mr Peter B. Chen	(Chairman, CEO)
Mr John L. Chard	(Non-executive director.)
Mr R. David Tilby	(Non-executive director. )
Mr Geoffrey Taylor	(Non-executive director. Resigned 29 September 2006)
Mr Roger X Yu	(Non-executive director. Appointed 29 September 2006)

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

**COMPANY SECRETARY**

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

Mr John L. 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 profit from ordinary activities after income tax for the financial year ended 30th June 2007 was \$900,111 (2006 \$263,511 loss). The profit was principally an unrealised gain on value of investment in the Uni Village Unit Trust.

**DIVIDEND PAID OR RECOMMENDED**

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

**REVIEW OF OPERATIONS**

During the financial year the company invested in development activities via holdings in various property unit trusts managed by the Trust Manager, G8 Management Pty Ltd on behalf of the corporate trustees.

**SABINA CORPORATION LIMITED**

**ABN 67 010 723 181**

**DIRECTORS' REPORT**

**REVIEW OF OPERATIONS (continued)**

As at 30 June 2007, Sabina held a 40% interest in the following property trusts:

- Uni Village Unit Trust (Est. 19/5/03)  
Project Title: UniVillage Apartments

The eight acre site at Newnham has been granted Development Approval and Re-zoning to "University Village Newnham Precinct – Mixed Use" and land is fully settled. The building application for the construction of the \$43 million complex was lodged in May 2007 and building/subcontractor tenders have been sought. Finance facility negotiations are underway. Soft marketing of the project has commenced prior to formal release of the price list. A marketing website has been constructed; [www.univillage.com.au](http://www.univillage.com.au). Strong sale enquiries have been received from investors, both locally and from China. The construction is expected to be done in 2 stages.

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

The trust is currently not pursuing any projects. The Trust Manager, G8 Management Pty Ltd, has agreed to absorb all expenditure incurred. The \$400,000 bonus units previously allocated have now been cancelled and entries reversed.

- Ming Village Unit Trust (Est. 29/01/05)  
Project Title: Ming Village & Eco Resort

On 7<sup>th</sup> August 2006 a forest lease was successfully obtained for the 496 hectares leasehold land at Tonganah, near Scottsdale in North East Tasmania, to allow Sabina to conduct an in-depth feasibility study and to obtain development approval from Dorset Council for the proposed Ming Village & Eco Resort. A further 101 hectares of adjoining land owned by Crown Land Services is now being sought for inclusion. No further progress has been made since date of last Annual Report in September 2006.

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

The application to re-zone the land to Light Industrial and a development application to subdivide the 20 acre site into 33 varying size allotments has been approved by the West Tamar Council and a planning permit was granted on 11 May 2007 by the Resource Planning and Development Commission in Hobart. It is the intention of the Trustee to develop 20 warehouse/showrooms, mini-factories, light industry and a self-storage complex. The land is situated at the junction of West Tamar Highway and Legana Park Drive, Legana; approximately 10 kilometres from Launceston CBD. The Trustee declared a further bonus issue and Sabina received a \$400,000 in bonus units for its 40% interest.

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

The newly elected councillors of George Town Council decided not to proceed with the rezoning of the development site. The unit trust is no longer pursuing this project. The Trust Manager, G8 Management Pty Ltd, has agreed to absorb all expenditure incurred by the trust.

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

The 8 ½ acre land is planned for a mixed-use, commercial and motel accommodation development. The Development Application has been prepared and lodged and final responses to issues raised by the Geeveston Council are being addressed including the impact the development would have on Council's existing sewerage treatment plant. Council has engaged consultants to investigate the sewerage capacity. Sabina at date of this report still has to pay for the 40% of the units subscribed at \$1.00 each in Heritage Village Trust.

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

The land area is 12,960 m<sup>2</sup> situated directly opposite the international hotel at Kooralbyn near Beaudesert in Queensland. Currently the property is being advertised for sale or joint venture.

- \* Sabina Investment Trust (Est. 17/7/06)  
Project Title: N/A

This unit trust was originally set up to acquire a residential apartment in Rosehill, NSW but has since been abandoned. The trust is now seeking other new investment opportunities.

## **FINANCIAL POSITION**

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, the major shareholder in Sabina Corporation Limited.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

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

## **AFTER BALANCE DATE EVENTS**

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

## **FUTURE DEVELOPMENTS, PROSPECT AND BUSINESS STRATEGIES**

To further improve the company's profit and maximise shareholder wealth, the company will continue to exercise its option to take up investment opportunities in property trusts managed by Tasmanian Development Corporation Pty Ltd and others. Investments in two of the unit trusts have already resulted in the receipt of \$1,850,000 worth of bonus units to 30 June 2007; of which \$1,050,000 has been taken up in the profit & loss account.

## **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.

## **INFORMATION ON DIRECTORS**

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

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

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

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**DIRECTORS' REPORT**

**INFORMATION ON DIRECTORS (Continued)**

**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. Mr. Tilby is based in Brisbane, Queensland.

**Roger X Yu**  
**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.

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**DIRECTORS' REPORT**

**DIRECTORS' MEETINGS**

Number of Directors' meetings held during the year was:

<u>Name of Director</u>	<u>Meetings held during the period whilst holding office</u>	<u>Meetings attended</u>
Mr. P B Chen	6	6
Mr. JL Chard	6	5
Mr. RD Tilby	6	6
Mr. G Taylor	1	1
Mr. R X Yu	5	5

There were no audit, operations or nominating committees established during 2007. (Refer to Corporate Governance Statement).

**INTEREST OF DIRECTORS**

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

<u>Name of Director</u>	<u>Ordinary Shares</u>	<u>Options</u>
Mr PB Chen	676,000	-
Mr JL Chard	-	-
Mr R D Tilby	362,000	-
Mr RXW Yu	-	-
Total	<u>1,038,000</u>	-

**REMUNERATION REPORT**

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

**Remuneration Policy**

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

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

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



**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**DIRECTORS' REPORT**

**REMUNERATION POLICY (Continued)**

**Performance-based Remuneration**

At the present time there is no performance based remuneration.

**Company performance, shareholder wealth and director remuneration**

The remuneration policy has been tailored to increase goal congruence between shareholders and directors as well as the principal supporter, Churchill Nominees Australia Pty Ltd. As the company has just made a turn around from a loss situation and needs additional working capital to meet its objectives, the company is keen to encourage further support from its major shareholder and believes this policy will be effective in increasing shareholder wealth to all.

There are currently no options on issue to directors.

	2003 \$'000	2004 \$'000	2005 \$'000	2006 \$'000	2007 \$'000
Revenue	110	190	20	-	1,189
Net (Loss)	(1,326)	(124)	(232)	(264)	900
Share Price	0.065	0.095	0.08	0.065	0.08
Dividends Paid	-	-	-	-	-

**Details of remuneration for year ended 30 June 2007**

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	6,000	-	-	6,000
Mr. J L Chard	2,500	-	-	2,500
Mr. R D Tilby	3,000	-	-	3,000
Mr. R X Yu	2,500	-	-	2,500
Mr. G Taylor	500	-	-	500
Total	<b>\$14,500</b>	-	-	<b>\$14,500</b>

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 2007.**

**Directors are not paid performance based bonuses.**

**There are no employment contracts with Directors.**

**SABINA CORPORATION LIMITED**

**ABN 67 010 723 181**

**DIRECTORS' REPORT**

**OPTIONS**

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

**GOING CONCERN**

The financial statements have been prepared on a going concern basis. As the 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, where possible, unencumbered collateral security to support any overdraft facility that may be needed by the company.

**NON-AUDIT SERVICES**

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

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

Fees for non audit services paid to the external auditor during the year ended 30 June 2007 totalled nil.

**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 ended 30<sup>th</sup> June 2007.

**SABINA CORPORATION LIMITED**

**ABN 67 010 723 181**

**DIRECTORS' REPORT**

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 19 of the director's report.

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

Dated this        day of        2007.

\_\_\_\_\_  
P. B. Chen – Director

\_\_\_\_\_  
J. L. Chard – Director

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

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

**TO THE DIRECTORS OF SABINA CORPORATION LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

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

---

Name of Auditor: Gary Paul Smith FCPA  
Registered Company Auditor  
Registration No: 222045

Date: 20<sup>th</sup> September 2007

Address: GPS Business Services  
Certified Practising Accountants  
Suite 3, Level 1  
118 Vulture Street  
South Brisbane QLD 4101

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**DIRECTORS' DECLARATION**

**FOR THE YEAR ENDED 30 JUNE 2007**

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 21 to 50, are in accordance with the *Corporations Act 2001* and:
  - a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company;
2. the Chief Executive Officer has declared that:
  - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b) the financial statements and notes for the financial year comply with the Australian Accounting Standards (including the Australian Accounting Interpretations); and
  - c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution passed by the Board of Directors on 21<sup>st</sup> August 2007.

Dated this      day of              2007.

\_\_\_\_\_  
P B Chen – Director

\_\_\_\_\_  
J. L. Chard – Director

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**INCOME STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007 \$	2006 \$
Revenue	2	1,189,292	-
Operating Expenses	3b	(239,942)	(246,279)
Borrowing Cost Expense	3a	(49,239)	(17,272)
Share of net profits of associates		-	-
		-----	-----
Profit/(Loss) before income tax expenses		900,111	(263,551)
Income tax expense	4	-	-
		-----	-----
Net Profit/(loss) for the year and loss attributable to Members		900,111	(263,551)
		=====	=====
<b>Overall Operations</b>			
Basic earnings (cents per share)	14	0.0483	(0.014)
Diluted earnings (cents per share)	14	0.0483	(0.014)
<b>Dividends per share (cents)</b>		-	-

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

**SABINA CORPORATION LIMITED****ABN 67 010 723 181****BALANCE SHEET****AS AT 30 JUNE 2007**

	NOTE	2007 \$	2006 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	20(i)	110,030	145,739
Trade and other receivables	6	148,573	91,872
Financial assets	7	2	2
<b>Total Current Assets</b>		<b>258,605</b>	<b>237,613</b>
<b>Non Current Assets</b>			
Plant and equipment	9	-	19,705
Investments accounted for using the equity method	8	2,146,400	2,146,400
<b>Total Non-Current Assets</b>		<b>2,146,400</b>	<b>2,166,105</b>
<b>TOTAL ASSETS</b>		<b>2,405,005</b>	<b>2,403,718</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	189,557	54,736
Financial liabilities	11	461,578	420,671
<b>Total Current Liabilities</b>		<b>651,135</b>	<b>475,407</b>
<b>Non-Current Liabilities</b>			
Financial liabilities	11	-	24,552
<b>Total Non-Current liabilities</b>		<b>-</b>	<b>24,552</b>
<b>TOTAL LIABILITIES</b>		<b>651,135</b>	<b>499,959</b>
<b>NET ASSETS</b>		<b>1,753,870</b>	<b>1,903,759</b>
<b>EQUITY</b>			
Issued capital	12	7,777,416	7,777,416
Asset revaluation reserve	13	802,000	1,852,000
Accumulated losses		(6,825,546)	(7,725,657)
<b>TOTAL EQUITY</b>		<b>1,753,870</b>	<b>1,903,759</b>

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

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED**  
**30 JUNE 2007**

	<b>Share Capital Ordinary</b>	<b>Accumulated Losses</b>	<b>Asset Revaluation Reserve</b>	<b>Total</b>
	\$	\$	\$	\$
Balance at 1 July 2005	7,477,815	(7,462,106)	-	15,709
Loss attributable to members of the Entity		(263,551)		(263,551)
Shares revalued during the year	19,600			19,600
Shares issued during the year	280,001			280,001
Revaluation increment to reflect bonus units issued in associated entity unit trusts to directors value of unit trust assets			1,852,000	1,852,000
<b>Balance at 30 June 2006</b>	<b>7,777,416</b>	<b>(7,725,657)</b>	<b>1,852,000</b>	<b>1,903,759</b>
Profit attributable to members of the Entity		900,111		900,111
Shares revalued during the year	-			-
Shares issued during the year	-			-
Transfer of prior year revaluation increment for bonus units issued in associated entity unit trusts to unrealized revenue			(1,050,000)	(1,050,000)
<b>Balance at 30 June 2007</b>	<b>7,777,416</b>	<b>(6,825,546)</b>	<b>802,000</b>	<b>1,753,870</b>

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



**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007 \$	2006 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		155,061	-
Payments to suppliers		(131,297)	(259,050)
Payment of directors fees		(12,500)	(12,500)
Interest received		267	-
Borrowing costs paid		(805)	(2,889)
GST recovered		17,485	16,392
		-----	-----
<b>Net cash used in operating activities</b>	20(ii)	28,211	(258,047)
		-----	-----
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant & equipment		-	-
Payment for units in Unit Trust		(4,000)	-
		-----	-----
<b>Net cash used in investing activities</b>		(4,000)	-
		-----	-----
<b>Cash Flows from Financing Activities</b>			
Repayments of borrowings		-	(65,000)
Borrowings – related parties		(55,207)	424,985
Repayment of finance lease		(4,713)	(6,536)
		-----	-----
<b>Net cash provided by financing activities</b>		(59,920)	353,449
		-----	-----
Net increase/(decrease) in cash held		(35,709)	95,402
Cash at the beginning of the financial year		145,739	50,337
		-----	-----
<b>Cash at the end of the financial year</b>	20(i)	<b>110,030</b>	<b>145,739</b>
		=====	=====

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

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

**BASIS OF PREPARATION**

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

*Reporting Basis and Conventions*

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

**ACCOUNTING POLICIES**

a) **Going Concern**

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

The entity has incurred losses from ordinary operations in 2005 and 2006 and has made a turn around in 2007. Promissory notes due within the next twelve 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 2007**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Income Tax**

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

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

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

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

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

**c) Property, Plant and Equipment**

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

Office Equipment	20%
Lease Equipment	20%

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

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

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued***

**d) Revenue Recognition**

**Property Development and Management Fee Revenue**

Revenue from the provision of management consultancy services from Sabina Corporation Limited via its consultancy division, G8Consultants, 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.

**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) Financial Liabilities**

Interest bearing liabilities are recognised in the financial statements on the basis of nominal amounts outstanding plus accrued interest, less principal repayment.

**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) Credit Risk**

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

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued***

**k) Other Financial Assets**

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

**l) Leases**

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

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

**m) Investments in Associates**

Investment in associate companies and unit trusts are recognized in the financial statement by applying the equity method of accounting. The equity method of accounting recognized the company's share of any bonus units in property unit trusts that have been declared and issued by the Trustee. However, such bonus units are taken up in asset revaluation reserve account and are only brought into the profit and loss account when the property has actually been settled in full and that the asset value of the property shown in the accounts of the unit trust is in line with market valuation as determined by an independent valuer. .

**n) Critical accounting estimates and judgments**

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

*Key estimates – Impairment*

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

*Key Judgments – Valuation of Associated Entities*

Included in the financial statements are \$2,146,400 in investments in associated unit trusts. The value includes \$1,850,000 in bonus units issued for nil consideration and are valued at directors' and/or independent valuation. The directors believe that the value of the units represents the company's underlying share of trust net assets. The trust net assets are made subject to independent market valuation where possible.

**(o) 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.

The financial report was authorised for issue on 20th September 2007 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 2007**

	NOTE	2007 \$	2006 \$
<b>2. REVENUE FROM ORDINARY ACTIVITIES</b>			
Sales revenue:			
Property development services income		136,363	-
Other Income		2,575	-
		138,938	-
Other revenue:			
Interest Revenue – Non related		354	-
Unrealised fair value gain on investment (i)		1,050,000	-
		1,189,292	-
		1,189,292	-
(i) 2,100,000 bonus units at 50 cents each were allocated to Sabina for its 40% unit holding in Uni Village Unit Trust reflecting the increase in the underlying fair value of the unit trust assets.			
<b>3. LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE</b>			
<b>(a) The following items have been recognised in the profit/(loss) from ordinary activities:</b>			
Finance costs			
- Lease finance charges		1,239	2,889
- Other corporations – associated entity		48,000	14,383
		49,239	17,272
		49,239	17,272
<b>(b) Classification of expenses by nature:</b>			
Consultant fees – G8 Management Pty Ltd		120,000	120,000
Depreciation expense- Plant & Equipment		12,896	12,896
Rental Costs		4,095	13,000
Directors' fees and expenses		15,086	22,754
Other expenses from ordinary activities		87,865	77,629
		239,942	246,279
		239,942	246,279

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

NOTE	2007 \$	2006 \$
<b>4. INCOME TAX</b>		
The amount provided in respect of income tax differs from the amount prima facie payable on operating profit. The difference is reconciled as follows:		
Prima facie tax payable/(benefit) on loss from ordinary activities calculated at 30% (2006: 30%)	270,033	(79,065)
Less back tax effect of permanent differences: Unrealised loss on investment	(315,000)	-
Add back tax effect of timing differences Re-coupmnt of tax losses	-	-
Future income tax benefit not recognised	44,967	79,065
Income tax attributable to Entity	<hr style="width: 100%;"/> - =====	<hr style="width: 100%;"/> - =====

Potential future income tax benefits at 30% (2006: 30%) attributable to tax losses and timing differences carried forward amounting to \$1,835,000 (2006 \$1,790,000) 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:

- (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 realized;
- (b) The entity continues to comply with the conditions for deductibility imposed by law and
- (c) No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deduction for the loss.

**Dividend imputation:**

Dividends that have been or will be franked	-	-
Applicable tax rate	30%	30%
Balance of franking account at reporting date	-	-

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

**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 P B Chen	Chairman – Executive
Mr J L Chard	Director – Non-Executive
Mr R D Tilby	Director – Non-Executive
Mr G Taylor	Director – Non-Executive (resigned 29/9/06)
Mr R X Yu	Director – Non-Executive (appointed 29/9/06)

Specified Executives

Nil – no employees

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

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

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

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

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



**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

**5. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)**

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

2007	Salary	Primary Super- annuation	Cash Bonus	Non- Cash Benefits	Post Employ- ment	Directors Fees	Other	Total
Mr P B Chen	120,000	-	-	-	-	6,000	-	126,000
Mr J L Chard	-	-	-	-	-	2,500	-	2,500
Mr R D Tilby	-	-	-	-	-	3,000	-	3,000
Mr R X Yu	-	-	-	-	-	2,500	-	2,500
Mr. G Taylor	-	-	-	-	-	500	-	500
<b>Total</b>	<b>120,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,500</b>	<b>-</b>	<b>134,500</b>

A total of \$12,500 cash was paid for outstanding directors' fees to former directors in office 2005-2006.

2006	Salary	Primary Super- annuation	Cash Bonus	Non- Cash Benefits	Post Employ- ment	Directors Fees	Other	Total
Mr P B Chen	120,000	-	-	-	-	11,000	-	131,000
Mr N J Lockyer	-	-	-	-	-	1,000	-	1,000
Mr S Wong	-	-	-	-	-	1,500	-	1,500
Mr J L Chard	-	-	-	-	-	4,000	-	4,000
Mr R D Tilby	-	-	-	-	-	2,000	-	2,000
Mr G Taylor	-	-	-	-	-	2,000	-	2,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,500</b>	<b>-</b>	<b>141,500</b>

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

**5. DIRECTORS' AND EXECUTIVES' REMUNERATION**  
**(Continued)**

(c) Specified Executives' Remuneration

Nil – No employees

(d) Remuneration Options

Nil Options Granted as Remuneration

(e) Shares Issued on Exercise of Remuneration Options

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

(f) Options and Rights Holdings

No options are held by Directors or Executives

(g) Shareholdings

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

	Balance 1.7.06	Received as Remuneration	Shares Disposed of	Acquired Through Director Related Entity in Lieu of debt repayment	Balance 30.6.07
Parent Entity					
Directors					
Mr PB Chen	676,000	-	-	-	676,000
Mr J L Chard	-	-	-	-	-
Mr RD Tilby	362,000	-	-	-	362,000
Mr RXW Yu	-	-	-	-	-
<b>Total</b>	<b>1,038,000</b>	<b>-</b>		<b>-</b>	<b>1,038,000</b>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007 \$	2006 \$
<b>6. TRADE AND OTHER RECEIVABLES</b>			
GST recoverable		-	5,079
Due from Tasmania Dev. Corp. P/L		148,573	86,793
		148,573	91,872
		148,573	91,872

**7. FINANCIAL ASSETS**

**Available-for-sale. assets**

**Current:**

Contrabart Trade Exchange Dollars		2,541,000	2,541,000
Provision for Diminution		(2,540,998)	(2,540,998)
		2	2
		2	2

Available-for-sale financial assets comprise current receivables from Tasmania Development Corporation Pty Ltd and Contrabart Trade Exchange dollars. There are no fixed returns or fixed maturity dates attached to these investments.

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

**8. ASSOCIATED ENTITIES**

**Investments accounted for using the Equity Method.**

Associated unit trusts at cost*		296,400	296,400
Associated unit trusts at directors valuation and /or Independent Valuation		1,850,000	1,850,000
		2,146,400	2,146,400
		2,146,400	2,146,400

Interests are held in the following associated entities.

Name	Principle Activities	Ownership Interest		Carrying Amount of Investment	
		2007 %	2006 %	2007 \$	2006 \$
UniVillage Unit Trust	Property Development	40	40	1,054,000	1,054,000
Huonville Unit Trust	Property Development	40	40	4,000	404,000
Legana Unit Trust	Property Development	40	40	800,400	400,400
Ming Village Unit Trust	Property Development	40	40	4,000	4,000
Billabong Unit Trust	Property Development	40	40	280,000	280,000
Lighthouse Hotel Trust	Property Development	40	40	4,000	4,000
				2,146,400	2,146,400

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007 \$	2006 \$
<b>8. ASSOCIATED ENTITIES (Continued)</b>			
<b>Movements during the year in equity accounted investments in associated entities.</b>			
			(* Balances re-classified)
Balance at beginning of financial year		2,146,400	*296,400
Add new investments during the year:		-	-
Bonus units received at directors' valuation		400,000	*1,850,000
Share of associated company profit from Ordinary activities after tax		-	-
Less cancellation of bonus units in Huonville Unit Trust		(400,000)	-
Balance at end of financial year		<u>2,146,400</u> =====	<u>2,146,400</u> =====
<b>Equity Accounted profits of associated entities</b>			
Share of associated profit from ordinary Activities before income tax expense		-	-
Share of associated company income tax Expense		-	-
Share of associated profit from ordinary Activities after income tax expense		-	-
Share of retained profits at beginning of Financial year		-	-
Share of retained profits at end of Financial year		-	-
		<u>                    </u> =====	<u>                    </u> =====
<b>Summarised presentation of Aggregate Assets, Liabilities and Performance of Associate.</b>			
Current assets		8,758,845	9,878,890
Non current assets		461,578	
Total assets		<u>9,220,423</u>	<u>9,878,890</u>
Current liabilities		3,409,423	2,282,890
Non current liabilities		445,000	2,020,000
Total liabilities		<u>3,854,423</u>	<u>4,302,890</u>
Net assets		<u>5,366,000</u> =====	<u>5,576,000</u> =====
Net profit from ordinary activities after income Tax from associates		-	-
		<u>                    </u> =====	<u>                    </u> =====

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007 \$	2006 \$
<b>8. ASSOCIATED ENTITIES (Continued)</b>			
The unit trusts are not listed investments.			
<b>9. PROPERTY, PLANT &amp; EQUIPMENT</b>			
Plant & Equipment at cost	-	-	17,462
Accumulated Depreciation	-	-	(11,821)
		-----	-----
		-	5,641
Plant & Equipment under finance lease	-	-	53,576
Accumulated Amortisation	-	-	(39,512)
		-----	-----
		-	14,064
		-----	-----
Total Property, Plant and Equipment	-	-	19,705
		=====	=====
Plant & Equipment:			
<i>Movements during year:</i>			
Beginning of the year:		5,641	7,822
Additions		-	-
Disposals		(3,460)	-
Depreciation		(2,181)	(2,181)
		-----	-----
Balance at close of the year:		-	5,641
		-----	-----
Plant & Equipment under finance lease:			
<i>Movements during year:</i>			
Beginning of the year:		14,064	24,779
Additions		-	-
Disposals		(3,349)	-
Depreciation		(10,715)	(10,715)
		-----	-----
Balance at close of the year		-	14,064
		-----	-----

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007	2006
		\$	\$
<b>10. TRADE AND OTHER PAYABLES</b>			
<b>CURRENT</b>			
Current trade accounts payable and accruals (unsecured)		50,850	53,931
Non-trade accounts payable (unsecured)			
- associated entities		-	-
- director related entities		133,057	805
- GST payable, net		5,650	-
		189,557	54,736
		=====	=====
<b>11. FINANCIAL LIABILITIES</b>			
<b>Current:</b>			
Finance Lease liability- secured		-	7,093
Promissory Notes		461,578	413,578
		461,578	420,671
		=====	=====
<b>Non-Current:</b>			
Finance Lease liability- secured		-	24,552
		=====	=====

Details of Security:

- The first \$200,000 Promissory note is repayable on 31 December 2008 to Tasmania Development Corporation Pty Ltd as trustee for the Legana Unit Trust. 12% Interest is payable at the due date. The Promissory Note is secured by a lien over the 400,000 units held by Sabina in the Legana Unit Trust.
- The second \$200,000 Promissory note is repayable on 5 June 2008 to Churchill Nominees Australia Pty Ltd as trustee for the Billabong Unit Trust. 12% Interest is payable at the due date. The Promissory Note is secured by a lien over the 560,000 units held by Sabina in the Billabong Unit Trust.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

**12. ISSUED CAPITAL**

	2007 No.	2006 No.
<u>Issued Shares</u>		
Fully paid ordinary shares	<u>18,620,278</u>	<u>18,620,278</u>
Shares on issue at beginning of year	18,620,278	14,312,578
<u>Shares issued during the year</u>		
Issued on 31/12/04 issued at 25 cents to directors in lieu of Directors Fees	-	-
Issued on 31/12/04 issued at 25 cents for cash consideration	-	-
Issued on 27/5/05 issued at 25 cents to a director related entity for cash consideration	-	-
Issued on 18/5/06 issued at 6.5 cents to Churchill Nominees Australia Pty Ltd entity to settle a debt of \$280,000 owing to that entity.	-	4,307,700
Transaction costs arising on issue of shares	-	-
	<u>18,620,278</u>	<u>18,620,278</u>

	Number of Options	
	2007	2006
<u>Ordinary Shares reserved for issue under options:</u>		
\$1 ordinary shares exercisable at 25 cents on or before 22 October 2006		
On issue at beginning of year-	-	4,000,000
Issued during the year	-	-
Granted	-	-
Expired	-	<u>(4,000,000)</u>
On issue at end of year	<u>-</u>	<u>-</u>

**13. 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	1,852,000	-
Revaluation of investment in associated Entities at directors valuation	-	1,852,000
Transfer to revenue to reflect fair value	(1,050,000)	-
Balance at end of year	<u>802,000</u>	<u>1,852,000</u>
	=====	=====

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007	2006
		\$	\$
<b>14. EARNINGS PER SHARE</b>			
a) Reconciliation of Earnings to Loss			
Earnings used to calculate basic EPS		900,111	(263,551)
Earnings used to calculate diluted EPS		900,111	(263,551)
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		18,620,278	14,772,532
Weighted average number of shares and potential ordinary number of shares used in calculating diluted earnings per share		18,620,278	14,772,532
Potential ordinary shares that are not dilutive and not used in the calculation of diluted earnings per share		-	-
Potential ordinary shares that are dilutive and are used in the calculation of diluted earnings per share		-	-
		2007	2006
		\$	\$
Basic Earnings per Share		0.0483 cents	(0.014) cents
Diluted earnings per share		0.0483 cents	(0.014) cents

**15. AUDITORS' REMUNERATION**

Previous auditor			
Audit and review of financial reports for 2006 audit services		7,000	15,371
Other services		9,099	6,762
		16,099	22,133
		=====	=====
Current auditor			
Audit and review of 2007 financial reports		6,000	-
Other services		-	-
		6,000	-
		=====	=====



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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**16. ULTIMATE PARENT ENTITY**

Churchill Nominees Australia Pty Ltd owns 50.94% of Sabina Corporation Limited. Accordingly the ultimate parent entity is Churchill Nominees Australia Pty Ltd as trustee for the Mandarin Paradise Trust.

**17. 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 2007 is as follows:**

<b>BUSINESS SEGMENTS</b>	<b>Property Rental &amp; Development</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b><i>Revenue</i></b>		
Sales to customers outside the consolidated entity	138,938	-
Total Segment Revenue	138,938	-
Other revenue -interest	354	-
-unrealised gain on investment	1,050,000	-
Total Revenue (note 3)	1,189,292	-
<b>Result</b>		
Segment Result	900,111	(263,551)
<b>Assets</b>		
Segment assets & total assets	2,405,005	2,403,718
<b>Liabilities</b>		
Segment liabilities & total liabilities	651,135	499,959
<b>Other Information</b>		
Depreciation	-	2,181
Amortisation	12,896	10,715
Acquisition of non-current assets	-	-
Investments accounted for using Equity method	2,146,400	2,146,400

**SABINA CORPORATION LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**18. 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 2007 the following amounts were owed by/(due to) the parent entity to the following director related entities:

	2007	2006
	\$	\$
G8 Management Pty Ltd	(133,725)	(805)

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

	2007	2006
	\$	\$
Ordinary Shares	1,048,000	1,048,000

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

	2007	2006
	\$	\$
Ordinary shares acquired	-	-
Ordinary shares disposed	-	-

**19. FINANCIAL INSTRUMENTS**

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

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

**Financial risk management:**

Directors analyse interest rate exposure on a regular basis. Interest rate risk is managed by entering into fixed rate contracts. At 30 June 2007 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 2007.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**19. FINANCIAL INSTRUMENTS (continued)**

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

<u>2007</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	110,030	-	-	-	110,030	-
Trade accounts receivable	148,573	-	-	-	148,573	
Contrabart Notes	2	-	-	-	2	-
	<u>258,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,605</u>	
Financial Liabilities:						
Trade accounts payable	50,850	-	-	-	50,850	-
Interest bearing liabilities	-	461,578	-	-	461,578	12.0%
	<u>50,850</u>	<u>461,578</u>	<u>-</u>	<u>-</u>	<u>512,428</u>	
Net Financial Assets/(Liabilities)	<u>207,757</u>	<u>(461,578)</u>	<u>-</u>	<u>-</u>	<u>(253,823)</u>	
	=====	=====	=====	=====	=====	

<u>2006</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	-	-	-	-	-	-
Contrabart Notes	2	-	-	-	2	-
	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	
Financial Liabilities:						
Trade accounts payable	54,736	-	-	-	54,736	-
Interest bearing liabilities	-	420,671	24,552	-	445,223	12.0%
	<u>54,736</u>	<u>420,671</u>	<u>24,552</u>	<u>-</u>	<u>499,959</u>	
Net Financial Assets/(Liabilities)	<u>(54,734)</u>	<u>(420,671)</u>	<u>(24,552)</u>	<u>-</u>	<u>(499,957)</u>	
	=====	=====	=====	=====	=====	

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

**19. FINANCIAL INSTRUMENTS (continued)**

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

	2007 Carrying Amount \$	Net Fair Value \$	2006 Carrying Amount \$	Net Fair Value \$
<u>Financial Assets</u>				
Available for sale financial assets at fair value	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<u>Financial Liabilities</u>				
Promissory notes	461,578	461,578	413,578	413,578
Lease liability	-	-	31,645	31,645
	<u>461,578</u>	<u>461,578</u>	<u>445,223</u>	<u>445,223</u>

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

**20. NOTES TO CASHFLOW STATEMENT**

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

	NOTE	2007 \$	2006 \$
Cash at Bank		110,030 =====	145,739 =====

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

**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007 \$	2006 \$
<b>20. NOTES TO CASHFLOW STATEMENT (continued)</b>			
<b>(ii) Reconciliation of net cash provided by operating activities to profit/(loss) from ordinary activities after income tax</b>			
Profit/(Loss) from ordinary activities after income tax		900,111	(263,551)
Add back/(Subtract) the non-cash items			
Depreciation of plant & equipment		12,896	12,896
Unrealised fair value gain on investment in Unit Trust		(1,050,000)	-
Non Cash transaction -expenditure satisfied by issue of shares/proposed issue of shares		-	2,369
Capitalised interest		48,000	-
Changes in assets and liabilities			
Trade & other payables		134,821	(5,453)
Trade & other receivables, net of related entity		(17,617)	(4,308)
		28,211	(258,047)
		28,211	(258,047)

**(iii) Non Cash Financing and Investing Activities**

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

There are no unused loan facilities at 30 June 2007.

**21. CAPITAL AND LEASING COMMITMENTS**

There are no **operating lease** commitments.

**Finance Leases**

The company had one motor vehicle by means of finance lease. The lease term was 5 years. At 30 June 2007 the leased asset and the associated lease liability was assigned to Tasmanian Development Corporation Pty Ltd.

Current lease liability (Note I 1 (i))	-	7,093	
Non-current lease liability (Note 11 (ii))	-	24,552	
		-	31,645
		-	31,645

**SABINA CORPORATION LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**21. CAPITAL AND LEASING COMMITMENTS (continued)**

Reconciliation of lease commitments to the carrying amount of lease liabilities:	<u>Time expected to elapse to expected date of payment</u>		
	Not later than 1 year	Later than 1 year but not later than 5	Total years
<i>2007</i>			
Minimum lease commitments	-	-	-
Future finance charges	-	-	-
	-----	-----	-----
Present value of minimum lease liabilities	-	-	-
<i>2006</i>			
Minimum lease commitments	9,413	25,201	34,614
Future finance charges	(2,320)	(649)	(2,969)
	-----	-----	-----
Present value of minimum lease liabilities	7,093	24,552	31,645
	-----	-----	-----

**Capital expenditure commitments:**

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

**Associates:**

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

Legana Unit Trust – a conditional contract to acquire land was signed on 6 May 2005. Re-zoning and development approval was granted by West Tamar Council on 30<sup>th</sup> May 2007 and Contract has now been made unconditional. Settlement of the balance of purchase price is due on or before 5<sup>th</sup> June 2008.

Heritage Village Trust – a conditional contract to acquire land was signed on 6 April 2006. Settlement of the purchase price is not expected until 2008 and is still subject to development application approval by Huon Valley Council.

**22. 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 consolidated entity during the period ended 30 June 2007 (2006: one).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

**23. GOING CONCERN**

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

The entity has incurred losses from ordinary operations in 2005 and 2006 and has made a turn around in 2007. Promissory notes due within the next twelve 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.

Subject to the development projects in Tasmania going ahead, the directors have budgeted a positive cash flow from project management fee income and share of profits from the unit trusts in the months ahead.

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**SABINA CORPORATION LIMITED**  
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**INDEPENDENT AUDIT REPORT**

**TO THE MEMBERS OF SABINA CORPORATION LIMITED**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2007**

**Report on the Financial Report**

I have audited the accompanying financial report of Sabina Corporation Ltd which comprises: the balance sheet as at 30 June 2007, the income statement, statement of changes in equity, cash flow statement for the year ended that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

**Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on our audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Independence**

In conducting my review, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Sabina Corporation Ltd on 20th September 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.



## **Auditor's Opinion**

In my opinion the financial report of Sabina Corporation Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

## **Emphasis of Matter**

**Without qualification I draw your attention to the following which are reflected in the notes to the financial statements:**

### **(i) Valuation of Investments**

The Directors have recognized the increased value in Sabina's 40% investment in the Uni Village Unit Trust as set out in Note 8 to the financial statements, The total increased value of \$1,050,000 taken up in the profit & loss account is represented by the bonus units issued by the Trustee which is supported by a formal valuation of the property and/or equity interest in the property rights as registered owner of the land.

In the case of the Legana Unit Trust, bonus units totalling \$800,000 has been issued to Sabina's 40% interest after the land has been rezoned in May 2007 from "rural" to "light industrial" as well as development approvals for a number of the allotments. Vendor terms under the contract allow the settlement of the purchase to be deferred until 5<sup>th</sup> June 2008. The asset has been revalued by the Trustee and bonus units were issued in accordance with the Trust Deed and the increased value of the investment was taken up in asset revaluation reserve as per Note 1 (m) to the financial statements.

The \$280,000 investment representing Sabina's 40% interest in Billabong Unit Trust for the property at Kooralbyn was made at cost based on an independent valuation of \$730,000. The property is currently on the market for sale at the asking price of \$1,000,000 (inclusive of water head works contribution).

### **(ii) Going Concern**

The financial report of the entity has been prepared on a "going concern" basis which contemplates continuity of normal business activity and the realization of assets and the settlement of liabilities in the ordinary course of business.

The entity's ability to continue its operations and meet its debts as and when they fall due is dependent on fee income from project management services and profits from investment in property unit trusts. G8 Management Pty Ltd which is owed management fees has given an undertaking that it would convert, if required by the directors, debts owing to it by the Company into share equity in Sabina. In addition Churchill Nominees Australia Pty Ltd has also pledged its continuing financial support.

If the entity is unable to continue as a going concern it may be required to realize its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

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

21 September 2007

**SHAREHOLDERS INFORMATION**

Distribution of Listed Shares as at 30<sup>th</sup> June 2007.

<b>Ordinary Shares Numbers</b>	<b>Shares</b>	<b>Shareholder</b>
1 - 1,000	37,405	62
1,001 - 5,000	835,490	398
5,001 - 10,000	158,000	18
10,001 – 100,000	1,858,376	45
100,001 - over	15,731,007	24
	<b>18,620,278</b>	<b>547</b>

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

**Voting Rights**

Ordinary shares carry voting rights of one vote per share.

**Twenty Largest Shareholders**

The names of the 20 largest holders of ordinary shares as at 30 June 2007 are listed below:

<b>Name</b>	<b>No. of Ordinary Shares Held</b>	<b>% of Issued Share Capital</b>
1 Churchill Nominees Australia Pty Ltd	9,485,532	50.94%
2 Girvy Holdings Pty Ltd	697,000	3.74%
3 Mr. Peter Benjamin Chen	676,000	3.63%
4 Seacatch Australia Pty Ltd	480,000	2.58%
5 Fuhua Investment (Aust) Pty Ltd	449,500	2.41%
6 Mrs Liliana Teofilova	421,000	2.26%
7 R D & M J Tilby	362,000	1.95%
8 Ms Joo Hua Ong	350,000	1.88%
9 Mr. Wei Leng Ong	350,000	1.88%
10 Educorp (Aust) Pty Limited	334,975	1.80%
11 Henry (Aust) International Trading Pty Ltd	250,000	1.34%
12 Dr Francis C K Chen	200,000	1.07%
13 SY Developments Pty Ltd	200,000	1.07%
14 Ms Corina Claire Chen	195,000	1.05%
15 Mrs Claire Ong	195,000	1.05%
16 Mr. Bernard Seeto	156,800	0.84%
17 Imperial Investments Pty Ltd	150,000	0.81%
18 Mr. Graham Frederick Ellwood	148,000	0.79%
19 Ms Carole Christine Rowan	145,000	0.78%
20 Mr. John & Mrs Josephine McNaughtan	118,600	0.64%
<b>TOTAL</b>	<b>15,364,407</b>	<b>82.51%</b>

**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 19  
307 Queen Street  
BRISBANE QLD 4000  
PH (07) 3237 2127  
Fax (07) 3237 2152

**Substantial Shareholder as at 30 June 2007**

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 2007**

<u>Name of Director</u>	<u>Ordinary Shares</u>	<u>Options</u>
Mr P B Chen	676,000	-
Mr J L Chard	-	-
Mr R D Tilby	362,000	-
Mr R X Yu	-	-
Total	<u>1,038,000</u>	<u>-</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 Securities Exchange Limited.

**Auditor**

Mr. Gary P Smith FCPA  
Registered Company Auditor (222045)  
GPS Business Services- Certified Practising Accountants  
Suite 3, Level 1  
118 Vulture Street  
South Brisbane Qld 4101

**Legal Counsel**

Mr. Roger Yu  
Sabina Corporation Limited  
P O Box 655, Launceston Tas.7250